

# **KIMEP University NJSC**

## **Financial statements**

for the year ended 31 December 2020  
prepared in accordance with IFRSs

Almaty 2021

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**INDEPENDENT AUDITORS' REPORT**

To: Owners of KIMEP University NJSC

**Opinion**

We have audited the accompanying financial statements of KIMEP University NJSC (hereinafter – the “Company”), which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (hereinafter – “IFRSs”).

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (hereinafter – “ISAs”). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (hereinafter – “IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code, together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Kazakhstan and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

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

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

**Auditors’ Responsibilities for the Audit of the Financial Statements**

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





### Auditors' Responsibilities for the Audit of the Financial Statements, continued

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

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

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

Approve

  
Vasily Nikitin  
Auditor, audit certificate №0000507  
dated 08 February 2001  
Managing partner  
Moore Stephens Kazakhstan LLP  
26 March 2021



  
Aidar Aitov  
Audit partner



General licence No. 20008067 for audit activity issued 09 June 2020 by Ministry of Finance of the Republic of Kazakhstan

KZT'000	Note	2020	2019
Revenues	3	4,577,002	4,637,254
Cost of sales	4	(2,910,567)	(3,107,113)
<b>Gross profit</b>		<b>1,666,435</b>	<b>1,530,141</b>
Selling and distribution costs	5	(82,006)	(162,475)
Administrative expenses	6	(1,135,563)	(1,386,590)
Other operating income, net	7	50,697	84,088
Reversal of impairment (impairment) losses	8	30,335	(38,591)
<b>Operating profit</b>		<b>529,898</b>	<b>26,573</b>
Finance income	9	78,941	229,028
Foreign exchange gain (loss)		263,119	(33,303)
<b>Profit before taxation</b>		<b>871,958</b>	<b>222,298</b>
Income tax expense	10	-	-
<b>Profit for the year</b>		<b>871,958</b>	<b>222,298</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<b>871,958</b>	<b>222,298</b>

These financial statements have been approved for issue on 26 March 2021 and signed on behalf of the Company's management by:

  
**Timothy Lewis Barnett**  
 Provost and General Deputy to the President  
 KIMEP University NJSC

  
**Ardak Kiyabayeva**  
 Chief Accountant  
 KIMEP University NJSC

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KZT'000	Note	2020	2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	4,064,705	3,402,007
Intangible assets		4,930	6,483
Advances paid and other assets	12	129,193	710,860
Other financial assets	13	9,575	11,303
Trade and other receivables	14	10,074	14,850
		<b>4,218,477</b>	<b>4,145,503</b>
<b>Current assets</b>			
Inventories	15	97,715	111,423
Advances paid and other assets	12	66,612	87,835
Other financial assets	13	3,419	3,419
Trade and other receivables	14	18,710	31,052
Bank deposits	16	6,155,392	5,463,727
Cash	17	194,617	128,962
		<b>6,536,465</b>	<b>5,826,418</b>
<b>TOTAL ASSETS</b>		<b>10,754,942</b>	<b>9,971,921</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	18(a)	537,146	537,146
Retained earnings		8,277,292	7,405,334
		<b>8,814,438</b>	<b>7,942,480</b>
<b>Non-current liabilities</b>			
Payments received in advance	19	98,039	97,985
		<b>98,039</b>	<b>97,985</b>
<b>Current liabilities</b>			
Vacations accrued		320,623	381,357
Payments received in advance	19	1,314,342	1,318,012
Other taxes payable	20	65,588	81,670
Trade and other payables	21	141,912	150,417
		<b>1,842,465</b>	<b>1,931,456</b>
<b>TOTAL LIABILITIES</b>		<b>1,940,504</b>	<b>2,029,441</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>10,754,942</b>	<b>9,971,921</b>

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KZT'000	Note	2020	2019
<b>OPERATING ACTIVITIES</b>			
Profit before taxation		871,958	222,298
Adjustments for:			
Finance income	9	(78,941)	(229,028)
Depreciation and amortisation	4,5,6	295,657	285,421
(Reversal of impairment) impairment losses	8	(30,335)	38,591
Gain on disposal of property, plant and equipment		(223)	(8,339)
Unrealised foreign exchange (gain) loss		(427,256)	62,013
Operating cash flows before changes in working capital		630,860	370,956
Decrease in prepayments and other assets		18,940	75,162
Decrease (increase) in trade and other receivables		18,780	(15,804)
Decrease in inventories		15,529	15,752
(Decrease) increase in advances received		(3,616)	38,879
(Decrease) increase in vacations accrued		(60,734)	36,178
(Decrease) increase in other taxes payable		(16,082)	2,021
(Decrease) increase in trade and other payables		(8,505)	9,647
Cash flows from operations before income tax paid		595,172	532,791
Income tax paid		-	-
<b>Net cash from operating activities</b>		<b>595,172</b>	<b>532,791</b>
<b>INVESTING ACTIVITIES</b>			
Purchases of property, plant and equipment		(374,323)	(1,156,957)
Purchases of intangible assets		(1,009)	(3,126)
Proceeds from sale of property, plant and equipment		420	8,755
Repayment of other financial assets	13	3,419	3,419
Investments in short-term bank deposits		(10,225,195)	(15,014,304)
Proceeds from deposits		9,734,045	15,474,243
Interest received		69,777	96,886
<b>Net cash used in investing activities</b>		<b>(792,866)</b>	<b>(591,084)</b>
Net decrease in cash		(197,694)	(58,293)
Effect of exchange rate changes on cash		263,349	(33,234)
Cash at the beginning of the year		128,962	220,489
<b>Cash at the end of the year</b>	17	<b>194,617</b>	<b>128,962</b>

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KZT'000

**At 1 January 2019**  
Profit for the year  
**At 31 December 2019**  
Profit for the year  
**At 31 December 2020**

Share capital	Retained earnings	Total
<b>537,146</b>	<b>7,183,036</b>	<b>7,720,182</b>
–	222,298	222,298
<b>537,146</b>	<b>7,405,334</b>	<b>7,942,480</b>
–	871,958	871,958
<b>537,146</b>	<b>8,277,292</b>	<b>8,814,438</b>

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## **1. General information**

### **(a) Organisation and operation**

KIMEP University NJSC (hereinafter – the “Company”) is a non-profit joint-stock company incorporated in Kazakhstan. The Company was established in 1992, the date of the last re-registration of the Company is 1 July 2019.

Shareholders of the Company with joint control: State Property and Privatisation Committee of the Ministry of Finance of the Republic of Kazakhstan with a 40% ownership interest, an individual Chan Young Bang with a 60% ownership interest.

The Company’s registered office and principal place of business is 4 Abay avenue, Almaty, 050010, Kazakhstan.

The Company operates in higher, postgraduate and additional education under the legislation of the Republic of Kazakhstan. As a higher educational institution, the Company operates based on the KIMEP University Catalogue and other documents providing working training programs, working curricula and regulations.

As at 31 December 2020, the Company had 320 employees (2019: 442 employees).

### **(b) Kazakhstan business environment**

The Company’s operations are primarily located in Kazakhstan. Consequently, the Company is exposed to country risk being the economic, political and social risks inherent in doing business in Kazakhstan. These risks include matters arising from the policies of the government, economic conditions, imposition or changes to taxes and regulations, foreign exchange fluctuations and the enforceability of contract rights.

The financial statements include management’s estimates of Kazakhstan economic conditions and their impact on the results and financial position of the Company. Future economic conditions can differ from those estimates.

## **2. Basis of preparation**

### **(a) Statement of compliance**

These financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter – “IFRSs”) as issued by the International Accounting Standards Board (hereinafter – “IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (hereinafter – “IFRIC”) of the IASB.

### **(b) Going concern**

These financial statements have been prepared on a going concern basis.

As at 31 December 2020, the Company has retained earnings amounting to KZT 8,277,292 thousand, profit for the year ended 31 December 2020, amounted to KZT 871,958 thousand and operating cash flows amounted to KZT 595,172 thousand.

Management believes the Company’s stable profitability, positive cash flows from operating activities and adequate working capital are sufficient to meet the Company’s anticipated cash flow requirements. After making appropriate enquiries, management has reasonable expectation that the Company has adequate resources to continue in operational existence in the foreseeable future. After making appropriate enquiries, and having considered the outlook of tuition fees’, sales, as well as assessing possible adverse impacts, such as lower tuition fees, increased operational costs, management has reasonable expectation that the Company has sufficient resources to continue operating foreseeable future activities. Accordingly, the Company continues to adopt the going concern basis of accounting in preparing the financial statements.

### **(c) Basis of accounting**

The financial statements have been prepared on a historical cost basis.

### **(d) Functional and presentation currency**

The national currency of the Republic of Kazakhstan is the Kazakhstan tenge (hereinafter – “tenge” or “KZT”), which is the functional currency of the Company and the currency in which these financial statements are presented. All financial information presented in tenge has been rounded to the nearest thousand (hereinafter – “KZT’000” or “KZT thousand”).

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## 2. Basis of preparation, continued

### (e) Adoption of standards and interpretations

In preparing the financial statements, the Company has applied the following standards and amendments effective from 1 January 2020:

- Amendments to IFRS 3 "Definition of a Business";
- Amendments to IFRS 7, IFRS 9 and IAS 39 "Interest Rate Benchmark Reform";
- Amendments to IAS 1 and IAS 8 "Definition of Material";
- Conceptual Framework for Financial Reporting.

The standards and amendments listed above did not have a material impact on these financial statements.

### (f) New standards and interpretations not yet adopted

The Company has not early adopted new standards, interpretations or amendments that were issued but are not yet entered into force, and their requirements have not been considered when preparing the financial statements. These standards and interpretations are not expected to have a material impact on these financial statements.

### (g) Use of estimates and judgments

The Company's management has made a number of judgments, estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with IFRSs. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments made by management for preparation of these financial statements is described in the following notes:

- Note 11 – Property, plant and equipment. Estimates were made in relation to the useful lives of assets;
- Note 12 – Advances paid and other assets. Management made estimates in relation to the allowance for doubtful assets;
- Note 13 – Other financial assets. Management made estimates in relation to fair value of other financial assets based on market interest rates for loans;
- Note 14 – Trade and other receivables. Management made estimates in relation to the allowance for expected credit losses;
- Note 15 – Inventories. Estimates were made in relation to the allowance for obsolete inventories;
- Note 16 – Bank deposits. Management made estimates in relation to the allowance for expected credit losses;
- Note 22 – Financial risk management objectives and policies. Fair value analysis is based on estimated future cash flows and discount rates;
- Note 23 – Commitments and contingencies. These require management to make estimates as to amounts payable and to determine the likelihood of cash outflows in the future.

## 3. Revenues

KZT'000

	2020	2019
Tuition revenue	5,262,179	5,236,759
Scholarships and educational grants	(834,694)	(881,622)
Dormitory	82,356	181,288
Additional courses	64,729	94,340
Library	2,432	6,489
	<b>4,577,002</b>	<b>4,637,254</b>

Revenues are recognised by the Company over time.

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#### 4. Cost of sales

KZT'000	2020	2019
Salaries and payroll taxes	2,496,169	2,644,290
Depreciation and amortisation	179,872	179,797
Energy and utilities	90,177	100,325
Supplies	89,834	69,020
Repair and service	19,963	34,273
Recruitment service	16,390	–
Business travel and representative expenses	5,977	17,859
Communication	5,232	13,272
Conference organisation	–	44,795
Other	6,953	3,482
	<b>2,910,567</b>	<b>3,107,113</b>

#### 5. Selling and distribution costs

KZT'000	2020	2019
Salaries and payroll taxes	73,383	92,898
Advertisement	4,532	25,491
Business travel and representative expenses	1,982	19,175
Depreciation	814	206
Supplies	258	3,609
Arrangement of social events	–	18,280
Student enrolment	–	1,720
Other	1,037	1,096
	<b>82,006</b>	<b>162,475</b>

#### 6. Administrative expenses

KZT'000	2020	2019
Salaries and payroll taxes	873,107	1,024,824
Depreciation	114,971	105,418
Other taxes	78,743	77,360
Supplies	20,300	35,737
Consulting services	15,301	32,842
Repair and service	10,727	29,355
Accreditation expenses	6,745	32,710
Insurance	2,540	3,524
Bank charges	2,393	3,763
Business travel and representative expenses	409	26,363
Other	10,327	14,694
	<b>1,135,563</b>	<b>1,386,590</b>

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## 7. Other operating income, net

KZT'000	2020	2019
<b>Other operating income</b>		
Income from operating lease	38,897	53,386
Grants received	37,598	51,875
Other proceeds from students	23,231	37,448
Gain on disposal of assets	223	8,339
Other income	17,232	5,830
	<b>117,181</b>	<b>156,878</b>
<b>Other operating expenses</b>		
Special-purpose program expense	51,574	54,018
Other expense	14,910	18,772
	<b>66,484</b>	<b>72,790</b>
<b>Other operating income, net</b>	<b>50,697</b>	<b>84,088</b>

## 8. (Reversal of impairment) impairment losses

KZT'000	2020	2019
Provisions (released) raised against bank deposits	(29,135)	29,135
Provisions (released) raised against for expected credit losses	(1,662)	8,300
Provisions for impairment of prepayments and other assets	2,283	–
Provisions (released) raised against for obsolete inventories	(1,821)	1,156
	<b>(30,335)</b>	<b>38,591</b>

## 9. Finance income

KZT'000	2020	2019
Interest income	77,250	227,859
Unwinding of discount under the contract for additional electric capacity	1,691	1,169
	<b>78,941</b>	<b>229,028</b>

## 10. Income tax expense

The Company belongs to organisations operating in social sphere. According to the tax legislation of the Republic of Kazakhstan, the Company has the right to reduce the amount of calculated corporate income tax by 100% if the income from basic (educational) activities, including income in the form of gratuitously received property, remuneration for deposits, as well as the excess of the amount of positive exchange rate difference over the amount of negative exchange rate difference arising from such income, is at least 90% of the total income of the Company.

A reconciliation of income tax expense applicable to accounting profit before tax at the statutory rate to income tax expense at the effective tax rate is as follows:

KZT'000	2020	2019
<b>Profit before taxation</b>	<b>871,958</b>	<b>222,298</b>
Income tax rate	20.0%	20.0%
At statutory income tax rate	174,392	44,460
Tax reduction according to tax law	(174,392)	(44,460)
<b>Income tax expense</b>	<b>–</b>	<b>–</b>
Effective income tax rate	0.0%	0.0%

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## 11. Property, plant and equipment

KZT'000	Land and buildings	Machinery and equipment	Vehicles	Other	Construction in progress	Total
<b>Cost</b>						
At 1 January 2019	3,265,676	1,477,881	72,946	408,718	33,357	5,258,578
Additions	–	133,165	18,321	45,195	255,480	452,161
Transfers	–	2,043	–	101	(2,144)	–
Disposals	–	(36,361)	(17,265)	(205)	(6,003)	(59,834)
At 31 December 2019	3,265,676	1,576,728	74,002	453,809	280,690	5,650,905
Additions	–	33,641	–	1,698	920,651	955,990
Transfers	–	75	–	–	(75)	–
Disposals	–	(28,686)	(230)	(973)	–	(29,889)
At 31 December 2020	3,265,676	1,581,758	73,772	454,534	1,201,266	6,577,006
<b>Depreciation</b>						
At 1 January 2019	825,018	827,630	34,459	331,488	–	2,018,595
Depreciation charge	119,285	131,826	8,775	23,771	–	283,657
Disposals	–	(36,093)	(17,068)	(193)	–	(53,354)
At 31 December 2019	944,303	923,363	26,166	355,066	–	2,248,898
Depreciation charge	119,287	139,833	8,632	25,343	–	293,095
Disposals	–	(28,571)	(154)	(967)	–	(29,692)
At 31 December 2020	1,063,590	1,034,625	34,644	379,442	–	2,512,301
<b>Net book value</b>						
At 31 December 2019	2,321,373	653,365	47,836	98,743	280,690	3,402,007
At 31 December 2020	2,202,086	547,133	39,128	75,092	1,201,266	4,064,705

### Fully depreciated assets

As at 31 December 2020, the cost of fully depreciated property, plant and equipment in use was KZT 902,424 thousand (2019: KZT 899,184 thousand).

## 12. Advances paid and other assets

KZT'000	2020	2019
Advances paid for goods and services	143,283	731,801
Deferred expenses	32,315	49,647
Other taxes prepaid	20,145	15,085
Other	2,454	2,271
	198,197	798,804
Allowance for doubtful assets	(2,392)	(109)
	<b>195,805</b>	<b>798,695</b>
Non-current	129,193	710,860
Current	66,612	87,835
	<b>195,805</b>	<b>798,695</b>

Movement in the allowance for doubtful assets is as follows:

KZT'000	2020	2019
At 1 January	109	109
Accrued	2,283	–
<b>At 31 December</b>	<b>2,392</b>	<b>109</b>

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**13. Other financial assets**

KZT'000	2020	2019
At 1 January	14,722	16,972
Repayment	(3,419)	(3,419)
Unwinding of discount	1,691	1,169
<b>At 31 December</b>	<b>12,994</b>	<b>14,722</b>
Non-current	9,575	11,303
Current	3,419	3,419
	<b>12,994</b>	<b>14,722</b>

Other financial assets are represented by receivables for additional electrical power. According to the Order of the Chairman of the Agency of the Republic of Kazakhstan for regulation of natural monopolies dated 21 February 2007 "On approval of the Rules for compensating the expenses of an energy transmission organisation for the expansion and reconstruction of public energy transportation networks on a return basis", Almaty Zharyk Company JSC and the Company signed a contract for the connection of additional capacities on 10 October 2007 in the amount of KZT 68,370 thousand. This amount should be repaid in equal monthly instalments of KZT 285 thousand, starting from 1 November 2010 to 1 October 2030. The Company recognised the asset at amortised cost.

**14. Trade and other receivables**

KZT'000	2020	2019
Receivables from students for tuition	60,268	67,969
Receivables from employees for tuition	13,199	15,094
Receivables from students for accommodation	2,779	2,772
Other receivables	9,436	18,687
	85,682	104,522
Allowance for expected credit losses	(56,898)	(58,620)
	<b>28,784</b>	<b>45,902</b>
Non-current	10,074	14,850
Current	18,710	31,052
	<b>28,784</b>	<b>45,902</b>

Movement in the allowance for expected credit losses is as follows:

KZT'000	2020	2019
At 1 January	58,620	50,320
(Recovered) accrued	(1,662)	8,300
Written off	(60)	–
<b>At 31 December</b>	<b>56,898</b>	<b>58,620</b>

**15. Inventories**

KZT'000	2020	2019
Raw and materials	112,459	123,912
Wares	207	4,283
	112,666	128,195
Allowance for obsolete inventories	(14,951)	(16,772)
	<b>97,715</b>	<b>111,423</b>

Movement in the allowance for obsolete inventories is as follows:

KZT'000	2020	2019
At 1 January	16,772	15,616
(Recovered) accrued	(1,821)	1,156
<b>At 31 December</b>	<b>14,951</b>	<b>16,772</b>



## 16. Bank deposits

KZT'000	Maturity	Interest rate	Currency	Amount
<b>At 31 December 2020</b>				
JSC Halyk Bank	Mar-21	5.50%	KZT	1,373,255
JSC Halyk Bank	Sep-21	0.70%	USD	2,839,792
JSC Bank CenterCredit	Mar-21	8.25%	KZT	54,576
JSC Shinhan Bank Kazakhstan	Mar-21	0.50%	USD	1,881,730
				<b>6,149,353</b>
Interest receivable				6,039
				<b>6,155,392</b>
<b>At 31 December 2019</b>				
JSC Halyk Bank	Feb-20	4.50%	KZT	1,037,816
JSC Halyk Bank	Sep-20	0.25% - 0.35%	USD	3,155,190
JSC Bank CenterCredit	Feb-20	7.50% - 8.75%	KZT	104,111
JSC Bank CenterCredit	Feb-20	1.50%	USD	9,610
JSC First Heartland Jysan Bank	May-20	7.50%	KZT	1,177,918
				<b>5,484,645</b>
Interest receivable				8,217
Allowance for expected credit losses				(29,135)
				<b>5,463,727</b>

Movement in the allowance for expected credit losses is as follows:

KZT'000	2020	2019
At 1 January	29,135	-
(Recovered) accrued	(29,135)	29,135
<b>At 31 December</b>	<b>-</b>	<b>29,135</b>

## 17. Cash

KZT'000	2020	2019
Cash at bank	189,150	125,929
Petty cash	4,497	1,802
Cash on card accounts	970	1,231
	<b>194,617</b>	<b>128,962</b>

## 18. Equity

### (a) Share capital

	2020			2019		
	ratio in %	number of shares	KZT'000	ratio in %	number of shares	KZT'000
State Property and Privatisation Committee of the Ministry of Finance of the Republic of Kazakhstan	40	234,012	214,869	40	234,012	214,869
Chan Young Bang	60	350,988	322,277	60	350,988	322,277
	<b>100</b>	<b>585,000</b>	<b>537,146</b>	<b>100</b>	<b>585,000</b>	<b>537,146</b>

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## 18. Equity, continued

As at 31 December 2020 and 2019:

- the number of ordinary shares with a par value of KZT 1,000 was 500,750;
- the number of ordinary shares with a par value of KZT 432 was 84,250.

By the decree of the government of Kazakhstan of 3 December 2019, it was decided to make a direct targeted sale of the state stake in the Company in the quantity of 40% of the share capital to the public Fund "Bang Educational Fund" (hereinafter – the "Strategic investor"). At the same time, certain obligations related to the Company's activities were imposed on Strategic investor.

### (b) Dividends

In accordance with the legislation of Kazakhstan, non-profit organisations do not have the right to distribute dividends.

## 19. Payments received in advance

KZT'000	2020	2019
Payments received for tuition	1,331,907	1,319,251
Payments received for library	36,483	38,327
Payments received for courses	26,336	35,414
Payments received for accommodation	16,087	20,415
Other	1,568	2,590
	<b>1,412,381</b>	<b>1,415,997</b>
Non-current	98,039	97,985
Current	1,314,342	1,318,012
	<b>1,412,381</b>	<b>1,415,997</b>

## 20. Other taxes payable

KZT'000	2020	2019
Personal income tax	22,518	28,053
Social tax	19,604	23,406
Pension payments	16,282	18,013
Social insurance	1,928	2,401
Medical insurance	1,443	1,307
Value added tax	736	6,414
Other taxes	3,077	2,076
	<b>65,588</b>	<b>81,670</b>

## 21. Trade and other payables

KZT'000	2020	2019
Guaranteed deposits for housing and library	47,385	59,336
Trade payables	17,009	25,652
Other payables	178	428
Financial instruments within trade payables	64,572	85,416
Sponsorship and other trust funds	77,340	65,001
	<b>141,912</b>	<b>150,417</b>

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## 22. Financial risk management objectives and policies

### (a) Overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk;
- market risk.

Management of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Management oversees compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

### (b) Categories and fair values of financial assets and financial liabilities

#### Categories of financial assets and financial liabilities

KZT'000	Note	2020	2019
<b>Financial assets at amortised costs</b>			
Other financial assets	13	12,994	14,722
Trade and other receivables	14	28,784	45,902
Bank deposits	16	6,155,392	5,463,727
Cash	17	194,617	128,962
		<b>6,391,787</b>	<b>5,653,313</b>
<b>Financial liabilities at amortised cost</b>			
Vacations accrued		(320,623)	(381,357)
Trade and other payables	21	(64,572)	(85,416)
		<b>(385,195)</b>	<b>(466,773)</b>

#### Fair values

The fair values of each category of financial asset and liability are not materially different from their carrying values as presented.

### (c) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This risk arises mainly from the Company's other financial assets, trade receivables, bank deposits and cash.

The carrying value of financial assets represents the maximum credit risk exposure. The maximum exposure to credit risk at 31 December was:

KZT'000	2020	2019
Other financial assets	12,994	14,722
Trade and other receivables	28,784	45,902
Bank deposits	6,155,392	5,463,727
Cash (less petty cash)	190,120	127,160
	<b>6,387,290</b>	<b>5,651,511</b>

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## 22. Financial risk management objectives and policies, continued

### Other financial assets

Other financial assets are represented by loans issued for additional electrical power. The Company performs an analysis to ensure that the overall credit exposure on these loans does not exceed the distributable reserves of the Company.

The Company's exposure to credit risk relates entirely to Kazakhstan debtor.

The Company estimates expected credit losses for other financial assets. Potential allowance for impairment of other financial assets at the reporting dates was immaterial.

### Trade receivables

The Company's exposure to credit risk is influenced by the individual characteristics of each customer. These trade receivables relate to customers that make payment in instalments. The Company regularly monitors its exposure to bad debts in order to minimise this exposure.

The Company's exposure to credit risk relates entirely to Kazakhstan customers.

The Company creates an allowance for impairment of trade receivables, which represents its estimate of expected credit losses. At the same time, the possible provision for impairment of accounts receivable that were overdue for up to 9 months (2019: 6 months) was insignificant. The ageing of trade receivables at 31 December was:

KZT'000	Gross	Expected loss rate	Impairment
<b>2020</b>			
Not past due	7,549	0%	–
Past due 0-90 days	4,852	0%	–
Past due 91-180 days	413	0%	–
Past due 181-270 days	180	0%	–
More than 270 days	72,688	78%	56,898
	<b>85,682</b>	<b>66%</b>	<b>56,898</b>
<b>2019</b>			
Not past due	14,850	0%	–
Past due 0-90 days	7,266	0%	–
Past due 91-180 days	1,028	0%	–
Past due 181-270 days	11,627	100%	11,627
More than 270 days	69,751	67%	46,993
	<b>104,522</b>	<b>56%</b>	<b>58,620</b>

### Cash and bank deposits

Credit risk related to cash and bank deposits is monitored by management in accordance with the policies of the Company. Free funds are held with banks in Kazakhstan with ratings of Standard & Poor's from "B" to "BBB". The purpose of this policy is to reduce concentration of credit risk and minimise possible financial loss due to banks' failure to meet their contractual obligations.

KZT'000	2020	2019
Ratings from BBB+ to BBB-	1,883,015	–
Ratings from BB+ to BB-	4,233,195	4,227,115
Ratings from B+ to B-	229,302	1,363,772
	<b>6,345,512</b>	<b>5,590,887</b>

The Company estimates expected credit losses for bank deposits. Potential allowance for impairment of bank deposits at the reporting dates was immaterial (2019: KZT 29,135 thousand).

### (d) Liquidity risk

The Company manages liquidity risk by monitoring forecast cash flows and ensuring continuity of funding and flexibility through the use of purchases on credit.

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## 22. Financial risk management objectives and policies, continued

### Maturity of financial liabilities

The table below provides an analysis of the Company's financial liabilities to be settled on a gross basis by relevant maturity groups from the balance sheet date to the contractual settlement date:

KZT'000	Less than 3 months	3 to 12 months	Total
<b>2020</b>			
Vacations accrued	25,955	294,668	320,623
Trade and other payables	17,009	47,563	64,572
	<b>42,964</b>	<b>342,231</b>	<b>385,195</b>
<b>2019</b>			
Vacations accrued	32,877	348,480	381,357
Trade and other payables	25,652	59,764	85,416
	<b>58,529</b>	<b>408,244</b>	<b>466,773</b>

### (e) Price risk

In accordance with IFRS 7, the impact of prices for services has been determined based on the balances of financial assets and liabilities as at 31 December 2020. This sensitivity does not represent profit or loss impact that would be expected from a movement in prices for services over the course of a period of time. In addition, the analysis assumes that all other variables remain constant. A 10% increase (decrease) in prices for services after the year end would not have an impact on profit after tax (2019: nil).

### (f) Interest rate risk

At the reporting dates the Company is not exposed to interest rate risk as there are no financial instruments with floating interest rates.

### (g) Currency risk

The Company is subject to currency risk exposure when performing transactions in currencies other than its functional currency.

The Company's exposure to foreign currency risk was as follows:

KZT'000	KZT	USD	EUR	GBP	Total
<b>2020</b>					
Other financial assets	12,994	-	-	-	12,994
Trade and other receivables	28,784	-	-	-	28,784
Bank deposits	1,427,892	4,727,500	-	-	6,155,392
Cash	125,521	69,074	22	-	194,617
Vacations accrued	(320,623)	-	-	-	(320,623)
Trade and other payables	(64,513)	(34)	(25)	-	(64,572)
	<b>1,210,055</b>	<b>4,796,540</b>	<b>(3)</b>	<b>-</b>	<b>6,006,592</b>
<b>2019</b>					
Other financial assets	14,722	-	-	-	14,722
Trade and other receivables	45,902	-	-	-	45,902
Bank deposits	2,298,215	3,165,512	-	-	5,463,727
Cash	85,203	36,802	6,655	302	128,962
Vacations accrued	(381,357)	-	-	-	(381,357)
Trade and other payables	(85,268)	(127)	(21)	-	(85,416)
	<b>1,977,417</b>	<b>3,202,187</b>	<b>6,634</b>	<b>302</b>	<b>5,186,540</b>

Financial instruments denominated in tenge are not exposed to foreign currency risk and are provided for reconciliation of total amounts.

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## 22. Financial risk management objectives and policies, continued

### Sensitivity analysis

A 20% weakening of tenge against the following currencies as at 31 December would have increased net profit by the amounts shown below. This analysis assumes that all other variables remain constant.

KZT'000	2020	2019
USD	959,308	640,437
EUR	(1)	1,327
GBP	–	60

A 20% strengthening of tenge against the above currencies as at 31 December would have had an equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

### (h) Capital management

The overriding objectives of the Company's capital management policy are to safeguard and support the business as a going concern and to maintain an optimal capital structure to maintain trust of shareholders and other interested parties.

The Company controls its capital using a leverage ratio that is maintained at a maximum of 40%.

## 23. Commitments and contingencies

### (a) Kazakhstan's taxation contingencies

#### Inherent uncertainties in interpreting tax legislation

The Company is subject to uncertainties relating to the determination of its tax liabilities. Kazakhstan tax legislation and practice are in a state of continuous development and, therefore, are subject to varying interpretations and changes which may be applied retrospectively.

Management interpretations of such legislation in applying it to business transactions of the Company may be challenged by the relevant tax authorities and, as a result, the Company may be claimed for additional tax payments, including fines, penalties and interest charges that could have a material adverse effect on the Company's financial position and results of operations.

#### Period for additional tax assessments

Tax authorities in Kazakhstan have the right to raise additional tax assessments for three or five years after the end of the relevant tax period, depending on the taxpayer category or tax period. In certain cases, as determined by the tax legislation, the terms could be extended for three years.

#### Possible additional tax liabilities

Management believes that the Company is in compliance with the tax laws and any contractual terms entered into that relate to tax which affect its operations and that, consequently, no additional tax liabilities will arise. However, due to the reasons set out above, the risk remains that the relevant tax authorities may take a differing position with regard to the interpretation of contractual provisions or tax law.

The resulting effect of this matter is that additional tax liabilities may arise. However, due to the range of uncertainties described above in assessing any potential additional tax liabilities, it is not practicable for management to estimate the financial effect in terms of the amount of additional tax liabilities, if any, together with any associated penalties and charges for which the Company may be liable.

### (b) Insurance

The insurance industry in Kazakhstan is in a developing stage and many forms of insurance protection common in other parts of the world are not yet generally available. Available insurance programs may not provide full coverage in the event of a major loss.

### (c) Legal commitments

In the ordinary course of business, the Company is subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a materially adverse effect on the financial condition or results of operations of the Company. As at 31 December 2020, the Company was not involved in any significant legal proceedings.

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## 23. Commitments and contingencies, continued

### (d) Capital expenditure commitments

The Company has commitments in relation to capital repairs and construction of property, plant and equipment. The total amount of committed works as of 31 December 2020 amounted to KZT 1,687,708 thousand, of which KZT 1,155,438 thousand were transferred to the contractor, during 2019-2020. After the World Health Organisation declared the coronavirus COVID-19 a pandemic, the state of emergency was introduced throughout the territory of Kazakhstan, which caused a delay in the completion of the project. Considering the above, the contractual completion date for the project was extended until 31 July 2021. As of 31 December 2020, the parties have begun the process of accepting construction and capital works stipulated by the contract.

## 24. Related party disclosures

Related parties include the following:

- Key executives;
- Shareholders;
- Companies under common control.

### (a) Management remuneration

Rewards received by key executives are included in personnel costs of administrative expenses (see note 6) amounted to KZT 395,863 thousand (2019: KZT 360,165 thousand).

### (b) Transactions with related parties

KZT'000	Shareholders	Companies under common control	Total
<b>2020</b>			
Grants and scholarships	6,285	–	6,285
Donations	644	–	644
Advances paid	–	77	77
Payments received in advance	(38,787)	(253)	(39,040)
<b>2019</b>			
Grants and scholarships	2,514	–	2,514
Donations	12,202	–	12,202
Purchases from related parties	–	1,915	1,915
Advances paid	–	77	77
Payments received in advance	(30,561)	(253)	(30,814)

### c) Terms and conditions of transaction with related parties

Prices for related party transactions are determined by the parties on an ongoing basis depending on the nature of the transaction.

## 25. Significant accounting policies

The following significant accounting policies have been consistently applied in the preparation of the financial statements.

### (a) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the exchange ruling rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate ruling at the date when their fair value was determined. Foreign currency differences arising on retranslation at the exchange rate on the date of the transaction as well as those from retranslation of monetary assets and liabilities at the reporting date are recognised in profit or loss.

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**25. Significant accounting policies, continued**

The following exchange rates were used in preparing the financial statements:

	2020		2019	
	Year-end	Average	Year-end	Average
US dollar	420.91	412.95	381.18	382.75
Euro	516.79	471.44	426.85	428.51
UK pounds sterling	574.88	529.91	499.99	488.46

**(b) Property, plant and equipment**

**Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain (loss) on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income (other expenses) in profit or loss.

**Subsequent costs**

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

**Depreciation**

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful life of the individual asset to its estimated residual value. The expected remaining useful lives as follows:

- buildings and constructions                    25-50 years;
- machinery and equipment                    4-11 years;
- vehicles    5-8 years;
- other    4-17 years.

Useful lives and residual values of property, plant and equipment are analysed at each reporting date.

**(c) Intangible assets**

Intangible assets relate largely to software purchases, which are acquired by the Company and which have finite useful lives, are stated at cost (which comprises purchase price plus any directly attributable costs of preparing the asset for intended use) less accumulated amortisation and impairment losses.

**Amortisation**

Amortisation of intangible assets, which have expected useful lives of 2 to 10 years, is computed under the straight-line method over the estimated useful lives of the assets.

**(d) Impairment**

The carrying amounts of non-current assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. If there are indicators of impairment, an exercise is undertaken to determine whether the carrying values are in excess of their recoverable amount. Such review is undertaken on an asset-by-asset basis, except where such assets do not generate cash flows independent of other assets, in which case the review is undertaken at the cash generating unit level.

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## **25. Significant accounting policies, continued**

If the carrying amount of an asset or its cash-generating unit exceeds the recoverable amount, a provision is recorded to reflect the asset or cash-generating unit at the lower amount. Impairment losses are recognised in profit or loss.

### **Calculation of recoverable amount**

The recoverable amount of assets is the greater of their value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The Company's cash-generating units are the smallest identifiable groups of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

### **Reversals of impairment**

A previously recognised impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### **(e) Inventories**

Inventories are measured at the lower of cost and net realisable value. The actual cost of inventories is based the weighted average cost method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

### **(f) Accounts receivable**

Accounts receivable are normally recognised at their nominal value less any expected credit loss and do not generally carry any interest.

At the end of each reporting period the Company assesses whether there was objective evidence that a financial asset or group of financial assets was impaired. A financial asset or a group of financial assets was impaired and impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (hereinafter – "loss event") and that loss event had an impact on the estimated future cash flows of the financial asset or group of financial assets that could be reliably estimated.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding expected credit losses) discounted at the financial asset's effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreased and the decrease could be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

### **(g) Cash**

Cash comprise cash at bank which is available on demand and subject to insignificant risk of changes in value and petty cash.

### **(h) Leases**

#### **The Company as lessor**

The Company enters into lease contracts as a lessor with respect to some of its land and buildings. Whenever the terms of the lease do not transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as an operating lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

### **(i) Retirement employee benefits**

The Company does not have any pension arrangements separate from the state pension system of the Republic of Kazakhstan, which requires current contributions by the employer and employee calculated as a percentage of current gross salary payments.

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## 25. Significant accounting policies, continued

### (j) Revenues

At contract inception, the Company assesses the goods or services (assets) promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either an asset that is distinct or series of distinct assets that are substantially the same and that have the same pattern of transfer to the customer.

#### Sale of services

Revenue from providing services is recognised in the accounting period in which the services are rendered.

Revenue from providing services is recognised over time if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;
- the entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

In other cases, revenue from providing services is recognised at a certain point in time.

#### Financing components

There are no contracts where the period between the transfer of the promised services to the customer and payment by the customer exceeds one year. As a consequence, the transaction prices are not adjusted for the time value of money.

### (k) Income tax

Income tax for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items charged or credited directly to equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years.

Deferred tax is determined using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes, and the amounts used for taxation purposes.

Management of the Company does not recognise deferred tax because the Company is classified as a social organisation. According to the tax legislation of Kazakhstan, the Company, when determining the amount of corporate income tax payable to the budget, reduces the amount of calculated corporate income tax by 100% if income from the operating in the social sphere, taking into account income in the form of property received free of charge, interest on deposits, as well as the excess of the amount of positive exchange rate difference over the amount of negative exchange rate difference arising from such income, amount to at least 90% of the total annual income of the Company.

### (l) Financial instruments

#### Recognition

The Company recognises financial assets and liabilities on its balance sheet when it becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

#### Measurement

When financial assets and liabilities are initially recognised, they are measured at fair value being the consideration given or received plus directly attributable transaction costs. Any gain or loss at initial recognition is recognised in profit or loss, except for the loans receivable from (payable to) owners, gains or losses at initial recognition of which are recognised directly in equity. Subsequent to initial recognition, the loans receivable from owners are measured at amortised cost using the effective interest method.

In determining the estimated fair value, investments are valued at the quoted market prices of the purchase on the transaction date. In the absence of quoted prices in active market investments, fair value is determined using quoted market prices for similar instruments traded.

**25. Significant accounting policies, continued****Derecognition**

A financial asset is derecognised when the Company loses control over the contractual rights that comprise that asset. This occurs when the rights are realised, expire or are surrendered. A financial liability is derecognised when it is settled.

**Impairment of financial assets**

The Company recognises a loss allowance for expected credit losses on a financial asset that is measured at amortised cost at an amount equal to 12-month expected credit losses. For trade receivables the Company measures the loss allowance at an amount equal to lifetime expected credit losses. At each reporting date, the Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

**26. Events after the reporting period**

There were no significant events after the reporting period.

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