APPROVED BY
the decision of the Board of
Directors of NLC "Karaganda
Technical University"
(Minutes No.7, dated 30.09.2021)

ACCOUNTING POLICY

of Non-profit Limited Company "Karaganda Technical University"

Karaganda - 2021

TABLE OF CONTENTS

1. INTRODUCTION

The Accounting Policy of the Non-profit Limited Company "Karaganda Technical University" (hereinafter referred to as the "Company") has been developed in accordance with the regulatory framework for accounting of the Republic of Kazakhstan "On Accounting and Financial Reporting" dated February 28, 2007 No. 234-III, the Concepts for preparing and forming financial reports updated by the International Financial Reporting Standards (hereinafter - IFRS), and interpretations thereto, as well as methodological recommendations for the use of IFRS, and other regulatory legal acts of the Republic of Kazakhstan on accounting and financial reporting.

The provisions of this AP shall apply to the accounting and reporting of the Company since January 1, 2020.

REGULATORY STATUS

The name of the legal entity is Non-profit Limited Company "Karaganda Technical University".

The organizational and legal form is non-profir limited company.

The basis for organization of the legal entity consists in the following. The company as a university was established in accordance with the Decree of the Government of the Republic of Kazakhstan dated December 8, 1999 No. 1879 "On reorganization of institutions of the Ministry of Education and Science of the Republic of Kazakhstan". In accordance with the Government of the Republic of Kazakhstan Decree dated April 28, 2012 No. 544 " On some issues of educational institutions of the Ministry of Education and Science of the Republic of Kazakhstan” it was reorganized into the Republican State Enterprise on the right of economic management “Karaganda State Technical University” of the Ministry of Education and Science of the Republic of Kazakhstan.

By the Ministry of Finance of the Republic of Kazakhstan Order No. 335 dated May 29, 2020, in accordance with the laws of the Republic of Kazakhstan dated May 13, 2003 "On Joint Stock Companies", dated March 1, 2011 "On State Property", the Government of the Republic of Kazakhstan Decree dated October 11, 2019 No. 752 “On some issues of higher educational institutions of the Ministry of Education and Science of the Republic of Kazakhstan”, by the letter of the Ministry of Education and Science of the Republic of Kazakhstan dated November 4, 2019 No. 4257-01-1181016-2 and on the basis of the Report on the assessment of the market value of equity capital of the Republican State Enterprise on the right of economic management "Karaganda State Technical University" dated December 23, 2019 No. 000556, it was reorganized into a Non-profit Limited Company "Karaganda Technical University".

The founder of the Company is the Government of the Republic of Kazakhstan represented by the State Property and Privatization Committee of the Ministry of Finance of the Republic of Kazakhstan.

The authorized body in the relevant industry that exercises the right to own and to use the 100-% state-owned stake in the Company, is the Ministry of Education and Science of the Republic of Kazakhstan (hereinafter referred to as the Sole Shareholder).

The Sole Shareholder considers the issues and makes decisions related to the competence of the general meeting of shareholders in accordance with the legislation of the Republic of Kazakhstan.

Decisions on the issues that are referred by the legislation of the Republic of Kazakhstan and the Charter to the competence of the general meeting of shareholders are taken by the Sole Shareholder independently, with the exception of the issues on which decisions are made in agreement with the State Property and Privatization Committee of the Ministry of Finance of the Republic of Kazakhstan.

The location of the Company is Republic of Kazakhstan, 100027, the city of Karaganda, Nursultan Nazarbayev Ave., No. 56.

The Company has the status of an educational organization that implements independently developed educational curricula, independently determines the ratio of students and faculty, the procedure for admission to training, the use of its own norms and standards of teaching load, educational, scientific, scientific-technical, entrepreneurial, production and economic, innovative and methodological activities, forms and amounts of remuneration.

The goal of the Company is to form the necessary conditions for obtaining high-quality education, training and teaching aimed at the formation, development and professional development of a person based on national and universal values, achievements of science and practice, as well as for the development of scientific potential and commercialization of developments.

The purpose of the educational process of the Company is high-quality education that meets international standards.

To achieve the set goal, the Company carries out the types of activities provided for by the Charter that include the following:

1. training personnel in educational programs of higher postgraduate education, as well as scientific and technical, innovative activities, research work, including fundamental and applied scientific research;
2. providing students with food, accommodation, medical care;
3. providing employees with food, accommodation, medical care;
4. ensuring the safety of students;
5. organizing and holding sports and cultural events;
6. organizing and holding sports and recreational activities, organizing sports and creative sections;
7. ublishing and printing activities to ensure the educational process, research, educational and socio-cultural activities;
8. organizing and participating in various events at the international and republican levels: in olympiads, competitions, contests, conferences, seminars among students and teachers;
9. preparing students for military service under the program of reserve officers;
10. implementing general educational curricula of general secondary education, as well as educational programs of technical and vocational, post-secondary, additional education;
11. developing technopolises, technoparks, business incubators, innovation centers, technology commercialization and transfer centers, design bureaus and other structures according to the profile of activity;
12. participating in the development, testing and implementation of innovative methods, teaching and research technologies aimed at further development and improvement of the education and science system;
13. organizing, and developing digital interactive educational resources and educational films for all levels of education;
14. participating in the integration of education and science with production;
15. organizing, financing of development work, innovation and investment projects with the involvement of financial resources of subsidiaries and other organizations of the Republic of Kazakhstan and foreign organizations, as well as participating in the formation of mechanisms and infrastructure for venture financing of projects in the field of education and science.

2. GENERAL PROVISIONS

2.1 Accounting policy objectives

The Accounting Policy of the Company (hereinafter referred to as the Accounting Policy) consists of specific principles, bases, provisions, rules and practices adopted by the Company for accounting, including the preparation of comparative information for previous reporting periods, in accordance with the requirements of the Law of the Republic of Kazakhstan “On Accounting and Financial Reporting”, regulatory and legal documents adopted for implementing the Law of the Republic of Kazakhstan “On Accounting and Financial Reporting” and International Financial Reporting Standards (hereinafter referred to as IFRS), subject to amendments and additions.

The purpose of adopting the Accounting Policy is to form an accounting system that will accurately reflect the information of the financial position, performance results in accordance with the qualitative characteristics: relevance, understandability, reliability, comparability.

This Accounting Policy is based on International Financial Reporting Standards as adopted by the Board of the International Accounting Standards Committee (IASB) including:

1. International Financial Reporting Standards (IFRS);
2. International Accounting Standards (IAS);
3. Interpretations developed by the International Financial Reporting Interpretations Committee (FIAC) or the formerly Standing Interpretations Committee (SIC).

In the absence of any IFRS specifically applicable to a transaction, other event or condition responsible officers must use their own judgment in developing and applying accounting policies to generate information that is relevant to users in making their economic decisions; and reliable in that the information in the financial statements:

1. fairly represents the financial position, financial results and cash flows;
2. reflects the economic substance of transactions, other events and conditions, and not just their legal form;
3. is neutral, that is, free from bias;
4. is conservative;
5. complete in all the material respects;

A professional judgment is a professional assessment of the employee responsible for the formation of financial statements about the available objective and subjective factors that can influence decision-making under conditions of uncertainty and is a conclusion on the details of recognition and evaluation of the object of accounting in the financial statements.

When making a professional judgment, responsible employees pay attention to and consider the applicability of the following sources in the following order:

1. IFRS requirements affecting similar and related issues;
2. definitions, recognition criteria and procedure for valuation of assets, liabilities, income and expenses.

In exercising a professional judgment, the management can also consider the most recent regulations of other standard-setting bodies that use a similar process for developing accounting standards, accounting literature and accepted industry practice, to the extent that they do not conflict with the sources in the above paragraph. and comply with the regulatory legal acts of the Republic of Kazakhstan.

Financial reporting is compiled in accordance with the forms approved by the Ministry of Finance of the Republic of Kazakhstan and intradepartmental forms.

The Company regularly but at least once a year, updates the provisions of the Accounting Policy for compliance with the established requirements of IFRS, external and internal regulatory documents.

Responsiveness of the accounting system to changes in the conditions for the implementation of financial and economic activities includes those caused by changes in laws, regulations and IFRS.

2.2. Principles of preparing financial reports

The Company's financial statements prepared in accordance with IFRS are based on the following principles:

Continuity of operations. Financial statements are prepared on the assumption that the Company has an intention to operate for the foreseeable future, i.e. management has no intention to liquidate, cease or significantly reduce the scale of operations. At the same time, the future period is considered to be at least twelve months after the end of the reporting period, but not limited to it. If such an intention exists, then the financial statements may be compiled on other grounds, in which case information on the relevant grounds is subject to disclosure.

Financial statements disclose any serious doubts about the ability of the company to maintain the principle of continuity. If the entity is not on going concern basis, then the financial statements disclose the non-conformity with the going concern basis on which the financial statements are based and the reason why the entity is not treated as a going concern.

In preparing financial repports, the management should evaluate the Company's ability to continue as a going concern for at least the next twelve months after the reporting period.

Accrual principle. The company's financial statements are prepared on an accrual basis, with the exception of the cash flow statement, according to which transactions and events are recognized when they occur but not as cash is received or paid. Expenses are recognized in the income statement on the basis of the matching principle, i.e. on the basis of a direct relationship between the costs incurred and receipts for specific items of income.

The results of transactions and other events in the event that primary documents are not received and not issued are reflected on the basis of reliable preliminary information or estimated and forecast data.

The principle of prudence involves introducing a certain degree of care into the process of making judgments and estimates so that assets or income are not overstated and liabilities or expenses are understated. This principle is aimed at protecting financial statements from excessive, unreasonable embellishment. For example, according to IFRS:

1. the carrying amount of accounts receivable must be adjusted to the amount that is actually receivable;
2. the inventory should be reported at the lower of cost and net realizable value;
3. for non-current assets, impairment should be recognized in the event of a decrease in the recoverable amount below the carrying amount;
4. deferred tax assets should only be recognized to the extent that an entity expects to have future taxable profits against which they can be used.

2.3. Qualitative characteristics of financial reports

Financial reporting of a legal entity must contain information that has the following qualitative characteristics.

Significance. The information is significant when it influences the economic decisions of users, helping them evaluate past, present and future events, confirm or correct their past estimates.

Material financial information can influence the decisions made by the users. The information can influence decision making even if some users choose not to use it or are already aware of it from other sources.

The significance of information is influenced by its:

1) character, sometimes the character itself predetermines its significance;
2) materiality.

Materiality. The information is considered material if its omission or misstatement could influence the decisions of users on the basis of the financial statements regarding the reporting entity. In other words, materiality is an entity-specific aspect of relevance based on the nature or size or both of the items to which the information relates in the context of an individual entity's financial statement.

The information is considered material if its omission or misstatement could affect the decisions of users based on the financial statements in respect of the reporting entity. In other words, materiality is the entity-specific aspect of significance based on the nature or size or both of the items to which the information relates in the context of an individual entity's financial statement.

The materiality threshold is calculated annually. The threshold of materiality is determined on the basis of the basic indicators of the legal entity financial statements for each reporting period, in connection with changes in the volume of activities and the nature of transactions. The basic indicator is selected on the basis of its stability from year to year, in order to confirm the absence of signs of manipulation of the materiality threshold (overestimation), for each reporting date from the following indicators:

Basic indicator	**Lower threshold**	**Upper threshold**
Profit before taxing	5%	8%
Sales revenue	0,5%	2%
Gross profit	1%	1,5%
Net assets attributable to the Founder	1%	4%
Total assets	0,25%	2%

To determine the basic indicator, a legal entity performs a stability calculation for each basic indicator. To do this, a comparison is made of changing each base indicator over the past 3 years, and the indicator with the smallest standard deviation is selected. Then, after determining the baseline, the percentage applicable to the baseline is determined. When calculating the materiality threshold, a legal entity is guided by the principle that the lower the amount of materiality, the lower the risk of a possible error in the financial statements that could affect the economic decisions of the users taken on the basis of the financial statements. At a high level of materiality, the legal entity pays detailed attention to the judgments and other components of transactions when calculating and reporting any amounts in the financial statements.

To reduce the risk of not discovering an error or omission in the financial statements, a legal entity applies a lower materiality threshold, which assumes that the total of all errors in the financial statements will not exceed a given amount.

After preparing financial statements, if adjustments have been made that affect the underlying, the materiality threshold is recalculated to confirm that the financial statements do not contain material errors, taking into account the revised amount of the basic indicator.

If the base indicator has increased, then there is no need to further recalculate the materiality threshold, since the amount of the materiality threshold has increased, and accordingly errors and other unreported amounts have become even more insignificant.

If the basic indicator has decreased, then it is necessary to recalculate the materiality threshold in order to make sure that the financial statements reflect reliable data.

Fair presentation and compliance with IFRS. Financial statements should present fairly the financial position, financial results and cash flows of the entity. A fair presentation requires a true representation of the consequences of past transactions, or those to be presented in the future, other events and conditions in accordance with the definitions and criteria for the recognition of assets, liabilities and equity.

There can be a risk of misrepresentation of the information. This does not mean intentional misrepresentation but rather the result of difficulties encountered either in identifying transactions and other events to measure them, or in developing the application of measurement and presentation methods. In certain cases, the measurement of the financial impact of transactions and other events can be so uncertain that the entity as a whole does not recognize them in its financial statements.

For a perfectly valid presentation, a description must have three characteristics. It must be error-free, neutral and complete.

Inerrancy means that there are no errors or omissions in the description of phenomena, in addition, the process used to prepare the reporting information is selected and applied without error.

Neutrality means that the description is objective in the selection or presentation of financial information. Neutral information does not mean pointless information that has no effect on behavior. On the contrary, material financial information is capable, by definition, of influencing the decisions of users.

Completeness includes all the information needed for the user to understand the phenomena described, including all necessary descriptions and explanations. For example, a complete description of a group of assets should include at least a description of the nature of the group's assets, a numeric description of all of the group's assets, and a description of what the numeric description is (for example, cost, adjusted cost, or fair value). For some articles, a full description can also include an explanation of significant facts about the quality and nature of the articles, factors and circumstances that may affect their quality and nature, and the process used to determine the digital description.

A legal entity whose financial reports comply with IFRS should demonstrate this by including in the notes to the financial statements its explicit and unambiguous statement of such compliance. Financial statements cannot be described as conforming to IFRS unless they comply with all the requirements of IFRS.

Understandability, comparability, timeliness and reconciliation are qualities that reinforce the usefulness of meaningful and reliable information.

Clarity. The information presented in the financial statements should be understandable to users who have sufficient knowledge in the field of economics, finance and accounting. However, information that is important to economic decision making should not be excluded from financial statements on the sole ground that it is difficult for certain users to understand.

Comparability. Users should be able to compare the entity's financial statements for different reporting periods so that trends in its financial position and results of operations can be identified.

The users of financial statements should be able to compare:

1) financial statements of a legal entity for different periods in order to determine trends in its financial position and performance;

2) financial statements of different legal entities, but related to the same industry, in order to assess their relative financial position, performance and changes in financial position.

An important condition for comparability as a qualitative characteristic is informing users of the accounting policies that guided the preparation of financial statements, any changes in it and the results of these changes.

Timeliness. Timeliness means making the information available to decision makers in time to influence their decisions. Generally, the older the information, the less useful it is.

However, some information remains timely long after the reporting date, for example because some users can need to identify and to evaluate trends.

In case of untimely (late) submission, the information can lose its relevance. Therefore, when preparing financial statements, it is necessary to find a reasonable compromise between the accuracy and timeliness of reporting information, based on an understanding of what best satisfies the needs of users in connection with their economic decisions.

Verifiability helps to ensure that the users have confidence that the information in the statements faithfully represents the economic phenomenon as it should. Verifiability means that various informed and independent observers will be able to reach a consensus (not necessarily complete agreement) about the accuracy of the information presented. In order to be verifiable, numerical information can be either a single estimated value or a range of likely values (with associated probabilities).

Verification can be direct or indirect. Direct verification means verifying the amount or other information provided through direct observation (*for example, checking the amount of a cash balance by counting*). Indirect verification means checking model inputs, formulas and other methods, and recalculating the results using the same methodology (*for example, checking the book value of inventories by checking the original quantity and value data and recalculating the closing balance using the same method, for example, FCFS*).

Balance between benefits and costs. When assessing the relationship between benefits and costs, justification for the costs is considered so that the benefits derived from the information exceed the costs of obtaining it.

2.4. Elements of financial statements (reports)

Financial statements of the Company are the presentation of information of the financial position, results of operations, cash flow and net assets attributable to the Founder for users and their decision-making.

Financial statements reflect the financial results of transactions and other events, grouping them into major categories according to their economic characteristics. These categories are called elements of financial statements.

In the Statement of Financial Position, the elements of financial statements that are directly related to the assessment of financial position are assets, liabilities and net assets (capital).

In the Profit and Loss Statement directly related to the measurement of performance there is income and expenses.

An asset is a resource controlled by the Company as a result of past events and from which an inflow of future economic benefits is expected. Three key points should be highlighted here: past events, as a result of which the legal entity has acquired resources; future economic benefits that the resources bring; control over resources. The asset gives rise to probable future economic benefits from existing potential, either alone or in combination with other assets, which contribute directly or indirectly to an increase in future net cash flows.

The future economic benefit embodied in an asset is the ability to contribute directly or indirectly to the receiving property by a legal entity. Such an opportunity can be productive, forming part of the legal entity's operations. It may also take the form of convertibility to cash or cash equivalents, or the ability to reduce cash outflows.

The company uses its assets to a greater extent to provide services that can satisfy the desires of consumers of educational services, since these services bring economic benefits to a legal entity.

The future economic benefits embodied in an asset can flow to an entity in a variety of ways. An asset can be:

1. used separately or in combination with other assets in the provision of services, production of goods sold by a legal entity;

2. exchanged for other assets;
3. used to pay off an obligation;
4. distributed/redistributed by the owner of the legal entity.

Many assets, such as real estate, buildings and equipment, have a physical form. However, the physical form is not necessary for the existence of an asset; patents and copyrights, for example, are assets if the entity expects future economic benefits from them and controls them.

Liability is a current obligation of the Company arising from past events, the settlement of which will cause an outflow of the entity's resources embodying economic benefits.

The most important characteristic of a liability is that the Company has an obligation. An obligation is a duty or responsibility to act or to do something in a certain way. Obligations arise in accordance with the norms of the law and subzonal regulatory legal acts, as a result of the obligations assumed within the framework of contractual relations established by the requirements and other grounds that do not contradict regulatory legal documents.

The settlement of an existing liability usually involves an outflow of the entity's resources embodying economic benefits in order to satisfy the claims of another party. An existing obligation can be settled in several ways, for example:

1. payment of funds;
2. transferring other assets;
3. provision of services;
4. replacing one liability by another;
5. transferring liabilities into capital.

A liability can also be repaid in other ways that do not contradict regulatory legal documents.

Net equity arributed to the Founder (capital) is the residual amount in the Company's assets after deducting all the liabilities.

In the statement of comprehensive income, the elements that are directly related to the measurement of performance are as follows.

Income is increasing the economic benefits during the reporting period in the form of an inflow or increase in assets or a decrease in liabilities, which leads to an increase in net assets (capital) that is not related to the contributions of the founder.

Income includes receips from operating and non-operating activities, from the government assistance and subsidies, other receips, as well as those attributable to equity.

Expenses include decreasing the economic benefits during the reporting period in the form of an outflow or decrease in assets or the emergence of liabilities, which leads to decreasing net assets that is not related to its distribution among the founders. Expenses usually take the form of an outflow or decrease in assets such as cash or cash equivalents, inventory, real estate, buildings and equipment.

Net profit (loss) is the result of the legal entity efficiency.

Cross charge

Assets and liabilities, income and expenses are not subject to cross charge and are presented separately on a material basis unless cross charge is required or permitted by another standard or interpretation. Items of income or expenses are subject to cross charge if this presentation reflects the essence of the transaction or event, or income, losses and related expenses for a group of similar transactions and events are not significant.

The Company records both assets and liabilities, as well as income and expenses separately. A netted presentation of items in the statements of comprehensive income or financial position, or in the separate income statement (if presented), unless such presentation reflects the substance of a transaction or other event, reduces the ability of users to both understand the transactions involved, and other events and conditions that have arisen, and to estimate the entity's future cash flows. The valuation of assets on a net basis less valuation allowances, such as allowances for obsolescence of inventories or allowances for bad debts, is not considered a netted presentation.

Financial assets and liabilities are cross charged and the balance sheet shows the net amount only when there is a legally enforceable right to offset the recognized amounts and an intention to either offset or simultaneously realize the asset and settle the liability.

The Company presents on a net basis profits and losses arising from a group of similar transactions, for example, foreign exchange gains and losses or if profits and losses from a group of similar transactions and events are not material. The reflection of assets net of the corresponding created reserves is not a netting.

Presentation of the elements of financial statements in the statement of financial position and statement of comprehensive income involves the development of subclasses based on the nature and function of assets, liabilities, income and expenses.

Recognition of the financial statement elements

Recognition is the process of including in the statement of financial position or statement of comprehensive income an item that meets the definition of one of the elements of financial statements and satisfies the recognition criteria below.

An item that meets the definition of a financial statement element should be recognized if:

1. it is probable that any future economic benefit associated with the item will be gained or lost by the entity;
2. the actual acquisition costs or value of the item can be measured reliably.

A legal entity must present short-term and long-term assets and short-term and long-term liabilities as separate sections in its statement of financial position.

Short-term assets. The Company classifies short-term (current) assets that meet any of the following criteria:

1. an asset is expected to be realized or is intended for consumption under the normal conditions of the entity's operating cycle;
2. an asset is held for sale or is expected to be realized within 12 months after the reporting date;
3. an asset is cash or cash equivalents that have no restrictions on their use.

Long-term (non-current) assets are all the other assets that do not fall under the definition of short-term ones.

Long-term assets represent an investment for a longer period and cannot be quickly converted into cash. This type of assets of a legal entity is recognized for a period of more than a year.

A legal entity ***classifies a liability*** as current when:

1. the liability is expected to be settled in the entity's normal operating cycle;
2. the liability is held for sale and is due to be settled within 12 months after the reporting date;
3. the entity does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Long-term liabilities are all the other liabilities that do not fall under the definition of current ones.

Long-term liabilities are liabilities with maturities exceeding 12 months. Long-term liabilities also include debt, deferred tax liabilities of a legal entity and borrowed capital (loans, leasing, loans).

The information to be presented either in the statement of financial position or in the notes

Compilation and presentation of the financial statements of the Company is carried out in accordance with the forms for publication by public interest organizations and the Rules for the preparation and presentation of financial statements, approved by order of the Minister of Finance of the Republic of Kazakhstan.

The reporting period for the annual financial statements is the financial year. The annual report is prepared on January 1 of the year following the reporting one.

A complete set of financial statements includes:

1. Statement of financial position as at the end of the period;
2. Statement of profit or loss and other comprehensive income for the period;
3. Statement of changes in equity for the period;
1. Statement of cash flows for the period;
2. Notes consisting of a summary of significant accounting policies and other explanatory information.

Financial statements are presented in the national currency of the Republic of Kazakhstan.

The Company can use names for these reports that are different from those accepted in this accounting policy. For example, use the title Statement of Comprehensive Income instead of the title Statement of Profit or Loss and Other Comprehensive Income.

In the Notes the Company must disclose more detailed information supplementing the data of the statement of financial position, statement (reports) of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows. The notes disclose qualitative information or breakdowns of items presented in these reports, as well as information about items that do not meet the recognition criteria in these reports.

In the financial statements the Company must present comparative information for the previous period for all the amounts reflected in the financial statements for the current period, unless other IFRS allow or require otherwise. The Company must include comparative information in relation to information of a descriptive and explanatory nature, if it is relevant to understanding financial statements for the current period.

Statement of profit or loss and other comprehensive income for the period

The Company can present a single statement of profit or loss and other comprehensive income, in which profit or loss and other comprehensive income are presented in two sections. These sections must be presented together, with the profit or loss section presented first, followed immediately by the other comprehensive income section. The Company can present a profit or loss section in the form of a separate profit or loss statement for the period. In such a case, this separate statement of profit or loss should be placed immediately before the statement presenting comprehensive income, which should begin with profit.

The information to be presented in the Profit and Loss Statement

The income statement must include, at a minimum, items that represent the following amounts for the period:

1. Income from sales of products and services;
2. Cost of goods sold and services rendered;
3. Gross profit;
4. Costs for the sale of products and the provision of services;
5. Administrative expenses;
6. Income from financing;
7. Financing costs;
8. Other income;
9. Other expenses;

10. Other non-operating income;
11. Other non-operating expenses;
12. Share of profit (loss) of organizations accounted for using the equity method;
13. Profit (loss) before tax
14. Income tax expense;
15. Profit (loss) from discontinued operations;
16. Total profit (loss) for the period.

Profit or loss for the period

The Company must recognize all the items of income and expenses for the period in profit or loss, unless otherwise required or allowed in accordance with the requirements of other sections of the accounting policy.

In the Statement of Other Comprehensive Income, the Company must present all the items of income and expense (including reclassification adjustments) that are not recognized in profit or loss as required or permitted by the other IFRS.

The components of other comprehensive income include:

changes in the value reflecting the increase in value from the revaluation of fixed assets and intangible assets;

revaluation amounts for defined benefit programs for employee benefits;

gains and losses on the revaluation of available-for-sale financial assets;

total income for the period attributable to:

to non-controlling interests, and

to the owners of the parent company.

The Company must disclose reclassification adjustments for components of other comprehensive income. A reclassification adjustment is included in the appropriate component of other comprehensive income in the period in which the adjustment is reclassified to profit or loss.

The information to be presented in the Profit and Loss Statement or in the Notes

If the income and expense items are significant, the Company must disclose their nature and amount separately.

The circumstances in which the items of income and expenses are subject to separate disclosure include the following:

1. write-off inventories to net realizable value or cost of property, plant and equipment to recoverable amount, as well as reversal of such write-offs;
2. restructuring the activities of the legal entity and reversing any allowances for restructuring costs;
3. disposal of investments;
4. discontinued operations;
5. settlement of litigation;
6. other reverse entries in respect of reserves.

Report of the eqntity changes

The statement of changes in equity discloses:

1. profit or loss within the reporting period;
2. any item of profit or loss designated under IFRS directly in equity, and the total amount of those items;
3. the cumulative effect of retrospectively applied changes in accounting policies and adjustments to errors for each equity item.
4. transactions of a capital nature with owners of equity capital.
5. for each component of equity, a reconciliation of the carrying amount at the beginning and end of the period, separately disclosing changes due to:

1) items of profit or loss;
2) items of other comprehensive income;
3) transactions with owners acting in that capacity, showing separately contributions made by owners and distributions to owners.

The Company's financial statements also disclose the information of the capital management.

Cash flow report

The Cash and Cash Equivalents section sets out the requirements for presentation and disclosure of cash flow information.

The Notes should:

1. provide the information of the basis for preparing financial statements and the accounting policies used;
2. disclose the information required by this accounting policy that is not presented in any other financial statement;
3. provide the information that is not presented in any other financial statement but is relevant to understanding any of the said statements.

The Copany presents the notes in an orderly manner to the extent possible. The Company must make cross-reference to the information in the notes relating to each item presented in the Balance Sheet and the Profit and Loss Statement, Statement of Changes in Equity, Cash Flow Report.

2.5. Changes in the Accounting Policy, accounting estimates and errors

Changes in the Accounting Policy

The Company can make changes to the Accounting Policy only when changing: 1) is required in accordance with the standard or interpretation of IFRS; or 2) results in the financial statements providing more reliable and more relevant information about the effect of transactions, other events or conditions on the entity's financial position, financial performance or cash flows.

An initiative changing of the accounting principles of a legal entity for pre-existing business transactions is allowed only if there is objective evidence that the use of alternative accounting principles is preferable to more accurately reflect the facts of economic activity. Such changes are usually introduced from the beginning of the next reporting period.

The following actions are not changes in the Accounting Policy:

1) the adoption of an Accounting Policy for events or transactions that differ in nature from previously occurring events or transactions;
2) the adoption of a new Accounting Policy for events or transactions that did not occur before or were immaterial.

Changing in the Accounting Policy shall be applied retrospectively unless the amount of the related adjustment relating to prior periods cannot be reasonably determined. Any adjustment received should be reported as an adjustment to the balance of retained earnings (uncovered loss) at the beginning of the period. Comparative information should be restated whenever practicable.

When restating comparatives due to changing in the Accounting Policy, corrections of errors or regroupings of items in the statement of financial position, disclosures are required as of the earliest reporting date presented.

The retrospective approach is based on the assumption that the new Accounting Policy has been applied by the legal entity always from the moment the transactions occurred. When changing the Accounting Policy related to a more reliable presentation of data in financial statements, a retrospective approach is applied.

Changing in the Accounting Policy should be applied prospectively when the amount of the adjustment to the balance of retained earnings (uncovered loss) at the beginning of the period for all previous periods cannot be reasonably determined.

In cases when a voluntary change in the Accounting Policy: a) has an impact on the current or any previous reporting periods; or (b) would have had such an effect, unless it is impracticable to determine the amount of the adjustment involved; or c) the influence can be exerted for future periods, then the entity must disclose the following information:

1) the nature of changes in the Accounting Policy;

2) the reasons why the application of the new Accounting Policy provides reliable and more relevant information;

3) the amount of the adjustment for the current period and for each prior period presented, to the extent practicable:

- for each financial statement line item affected by the adjustment;

- for basic and diluted earnings per share, if IAS 33 Earnings per Share is applied by a legal entity;

4) the amount of the adjustment relating to periods prior to those presented in the financial statements, to the extent practicable;

5) if retrospective application is impracticable for a particular prior period or periods prior to those presented in the financial statements, the circumstances that led to the existence of such a condition and a description of how and from when the change in accounting policy was applied.

This information disclosure is not required to be repeated in the financial statements of subsequent periods.

In initial application of a particular IFRS or IFRS Interpretation the Company should take into account the emerging changes in the Accounting Policy:

1) in accordance with special transitional provisions (if provided for in IFRS);

2) retrospectively, if IFRS or the Interpretation does not contain special transitional provisions applicable to the change.

If the initial application of any IFRS or Interpretation:

a) has an impact on the current or any previous reporting periods;

b) would have had such an effect, unless it is impracticable to determine the amount of the adjustment involved;

c) the impact can be exerted on future periods, then the legal entity must disclose the following information:

1) the title of this IFRS or Interpretation;

2) where applicable, the fact that changes in the Accounting Policy are made in accordance with the transitional provisions of that IFRS or Interpretation;

3) the nature of the change in the Accounting Policy;

4) where applicable, a description of the transitional provisions;

5) where applicable, transitional provisions that can have an impact on future periods;

6) the amount of the adjustment for the current and for each of the periods presented in the financial statements, to the extent practicable:

- for each financial statement line item affected by the adjustment;

- for basic and diluted earnings per share, if IAS 33 Earnings per Share is applied by a legal entity;

7) the amount of the adjustment relating to periods prior to the financial statements presented, to the extent practicable;

8) the circumstances that made retrospective application practically impossible, and a description of how and from when the change in the Accounting Policy was applied.

This information disclosure is not required to be repeated in the financial statements of subsequent periods.

If an entity has not adopted a new IFRS or Interpretation that has been issued but is not yet effective, it shall disclose the following information:

1) this fact;

2) known or reasonably estimable information that is relevant to assessing the likely effect of applying the new IFRS or Interpretation on the entity's financial statements in the period of initial application.

When the adjustment relates to periods prior to those that were included in the financial statements, then the balance of retained earnings (uncovered loss) at the beginning of the earliest period presented (as the main approach) would be adjusted by this amount. Summarized financial information for prior periods is also restated.

Changes in accounting estimates

The use of estimates and significant assumptions involves the use of judgments based on the latest available and reliable information. An estimate may be revised if the circumstances on which it was based change or as a result of new information or experience. By its nature, revisions of estimates are not prior period related and do not constitute a correction of an error.

A change in the valuation basis used, such as a change from accounting for property, plant and equipment at historical cost to fair value, is a change in accounting policy, not a change in an estimate. When it is difficult to distinguish between a change in an accounting policy and a change in an estimate, the change is treated as a change in the estimate.

The result of a change in an estimate, other than the changes described in the next paragraph, must be recognized prospectively by including it in the statement of comprehensive income: 1) in the period in which the change occurs, if it affects only that period; or 2) in the period in which the change occurred and in future periods if it affects both.

To the extent that a change in an accounting estimate causes changes in assets and liabilities, or is associated with an equity item, it must be recognized by adjusting the carrying amount of the related asset, liability or equity item in the period of the change.

Prospective recognition of the impact of a change in an estimate means that the change applies to transactions, other events and conditions from the date of the change in the estimate. A change in an accounting estimate can affect only profit or loss in the current period or profit or loss in both the current and future periods.

For example, a change in an estimated amount of bad debts affects only profit or loss in the current period and is therefore recognized in the current period. However, a change in the estimated useful life or the expected pattern of economic benefits from a depreciable asset affects the depreciation expense in the current period and in each subsequent period of the asset's remaining useful life. In both cases, the impact of the change relating to the current period is recognized as income or expense in the current period. The corresponding impact for future periods, if any, is recognized as income or expense in those future periods.

The results of changes in accounting estimates must be included in the same statement of comprehensive income line items in which those accounting estimates were previously accounted for.

The nature and extent of changes in accounting estimates that have a material effect in the current period, or are expected to have a material effect in subsequent periods, must be disclosed. If it is practically impossible to quantify, this fact must be disclosed.

Errors

Errors can occur in recognizing, measuring, presenting or disclosing elements of financial statements. Financial statements do not comply with IFRS if they contain either material errors or such immaterial errors that are made intentionally to misrepresent the financial position, financial performance or cash flows of an entity.

Potential current period errors discovered in that period are corrected before the financial statements are authorized for issue.

The Company corrects material prior period errors retrospectively in the first set of financial statements approved for issue after their discovery by: 1) recalculating comparative amounts for the previous period(s) presented in which the corresponding error was made; or 2) restating the opening balances of assets, liabilities and equity for the earliest prior period presented, where the error occurred prior to the earliest prior period presented.

A prior period error must be corrected by retrospective restatement unless it is impracticable to determine the effect of that error on a particular period or its cumulative effect.

When it is practically impossible to determine the period-specific aspects of the effect of an error on comparative information covering one or more prior periods presented, an entity restates the opening balances of assets, liabilities and equity at the beginning of the earliest period for which retrospective application is practically possible (that can be the current period).

Correction of an error in one of the prior periods is excluded from profit or loss for the period in which the error was discovered. Any other prior period information, such as historical financial statements, is also adjusted as far back in time as it is practically possible.

When at the beginning of the current period it is practically impossible to determine the amount of an error (for example, an error in applying an accounting policy) for all prior periods, an entity restates the relevant comparative information prospectively from the earliest practically possible date. Thus, the legal entity neglects the relevant part of the cumulative restatement of those assets, liabilities and equity that arose prior to that date.

There is a distinction between correcting errors and changing accounting estimates. The latter are by their nature approximations that can need to be revised as more information becomes available. For example, a gain or loss recognized as a result of a contingent event is not a correction of an error.

In case of detecting errors of the previous period, the Company must disclose the following information:

1) the nature of the error of the previous period;

2) the amount of adjustment for each of the prior periods presented, to the extent practically possible:

- for each item in the financial statements affected by the error;
- for basic and diluted earnings per share, if IAS 33 is applied by the Company;

3) the amount of the adjustment at the beginning of the earliest period presented;

4) if retrospective restatement is practically impossible for a particular prior period, then the circumstances that led to the existence of such a condition, and a description of how and from when the error was corrected.

2.6. Post-reporting events

Deinition

Post-reporting events are favorable and unfavorable events that occur between the end of the reporting period (reporting date) and the date the financial statements are authorized for issue. Such events can be of two types:

1) adjusting events after the reporting date, o i.e. the events that confirm the conditions that existed at the reporting date (adjusting events after the reporting period);

2) non-adjusting events after the reporting date - events that indicate conditions that arose after the reporting date (non-adjusting events after the reporting date).

Post-reporting events include all the events up to the date the financial statements were authorized for issue, even if they occurred after the entity's financial results or other financial information was published.

Reporting financial statements

The date of approval of the financial statements for reporting is determined in accordance with the Company's procedures established for the preparation and review of financial statements, as well as the requirements of the law.

Adjusting events after the reporting date

If adjusting events occur after the reporting period, the Company adjusts the amounts in the financial statements to reflect the consequences of such adjusting events either by adjusting the amounts recognized in the financial statements or by recognizing previously unrecognized accounting items.

List of adjusting events:

1. issuing a decision on a court case after the reporting date confirming that the legal entity has obligations as of the reporting date. The entity must reflect this event either by adjusting an already recognized provision or by recognizing a provision, rather than simply by disclosing a contingent liability;

2. receiving the information after the reporting date that indicates either the impairment of the asset as of the reporting date, or the need to adjust the amount of the previously recognized impairment loss for this asset;

3. determining after the reporting date the value of assets acquired before the reporting date, or proceeds from the disposal of assets sold before the reporting date;

4. discovering the facts of fraud or errors confirming that the financial statements are misrepresented.

Non-adjusting events after the balance sheet date

The Company does not adjust the amounts recognized in the financial statements to reflect the consequences of non-adjusting events that occurred after the reporting date. Such events do not result in the creation of adjustments, but may require disclosure in the Notes to the financial statements if these events are material and non-disclosure of information of them could influence the economic decisions of users of the financial statements.

List of non-adjusting events that require disclpsure in the Notes to the financial report:

1. merging organizations after the reporting date;
2. adopting the plan for termination of part of the activity;
3. announcing large-scale restructuring or starting its implementing;
4. destructing significant assets as a result of a fire occurring after the reporting date;
5. significant changing the value of foreign exchange rates that occurred after the reporting date;
6. changing the tax rates or legislation on taxes and fees that are enacted or announced after the balance sheet date that have a significant effect on current and deferred tax assets and liabilities;
7. commencing major litigation arising solely from events occurring after the balance sheet date.

If non-adjusting events that occur after the reporting period are material, non-disclosure of information of them can affect the economic decisions made by the users on the basis of such financial statements. For each material category of non-adjusting events occurring after the reporting period, the nature of the relevant event and an estimate of its financial consequences must be disclosed in the financial statements, or a statement of such an estimate impossibility.

Information disclosure

The following information of the events that occur after the balance sheet date is disclosed in the financial statements:

1. the date the financial statements are authorized for issuing;
2. the name of the governing body that approved the financial statements for issuing. When events occurring after the balance sheet date do not affect the status of assets and liabilities at the balance sheet date, but are significant enough that failure to disclose them could affect the ability of users of the financial statements to make correct estimates and make sound decisions, the following should be disclosed:
3. the nature of the event;
4. the estimate of the financial implications or an indication that such an estimate is not possible;
5. Clarification of disclosures in the financial statements, taking into account information received after the reporting period, regardless of whether this information has an impact on the amounts recognized in the financial statements, for example, confirmation of a statutory obligation that existed at the reporting date.

Functional currency

The financial statements of the Company are presented in tenge, which is the functional and presentation currency.

Operations in foreign currency

Foreign currency transactions are translated to the functional currency at the rate of exchange ruling at the date of the relevant transaction.

At the end of the reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the exchange rate in force at the reporting date.

Non-monetary assets and liabilities denominated in foreign currencies and measured at historical cost are recorded in the legal entity's functional currency at the exchange rate ruling at the date of the relevant transaction.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the entity's functional currency at the exchange rate ruling at the date the fair value was determined.

Exchange differences arising from conversion are recognized in the statement of comprehensive income as other income (expenses) on a net basis.

3. ACCOUNTING FOR FINANCIAL STATEMENT ELEMENTS

3.1. Fixed assets

Fixed assets are accounted for in accordance with IFRS IAS 16 Fixed Assets.

Definition

Fixed assets include assets that have a material form: real estate (land, buildings, structures and other objects related to land); vehicles; cars and equipment; other fixed assets; perennial plantations; as well as other property that is used in the activities of the Company for the production, provision of services or sale of goods, as well as for leasing to other organizations or for administrative purposes with a period of use of more than one calendar year.

The terms used

Academic activities are the processes that are the main activity of the Company in the form of providing educational services to students and listeners, conducting scientific research, implementing measures to improve qualifications and providing other services provided for by the Charter of the Company.

Infrastructural activities are the processes (administrative and auxiliary), the implementation of which is aimed at accompanying and supporting academic activities.

Depreciable cost is the cost of an asset, or other amount used as cost, less its residual value.

Depreciation is the systematic allocation of the depreciable cost of an asset over its useful life.

Carrying amount is the amount at which an asset is recognized after deducting any accumulated depreciation and any accumulated impairment loss.

Recoverable amount is the greater of the two amounts: the asset's fair value less costs to sell or its value in use.

Residual amount of an asset is the estimated net amount that is expected to be received from the final disposal of an asset after its useful life has ended, less the estimated costs of disposal.

Cost is the amount of cash or cash equivalents paid, or the fair value of any other consideration given to acquire an asset at the time of its acquisition or construction.

Fair amount is the amount for which an asset could be exchanged in a transaction between knowledgeable, willing and independent parties.

Useful life is the period of time that an asset is expected to be available for use by a legal entity or the number of units of production or similar units that a legal entity expects to obtain from the use of an asset

Impairment loss is the amount by which an asset's carrying amount exceeds its recoverable amount.

Classification

Depending on the intended purpose and functions, the fixed assets of the Company are divided into the following groups:

Table 1

No.	Group name	Fixed asset name
1	**Land**	Land plots on which the buildings of the companye are located
2	**Buildings**	
2.1	Educational buildings	Main educational building, multi-purpose classrooms, etc.
2.2	Research buildings	Research buildings
2.3	Dormitories	Student residences

2.4	Other buildings	Garage for company vehicles
3	**Structures:**	
		Power and communication lines Pipelines and gas pipelines
		Water supply and sewerage system
3.1	Transmission facilities	Structured cabling and data transmission system
		Sporting structures
4	**Machines and equipment:**	
4.1	Vehicles	Cars, micto-buses, special vehicles
4.2	Office Equipment and Computers	Computers and servers of all kinds, peripheral devices and data processing equipment (printers, scanners, plotters, disk and tape drives, information backup devices) multimedia devices, copiers
		Laptops
4.3	Laboratory equipment	Laboratory equipment
		Other laboratory facilities
4.4	Medical equipment	Medical equipment
		Other medical facilities
		Analogue ATS, all types of telephone switching centers
4.5	Other machines and eqauipment	Thermal mechanical and hydraulic equipment (motors, pumps, compressors, etc.) General purpose equipment Electronic and electrical devices Modems, analog telephones, faxes, etc.
		Other equipment not included in other groups
5	**Library stock**	Library stock
6	**Perrennial plantings**	Perrennial decorative plantings in the territory of the Company
7	**Other fixed assets**	Furniture (office, special and residential purpose, etc.)
		Safes
		Metal cabinets
		Production and fire equipment, fixtures, tools, warning and alarm systems, etc.
		Others not included in other groups
8	**Capital work in progress**	Construction of educational buildings Construction of research buildings Construction of sports grounds Construction of dormitories and townhouses Construction of other infrastructure buildings and structures

Initial and subsequent recognition of the fixed assets

Items of property, plant and equipment (fixed assets) is initially valued at cost, i.e. at its cash equivalent price at the date of recognition.

Fixed assets can also be acquired for safety, environmental protection and working conditions. The acquisition of such property, plant and equipment, although not directly associated with an increase in future economic benefits from the use of a particular existing item of fixed assets, can be necessary for the Company to obtain future economic benefits from the use of other assets owned by it.

Spare parts and service equipment are normally held in inventory and are charged to profit or loss as they are used up. However, major spare parts and standby equipment are classified fixed assets if the Company expects to use them for more than one period. Similarly, if spare parts and service equipment can only be used in connection with the operation of an item of property, plant and equipment, they are treated as fixed assets.

If the asset does not bring economic benefits, then the cost of its acquisition is written off as expenses of the reporting period.

Subject to the conditions for recognition of real estate, buildings, equipment, the Company independently allocates objects recognized as real estate, buildings, structures, equipment and other fixed assets.

Expenses for day-to-day maintenance are not recognized in the carrying amount of an item of property, plant and equipment; these costs are written off as expenses for current repairs and maintenance of an item of fixed assets. The cost of day-to-day maintenance consists primarily of labor and consumables, as well as the cost of purchasing parts.

Elements of some items of fixed assets can require regular replacement. According to the principles of recognition of fixed assets, the Company recognizes at the balance sheet moment these costs are incurred, provided that the recognition criteria are met. The carrying amount of replaced parts is derecognised: on disposal, or when no economic benefits are expected from its operation or disposal.

To ensure the uninterrupted operation of fixed assets, the Company periodically makes repairs.

Overhaul and current repairs of fixed assets of the Company are carried out by economic and contracting methods on the basis of agreements with specialized organizations. Calculation for the repair work performed is made on the accounts of contractors on the basis of acceptance certificates for the work performed.

Subsequent costs (overhaul, modernization, reconstruction, technical re-equipment) will be attributed to an increase in the value of the fixed asset if, as a result of these investments, the originally estimated standard indicators (service life, capacity, area, speed, labor productivity, reduction in production costs, quality) have changed manufactured products, etc.).

These include the following works:

1. replacement of units and assemblies with new, higher power ones (diesel generator sets, traction motors, gearboxes, electric motors, air conditioning units, brake equipment, pipes, boilers, pumps, plumbing fixtures), as well as their modernization;
2. reconstruction and modernization of buildings. For example, strengthening the foundation of a building with the dismantling and installation of part of the wall, leading to a change in the external dimensions of buildings;
3. restoration of the parameters of the technical condition of units and components of vehicles to ensure their mileage;
4. overhaul of elevators;
5. modernization of electrical interlocking equipment;
6. roof replacement;
7. overhaul and modernization of the heating system of buildings.

A condition for the continuing operation of the FA facility can be that major technical inspections are carried out regularly for faults, regardless of whether parts are replaced or not. The purpose of these periodic FA checks is to determine the health status of the FA.

The costs of repair, technical operation of real estate, buildings, equipment, made in order to preserve and maintain the technical condition of the object, do not increase the initial cost, but are recognized as current expenses at the time of their occurrence.

The cost of repairing and restoring property, buildings and equipment resulting from accidents and other damage to an asset as a result of improper operation is charged to a loss and written off in the reporting period.

The Company's expenses for botanical plantations used for landscaping and landscaping are recognized as expenses of the current period.

An item of property, plant and equipment that can be recognized as an asset is measured at cost.

The initial cost of an item of fixed assets includes:

- the purchase price including import duties and non-refundable taxes less trade discounts and refunds;
- any costs directly attributable to the delivery of an asset to the right place and bringing it into a condition that ensures its functioning in accordance with the intention of the management of the Company.

The cost of a self-produced asset is determined based on the same principles as the cost of an acquired asset.

The resulting carrying amount of such an asset and related assets is subject to an impairment test.

Assets belonging to the classes of fixed assets can be stored in a warehouse as a reserve, for example, for the installation, assembly or repair of another fixed asset, in which case the Company takes them into account as inventories, and when used, writes them off as expenses or construction in progress, depending on the direction use.

Items of fixed assets are recognized as an asset if they meet the following conditions:

1. there is a reasonably certainty that most of the risks and future economic rewards associated with the asset will be received;

Acquired / received for the provision of services for the core business	Fixed assets acquired for carrying out activities by the Company in accordance with the Charter
Acquired/received for ancillary production	Fixed assets acquired for production related to the maintenance of the main production
Purchased/received for administrative staff generating overheads	Fixed assets purchased for administrative staff generating overheads

2. the cost of acquiring fixed assets can be estimated;
3. the asset is directly or indirectly used in the activities of the Company;
4. there is no intention to sell the asset in the normal course of business of the legal entity.

An item of property, plant and equipment transferred free of charge is recognized at fair value.

The cost of an item of a constructed and/or constructed fixed asset is determined on the basis of the same principles as the cost of an acquired asset.

Future economic benefits are the potential for assets to directly or indirectly contribute to the cash flow of an entity. An asset will bring future economic benefits to an entity when it can be:

1) used separately or in combination with another asset in the process of providing services, performing work and manufacturing products intended for sale and sale;
2) exchanged for another asset;
3) used to pay off the obligation;
4) distributed/redistributed by the owner of the legal entity.

The items of fixed assets are acquired by the Company:

1. on a reimbursable basis;

The reimbursable basis can include the acquisition of fixed assets through commercial activities, the sale of services under contractual relations with government agencies, investment activities, capital construction contracts, budget financing in the form of state aid and subsidies (if conditions exist), sponsorship and/or charitable assistance (with limited and unlimited conditions), borrowed capital, contribution to the authorized capital, exchange for other assets;

2. free of charge;

The gratuitous basis includes the acquisition of fixed assets at the expense of: state aid and / or subsidizing (in the absence of conditions), sponsorship and / or charitable assistance (in the absence of restrictions), gratuitous transfer and other sources on the grounds not prohibited by law, subject to the initial absence value in monetary terms.

Acquiring fixed assets items on a reimbursable basis

Fixed assets can be acquired:

1) by one-time payment in cash;

2) on credit, with payment by installments.

Valuation of fixed assets acquired through a one-time payment in cash is carried out on the basis of actually incurred cash costs for purchasing fixed assets and preparing them for operation. Reliability of the valuation of fixed assets is based on the fact that the actual cost of the acquisition is the result of a transaction directly entered into between independent, prepared and willing parties to make such a transaction.

In determining a fair value of fixed assets, the condition of fair value of the actual costs incurred must be met, which can be an objective and reliable measure of the value of fixed assets for which an asset can be exchanged.

The initial cost includes the totality of actually incurred costs until the moment the acquired fixed assets are brought to a condition suitable for use including the costs of delivery, assembly, and installation.

When fixed assets are purchased on a deferred payment basis for a period that exceeds normal payment terms, the cost is equal to the amount that would have been payable if paid immediately. The difference between this amount and the total repayments is recognized as an interest expense on the loan (under the principal approach) unless it is capitalized in accordance with the permitted alternative approach in accordance with the Borrowing Costs Section.

Free of charge qcquiring fixed assets

Fixed assets received as a result of a gratuitous transfer are measured at the fair value of the received asset as of the date of recognition in accounting based on the value specified in the transfer and acceptance act. If there is no value, the following are also used in determining fair value:

1. the data of prices for similar products received in writing from manufacturing organizations;

2. the information of the price level available from state statistics bodies, trade inspections and organizations that sell similar fixed assets;

3. expert opinions on the value of fixed assets issued by an independent appraisal company that has a license for appraisal.

Features of acquiring and recognizing fixed assets including:

1. Acquisition of objects (fixed assets) under capital construction contracts;

The cost of an item of a constructed fixed asset under a work contract or an economic method is determined on the basis of the same principles as the cost of an acquired asset. The Company carries out the construction of fixed assets and installation of equipment, both on its own and with the involvement of third-party contractors.
In the case of engagement of third-party contractors on the basis of a work contract, the initial cost of an item of fixed assets is determined as the sum of the Company's actual costs for the performance of work under construction contracts excluding reimbursable taxes.
When accounting for a work contract (both long-term and short-term), interim certificates of work performed are signed, when signing the cost of the certificate of work performed is taken into account on the account of construction in progress. Own materials transferred to contractors for construction and installation works are also included in the cost of capital construction projects.
In case of inexpediency of further construction of the fixed assets object confirmed by a feasibility study, the costs previously capitalized on the account "Construction in progress" should be written off to the expenses of the current period.
Recognition of costs for the construction of fixed assets in a contractual way is carried out by referring to the stage of completion of work under the contract. In this case, only those contract costs that reflect the work performed under this contract are included in the costs incurred at the reporting date.
When determining the actual costs of acquiring/developing an item of fixed assets, it is also necessary to take into account the principles established by other sections of this Accounting Policy.
Upon completion of the works under the construction contracts and once the item of fixed assets is available for use, the capitalized costs in the Construction in Progress account are transferred to the appropriate group of fixed assets.

2. recognition of capital construction objects carried out by an economic method;

The initial cost of fixed assets is formed on the basis of the same principles as for the purchase of fixed assets and construction and installation work performed by a contract method. Thus, the cost of fixed assets consists of the sum of the Company's actual costs for their construction, including the cost of equipment transferred for installation, excluding reimbursable taxes. At the same time, the cost of fixed assets (capitalized) is included in the maintenance of the FA under construction if they can be correlated directly with the facility under construction or the equipment being purchased. The cost of an independently produced asset is determined based on the same principles as the cost of an acquired asset. Accordingly, internal revenues are excluded in determining this cost.
The cost of an asset does not include excess costs of raw materials and other resources, labor and other costs incurred when creating an asset on its own.
IAS 23 Borrowing Costs sets out the criteria for the recognition of interest as a component of the carrying amount of an independently produced item of property, plant and equipment. Until the completion of the construction of facilities, the costs of their construction constitute construction in progress.

3. receiving fixed assets as a contribution to the authorized capital

The initial cost of an item of fixed assets as a contribution to the authorized capital is determined on the basis of its fair value, determined by an expert or independently by the Company itself as of the date of the contribution. The basis for making fixed assets as a contribution to the authorized capital of the Company is the relevant decision of the Sole Shareholder or a person in accordance with the regulatory legal acts of the Republic of Kazakhstan.

4. Other ways of acquiring dixed assets items

The initial cost of an asset acquired by a legal entity under a finance lease is determined in accordance with the Lease Section. Fixed assets received as a result of government grants are accounted for in accordance with Section 18 Accounting for Government Grants.

Exchange of assets

The cost of an item of fixed assets is measured at fair value unless:

1. the exchange transaction has no commercial content;
2. the non-fair value of the asset received, the non-fair value of the asset transferred cannot be measured reliably.

The Company determines whether an exchange transaction has commercial substance by considering the extent to which future cash flows are expected to change as a result of the transaction. An exchange transaction has commercial content if:

1. the structure (risk, timing and amount) of the cash flows associated with the asset received differs from the structure of the cash flows associated with the asset given up;
2. the exchange results in a change in the entity-specific value of that part of its activities affected by the transaction;
3. the difference in the above items is significant compared to the fair value of the exchanged assets.

Correspondence of accounts of standard transactions under subsection 2400 “Fixed assets”

Transaction content	**Correspondence of accounts**	
	Debit	**Credit**
Acquisition of fixed assets:		
at the expense of issued accountable amounts	2412-2418	1250
receiving fixed assets from organizations offset for the amount of advances previously issued to suppliers	2410, 3310	3310 1610
Acquisition of fixed assets under a finance lease	2410	4150
Receipt of fixed assets in payment of authorized capital	2410	5110
Free receiving from individuals and organizations	2410	6220,6280
Transferring investments in real estate to the category "Fixed assets"	2410	2310
Reflection of the initial cost of fixed assets put into operation upon completion of construction (Acceptance and commissioning certificate) under work contracts and in a household way	2410	2900
Reflection of costs associated with major repairs (modernization, reconstruction) leading to increasing future economic benefits from the use of fixed assets	2410	2900
Posting of unrecorded fixed assets identified during the inventory	2410	6280

Criteria for attributing fixed assets to one inventory item

Accounting for fixed assets is carried out in the context of inventory items at the places of their storage by responsible persons.

A separate inventory object that is an accounting unit of fixed assets, is considered to be a complete structural device with all the facilities and accessories related to it, or a structurally separate item designed to perform certain independent functions, or a separate complex of structurally articulated items that are a single whole and jointly perform a certain job.

A complex of structurally articulated items is one or more items of the same or different purposes, having either common devices and accessories, or common control, or mounted on the same foundation, as a result of which each item included in the complex can perform its functions only as part of the complex, and not on your own. The assignment of several objects to one complex should be carried out on the basis of project documentation certified by responsible employees.

To organize accounting and to ensure control over the fixed assets safety, each object is assigned an inventory number.

An inventory object under the sub-account "Buildings" is each separately standing building. If the buildings are adjacent to each other and have a common wall but each of them is an independent structural unit, they are considered separate inventory items.

External extensions to the building that have an independent economic value, separate buildings of boiler houses, as well as capital outbuildings (warehouses, garages, etc.) are independent inventory items.

The inventory number assigned to an object (group) is retained by it for the entire period of its stay in a legal entity. Numbers of inventory items retired or liquidated should not be assigned to other items.

Individual components of fixed assets

An accounting unit of fixed assets is an inventory object. An inventory object is a complex, that is, it includes certain separate elements that together with it make up one whole, such components are accounted for as separate inventory units.

The complex is a structural articulation of objects: this is a single or several objects of the same or different purposes, having either common fixtures and accessories, or mounted on the same foundation, as a result of which each object included in the complex can perform its functions only as part of the complex, and not independently.

The cost of the components of an item of fixed assets is significant relative to the total cost of the item as a whole, and the lives of individual items differ from those of the underlying asset.

The amount initially recognized in respect of an item of fixed assets is allocated to its significant components and each such component is accounted for separately. The initial cost of the component should be taken as the cost specified in the Asset Transfer and Acceptance Certificate, the Certificate from the developer, design estimates or other similar documentation. In the absence of data, the cost of a component should be taken as the cost of a similar component (identical in terms of technical characteristics, origin, and other indicators).

In the absence of similar components, the cost is determined based on the cost of similar assets in the market at the time of initial recognition of the main asset, in very rare cases, if it is impossible to determine the cost at the time of initial recognition of the main asset, the legal entity determines the cost of a new component based on market prices on the current moment (at the moment the component was selected).

If the expected life of certain components of a fixed asset differs from the total useful life of this asset, such components are separated into separate accounting items and depreciated separately by the legal entity in accordance with their individual useful lives.

In the event of acquiring such assets (specialized laboratory equipment, etc.), the suppliers of the fixed asset are obliged to identify the constituent components of the fixed asset at the stage of concluding an agreement, or at the stage of capitalization of the asset, provide a technical report (specification) that defines the constituent components of an item of fixed assets that must be accounted for individually.

Each inventory item is assigned a unique inventory number.

The inventory number assigned to the fixed asset inventory object is retained by it for the entire period of its stay in the Company.

The Company's management uses professional judgment in determining what actually constitutes a separate asset subject to individual recognition (a recognition unit).

If the cost of individual components included in one inventory object is significant in relation to the cost of the inventory object as a whole and the service life of individual objects differs from the service life of the inventory object, such objects are taken into account as separate components of the inventory object.

The Company applies component accounting for buildings and structures.

If the recognition criteria for an item of fixed assets are met, then the costs incurred to replace or upgrade the component are accounted for as an acquisition of a separate asset.

Prime cost of fixed assets

Prime cost elements

The cost of acquired fixed assets includes the purchase price less trade discounts and returns, including customs duties and fees, in the case of import of the fixed asset, as well as any costs that are directly attributable to bringing the fixed asset to working condition, namely:

1. the amounts paid in accordance with the contract to the supplier for the items of fixed assets, their components and materials necessary to bring the items into a usable condition;
2. initial transportation costs, and customs fees (for example, when importing laboratory equipment), costs for a temporary storage warehouse;
3. registration fees, state fees and other similar payments made in connection with the acquisition (receipt and registration) of rights to an item of fixed assets, until the moment the item of fixed assets is accepted for accounting (expenses associated with the registration of rights to items of fixed assets incurred after acceptance of these objects for accounting are accounted for as other expenses);
4. non-refundable taxes paid in connection with the acquisition of an item of fixed assets, except for value added tax;
5. site preparation costs;
6. primary costs for delivery and handling operations;
7. assembly and installation costs;
8. expenses for professional services (information and consulting) associated with the acquisition of fixed assets (for example, when installing equipment);
9. expenses associated with a preliminary assessment of the costs of dismantling and liquidation of an item of fixed assets and restoration of natural resources in the area occupied by it, in respect of which the Company assumes an obligation either when acquiring this item or as a result of its use over a certain period for purposes other than associated with the creation of reserves during this period;
10. trial run costs less net proceeds from product trials or other income;
11. the cost of construction and/or erection of fixed assets includes: amounts paid by a legal entity for construction and installation and other works under a construction contract; expenses for land acquisition and resettlement in connection with construction; expenses for design and survey and pre-project, architectural work; expenses for obtaining a building permit; the costs of paying employee benefits directly related to the construction or acquisition of an

item of property, plant and equipment; territory preparation costs; borrowing costs (interest on loans) for the period of construction, non-refundable taxes paid in connection with the acquisition of an item of fixed assets, except for value added tax, etc.

12. other costs directly related to the acquisition of an item of fixed assets.

Terminating capitalization of costs associated with fixed assets

Inclusion of costs in the carrying amount of an item of fixed assets ceases when such an item is delivered to the right place and brought to the condition that ensures its functioning in accordance with the intentions of the management of the legal entity. Therefore, costs incurred in using or moving an object are not included.

The cost of fixed assets items produced or built by the legal entity on its own is valued using the same principles as items purchased from outside. These items are valued at actual cost of production. If in the normal course of business, the entity produces similar assets for sale, the value of the asset is usually equal to the cost of producing it for sale.

Any internal profit arising from production, as well as excess costs of raw materials, labor or other resources incurred in the independent production of the asset, are excluded.

Interest costs on loans intended to finance the construction of fixed assets, are capitalized over the period of time needed to complete the construction and to prepare the asset for its intended use.

The remaining borrowing costs are recognized as an expense in the current period.

Accounting for the library stock

The library stock of the Company is a set of documents of various purposes and status that are organizationally and functionally interconnected, subject to accounting, acquisition, storage and use in order to ensure the educational process and / or scientific activities of a legal entity for more than one year.

The Company's library stock includes: printed publications (books), audiovisual documents (video, photos), electronic documents (on removable media, local access network documents, remote access network documents), rare and unique publications.

The cost of annual subscriptions to online remote access documents and periodicals is debited to period expenses on a monthly basis.

Each lot (consolidated asset) of books is assigned one inventory number. A composite asset is a group of certain single assets in such a way that their total cost is accounted for and depreciated as one asset.

The objects of the library stock are accepted for accounting at their cost, i.e. the amount of actual expenses for their acquisition, namely: 1) the amounts paid in accordance with the contract to the supplier; 2) amounts paid to organizations for information and consulting services related to the acquisition of library funds; 3) registration fees, state fees and other similar payments; 4) remuneration paid to the intermediary organization through which the object of the library fund was acquired; 5) shipping costs, including shipping insurance costs.

The library stock items received free of charge (for example, under donation agreements, under exchange agreements from exchange and reserve funds) are recognized at fair value as of the date the items are accepted for accounting, including the cost of services associated with their delivery.

The library materials are divided into two categories "common" and "rare". The category of "general" includes textbooks, manuals, reference books, dictionaries, and other books used regularly in the educational and research process. General library funds are amortized.

The category of "rare" includes the stock of rare books and manuscripts: a part of the main stock that includes:

A stock of rare and valuable books: a specialized collection of single rare books and (or) collections of rare books, formed in order to optimize the preservation, study, use and considered as an object of cultural heritage.

Identification of rare and valuable books is carried out in the course of studying the main and ancillary funds, current acquisition. When identifying single rare and valuable books, chronological, social value and quantitative criteria are used:

Valuable books are handwritten books, printed publications of artistic, scientific, bibliographic or other value.

Rare books: books that have been preserved or published in a small number of copies. These also include copies of the publication, which have unique features that distinguish it from the rest of the circulation of the publication.

Book monuments are books (handwritten and all types of printed publications) and book collections that have outstanding spiritual, aesthetic, printing and documenting properties, are of socially significant scientific, historical, cultural and material value, have an official legal status that provides them with special protection measures. and legal protection.

Handwritten books or copies of printed publications with autographs, additions, notes, notes, drawings of prominent public and state figures, figures of science and culture.

Monitoring, individual and total accounting for library stock objects is carried out by responsible library staff. Books and other materials are controlled by the inventory method with the assignment of an inventory number to a document or by registering a document without assigning an inventory number to it. An individual number is assigned to a document for the entire time it is in the library collection. The form of summary accounting is a book in machine-readable form. The ledger of total accounting (KSU) consists of three parts: (1) Entry into the stock; (2) Disposal from the stock; (3) Movement of stocks. Additionally, a barcode and an RFID tag (if available) are used to automatically identify the objects.

The disposal of library stock objects or a group of fixed assets is documented by an act of decommissioning with a list of excluded literature attached due to dilapidation (physical deterioration), defectiveness, obsolescence in content, excessive duplication, non-core, loss (loss, non-return by readers, theft, irreversible damage, loss due to natural disasters). The write-off of the library stock, in connection with the above possible reasons, is carried out in the reporting period upon occurrence and is not limited to the amount or other norms in the reporting period. A legal entity has the right to establish limits on the amount of loss that a financially responsible person must compensate, as a result of the possible above reasons, in a liability agreement

In order to replenish the book stock and to expand the collection, a legal entity can receive books. Accounting for such books is carried out as follows:

- the books received on a gratuitous basis are accounted for in the same way as long-term assets received on a gratuitous basis. That is, gratuitous receipts of assets from the state associated with long-term assets are recognized as government grants (for receiving from third parties as "Deferred Capital Grants"), and are written off to income as depreciation is accrued on assets, the forming of which was due to the receiving, in the amount proportional to the amount of depreciation accrued on these assets;
- in case of receiving assets from the state or third-party organizations on a gratuitous basis that do not have a useful life (ex. rare books), these assets are recognized as income at the time of receipt, since they cannot be distributed reliably over the period and correlated with income;
- accounting for such books at initial recognition is carried out at fair value;
- books received on a gratuitous basis from an individual or legal entity are accepted with the condition of transfer to other persons.

Accounting for e-books

The Company purchases books from publishing organizations in electronic format. As a rule, according to agreements with publishing organizations, the Company receives the right of access to selected books or access to the entire database of electronic books, which (the right) remains with the legal entity for a certain time. Access to books is the ability for users to read selected books on the servers of publishing organizations, subject to copyright use.

Accounting for capital construction in progress

1. Contract accounting

The cost of capital construction in progress carried out by the contract method includes the cost of design and survey work, the cost of land acquisition and resettlement in connection with construction, the cost of obtaining a permit for the construction of the facility, the cost of preparing the territory; borrowing costs (interest on loans) for the period of construction, non-refundable taxes paid in connection with the acquisition of an item of fixed assets, except for value added tax, the cost of paying employee benefits that arise directly as a result of the construction or production of an item of fixed assets, actual costs paid to organizations for the implementation of work under a construction contract (management of investment and construction projects, construction and installation and other works), costs for preparing the territory.

All the costs are capitalized in the Capital Construction in Progress account and recognized in the reporting period in which they are incurred on an accrual basis. Works performed by contractors are recognized as capital expenditures based on the actual volume of work performed, as evidenced by certificates of completion.

Recognition of expenses for the erection of fixed assets in a contractual way is carried out by referring to the stage of completing the work under the contract, i.e. by the percentage of completion method.

The stage of completion of a contract can be determined in a number of ways. The legal entity uses the one that provides a reliable measurement of the work performed. Depending on the nature of the contract, these methods may include:

1. the ratio of contract costs incurred to perform work at the reporting date to the estimated total contract costs;
2. reviews of completed work;
3. completion of a certain amount of work under the contract.

The objects are transferred from construction in progress to the fixed assets group as they are physically ready for operation. If an object can be ready for operation only after the completion of the entire range of works (for example, a building requiring interior finishing) necessary to bring it into a usable condition, such an object is transferred to property, plant and equipment after the completion of the entire range of works.

In the event that further construction of fixed assets is inexpedient that is confirmed by a feasibility study, the costs previously capitalized on the account “Construction in progress” should be written off to expenses of the current period.

Certificates of completion for construction and mounting works issued by contractors are checked and confirmed by the unit responsible for monitoring and controlling the progress of construction. Approved by the responsible division and signed by the management of the legal entity, acts of work performed and invoices, which are the basis for the recognition in accounting for the costs of capitalization of construction in progress, are transferred to the accounting division.

2. Accounting with the use of own resources

Construction of fixed assets of a legal entity manufactured or erected using the own resources is formed on the basis of the same principles as for purchased fixed assets and construction and installation works performed by a contract. The cost of fixed assets includes the cost of materials used, production work performed and part of production overheads.

The costs of maintaining an object under construction are included in the cost of fixed assets (capitalized) if they can be correlated directly with the object under construction or the equipment purchased (by specialized divisions). Such costs include wages, travel expenses, depreciation, expenses for legal and consulting services, rent for office space occupied by the management of the facility under construction during the construction period, and other expenses.

In the event that the costs cannot be directly related to the facility under construction, they should be written off to current period expenses at the time they are incurred as part of general and administrative expenses or other expenses.

In the event that the costs cannot be directly related to the facility under construction, they should be written off to current period expenses at the time they are incurred as part of general and administrative expenses or other expenses.

Losses of building materials in case of damage or theft are not included in the initial cost of the capital construction object, but are written off to other expenses of the current period.

All the subsequent costs associated with the capital construction of items of fixed assets erected or constructed by contracting or operating methods are included in the carrying amount of this asset or recognized as a separate asset only to the extent that it is probable that economic benefits will be derived from the operation of this asset, and its cost can be reliably assessed. All other repair and maintenance costs are charged to profit or loss for the period as incurred.

Borrowing costs that are directly attributable to the construction of fixed assets are included in the cost of such assets, net of any income from the temporary investment of those borrowed funds.

At the time of commissioning of capital construction in progress, the capitalized costs collected on the account of capital construction in progress are transferred to the corresponding groups of fixed assets after registration of the State Acceptance Commission Statement of Commissioning. In case of untimely registration of the certificate of acceptance of the constructed facility for operation, delays in its receipt, etc., the building (structure) is transferred from the capital construction in progress account to the fixed assets accounts at the time of actual operation.

Objects of capital construction in progress are not depreciated.

Correspondence of accounts of standard transactions under subsection 2900 “Construction in progress”

Transaction content	**Correspondence of accounts**	
Under contracts for capital construction	Debit	Credit
Settlements with contractors and other organizations for work performed and services rendered	2900	3300
Write-off of materials	2900	1300
Reflection of the initial cost of fixed assets put into operation upon completion of construction	2410	2900
Capital construction using own resources		
Write-off of materials	2900	1300
Payroll and taxes from payroll	2900	3350
Calculation of depreciation of fixed assets and intangible assets used for	2900	2420

construction		
Settlements with contractors and other organizations for work performed and services rendered	2900	3310,3390
Formation of a reserve for vacation pay	2900	3430
Reflection of services of the main and auxiliary industries attributable to construction	2900	Accounts of Section 8
Reflection of the initial cost of fixed assets put into operation upon completion of construction	2410	2900

Subsequent costs

Subsequent costs relating to fixed assets should be capitalized against the current carrying amount of the asset to the extent that those costs increase the economic benefits from the use of the property, plant and equipment. All other subsequent expenses should be recognized as an expense in the period in which they are incurred.

The costs incurred in the course of operation of items of fixed assets after initial recognition are as follows:

1. capital costs;
2. partial replacement of fixed assets components;
3. the cost of current repairs and maintenance of fixed assets.

1) Capital cost

Over the life of an item of fixed assets, subsequent costs arise to improve the condition of the item increasing its originally estimated standard indicators, such as service life, production capacity, quality of use, which leads to increasing the future economic benefits. Such costs increase the initial cost of the asset.

The following criteria indicate increasing the future economic benefits:

• modification, modernization, reconstruction of fixed assets, increasing the originally established period of its service, production capacity, quality of use;

• improvement of equipment (e.g. laboratory equipment) to achieve a significant improvement in quality.

To evaluate the above criteria, a legal entity resorts to the opinion of technical specialists who are competent to carry out such work.

If the above conditions are met, subsequent costs will be capitalized.

2) Partial replacement of fixed asset components

The costs incurred when replacing or updating a part of an item of fixed assets that meets the recognition criteria for an item of fixed assets and leads to improving (increasing) the originally accepted standard performance indicators (useful life, capacity, quality of use, etc.) of an item of fixed assets are considered as the costs of reconstruction or modernization and are subject to capitalization. However, costs incurred to replace or upgrade part of an item of property, plant and equipment are accounted for as the acquisition of a new separate asset and the carrying amount of the replaced asset is written off.

3) Current repairs and maintenance of fixed assets

The costs for current repairs, operation, and maintenance of buildings, structures, equipment, vehicles, etc., incurred in order to preserve and maintain the technical condition of the facility, are recognized as current expenses at the time of occurrence. Such expenses are classified as follows:

1. expenses for the maintenance of buildings, equipment, etc.;

2. current repair, i.e. repair related to the maintenance of current normative indicators of equipment operation.

The costs for day-to-day upkeep and maintenance of items of fixed assets consist mainly of the costs of maintaining the personnel of the relevant division of the legal entity, the costs of third-party services, as well as consumables and components.

The costs of repair and restoration of fixed assets, which are the result of accidents and other damage to the asset as a result of improper operation, are attributed to losses or, if the guilty person is identified, the amount of damage is subject to compensation.

The components of fixed assets that form an emergency stock that is required to be kept over the life of the item of fixed assets are also accounted for in fixed assets as an item that is depreciated over a period corresponding to the frequency of renewal of the emergency stock. If the emergency stock is subject to renewal more often than every 12 months, then it is accounted for as part of current assets as stocks.

Replacement of any of the component parts of structurally articulated fixed assets that is not allocated to a separate item is a repair and is therefore expensed.

Accounting for government subsidies and government assistance provides that the book value of an item of fixed assets can be reduced by the amount of government subsidies received by the organization for their acquisition.

Correspondence of accounts of standard transactions for subsequent costs

Transaction content	**Correspondence of accounts**	
	Debit	**Credit**
Capital expenditures leading to improving (increasing) the originally adopted normative indicators (service life, production capacity) and increasing future economic benefits	2400	1300, 3300
Expenses for current repairs and maintenance of fixed assets	8100, 8200,8300, 8400,7100, 7200	1300, 3300

Assessment after recognition

Assessment after recognition can be performed according to the cost accounting model.

Cost accounting model

After initial recognition of an item of fixed assets, the legal entity records at cost (historical cost) less accumulated depreciation of fixed assets and accumulated impairment losses and applies this policy to the entire class of fixed assets.

Depreciation method

Depreciation of fixed assets of the legal entity is carried out according to a uniform (straight-line) method, i.e. depreciable cost is written off monthly in equal amounts in accordance with established depreciation rates. Land, construction in progress, rare and unique copies of the library fund are not depreciated.

Depreciation of an asset begins when it becomes available for use, i.e., when its location and condition allow it to be operated in accordance with the intentions of the legal entity.

The straight-line (uniform) write-off method is used for those items of fixed assets for which:

1) the time is the main factor limiting the service life, not obsolescence;

2) a relatively constant amount of periodic work.

According to the straight-line method, the monthly depreciation amount is determined in such a way:

Monthly depreciation amount = Cost / (Useful life (years) / 12)

During the repair and maintenance of an item of foxed assets, depreciation does not stop, unless it is already fully depreciated. In this case, using the straight-line method of depreciating an asset based on its use, the depreciation charge can be zero while the asset is in use.

The depreciation method selected most accurately reflects the estimated pattern of consumption of the future economic benefits embodied in the asset. The selected method is applied consistently from period to period, unless there is a change in the estimated pattern of consumption of these future economic benefits.

The depreciation method is subject to review at the end of each financial year or more frequently if there is a significant change in the expected pattern of consumption of future economic benefits embodied in the asset. Such a change should be reflected in accounting prospectively and accounting policies as a change in accounting estimate.

The amount of accrued depreciation is taken into account on separate depreciation accounts for fixed assets.

Accrual of depreciation

Depreciation of fixed assets and library stocks (with the exception of rare and especially valuable books) is calculated monthly, starting from the first day of the month following the month when the fixed asset was acquired or put into operation, and terminated from the first day of the month following the month in which there has been a disposal of an item of fixed assests or transferring fixed assests to the group of assets held for sale.

Calculation of depreciation in the event of a change (increase) in the initial cost is based on the book value of the object, increased by the amount of subsequent costs. However, depreciation is charged on the basis of the remaining revised useful life of an item of fixed assets.

Depreciation charges for each period should be recognized in the statement of comprehensive income unless they are included in the carrying amount of another asset. If the economic benefits embodied in an asset are absorbed in the production of other assets, then such depreciation charges are included in the carrying amount of those assets.

Depreciation of an asset begins when it becomes available for use i.e. when the location and condition of the asset ensures that it is used in accordance with the intentions of management. Depreciation of an asset ceases when it is derecognised. Accordingly, depreciation does not stop when an asset is idle or ceases to be in active use, unless it is already fully depreciated.

If the Company calculates depreciation for certain components of an item of fixed assets separately, then the rest of this item is also depreciated separately. The remainder of the property consists of components that are not individually significant. If plans for the use of these components change, depreciation of the remainder of the item may require approximation methods that provide a reliable reflection of the consumption pattern and/or useful life of its components. The Company has the right to charge depreciation separately for the components of the object, the cost of the entire object.

Depreciation charges for each period should be recognized as an expense unless they are included in the carrying amount of another asset.

The Company can also revise the method of calculating depreciation for fixed assets if there have been significant changes in the expected nature of the consumption of economic benefits from the use of the fixed assets. Such changes in the depreciation method are accounted for prospectively.

During the repair and current maintenance of the fixed asset, depreciation does not stop.

The items of fixed assests of the legal entity are depreciated based on the useful lives set out in Table 2.

Table 2

No.	Fixed assest of the group	Description	Depreciation period (years)
1	**Land**	Land plots on which the legal entity is located	Is not depreciated
2	**Buildings:**		
2.1	Educational buildings	Main educational building, multi-purpose classrooms	25-75
2.2	Research buildings	Researcj buildings	25-75
2.3	Hostels	Student residence	25-100
2.4	Other buildings	Garage for Comtany vehicles	25-75
3	**Structures:**		
		Power lines and communications pipelines and gas pipelines	
		Water supply and sewerage system	
3.1	Transmission mechanisms	Structured cabling and data transmission system	
		Sporting facilities	2-10
4	**Machines and equipment:**		
4.1	Vehicles	Cars, minibuses, special equipment	7-15
4.2	Office equipment, computers	Computers and servers of all kinds, peripheral devices and data processing equipment (printers, scanners, plotters, disk and tape drives, information backup devices) multimedia devices, copiers.	3-5
		Laptops	3-5
4.3	Laboratory equipment	Laboratory equipment	3-7
		Other laboratory facilities	3-7
4.4	Medical equipment	Medical equipment	2-5
		Other medical faciltites	2-5
4.5	Other machines and equipment	Analogue automatic telephone exchanges, telephone switches of all types	2-8
		Thermal mechanical and hydraulic equipment (motors, pumps, compressors, etc.). General purpose equipment, electronic and electric modems, analogue telephones, faxes, etc.	2-7
		Other equipment not included in other groups	2-7

		elevators	5-10
5	**Library stock**	Library stock	4-8
6	**Perrennial plantings**	Perrennial decorative plantings in the territory of the Company	2-10
7	**Other fixed assets**	Furniture (office, special and residential purpose, etc.)	2-5
		Safes	2-10
		Metal cabinets	2-10
		Production and fire equipment, fixtures, tools, warning and alarm systems, etc.	2-5
		Others not included in other groups	2-5
8	**Capital cnstruction in progress**	Construction of educational buildings, construction of research buildings, construction of sports grounds, construction of dormitories and townhouses, construction of other infrastructure buildings and structures	Is not depreciated

Useful life

The useful life of fixed assets is the period of time over which the Company expects to use an asset.

Depreciation in excess of 100 % of the cost of fixed assets is not carried out. Accumulated depreciation in the amount of 100 % of the cost of fixed assets that are in operation is not a basis for writing them off due to complete depreciation.

In the event that subsequent costs are incurred that improve the quality characteristics of the fixed asset in excess of those originally expected (that is, during modernization, reconstruction, etc.), as a result of which it is expected that more economic benefits will be received than previously assumed, a review of the useful life is made.

Accrual of depreciation in the event of changing (increasing) the initial cost is based on the carrying amount of the object, increased by the amount of subsequent costs. In this case, depreciation is charged based on the remaining revised useful life of an item of fixed assets.

Correspondence of accounts of standard transactions for depreciation accrued

Transaction content	Correspondence of accounts	
	Debit	Credit
Accrual of depreciation referred to:		
expenses for the sale of finished products and the provision of services	8320	2420
Administrative expenses	7210	2420
overhead costs of the main and auxiliary production	8410	2420
construction carried out by the household method	2930	2420

future reporting periods	1620	2420
Depreciation write-off for retired fixed assets	2420	2410
Depreciation on fixed assets leased out under operating lease	7450	2420
Adjustment of accumulated depreciation as a result of revaluation of fixed assets	5420	2420

Impairment of fixed assets

The useful life of an asset is reviewed at each reporting date.

In determining the useful life, all of the following aspects are taken into account:

- expected use of the asset (expected capacity, physical productivity of the asset);
- expected physical depreciation, which depends on production factors, and a program for the repair, maintenance and storage of the asset during the downtime;
- technical or commercial obsolescence resulting from changes or upgrades to the facility;
- legal or similar restrictions on the use of the asset.

The useful life of an asset is determined by taking into account the expected utility of the asset. The useful life can be shorter than the economic life of the asset.

The liquidation value of fixed assets is assumed to be zero.

The carrying amount of an asset is the amount at which the asset is recognized after deducting any accumulated depreciation and any accumulated impairment loss.

An impairment loss is recognized as an expense directly in the profit and loss account in the "Asset impairment expense" account. In the event of a recovery of the value of a fixed asset, the loss is reversed on the account "Income from the recovery of impairment loss".

An impairment loss recognized in prior periods for a property, plant and equipment is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. In such a case, the carrying amount of the asset is subject to increase to its recoverable amount. This increase is a reversal of the impairment loss.

The carrying amount of a property, plant and equipment increased by reversing an impairment loss cannot exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in prior years.

Derecognition of fixed assets

The legal entity derecognises items of fixed assets and writes off their carrying amount on disposal or when no future economic benefits are expected from the operation of such property, plant and equipment.

The derecognition of the carrying amount of fixed assets occurs in the following cases:

1. sale of unused fixed asse**ts;**
2. gratuitous transfer to other organizations;
3. exchange of fixed assets;
4. transfer of fixed assets to financial lease;
5. liquidation of fixed assets as a result of moral and physical deterioration;
6. liquidation of fixed assets that are not subject to restoration and repair after accidents, natural disasters.

The gain or loss arising from derecognition of an item of fixed assets is determined as the difference between the net disposal proceeds, if any, and the carrying amount of that item, and is presented as a separate line item in the income statement.

When an object of fixed assets is disposed, in order to determine the unsuitability of objects due to physical and moral deterioration, as a result of natural disasters and accidents, by order of the head of the legal entity, a permanent commission is created, which includes the heads of the relevant structural units, as well as persons who are responsible for the safety of fixed assets. The commission inspects the object and establishes its unsuitability for restoration and further use, identifies persons who allowed the object to be prematurely decommissioned. The commission establishes the reasons for the write-off and determines the possibility of further use of individual components, parts, materials of the decommissioned object and evaluates them at the prices of a possible sale. Write-off is made out by acts of the established forms.

If there are materials received from the liquidation of fixed assets, the posting of their value is reflected in the entry:

Dt 1311 "Other materials".

Kt 6280 "Other income".

Correspondence of accounts of standard transactions for retirement of fixed assests items

Transaction content	Correposndence of accounts	
Write-off of fixed assets upon their disposal (transfer to financial lease, liquidation, sale, shortage, etc.):	Debit	Credi
- for the book value	7410	2410
- for accumulated depreciation	2420	2410
Write-off of fixed assets in connection with the termination of activities:		
- for the book value	7510	2410
- for accumulated depreciation	2420	2410

Information disclosure

Financial statements must disclose the following information for each class of property, plant and equipment:

1. the basis of valuation for determining the book value;
2. depreciation methods used;
3. applicable useful lives or depreciation rates;
4. gross book value and accumulated depreciation of fixed assets (together with accumulated impairment losses) at the beginning and at the end of the reporting period;
5. reconciliation of the book value at the beginning and end of the relevant period, reflecting:

1) receipts;

2) assets classified as held for sale or included in a disposal group classified as held for sale in accordance with IFRS 5;

3) disposal;

4) increases or decreases in value arising from revaluations and impairment losses recognized or reversed in other comprehensive income in accordance with IAS 36;

5) impairment losses included in profit or loss in accordance with IAS 36;

6) impairment losses reversed through profit or loss in accordance with IAS 36;

7) depreciation;

8) net exchange differences arising from the translation of financial statements from the functional currency to a presentation currency other than that, including the translation of a foreign operation's financial statements into the presentation currency of the reporting legal entity;

9) other changes.

Financial statements must also disclose:

1) the presence and extent of restrictions on property rights to fixed assets, as well as fixed assets pledged as security for the fulfillment of obligations;

2) the amount of costs included in the book value of the fixed asset during its construction;

3) the amount of contractual obligations for the acquisition of fixed assets;

4) the amount of compensation provided by third parties in connection with the impairment, loss or transfer of fixed assets and included in profit or loss, unless such amount is disclosed separately in the statement of comprehensive income.

The following information is also relevant in the financial statements:

1. the carrying amountof temporarily idle fixed assets;
2. the carrying amount is entirely from depreciated assets, but still in operation;
3. the carrying amount of fixed assets that are no longer in active use and are not classified as held for sale.

3.2. Long-term assets held for sale

Definition

Long-term assets held for sale are long-term assets of the Company (fixed assets, intangible assets) and disposal groups in cases where:

1) such assets at the end of the reporting period are available for immediate sale in their current state on the usual terms of sale of such assets;

2) their carrying amount will be recovered through sale rather than further use;

3) the probability of sale is high;

4) steps have been taken to have and implement a plan to actively seek a buyer and offer for sale in an active market;

5) a price close to the fair value of the assets has been determined, and measures are being taken to promote the assets for sale to potential buyers;

6) the management has a strong intention to sell the assets or disposal group;

7) the sale must be completed within 12 months, with the rare exception of special cases.

The terms used

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of cash inflows from other assets or groups of assets.

Selling costs are incremental costs that are directly attributable to the disposal of an asset (or disposal group), excluding finance costs and income tax expense.

A component of an entity is an activity, together with the cash flows attributable to it, that, from an operational and financial reporting point of view, can be clearly separated from the rest of the entity.

Firm agreement to purchase is an agreement with an unrelated party that is binding on both parties and, as a rule, secured by legal sanctions, in which: 1) all the most important conditions are specified, including the price and time of transactions, and 2) sufficient incentives are provided against non-performance, giving the performance of the agreement a high degree of probability.

A value in use is the present value of the estimated cash flows that are expected to arise from the continued use of an asset and from its disposal at the end of its useful life.

Guarantee fee is a sum of money in the amount of 15 % of the initial price of the object of sale, paid by an individual or legal entity to participate in the auction, but not more than 30,000 times the monthly calculation index;

Down price bidding method is a method in which the starting price is reduced with an announced step;

Electronic tender (hereinafter referred to as the tender) is an auction for the sale of property of national managing holdings, national holdings and other legal entities controlled by national managing holdings on the web portal of the registry, in which participants in accordance with the conditions of the tender are given the opportunity to increase their price offers at an auction for a price increase;

Competitive bid is a proposal submitted by a participant as part of an application for participation in a tender, drawn up in accordance with the notice of bidding and other documents of the seller, containing a comprehensive description of the conditions for acquiring the object of sale for the commission to decide on the admission of bidders to the auction to increase the price;

Minimum price is the price below which the object of sale cannot be sold;

Starting price is the price set by the seller, taking into account the valuation report of an independent appraiser;

The seller (the person alienating the property) is an individual or legal entity (the owner of the object of sale and / or a person authorized by him) registered in the manner prescribed in the contract for the provision of electronic services for conducting auctions on the web portal of the register, concluded with the organizer;

Object of sale is property put up for auction by the seller;

The organizer is the Information and Accounting Center Joint-Stock Company, which has concluded an agreement with the seller on the provision of electronic services for conducting auctions on the web portal of the registry;

Winner is the participant of the auction who offered the highest price for the object of sale and signed the protocol on the results of the auction; a participant in the tender (closed tender) who agreed with the tender conditions and signed the protocol on the results of the auction; a participant that meets the conditions of the tender, who offered the highest price for the object of sale at the auction for a price increase and signed the protocol on the results of the auction, the tender participant who was the first to submit an electronic application and sign the protocol on the results of the auction;

Buyer is the winner of the auction, who signed the contract of sale;

Starting price is the price at which bidding for each object of sale begins;

Current price is the price of the object of sale, which develops during the auction;

Trades is a type of property sale;

Closed tender is a tender in which a limited number of participants take part;

Tender is a form of bidding in which participants submit their price proposals, which are loaded into a closed electronic envelope on a specially designated registry web page;

Participant is an individual or legal entity registered in accordance with the procedure established by these Regulations for participation in the auction;

Sale price is the final price of the object of sale, set updated as a result of bidding;

Electronic digital signature (hereinafter - EDS) is a set of electronic digital symbols created by means of an electronic digital signature and confirming the authenticity of an electronic document, its ownership and the invariance of the content.

It is not permitted to sell property for which, in accordance with the procedure established by the legislation of the Republic of Kazakhstan, the seller has not registered the right of ownership, or for which an encumbrance has been imposed.

The seller ensures the protection and control of the property sold at the auction and is responsible for its safety and reliability of information on the property until the transfer of ownership to the buyer.

Classification

Long-term assets held for sale are divided into the following groups:

1) Long-term assets of a legal entity (fixed assets, intangible assets) and disposal groups classified as held for sale at the discretion of management, subject to the following conditions: the carrying amount will be recovered through sale, and not their further use; 2) the assets must be available for immediate sale in their current state; 3) the sale must be characterized by a high degree of probability.

2) long-term assets acquired solely for the purpose of subsequent sale, subject to the following conditions: 1) the sale is expected to take place within 12 months from the date of classification into the category of long-term assets held for sale; 2) it is highly probable that other classification criteria that the assets do not meet at the acquisition date will be met within a period not exceeding 3 months.

A discontinued operation is a component of an entity that has either been disposed of or is classified as held for sale if it meets the following criteria: 1) represents a separate major line of business or geographic area in which it operates; 2) is included in a single coordinated plan for the disposal of a separate line of activity or the abandonment of the geographical area in which the activity is carried out; or 3) is a subsidiary acquired solely for the purpose of resale.

The probability of sale is considered high when it meets the following criteria:

- management intends to implement the sale plan and is actively looking for buyers;
- the asset's offer price is comparable to its current fair value;
- the sale is expected to take place within one year from the date of classification; however, significant changes in the sales plan or its cancellation should be unlikely.

The completion period of the sale plan can exceed one year due to events or circumstances beyond our control that have arisen that were previously considered unlikely during the initial twelve-month period and as a result prevent the completion of the transaction by the scheduled date. At the same time, the seller has taken the necessary measures to respond to the changed circumstances, the asset is offered on the market at a reasonable price adjusted for the new conditions, management clearly intends to sell a long-term asset that is available for immediate sale in its current condition.

Sale transactions include the exchange of one long-term asset for another long-term asset, when such an exchange is a commercial transaction in nature, i.e. the structure of cash flows expected from the asset received (risk, timing and amount) differs from the structure of cash flows generated by the asset given up, and the difference between the expected inflows and the fair value of the exchanged assets is significant.

It is prohibited to classify a long-term asset as held for sale if an entity intends to dispose of it, as the carrying amount of such an asset will be recovered primarily from its continued use. Long-term assets that are expected to be retired include long-term assets that are expected to be used until the end of their useful lives, as well as long-term assets that are expected to be written off without sale. A temporarily unused long-term asset does not apply to assets that a legal entity intends to abandon.

Recognition and evaluation

Assets held for sale cease to be classified as such if the recognition criteria are no longer met.

The Company evaluates a long-term asset classified as held for sale at the lower of the following two values:

1) the carrying amount determined up to the point at which the asset or disposal group was classified as "held for sale". The carrying amount is adjusted for the depreciation, depreciation or revaluation of assets that would have been accounted for had the asset or disposal group not been classified as "held for sale";

2) fair value less costs to sell.

If the sale is expected to take place in more than a year, the Company is obliged to evaluate the costs of the sale at their present value. Any increase in present value that occurs over time costs to sell is recognized in the statement of comprehensive income as a finance cost.

Immediately prior to the initial classification of an asset as held for sale, the carrying amount of that asset must be measured in accordance with the 'Fixed Assets' and 'Intangible Assets' section.

Long-term assets held for sale are classified as current assets because the expected life of such assets is less than twelve months.

A long-term asset classified as held for sale should not be depreciated.

Impairment losses

An entity must recognize an impairment loss for any initial or subsequent fair value less costs to sell of long-term assets, provided that it has not been previously recognized.

An entity must recognize any gain from a subsequent increase in the fair value of an asset, less costs to sell, but only in an amount up to the cumulative impairment loss recognized in accordance with the asset impairment principles set out in the Impairment of Assets section.

Profit or loss not recognized in a timely manner by the date of sale of a non-current asset classified as held for sale will be recognized on the date the asset is disposed of.

Changing the sales plan

If the criteria for classifying an asset as held for sale are not met, due to changing the sales plan, the asset is removed from this category and measured at the lower of the two values:

1) its carrying amount before it was classified as a non-current asset held for sale, adjusted for the amount of depreciation that would have been recognized if the asset had not been classified as held for sale;

2) its recoverable amount as of the date of the decision to terminate the sale.

After the decision is made to terminate the sale and declassify a long-term asset as held for sale, a legal entity records the amount of the required adjustment to the carrying amount of the asset as other income and expenses in the period in which the criteria for recognizing the asset as held for sale are no longer met.

Information disclosure

The following information is presented in the financial statements:

1) presented separately from other assets in the statement of financial position: long-term assets classified as held for sale and assets classified in a disposal group classified as held for sale (within current assets);

2) the assets and liabilities of the outgoing group should not be offset and reported as a net result. Liabilities designated as a disposal group classified as held for sale (current liabilities) must be presented separately from other liabilities in the statement of financial position;

3) major classes of assets and liabilities classified as held for sale are presented separately on the face of the statement of financial position or in the notes to the financial statements;

4) in respect of long-term assets (or disposal group) held for sale, the following information must be provided:

- description of relevant long-term assets (or disposal group);
- description of the facts and circumstances of the expected disposal of assets, as well as the expected method and expected time of disposal;
- gain or loss recognized as a result of revaluation at fair value less costs to sell, and if they a-e not presented separately in the statement of comprehensive income, indicate the line in the statement of comprehensive income in which this gain or loss is reflected;

- the segment that represents the non-current asset (or disposal group) in accordance with IFRS 8 Operating Segments, if applicable;

5) if the long-term asset (or disposal group) ceases to be classified as held for sale, a description of the facts and circumstances that led to the decision to change plans to sell the non-current asset (or disposal group) must be provided, together with a description of the effect of that decision on the financial results for this reporting period and for other periods presented in the financial statements.

Correpondence of accounts of standard transactions for the "Long-term assets held for sale" Section

Transaction content	Correspondence of accounts	
	Debit	**Credit**
Land, buildings and structures intended and prepared for sale	1510	2310
Intangible assets intended for sale	1510	2730
Transferring fixed assets to long-term assets held for sale and long-term assets formed into disposal groups at their book value	1510 1520	2410 2410
In connection with the change in the construction project, previously purchased equipment requiring installation was prepared for sale	1510	2930
Purchasing equipment for subsequent sale	1510	3310 - 3340
Preparing for sale a separate workshop, a branch with all the equipment	1520	2310, 2410
Write-off of the carrying amount of non-current assets held for sale on disposal	7410	1510, 1520
Write-off of impairment charges	7420	1510 - 1520
Reversal of impairment loss	1510, 1520	6240

3.3. Intangible assets

General provisions

Intangible assets of a legal entity are non-monetary assets that have the following features: 1) absence of physical form; 2) identifiability; 3) control of the legal entity over the asset, i.e. control over the benefits from its use.

The "identifiable" sign implies that the asset can be separated from the legal entity (the asset can be sold, transferred for licensing, etc.), and allows determining the difference between an intangible asset and goodwill.

Therefore, an intangible asset must meet the following criteria:

a) it can be separated from the legal entity for subsequent sale, transfer, licensing, leasing or exchange on an individual basis.

b) it arises from contractual or other legal rights, regardless of whether these rights are transferable or separable from a legal entity or other rights and obligations.

The sign of "control" suggests that the legal entity has the right to receive future economic benefits associated with the asset and may restrict the access of third parties to the asset. In this case, legal rights to an intangible asset are evidence of control over the asset. The absence of legal rights makes verification of control more difficult but it does not mean that it is absent. For example, when developing a model or drawing, the rights to this development may not be registered, but be under the full control of a legal entity.

Definitions

Goodwill is an asset that represents the future economic benefits of other assets that are acquired in a business combination and that cannot be individually identified and separately recognized.

Research is an original and planned scientific study undertaken with the prospect of obtaining new scientific or technical knowledge.

Development is the use of knowledge to plan or design new or significantly improved materials, devices, products, processes, systems, or services prior to implementation.

Entity is a specific value is the present value of the cash flows that an entity expects to arise either from the use of an asset and its disposal at the end of its useful life, or from the settlement of a liability.

The residual (liquidation) value of an intangible asset is the estimated amount that a legal entity would receive at the current moment from the sale of an asset, less the estimated costs of disposal, if this asset had already reached the age and condition in which it can be expected to be be at the end of its useful life.

The useful life of an intangible asset is determined by one of the following methods:

1) as a period of time during which the legal entity intends to use the asset; or

2) based on the number of units of production that the legal entity expects to receive when using the asset.

Classification

Depending on the purpose of use and nature, intangible assets of a legal entity are divided into the following groups:

Codes	Groups	Useful life (years)
1	Software	5
2	title and publishing, copyright	5
3		5
4	movies and audio-videos about the legal entity	5
5	patents, license agreements of a legal entity	5
6	internal intangible assets	5

Depending on the useful life, intangible assets are divided into assets with a definite and indefinite useful life.

Recognition

An intangible asset is recognized if: 1) it is probable that the future economic benefits related to this asset will flow to the legal entity. The receiving of future economic benefits from the use of this asset assumes that the legal entity controls the asset, i.e., can restrict the access of third parties to these benefits; 2) the cost of the asset can be measured reliably.

Judgment is required to assess the degree of certainty associated with the flow of future economic benefits from the use of an asset, based on data available at the date of initial recognition, and giving priority to data from external sources.

The acquired intangible asset is initially measured at cost. Thus, the basis for recognition of an intangible asset is:

1) identifiability of the asset;

2) receiving future economic benefits from its use;

3) the ability to determine its cost.

Intangible assets of a legal entity are divided into:

1) internally generated;

2) received from outside organizations (including those acquired separately or as part of an association of a legal entity, received free of charge).

Separate intangible assets may have a tangible carrier, for example, placed on a CD (in the form of software), in legal documentation (in the form of a license or patent) or on film.

In such cases, the asset may be accounted for either as a tangible or intangible asset, depending on which asset is more significant.

The Company's management uses professional judgment as to which of these elements is more important. For example:

1. Software for equipment with program control, which cannot work without this software, is an integral part of the equipment and is considered as part of the OS;

2. An automated database stored on a CD is considered an intangible asset because the cost of the physical medium is negligible compared to the cost of the data;

3. Application software installed on the Company's servers, used in a computer with the possibility of replacement and not being an integral part of the relevant equipment, is considered as an intangible asset (for example, an electronic document management system, an automated information system that allows you to comprehensively automate the processes of a credit and distance learning system), in while the operating system (such as Microsoft Windows) is usually an integral part of the computer and is included with the FA.

The costs for items that do not meet all the criteria for the recognition of intangible assets are expensed as incurred (for example, the acquisition of an anti-virus program license, the acquisition of access rights to an information base).

Internally generated intangible assets

An intangible asset is internally generated if the asset was either:

1) generated by employees of the legal entity or a third party under a contract for the legal entity, or

2) acquired from a third party in an unfinished state and finalized in the legal entity.

In order to determine whether an internally created intangible asset satisfies the recognition criteria, it is necessary to divide the process of creating an asset into a research stage and a development stage.

If a legal entity cannot distinguish between the research and development stages of an internal project to generate an intangible asset, then all costs for such a project are accounted for as incurred at the research stage and written off as expenses of the period.

Development stage

Development is the use of the results of scientific research and other knowledge to plan or simulate the production of new or significantly improved materials, products, processes prior to commercial production or use, for example:

• designing, building and testing prototypes and models prior to production or use;

• designing tools, templates, stencils and clichés using new technology;

• designing, constructing and operating pilot equipment on a scale that is not economically viable for commercial production;

• designing, building and testing selected options for new or improved materials, devices, products, processes, systems, or services.

If an internally generated intangible asset arises during the development stage (or from the development stage of an internal project), then directly attributable costs should be capitalized from the date that the legal entity is able to demonstrate all of the following conditions:

• the technical ability to complete the intangible asset so that it can be used or sold;

• its intention to complete the creation of the intangible asset and use or sell it;

• its ability to use or sell the intangible asset;

• how the intangible asset will generate future economic benefits, the existence of a market for the results of the intangible asset or the intangible asset itself, or, if it is intended to be used internally, the usefulness of that intangible asset;

• the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;

• the ability to reliably estimate the costs associated with the development of an intangible asset.

Internally generated trademarks, title data, publishing rights, customer lists and similar items are not recognized as intangible assets because the cost of creating them is essentially charged to the development of the organization as a whole.

Internally generated trademarks, title data, publishing rights, customer lists and similar items are not recognized as intangible assets because the cost of creating them is essentially charged to the development of the organization as a whole.

Prime cost of internally generated intangible assets

Prime cost of an internally generated intangible asset is all costs directly attributable to and necessary to create, manufacture and prepare the asset so that it can perform in the manner intended by management.

Recognition of the cost of an intangible asset begins on the date the asset meets the following criteria:

1) it is probable that future economic benefits associated with the asset will flow;

2) the cost of the appraisal can be estimated reliably;

3) the legal entity is able to demonstrate the conditions set out above.

Examples of direct costs that are directly attributable to an asset are as follows:

- the costs of materials and services used or consumed in the production of an intangible asset;
- the costs for the services of contractors related to the performance of work when generating an intangible asset;
- the cost of employee benefits paid in connection with the generation of an intangible asset including deductions of necessary deductions and payments;
- the cost of equipment and special equipment intended for use as objects of testing and research;
- depreciation of fixed assets and intangible assets used in the performance of work when creating an intangible asset;
- expenses for the maintenance and operation of research equipment, installations and structures, other fixed assets and other property; amounts paid to organizations for information and consulting services related to the creation of an intangible asset;
- fee for registration of legal right;
- amortization of patents and licenses used to create an intangible asset;
- borrowing costs, if the asset being created is a qualifying asset (see the section “Borrowing costs”);
- other costs directly related to the performance of works and services when creating an intangible asset

The following are not included in the cost of an internally generated intangible asset and are included in the period expenses as incurred:

- selling, administrative and other expenses, other than those that can be directly attributable to preparing the asset for use;

- losses from inefficient use of resources and initial operating losses that occurred before the achievement of planned productivity;
- personnel training costs associated with the use of the asset.

If an asset does not meet the criteria for recognition of an intangible asset under development, all the costs incurred are expensed in the income statement.

Intangible assets received from third parties

When acquiring an intangible asset for cash, the cost of a separately acquired intangible asset includes:

• the purchase price including import duties and non-refundable purchase taxes after deducting trade discounts;

• any direct costs of bringing the asset to a working condition for its intended use.

Direct costs that are directly attributable to preparing an asset for its intended use include:

• employee benefits costs that are directly attributable to bringing the asset to working condition;

• payment for professional services provided directly in connection with bringing the asset to working condition;

• the cost of verifying that the asset is functioning properly.

Cost capitalization ceases when the asset is in the condition necessary for it to function in connection with the intentions of the management of the legal entity. This may happen before it is actually put into service.

The following costs are not considered part of the cost of a separately acquired intangible asset:

• the cost of introducing a new product or service, including advertising costs;

• the cost of doing business in a new location or with a new category of clients, including the cost of staff training;

• administrative and other general business expenses;

• the costs incurred in using or moving an intangible asset;

• the costs incurred during the period when an asset, capable of functioning in accordance with the intentions of the management of the legal entity, for some reason has not yet been brought into operation.

If payment for an intangible asset is made with a delay of more than twelve months, then the value of the intangible asset is determined as the present value of future cash payments related to the repayment of the obligation for the acquired intangible asset. The difference between the cash equivalent price and the total payment is recognized as a finance cost over the period over which the debt for the acquired intangible asset is settled.

Intangible assets received free of charge are measured at the fair value of the asset received and are recognized in accounting and a legal entity assesses for compliance with the criteria of an intangible asset, as well as risk assessment (to what extent it acquires the risks and rewards of owning an asset:

- if under the terms of the agreement, the benefits and risks from ownership of the asset are transferred to the legal entity at the time of signing the act of acceptance), then the receipt of the asset is reflected on the date of transfer of the asset under the act, and the fair value is measured on the date of signing the act;

- if under the terms of the agreement, a legal entity has received all or most of the benefits from owning an asset, but the risks associated with owning an asset remain on the transferring party until the moment of state registration of the transfer of ownership, then the receipt of the asset is recognized on the date of registration, and the fair value is measured on date of registration.

Fair value is determined with the help of third parties or independently by a legal entity on the date of transferring benefits and risks of ownership of the asset, and in accordance with the terms of the contract (at the date of signing the transfer and acceptance act; at the date of obtaining control; at the date of registration, etc.).

When independently determining the fair value, the specialists of the legal entity consider the information of the market price for similar intangible assets, taking into account the individual characteristics and characteristics of the assets received, for which the fair value is determined.

Technicians analyze the data from various external sources (for example, price lists of licensed software vendors).

Merging

On the acquisition date, the acquirer must separately account for an intangible asset of the acquiree in accordance with IFRS 3 Business Combinations if: 1) it meets the definition of an intangible asset; 2) its fair value can be measured reliably.

The cost of an intangible asset acquired in a business combination is measured as its fair value at the acquisition date, the cost or the carrying amount.

In the absence of an active market for an intangible asset, its fair value is the amount that an entity would pay for that asset at the acquisition date in a transaction between knowledgeable, willing and independent parties, based on the best information available. In determining this amount, an entity considers the results of recent transactions for similar assets.

If it is difficult to determine independently the fair value of an intangible asset acquired as part of a business combination, a legal entity engages a professional appraiser.

An intangible asset is recognized in the acquirer's financial statements at the acquisition date separately from goodwill, whether or not it was recognized in the acquiree's financial statements prior to the combination, such as trademarks, trade names, customer base, etc.

If the acquirer has a research and development project in progress that is in progress, the acquirer recognizes it as an asset separately from goodwill if it meets the definition of an intangible asset, that is: 1) is a resource controlled by the entity as a result of past periods, from which future economic benefits are expected; 2) is identifiable, i.e. is severable or arises from contractual or other legal rights.

The subsequent costs of such a project, whether acquired in a business combination or separately and recognized as an intangible asset:

- are recognized as expenses in the period they are incurred if they are research costs;
- are recognized as expenses in the period of incurrence if they are development costs, but do not meet the criteria for recognition as an intangible asset under development;
- are capitalized on the carrying amount of a research or development project acquired in a business combination if they are development costs and meet the criteria for recognition of an intangible asset under development.

Subsequent accounting

Subsequent to initial recognition, intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses.

The specificity of acquired or internally generated intangible assets is such that in most cases termination or partial replacement of such assets is not carried out, i.e. subsequent costs incurred after initial recognition are rarely capitalized in the carrying amount of intangible assets.

Expenditures on intangible assets shall be recognized as an expense when incurred, unless: 1) they form a part of the cost of an intangible asset that meets the recognition criteria; or 2) the relevant item is acquired in a business combination and cannot be recognized as an intangible asset. If they do, they form a part of the amount recognized as goodwill at the acquisition date.

Examples of costs that are recognized as expenses in the period in which they are incurred are: founding expenses, such as legal and secretarial costs incurred in establishing a legal entity; the cost of opening new operations or introducing new processes; expenses for advertising and promotion of services; staff training costs; the cost of relocating or reorganizing part of the entire legal entity.

The costs of an internally generated intangible asset that were initially recognized as an expense may not be recognized as part of the cost of the intangible asset in subsequent perio

Inpairment

The recoverable amount of goodwill and intangible assets that do not have a finite useful life, as well as intangible assets under development (“construction in progress”), whether or not there is evidence of impairment, is assessed on an annual basis.

The recoverable amount of other intangible assets is estimated only if at the end of the reporting period there were signs of such assets impairment.

After the impairment loss is recognized, the depreciation charge on an intangible asset is adjusted in future periods to allocate the modified carrying amount of the asset on a systematic basis over its remaining useful life.

The amount of the impairment loss is recognized as other expenses in the current period when the impairment is identified.

At each reporting date, the entity assesses whether or not there is any indication that an impairment loss recognized in prior periods for an asset may no longer exist or may have decreased.

If one or more indications are identified that a previously recognized impairment loss needs to be reversed (see section “Impairment of Assets”), the legal entity recognizes gain from the reversal of a previously recognized impairment loss in the statement of comprehensive income in “Other income”.

The new cost of an intangible asset after the reversal of an impairment loss shall not exceed the carrying amount before the impairment, less the amount of amortization that would have been accrued in the absence of any impairment recognized in prior periods.

The depreciation charge on the increased cost of the asset must be adjusted for future periods in order to allocate the changed carrying amount of the asset on a systematic basis over its remaining useful life.

Useful economic life of an intangible assets

The legal entity's technicians must evaluate whether the useful life of an intangible asset is finite or indefinite.

During the due diligence process, an intangible asset may have an indefinite useful life if it is not possible to determine a foreseeable limit on the period over which the asset will generate net cash inflows. An intangible asset with an indefinite useful life is not amortized.

If, in subsequent periods, there is a change in the circumstances or events that made the asset's useful life indefinite, the estimate of life would change accordingly from indefinite to indefinite. Such a change is accounted for prospectively as a change in an accounting estimate in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Changing the useful life of an intangible asset from indefinite to finite indicates that the asset can be impaired. As a result, the asset must be tested for impairment by comparing its recoverable amount with its carrying amount, and any excess of the carrying amount over the recoverable amount is recognized as an impairment loss.

An intangible asset with a limited useful life is amortized over a specific period, the determination of which is influenced by economic and legal factors, indicating in the first case the period during which future economic benefits will be received by the legal entity, and in the second case, the period during which the legal entity controls access to these benefits.

In determining the useful life of an intangible asset, the following factors should be considered:

• the intended use of the legal entity's intangible asset;

• the characteristic life cycle of an asset;

• technical, technological or other types of obsolescence;

• the stability of the industry in which the asset is used and changes in market demand for goods or services resulting from the use of the asset;

• expected actions of competitors;

• the amount (level) of the cost of improving the intangible asset required to obtain future economic benefits from the intangible asset, as well as the ability and intention of the organization to achieve this level of costs;

• the period of control over the intangible asset, as well as legal or similar restrictions on the use of the intangible asset, such as the expiration dates of the relevant contracts;

• whether the useful life of an intangible asset depends on the useful lives of other assets of the legal entity.

The useful life of an intangible asset arising from contractual or other legal rights, such as a license, should not exceed the period of such rights, but may be shorter, depending on the length of the period during which the entity expects to use the asset. If contractual or other legal rights can be renewed/renewed, then the useful life of an intangible asset should include periods of renewal only if there is evidence that renewal will be effected without a significant cost.

A legal entity can annually review the useful lives of intangible assets with a finite life. If changes are detected in the assessment of the service lives of intangible assets, a corresponding change in the depreciation period is made, which is taken into account as a change in the estimated estimate by adjusting depreciation charges for the current and future periods.

Depreciation of intangible assets

Accounting for an intangible asset depends on the useful life of the intangible asset. An intangible asset with a finite useful life is amortized, while a tangible asset with an indefinite useful life is not amortized.

The useful life of an intangible asset can be affected by both economic and legal factors. Economic factors determine the period during which the Company will receive future economic benefits. Legal factors may limit the period during which the Company controls access to these benefits. The useful life is the shorter of the periods determined by these factors.

The depreciable amount of an intangible asset with a finite useful life should be allocated on a systematic basis over its useful life.

Derecognition

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use and subsequent disposal.

The gain or loss arising from the sale of an intangible asset or disposal for other reasons is determined as the difference between the net disposal proceeds (if any) and the carrying amount of the asset at the date of derecognition.

The disposal of an intangible asset may take place in various cases (for example, as a result of a sale, a financial lease or a gift). In determining the date of disposal of such an asset, an entity applies the criteria in IFRS 15 Revenue from Contracts with Customers to recognize revenue from the sale of goods. IAS 17 applies when a disposal occurs as a result of a sale and leaseback.

The carrying amount of an intangible asset is its cost less accumulated depreciation and accumulated impairment losses, if revalued, its fair value.

Gain or loss on disposal of an intangible asset is recognized in the statement of comprehensive income as income or expense in the period in which the intangible asset is written off and disposed of.

Information disclosure

The following information is disclosed in the financial statements of a legal entity:

- for intangible assets with a definite useful life, the useful life and the depreciation method used are indicated;

- gross carrying amount and accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period.

A reconciliation of the carrying amount for each class of intangible assets is provided, distinguishing between:

- assets produced within the legal entity;

- other intangible assets.

For intangible assets with an indefinite useful life, the following is disclosed: the carrying amount and the justification for the uncertainty of the useful life. Provides a description, carrying amount and remaining amortization period for individual items of intangible assets that are material to the financial statements of the legal entity as a whole.

The following information is disclosed: the existence and amount of intangible assets, the ownership of which is limited; the value of intangible assets used as collateral for the fulfillment of obligations. For intangible assets acquired through government grants and initially measured at fair value, the following information must be disclosed: the fair value at which these items were initially measured; the carrying amount of these assets, indicating that intangible assets are carried at cost less depreciation. Additionally there can be disclosed: a) fully depreciated but still in use assets; b) details of significant items of intangible assets that are controlled by the legal entity but are not included in the assets as they do not meet the recognition criteria.

Correspondence of accounts of standard transactions under Section 2730 Intangible Assets

Acquisition of intangible assets on account of issued accountable amounts	2730	1250
Acquisition of intangible assets from individuals and organizations	2730	3310, 3390, 4110, 4170
Return of intangible assets that do not meet the terms of delivery	3310, 3390, 4110, 4170	2730
Free receipt of intangible assets from individuals and organizations	2730	6280
Write-off of the carrying amount of intangible assets on disposal	2740, 7410	2730, 2730
Accrual of depreciation of intangible assets on the cost of work in progress	2930	2740
Accrual of depreciation of intangible assets on expenses	7110, 7210, 8040	2740
Impairment of intangible assets	7420	2730
Recovery of impairment of intangible assets	2730	6240
Increase in the value of intangible assets as a result of the revaluation	2730 2740	5320 5320
Reduction in the value of intangible assets as a result of the revaluation performed within the limits of the earlier revaluation	5320 2740	2730 5320
Decrease in the initial cost of intangible assets as a result of the	7470	2730

revaluation performed in excess of the amounts of the previously performed revaluation or in the case when the revaluation was not previously performed	2740	6280

3.4. Financial assets and liabilities

1) Definitions

A financial instrument is a contract that gives rise to a financial asset of one legal entity and a financial liability or equity instrument of another entity. **A financial asset** is any asset that presents:

1) cash;

2) an equity instrument of another organization (except for state-owned enterprises);

3) contract law:

- for receiving funds or other financial assets from another enterprise or organization;

- for the exchange of financial assets or financial liabilities with another enterprise or organization on terms potentially favorable to this Enterprise.

Financial assets and financial liabilities that receive or pay fixed or determinable amounts of money are monetary financial assets and liabilities.

Examples of monetary financial assets and financial liabilities areas follows:

a) trade receivables and payables;

b) bills of exchange receivable and payable;

c) debt on loans receivable and payable.

A financial liability differs from an equity instrument in that there is a contractual obligation of one party to deliver either cash or another financial asset to the other party. If there is such a contractual obligation, the entity classifies the instrument as a financial liability, regardless of how it is settled. If there are no contractual obligations, then the entity classifies it as an equity instrument.

The distribution of income to the holders of the financial instrument is classified as an equity instrument and presented in the statement of equity.

A legal entity can offset financial assets and financial liabilities and show the balanced amount in the balance sheet when it has a legally enforceable right to offset the amounts recognized in the balance sheet; it intends to either offset or realize the asset and settle the liability at the same time.

A legal entity recognizes financial assets or financial liabilities only when it becomes a party to a contract with respect to a financial instrument. When initially measuring a financial asset and a financial liability, an entity measures these financial statements at cost, that is, at the fair value of the contribution (in the case of asset) or the consideration received (in the case of liabilities) for it. Transaction costs are included in the initial measurement of all financial assets and liabilities.

Accounts receivable are recognized when the associated income is recognized.

Sales of products, goods and services are carried out in accordance with existing agreements. Documents confirming the release of goods (services) are waybills for the release of goods, acts of work performed, on the basis of which a tax invoice is issued in the accounting department.

Accounts receivable are accounted for in the amount specified in the primary documents and are recorded on the accounts of subsection 1210 "Short-term receivables of buyers and customers" or account 2110 "Long-term receivables of buyers and customers".

Short-term receivables from buyers and customers include settlements with buyers and customers for services rendered for up to one year. In addition, funds placed on deposit accounts for a period of more than three months are recognized as a financial asset and are divided into short-term (up to 12 months from the date of placement) and long-term (over 12 months from the date of placement).

Short-term advances issued are funds transferred to suppliers (contractors) on account of the upcoming sale of services, work performed and delivery of goods, as well as payment for services, work and products accepted from customers with partial readiness during the reporting period. Payment of debts to suppliers and contractors for the received stocks, performed works and rendered services is made minus the previously paid advance payment. The record is made:

Debit 1610 “Short-term advances paid”	Credit 1010 “Cash”	Advance
Debit 3310 “Short-term debt to suppliers”	Credit 1610 “Short-term advances paid”	Advance set-off
Debit 3310 “Short-term debt payables to suppliers”	Credit 1010,1020,1030 “Cash”	Final settlement

Cash and cash equivalents do not include the cash that contains restrictions on use. They are recorded as short-term or long-term assets depending on the period of restriction (for example, cash in the form of a liability) on the acquisition of an asset or as collateral for subsequent payments on loans, cash seized or blocked by a court order, tax authorities), and in the notes separate disclosures are provided to the financial statements for these amounts.

Analytical accounting of advances issued is carried out in the context of each debtor.

Advances given to employees accountable are only short-term and are accounted for on account 1250 “Short-term receivables of employees”.

Accountable amounts are issued only to employees of the legal entity. The basis for the issuance of advances "under the report" are: a business trip order signed by the Head of the legal entity, an employee's memo on the provision of amounts for purchase or payment.

The terms of reporting for the received funds "under the report" are as follows: for business expenses within 3 days; for business trips within 5 days.

It is prohibited to issue new accountable amounts in the presence of debts for previously received amounts. But if the head of a legal entity makes a decision on extradition, then he, as a manager of funds, is responsible for such a decision.

The advance report is drawn up by the accountable person in one copy, which indicates the list of primary documents confirming the expenses incurred (waybills, receipts, sales receipt, tax invoice, purchase act, tickets, a fiscal receipt indicating the payment). The documents attached to the advance report are numbered in the order they are recorded in the report, carefully selected and fastened. The completed advance report is submitted to the accounting department for its verification and further processing.

For the subsequent measurement of long-term financial assets, financial assets are classified into four categories (financial assets held for sale; financial assets available-for-sale; investments held to maturity; loans and receivables), two of which are acceptable to a legal entity, and exactly:

- held-to-maturity investments;
- loans and receivables, whereby loans and receivables resulting from an assignment of receivables are classified as “held for sale” or as “held to maturity”, as the case may be;

Loans, long-term receivables, held-to-maturity investments (other than investments in equity instruments) are measured at amortized cost using the effective interest method.

Assets that do not have a fixed maturity (current receivables, amounts issued in the account) are valued at actual costs.

Investments in equity instruments are valued at cost.

All the other financial assets are measured at their fair value before deducting transaction costs (fees and commissions paid to agents, consultants, brokers and dealers, regulatory and stock exchange fees, taxes and transfer fees) that it may incur on sale and other asset disposals.

All the financial assets, except for assets at fair value through profit or loss, are tested for impairment at the end of the reporting period.

A financial liability is any liability that is:

1) an obligation under the contract:

- to transfer funds or other financial assets to another enterprise; or
- to exchange financial assets or financial liabilities with another enterprise on potentially unfavorable terms.

Initial recognition of a financial liability

A liability is an existing debt of an entity arising from past events, the settlement of which will result in an outflow of resources embodying economic benefits.

Liabilities are divided into current (short-term accounts payable) and long-term (long-term accounts payable).

Current liabilities imply:

- its repayment under normal operating cycle conditions;
- it is due for repayment within 12 months from the reporting date.

Current liabilities include:

1) short-term loans and overdraft;

2) the current part of long-term loans;

3) accounts payable: bills and bills payable; advances received from buyers and customers; tax debts; dividends payable; debts between suppliers; debts to officials; other accounts payable.

4) accrued expenses payable;

5) deferred income;

6) accrued payments due to unforeseen circumstances.

Requirements for recognition of a liability

The basis for assuming obligations to the supplier of goods (works, services) is a contract, an invoice or a certificate of completion and invoice. A sales contract with the specification serves as the rationale for the purchase.

The procedure for mutual settlements with contractors (capital construction, repair work) is carried out on the basis of the conditions set forth in the contract agreements. If additional work is identified, it is necessary to make additions to the terms of the contract or additional agreement. Upon completion of contract work, the contractor submits to the customer an act of work performed in full accordance with the estimate. Acts of work performed are attached to the tax invoice. Subject to the performance of contract work from the customer's materials, the contractor in the act of acceptance of work performed form No. 2 after the final amount "for payment" provides a list of the customer's materials used in quantitative terms. Acceptance certificates for the work performed are signed by the head of the workshop (site) and approved by the head of the legal entity.

The accounts “Advances received” reflect short-term liabilities arising from the receipt of advance payment from buyers and customers under contracts for the supply of goods and services. Liabilities up to 12 months are classified as short-term liabilities, and all the other liabilities as long-term liabilities. The legal entity writes off accounts payable for advances received only when the accounts payable are repaid.

Long-term ainancial liabilities

A long-term liability is an obligation with a maturity of more than one year from the date of inception.

After initial recognition in the balance sheet, the entity measures financial liabilities at depreciated costs using the effective interest method, except for liabilities held for trading and derivative liabilities.

Liabilities held for trading and liabilities on derivatives are measured at the fair value. The method of determining the fair value of liabilities is similar to the method of determining the fair value of assets.

The method of measuring depreciated cost liabilities using the effective interest rate is described in Section 5 of this Accounting Policy.

For the purpose of estimating future cash flows in accordance with IFRS 9 “Financial Instruments” there are established principles of presentation of financial assets and financial liabilities in financial statements to provide users of financial statements with relevant and useful information. The entity recognizes a financial asset or financial liability in its statement of financial position if there is a contractual relationship that specifies the terms of the instrument.

The entity recognizes an allowance for expected credit losses on a financial asset measured in accordance with IFRS 9 “Financial Instruments” to which impairment requirements apply.

The entity applies the impairment requirements to recognize and measure an allowance for impairment of financial assets that are measured at fair value through other comprehensive income in accordance with IFRS 9 Financial Instruments However, this allowance must be recognized in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position.

At each reporting date the entity measures the loss allowance for a financial instrument at an amount equal to lifetime expected credit losses.

The objective of impairment requirements is to recognize lifetime expected credit losses for all financial instruments that have significantly increased credit risk since initial recognition, whether on an individual or collective basis, taking into account all reasonable and supportable information, including predictive. If, as at the reporting date, there has not been a significant increase in the credit risk of a financial instrument since initial recognition, an entity shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The entity recognizes in profit or loss as an impairment gain or loss the amount of expected credit losses (or reversals thereof) needed to adjust the loss allowance at the reporting date to the amount required to be recognized in accordance with IFRS 9 “Financial instruments".

Correspondence of accounts of standard transaction under subsection 2.3 Financial assets and liabilities

Acquisition of financial assets at purchase price, inclusion of expenses in the cost of financial assets	1120, 1130, 1140, 1150, 2020, 2030, 2040	3310, 3390, 4110, 4170
Increase in the carrying amount of financial assets as a result of revaluation	2020, 2030, 2040	5320
Recovery of the previously written off amount of the decrease in the value of long-term financial assets with an increase in their value	2020, 2030, 2040	6150
Income from changes in the fair value of financial assets	1120, 1130, 1140, 1150	6150
Decrease in the carrying amount of financial assets as a result of revaluation within the limits of the amounts of the previous revaluation	5320	2020, 2030, 2040

Decrease in the carrying amount of financial assets as a result of revaluation in excess of previous revaluation amounts	7470	2020, 2030, 2040
Write-off of the carrying amount of financial assets on disposal	7410	1120, 1130, 1140, 1150, 2020, 2030, 2040
Write-off of the revaluation amount on disposal of financial assets	5320	5410
Expenses from changes in the fair value of financial assets	7330	1120, 1130, 1140, 1150
Transferred (reclassified) short-term financial assets available-for-sale to trading at fair market value	1120	1140
Transferred (reclassified) trading financial assets to available-for-sale financial assets at fair market value	1140	1120
Long-term available-for-sale financial assets are converted to long-term held-to-maturity financial assets	2020	2030
Long-term held-to-maturity financial assets are converted to long-term available-for-sale financial assets	2030	2020
Short-term financial assets held for trading are converted to long-term held-to-maturity	2020	1120
The emergence of accounts payable on acquired financial liabilities	1040	3390, 4170
Repayment of financial obligations	3390, 4170	1040
Expenses from changes in the fair value of financial liabilities	7330	3020, 4020, 3390, 4170
Income from changes in the fair value of financial liabilities	3020, 4020, 3390, 4170	6150

3.5. Stocks

Definition

The Company's stocks are short-term assets in the form of:

1) raw materials, materials, spare parts intended for use in the process of providing educational, research and scientific and technical services, as well as in administrative and other activities;

2) goods purchased and stored for resale; as well as

3) goods in the process of production for future sale.

Classification

Inventories of a legal entity are divided into the following groups:

Group name	**Purpose**
Goods	includes inventory purchased for resale
Raw materials: • materials for publishing house • food • building materials, electrical goods • materials for educational purposes • materials for computer and office equipment	include inventories used directly in the operating process and for internal use.

• materials for the library • inventory and household supplies • fashion products • other raw materials and materials • household goods • soft inventory	
Fuel	includes boiler fuel and fuels and lubricants.
Other materials	this group includes other materials not included in the above groups.
Raw materials	this group includes raw materials used in the production of finished products.
Purchased semi-finished products and components	used for educational, scientific, laboratory equipment.
Building materials	this group includes building materials used for their own needs
Accountable forms	this group includes strict reporting forms (diplomas, diploma inserts, certificates No. 3, diploma supplements, etc.)
Spare parts	used for educational, scientific, laboratory equipment.
Finished products	products and semi-finished products of own production, accepted by the customer or to the warehouse of the organization, which are a product with a fully completed processing (complete set)
Construction in progress	unfinished products at various stages of the production process.

Soft inventory is the material stocks of ready-to-use items that are used for a relatively long time in direct contact with the human body:

- bedding items (pillowcases, duvet covers, sheets, mattress toppers, bedspreads);
- bedding (mattresses, blankets, pillows, sleeping bags, etc.);
- clothing, overalls, uniforms, uniforms (all types and items of clothing);
- footwear, including specialized (all types of footwear);
- sportswear and shoes;
- real property.

The analytical accounting of clothing and soft inventory in use is maintained by the accounting department by item names, quantity, their cost, groups and financially responsible persons.

The analytical accounting of food products is kept in a separate 1C:Enterprise database. Public catering in the process of production, and in the general accounting database, records are kept in total terms by materially responsible persons.

Accounting principles

Initial recognition

Inventories are recognized in accounting when the following conditions are met:

- the time has come for the transferring of ownership of stocks to a legal entity, i.e. all the risks and rewards of ownership of the asset have been transferred;
- their cost can be estimated reliably;

- there is a high probability of obtaining economic benefits from their use in the future.

Inventories, the cost of which is determined in foreign currency, are valued in tenge by recalculating the amount in foreign currency at the rate in force on the date of transfer of ownership of these reserves.

Assets which cost is no more than 50 MCI (minimum calculation index) per unit (for example, uniforms, overalls, bedding, curtains, training equipment, tools, household equipment, sports equipment, etc.) are included in stocks, after issuance from use written off during the year as expenses and accounted for on off-balance sheet accounts.

Spare parts that meet the criteria for acceptance as fixed assets are classified as small parts and are included in inventory if they:

1. Have an insignificant cost relative to the FA object on which they are installed;
2. Not used with specific objects;
3. Can be installed on fixed assets having different technical characteristics and useful lives, as a result of which it is not possible to determine the useful life of such spare parts, for example, spare parts for office equipment, computer equipment, spare parts for vehicle repair, etc.

In some cases, the ownership is transferred when the inventory is delivered to the entity's premises, in other cases, the risks and rewards of ownership are transferred when the inventory is shipped from the supplier. The current location of inventories at the reporting date is not a determining factor for the recognition of inventories and classifying them as assets. A legal entity recognizes acquired assets as inventory based on a transfer of ownership or transfer of property risks, even if such inventory is not physically delivered (stock in transit).

The inventory acquisition costs include the purchase price, import duties and other non-refundable taxes, except for value added tax determined by calculation in connection with the existence of exempt turnover, transportation, handling and other costs directly attributable to the acquisition of inventory. Trade discounts, chargebacks and other similar items are deducted when determining purchase costs.

Prime cost of inventory

The prime cost of inventories at initial recognition includes all the acquisition costs, processing costs and other costs incurred to bring inventories to their current location and condition.

Purchased inventories

Prime cost of the acquired inventories includes the following costs:

- the amounts that are paid in accordance with the contract to the supplier, minus discounts;
- the amounts of import customs duties and non-refundable taxes;
- transportation and procurement costs, i.e. the costs for the procurement of stocks, payment of tariffs (freight) for loading and unloading operations and transportation of stocks by all modes of transport to the place of their use;
- expenses for insurance of risks of transportation of stocks;
- remuneration paid to an intermediary organization through which inventories are acquired, which are distributed over the cost of several types of inventories in proportion to the specific weight;
- other costs that are directly related to the acquisition of inventories and bringing them to a condition suitable for use for the planned purposes.

Trade discounts, chargebacks and other similar items are deductible in determining inventory acquisition costs.

If inventories are acquired on a deferred payment basis, i.e. the agreement actually contains a financing element, then the cost of inventories is determined as the present value of future cash payments relating to repayment of obligations for the acquired inventories. The difference between the normal trade credit purchase price and the amount paid is recognized as a finance cost over the financing period.

The cost of purchased inventory does not include the cost of market research, the search and selection of a supplier, the involvement of consultants, etc.

Borrowing costs to acquire inventories ready for their intended use or sale, and to produce or manufacture inventories in a short period of time, are not included in the cost of inventories but are recognized as finance costs in the period in which they are incurred.

The cost of inventories acquired in a foreign currency is not subsequently adjusted for exchange differences arising from the date of initial recognition of these inventories until the date of settlement of the respective liabilities.

Foreign exchange differences arising from the translation of liabilities at rates different from those at which they were originally recognized are recognized as other income and expenses in the period in which they relate.

Donated inventory

In the case of gratuitous receiving (gift or donation), the cost of inventories is estimated at the market value on the date of recognition of inventories in accounting.

inventories identified as a result of inventory and liquidation of property

Excess inventories identified as a result of the inventory are recognized in accounting at the cost of similar inventories acquired last, if such acquisitions were made in the current reporting period. Otherwise, the surplus is accounted for at the market value.

The cost of spare parts, parts, components obtained as a result of liquidation of fixed assets and other property is recognized at zero cost.

In accordance with the requirements of IAS 2 Inventories, stocks are recognized at the lower of cost or net realizable value, respectively, because the entity has already consumed most of the benefits of the inventory in property, plant and equipment at the time the asset is in use and The cost of inventories is difficult to estimate at the time the asset is separated, it is assumed that inventories have no significant or nil prime cost.

Stockbuilding by the Company

When inventories are manufactured with own funds, the cost of inventories is their actual cost of production.

The actual production cost consists of:

- direct costs for materials;
- direct costs for the payment of remuneration by an employee (remuneration of employees);
- other direct costs associated with manufacturing the stocks;
- variable overhead costs, including material costs, depreciation of fixed assets, wages of support staff, overhead costs directly related to the manufacture and sale of stocks.

The Company uses a cost calculation system with full distribution of costs.

In the costing system with full cost allocation, all production costs, variable and fixed, direct and indirect, that are incurred at the place of production or in the course of production are attributed to the cost of the product and are included in the cost of inventory.

The method of determining the cost of production is used in the Company at actual costs using planned costing.

Accounting for inventory and household supplies

Regardless of the service life (which can exceed one year), the inventory of household supplies includes reusable supplies:

- special and sanitary clothes, special shoes;
- soft inventory (bedding, tires, etc.);
- kitchen and tableware, as well as table linen;
- household tools and devices.

Iventory and household supplies are considered to be in operation from the moment they are released from the warehouse of the Company's subdivision responsible for providing inventory for the needs of operating activities (to the account of materially responsible persons, directly to the workplace, etc.).

Write-off of inventory, stationery and household supplies from their accounts is carried out in the following cases:

- if they have become unusable after the expiration of the storage (use) periods;
- in case of detection of shortages, theft or damage, including as a result of accidents, fires, natural disasters;
- when issued for use/operation, if the useful life of these reserves is less than or equal to 1 year.

The Company writes off inventories (inventory and household supplies) put into operation and whose useful life exceeds 1 year after the useful life of these reserves.

When issuing stocks, a legal entity transfers from one division to another division by materially responsible persons.

The write-off of materials of a legal entity is carried out on the basis of an act for the write-off of inventories according to the established norms for the consumption of raw materials and materials. The act indicates the name, quantity, discount price and amount for each item.

Shortfalls and theft of inventories, when the perpetrators are identified, are recovered from them at cost and the restoration of value added tax, in the absence of specific perpetrators, they are debited to account 7470 “Other expenses” with the VAT recovery.

Accounting for internal movement of stocks

The internal movement of stocks is understood as their movement within one legal entity.

Accounting for stocks transferred/accepted for safekeeping or processing

When transferring stocks for safekeeping, the legal entity transfers all risks associated with the possession and use of these stocks. However, the legal entity retains the benefits and the right to dispose of the inventory, and therefore these inventories are not excluded from the legal entity's balance sheet accounts.

Accounting for stocks received for safekeeping or processing

When the Company receives inventories for safekeeping in a legal entity, the ownership of this property does not transfer, therefore, reserves should not be recognized on the balance sheet of a legal entity, they are kept off-balance sheet.

Subsequent recognition

Inventories must be recognized on a mandatory basis at the lower of two values:

- prime cost;
- possible net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business less possible costs of completion and selling. The net realizable value of inventory held refers to the net amount that an entity expects to realize from the sale of inventory in the ordinary course of business. Net realizable value of inventories may differ from fair value less costs to sell

Possible net realizable value is the estimated selling price under normal conditions, less possible costs of work and possible costs to sell.

The practice of writing down inventories below cost to net realizable value is consistent with the principle that assets should not be carried at a cost in excess of the amount expected to be realized from their sale or use.

The cost of inventories cannot be recoverable, that is, the expected amounts from the sale or use of such inventories are less than their cost, in cases where:

- stocks are damaged;
- completely or partially obsolete;
- the sale price of inventories has decreased;
- reserves are put into operation, the useful life of which exceeds one year;
- the possible costs of completing or making the sale have increased.

In such cases, the legal entity writes off damaged, illiquid, operating, obsolete inventory to net realizable value at the date of the financial statements.

The write-off of inventories to net realizable value is recognized as an expense in the reporting period.

Write-offs are made for each item number (item-by-item) or in groups, if it is possible to combine similar or related items (stocks related to the same product range, etc.).

Methods of calculating prime cost of inventory

When attributing the cost of inventories to costs, a legal entity uses:

Weighted average cost method. The cost of each item is determined by the weighted average cost of similar items available at the beginning of the period and purchased or manufactured during the period.

The weighted average cost method is the most convenient and not labor-intensive for accounting; it smooths out the factor of changes in prices for inventories during the reporting period.

Derecognition

After transferring to operation/use of inventory, the amount at which they were taken into account must be recognized as an expense in the period when the corresponding income from the provision of services (consumption for internal use) is recognized.

The amount of write-down of inventories to net realizable value sales due to damage, moral obsolescence, illiquidity are recognized as expenses under the account “Other expenses” during the period of write-off.

When a shortage of inventory is detected, based on the results inventory, the legal entity reflects this fact in the financial statements in the period when the absence of inventory is discovered.

At a legal entity, the following types of stocks are identified:

1) inventory recording in production, i.e. its use in the sale of goods and services;
2) realization of stocks:
3) under a gift agreement or unconditionally;
4) other stocks retirement as a result of:

- expiration of terms of storage, moral obsolescence, such cases of loss of consumer properties;

- detection of insufficient inventory;
- predation;
- damage to stocks in case of accidents, fires, natural disasters.

The value of partial inventory cost of stocks up to possible net price realization in connection with damage, moral obsolescence, insignificance is recognized as expenditures on the account "Other expenses" during the period of writing-off.

In case of shortage of inventories, according to the results inventory, the legal entity reflects this fact in the financial statements during the period of inventory depletion. The deficiency is determined by the guilt of the guilty person at the expense of the guilty person.

Procedure of forming and accounting stocks for possible recording of net realization of inventories

The purpose of forming reserves. Prime cost of stocks can be irreplaceable in case of their damage, full or partial wear or reduction of their selling price. Prime cost of stocks can also be irreplaceable in the event of an increase in estimated losses at the end of production or estimated losses on sales.

During the inventory, the case of cost reduction is determined, on the basis of which the Society determines the degree of depreciation of stocks the cost of stocks can be reduced in the following cases;

1 damage to stocks (spoilage, breakage, defects);

2. full or partial wear of stocks;

3. increase of possible expenditures related to the sale of reserves;

4. absence of opportunities for further use of stocks in connection with changes in technology used by the Society.

5. other cases when the initially expected economic benefit is lost, ie there is a probability of partial loss of reserves while using the reserves.

On the date of financial statements compiling, the Comapny conducts testing for the devaluation of stocks, which should be evaluated by the smallest of the two values:

- the carrying value;
- the possible net cost of sales.

The costs of the retirement can be ignored, if their amount is not significant.

Write-off of inventories below the level of net sales is consistent with the principle that assets should not be accounted for in excess of the amount that can be achieved as expected.

To reflect the value of such assets in the financial statements, stocks are formed to write off the net sale price.

Estimates of net sales prices are based on the most reliable of the available amounts, which can be obtained from the sale of reserves, at the time of fulfillment of such estimates. Estimates of net sales prices also take into account the value of the inventory.

The Company appreciates the value of the necessary reserve at the time of writing the net sale price at the end of each reporting period (year). In each subsequent period, the fair value of sales is met.

For stocks that are realized by the legal entity in the process of ordinary activity, the inventory estimate is made by comparing the estimated cost of realization with the calculation of the cost of sale and, if necessary, the cost of the sale. In case of exceeding, there are formed stocks to write off stocks to net sales prices.

According to the stocks that are supposed to be used in the production process, the stocks are not formed if it is expected that the services for which they will be used, can be realized at the price of the property itself. In the opposite case, a reserve is created for such stocks in the amount of the difference between self-sufficiency, according to which they are recorded in the accounts of accounting, and net sales. Under such conditions, current losses in exchange for stocks can be the best of the existing measurements of its possible net selling price.

Defining the need to form stocks is available for each unit of stocks separately. In certain circumstances, the appraisal of the stock at the value of stocks up to the net sale price is more reasonable for a group of related with each other or with another article.

Accounting for finished products

The finished product is the final product of the production process of a legal entity. These products are fully processed, meet the requirements of standards and technical conditions, adopted by the legal entity and delivered to the warehouse of the finished product.

The Company manufactures products both for its own needs (use in the educational process) and for further sale to the side, developed planned applications, memos on the range, quantity of products to be released, constantly paying great attention to the study of product quality, expanding its range, equaling on the needs of the market for the provision of educational services.

The tasks of accounting for finished products are as follows:

1. Systematic control over the release of finished products, the state of its stocks and safety in warehouses, the volume of work performed;
2. Timely and correct documentation of shipped products (works, services), clear organization of settlements with buyers;
3. Control over the implementation of the plan of supply contracts in terms of the volume and range of products sold;
4. Timely and accurate calculation of the amounts received for the sale of products, the actual costs of its production and sale, the calculation of the amount of profit.

The volume of sales includes shipped and released products, work performed, regardless of whether or not the payment is credited to the current account of the legal entity or advances are received.

Accounting for the receipt of finished products

Finished products must be delivered to the warehouse and accountable to the materially responsible person.

The Company provides a monthly report on the release of finished products. Reports should be linked to the terms of shipment of finished products, which allows you to control the fulfillment of contractual obligations to buyers and customers. Released finished products are transferred from the sphere of production to the sphere of circulation.

The delivery of finished products from production to the warehouse is documented by the production report for the shift. It is signed by the head of production (an employee of the production workshop) or another materially responsible person who has accepted the products for storage.

The services rendered and the work performed are recorded by acceptance invoices.
In the accounting department, on the basis of delivery invoices, cumulative statements of the release of finished products for the month are kept.

To account for finished products in the warehouse, an active synthetic account "Finished products" is intended. It summarizes information about the availability and movement of finished products and goods in the warehouse.

Evaluation of finished products, its nomenclature

Finished products are accepted for accounting at actual cost.

The actual cost of finished products can be calculated only at the end of the reporting period (month). The movement of products takes place daily (release, vacation, shipment, sale), therefore, for current accounting, a conditional assessment of products is necessary. Current, daily accounting of the movement of finished products is carried out either at the planned production cost or at the contractual prices of the organization, called accounting prices.

The planned cost or contract price of a unit of production is developed and approved by the organization independently. At the end of the month, the planned cost should be brought to the actual cost by calculating the amounts and percent of deviations for groups of finished products.

Nomenclature of finished products

For the correct organization of accounting for the movement of finished products the development of its nomenclature is of great interest. It is a list of names of product types produced by a legal entity. Its compilation is based on the classification of finished products according to certain characteristics, which make it possible to distinguish one product from another (name, brand, etc.). The stock number can have a different number of numbers and letters.

The structural subdivision of a legal entity (Printing and Replicating Workshop), in the performance of its functions, produces certain printed products, such as: the publication of textbooks, manuals, monographs and collections of scientific papers and publications, leaflets, newspapers, journals, brochures, etc.

Documentation on the movement of finished products, their shipment and sale

Accounting for finished products in the warehouse is organized according to the operational accounting method, i.e. for each nomenclature number of the product, an electronic card for the warehouse accounting of finished products is opened. As the finished product is received and released, the materially responsible person and the accounting department, on the basis of documents, write down the number of valuables (income, expense) in the cards and calculate the balance after each entry.

On the basis of warehouse accounting cards, the materially responsible person submits monthly reports on accounting for the balance of finished products and their production and transfers it to the accounting department. The release of finished products and its shipment are issued an invoice for the release. According to it, in the warehouse accounting cards in the column “expenditure”, the quantity of products sold is entered and the document is transferred to the accountant of the legal entity for issuing the corresponding document.

The materially responsible person in production completes the finished product for each internal application for its transfer to the divisions of the legal entity.

The document is signed by the head of the legal entity, the head of production and the materially responsible person of the recipient of the unit (department). According to it, in the warehouse accounting cards in the column "expenditure" the quantity of products dispensed is entered and the document is transferred to the accountant of the legal entity for issuing an expense document of the established form addressed to the recipient.

Accounting for product sales

The sale of finished products is carried out in accordance with the concluded agreements or through free sale.

The contracts for the supply of finished products indicate the supplier and buyer, the necessary indicators for products, prices, discounts, capes, the procedure for calculating, the amount of VAT and other details.

The sale of products (works, services) is carried out by a legal entity at prices that should ensure full reimbursement of the costs incurred by the legal entity for their production, break-even of its activities. Prices for goods (works, services) produced within the scope of works (services) financed from the budget are set by a legal entity in agreement with the authorized body of the relevant industry.

Correspondence of accounts of standard transactions under groups of accounts 1310 "Raw materials" and 1350 "Other inventories"

No.	**Transaction content**	**Correspondence of accounts**	
		Debit	**Credit**
1	Acquisition of materials and other stocks at the expense of imprest amounts	1310, 1350	1250
2	Receipt from subsidiaries, associates and joint organizations, branches and structural divisions	1310, 1350	3320,3330, 3340
3	Purchase of materials and other supplies from individuals	1310, 1350	3390
4	Purchasing materials and other supplies from suppliers	1310, 1350	3310
5	Recognition of expenses directly related to the delivery of materials and other supplies	1310, 1350	3390
6	Receipt of materials and other inventories as payment for issued shares (participation interests), making contributions to the authorized capital	1310, 1350	5110
7	Free receipt of materials and other supplies:		
	- from individuals	1310, 1350	6220
	- from the organization	1310, 1350	6220
8	Posting of surplus materials and other stocks	1310,1350	6280
9	Markdown of materials to net realizable value	1360	1310, 1:
10	Waste materials credited	1350	8110,8:
11	Returning defective materials and other supplies to the supplier:		
	a) before payment of their cost:		
	- at the agreed price	3310	1310, 1350
	- for the amount of VAT	3310	1420
	b) after payment of their cost:		
	- at the agreed price	1280	1310,1350
	- for the amount of VAT	1280	1420
12	Write-off of materials and other inventories used for administrative expenses	7210	1310, 1350
13	Write-off of the loss of materials and other stocks in the central warehouses within the limits	7210	1310, 1350
14	Write-off of excess losses, damage and shortages of materials and other stocks when the perpetrators are not identified	7470	1310, 1350
15	Free transfer of materials and other supplies	7410	1310, 1350
16	Disposal of materials due to natural disasters	7470	1310, 1350
17	Write-off of cost of goods sold and other inventories	7410	1350, 1310
18	Write-offs of materials and other inventories as a result of business interruption	7510	1310, 1350
19	Write-off of materials and other stocks for production (if necessary)	8110,8310	1310, 1350
20	Write-off of materials and other stocks for general production expenses (if necessary)	8410	1310, 1350

Correspondence of accounts of standard transactions under account “Finished products”

Transaction content	**Correspondence of accounts**	
	Debit	**Debit**
Initial recognition of finished products		8320
Write-off of cost of goods sold	7010	1320
Reflection of cost of goods sold returned by customers	1320	7010
Posting of surplus finished products in warehouses	1320	6280
Free transfer of finished products	7410	1320
Write-off of finished products as a result of natural disasters	7470	1320
Shortage of finished products in warehouses in excess of the norms of natural loss:	7470 1250	1320 1320
- when the culprits are not identified	7470	1320

Correspondence of accounts of standard transactions under account 1330 “Goods”

No.	**Transaction content**	**Correspondence of accounts**	
		Debit	**Credit**
1	Acquisition of goods, services at the expense of the transferred accountable amounts	1330	1250
2	Purchase of goods from individuals and organizations	1330	3310, 3390
3	Acquisition of goods from subsidiaries, associates and joint ventures	1330	3320,3331
4	Free receipt of goods from individuals and organizations	1330	6220
5	Surplus goods identified during the inventory were credited	1330	6280
6	Return of goods that do not meet the terms of delivery	3310	1330
7	Write-off cost of goods sold	7010	1330
8	Write-off of goods for administrative expenses	7210	1330
9	Losses of goods within the norms of natural loss	7470	1330
10	Losses of goods in excess of the norms of natural loss:		
	- when the perpetrators are not identified;	7470	1330
	- attributable to perpetrators	1250	1330
11	Markdown of goods	1360	1330
12	Free transfer of goods	7410	1330
13	Write-off of goods as a result of natural disasters	7470	1330

Correpondence of accounts of standard transactions under account 1340 “Construction in progress”

No.	**Transaction content**	**Correspondence of accounts**	
		Debit	**Credit**
1	Attribution at the end of the reporting period to work in progress of costs associated with the production of products (works, services)	1340	8110,831
2	Transfer at the beginning of the reporting period of the value of work in progress to the accounts of production accounting	8110,8310	1340

3	Reflection of losses from natural disasters	7470	1340
4	Write-off of work in progress in connection with the termination of the organization's activities	7510	1340

Correspondence of accounts of standard transactions under account 1360 “Stocks for wrire-off of inventory”

No.	Transaction content	Correspondence of accounts	
		Debit	**Credit**
1	There have been formed stocks for write-off of inventory	7420	1360
2	Write-off of the inventory cost due to its impairment	1360	1310,1320,1330, 1350

3.6. Accounts receivable and accounts payable

Definition

Accounts receivable from a legal entity represent claims on third parties for cash consideration for services/goods provided in the ordinary course of business. Accounts receivable arise both in connection with the academic and scientific, and in connection with the infrastructural activities of a legal entity.

Classification

Accounts receivable of a legal entity are classified as follows:

1) Accounts receivable of students for tuition arising from the recognition of student debt for tuition and other student services.

2) Accounts receivable arising in connection with the receipt of funds allocated by a legal entity:

• for the provision of educational services within the framework of contractual relations with state bodies and state institutions;

• for the provision of educational services under concluded agreements with legal entities (except for state institutions) and individuals;

• activities support (methodology, administrative);

• to provide social support to students in higher and postgraduate education programs (scholarships, travel, assistance to orphans, etc.);

• for scientific and research activities: fundamental and applied scientific research;

• for the provision of professional development services.

3) Accounts receivable of employees.

4) Receivables for rent.

5) Other accounts receivable.

Accounts receivable are divided into short-term and long-term depending on the maturity. Accounts receivable that according to the agreement will be recovered within more than one year, are recognized as long-term at the reporting date and are disclosed in the item "Long-term accounts receivable".

Recognition

Accounts receivable are initially recognized at the fair value, i.e. the actual value of the remuneration received.

The Company recognizes receivables on an accrual basis, i.e. the results of transactions and other events are recognized when they occur and are accounted for in that reporting period, as well as reflected in the financial statements of the periods in which they occur.

Accounts receivable and accounts payable are not subject to offset, unless the legal entity:

• has a legally enforceable right to offset the amounts recognized in the balance sheet;

• intends to either settle on the net balance or to realize the asset and settle the liability at the same time.

The basis for offsetting is the presence of both of the above criteria.

The amount of the specific provision is calculated separately for each doubtful debt.

As of the reporting date, the Company assesses the existence of objective signs of impairment of receivables:

- information on significant financial difficulties of the debtor (including the probability of bankruptcy);
- actual violation of the contract, refusal or evasion of payment of debts;
- provision by the Company of preferential conditions for economic or legal reasons related to the financial difficulties of the debtor, which the Company would not have done under any other circumstances;
- objective evidence of a significant decrease in the future cash flow of the group of debtors since the initial recognition of the receivable, even if this decrease cannot yet be associated with a specific debtor in the group.

Provision for doubtful receivables

A legal entity, in the event of uncertainty regarding the receipt of income already included in the revenue from the services provided, goods sold, the shortfall in payment or payment, the probability of which is equal to zero, is recognized as doubtful receivables for which a reserve is formed for doubtful claims in terms of the amount of receivables, the terms of which (according to the agreements) expired.

Accounts receivable, unpaid or outstanding within the period established by the contract or legislation, not secured by appropriate guarantees, is recognized as doubtful.

If bad and doubtful receivables are probable and can be estimated, they are recognized. The compliance principle requires that losses from doubtful receivables be recognized in the reporting period in which the sale occurs. Estimated receivables are recognized as an expense for doubtful debts.

The reserve for bad and doubtful receivables is formed on the basis of the method of accounting for receivables by the period of their occurrence. For each term of indebtedness, a percentage is determined, on the basis of which the reserve is accrued.

Below there is a table of provision for bad and doubtful receivables by periods of delay. If there is insufficient information to assess the solvency of the debtor, the legal entity is guided by professional judgment to assess the amount of the reserve.

Overdue accounts receivable	Percentage of reserve accrual to principal debt
From 45 to 90 days	30%
More than 90 days	50%
More than 12 months	100%

As of the reporting date, the legal entity assesses the presence of objective evidence of impairment of receivables:

1) the information of significant financial difficulties of the debtor (including the likelihood of bankruptcy);

2) actual violation of the contract: refusal or evasion of debt payment;

3) provision by a legal entity of preferential conditions for economic or legal reasons related to the financial difficulties of the debtor, which the legal entity would not have implemented under any other circumstances;

4) objective evidence of a significant decrease in the future cash flow of a group of debtors since the initial recognition of receivables, even if this decrease cannot yet be associated with a specific debtor in the group.

The terms agreed by the parties for the delivery of finished products (goods, works and services) or settlements are not considered overdue.

Write-off of bad and doubtful receivables

A debt is recognized as bad and doubtful, for which the limitation period established by the current legislation has expired, or the receipt of which is recognized as impossible due to the refusal of the court to satisfy the claim or due to the insolvency of the debtor. Bad and doubtful debts are written off in accordance with the legislation of the Republic of Kazakhstan.

Bad and doubtful receivables is subject to write-off at the expense of the amount of the previously formed stocks. If the amount of the formed provision is less than the debt write-off, then the amount of excess debt over the previously formed provision is written off directly to the expenses of the statement of comprehensive income.

Reserve amounts not fully used to cover bad and doubtful debts in the current period are carried over to the next period. The newly formed reserve takes into account the balance carried over from the previous period, and the difference is reflected as an accrual of expenses for the reporting period. If the newly created reserve is less than the amount of the reserve carried over from the previous period, the difference is subject to recovery as part of other expenses of the current period.

Accounts receivable recognized as bad and doubtful are written off at the expense of the amount of the previously formed provision for depreciation from account 1290 “Reserves for doubtful claims” if there is an order of the head of the legal entity and/or a written justification (act)**.**

If the reserve is insufficient, the write-off occurs directly to the profit and loss accounts.

The reserve for doubtful claims is formed on the basis of the results of the inventory of receivables, conducted at the end of the reporting period by the maturity of the debt. The inventory commission, by documentary verification of settlements with buyers and other debtors, verifies the correctness and validity of the amounts of receivables, including the amounts of receivables for which the limitation period has expired. When conducting an inventory of accounts receivable, the causes or perpetrators of its occurrence are established, the reality of receipt and the measures taken to pay it off, reconciliation acts or other documents confirming work with debtors are checked.

The inventory report should list the names of the accounts that have undergone an inventory and indicate the amounts of unconfirmed, doubtful receivables and bad debts for which the statute of limitations has expired.

A certificate is attached to the act of inventory of settlements, which contains the names, addresses of debtors, the amount of debt, for what it arose, from what time and on the basis of what documents. Data on uncollected overdue receivables and violations of settlement discipline reflected in the statement:

Name		Date of the debt occurrence	Amount	Overdue, number of days/months/years as of the reporting date	Amount of reserve (%) of the principal debt amount	Amount of really formed reserve	Reason for the debt occurrence	Lawyer’s conclusion of the porssibility of the debt collection
Account	Debtor							
	2			5	6	7	8	9

The reserve for doubtful claims is formed on the basis of the results of an inventory of receivables conducted at the end of the reporting year using the method of accounting for accounts by payment terms, and is accounted for on account 1290 “Reserve for doubtful claims”.

The amount of the allowance for doubtful debts not fully used in the reporting period to cover losses on bad debts, can be transferred to the next reporting period. In this case, the amount of the newly formed reserve should be adjusted for the amount of the balance of the reserve of the previous reporting period.

If the accounts receivable written off earlier are paid in subsequent reporting periods, then it is recognized as income in the period when such payment occurred.

Derecognition

The Company derecognises receivables when the contract for receiving funds on this asset is terminated or when the legal entity transfers the right to receivables to a third party, i.e. transfers the contractual rights to receive cash or the risks and rewards of the contractual rights associated with the receivable.

If neither the risks, nor the rewards of the contractual rights, nor the contractual rights to receive cash, have been transferred, the entity determines that it has control over the receivable.

Receivables continue to be recognized if the entity continues to control the receivable to the extent that it is involved in the management of the asset.

In the event of loss of control over receivables, their recognition in accounting is terminated with simultaneous recognition of the corresponding assets or liabilities resulting from the transfer of rights to receivables.

Accounts payable

Definition

Accounts payable is the debt of a legal entity to counterparties for transactions of a current and capital nature.

Classification

For the purposes of preparing financial statements, a legal entity distinguishes the following types of accounts payable:

1) Accounts payable that arise from the recognition of debt on assets and services received in the course of core and other activities.

2) Accounts payable that arise in connection with the calculations of taxes and fees, i.e. includes amounts payable for tax liabilities.

3) Accounts payable that arise from accrued expenses.

4) Other accounts payable are as follows: accrued payroll expenses and related taxes; interest charges; other accounts payable.

5) Advances received: a) under state grants; b) on account of the future provision of works and services.

Recognition

Accounts payable are initially recognized at the fair value, i.e. are measured at the cost of the assets or services received.

Disclosure in financial statements

For receivables, the following information is disclosed:

• breakdown of long-term receivables;

• analyzing long-term accounts receivable by currency and maturity;

• breakdown of the amount of current accounts receivable by the following groups:

• accounts receivable for core activities;

• VAT and other taxes recoverable;

• deposits;

• advances issued;

• other accounts receivable;

• analyzing receivables for core activities and advances issued by currency;

• the amount not from the amortized discount on long-term receivables;

• impairment of current and long-term receivables recognized as an expense during the period;

• the amount of receivables pledged as security for obligations.

The following information is disclosed in relation to accounts payable:

Breakdown of the amount of accounts payable by the following groups:

• accounts payable for core activities;

• advances received;

• accrued expenses;

• other accounts payable;

• analyzing accounts payable for core activities by currency;

• analyzing long-term accounts payable by maturity.

The amount of allowance for doubtful and bad debts is not shown separately in the statement of financial position. This amount reduces the relevant items on the financial position containing the information of receivables, for which a provision has been formed.

In the event of an offset (accounts receivable and payable/financial instruments), the following information is disclosed:

• Gross amounts recognized as financial assets (accounts receivable) and financial liabilities (accounts payable);

• amounts that were offset;

• the net amounts presented in the statement of financial position;

• amounts that are the subject of a netting agreement or similar arrangement that have not yet been offset.

This disclosure must be presented in a tabular form, separately for financial assets and financial liabilities, unless another form is more appropriate.

The notes should also disclose a description of the rights to set off under the netting agreement or similar arrangements including the nature of such rights.

Correspondence of standard transaction accounts under subsection 1200 "Short-term accounts receivable"

No.	Transaction content	Correspondence of accounts	
		Debit	**Credit**
1	Sales of products and services to customers and clients, subsidiaries, associated and joint organizations, branches and structural divisions:		
	- on the contractual cost	1210, 1220, 1230, 1240	6010
	- for the amount of VAT	1210, 1220, 1230, 1240	3130
2	Increase in short-term accounts receivable of buyers and customers, subsidiaries, associates and joint organizations, branches and structural divisions in foreign currency as a result of changes in the market exchange rate	1210, 1220, 1230, 1240	6250
3	Payment for subsidiaries, associated and joint organizations, branches and structural divisions	1220,1230, 1240	1010, 1030 1050,1060
4	Reflection of the current part of long-term accounts receivable of buyers and customers, subsidiaries, associated and joint organizations, branches and structural divisions	1210, 1220, 1230, 1240	2110,2120, 2130, 2140
5	Receipt of payments from buyers and customers for products sold and services rendered, as well as for intangible assets sold, fixed assets, real estate investments, financial investments and other assets	1010, 1030	1210
6	Receipt of payments from subsidiaries, associated and joint organizations, branches and structural divisions	1010, 1030	1220, 1230, 1240
7	The debts of buyers and customers, subsidiaries, associated and joint organizations, branches and divisions are listed, but the money has not been credited to the current account by the end of the month (funds are on the way)	1020	1210, 1220 1230, 1240
8	The short-term accounts receivable of buyers and customers, subsidiaries, associated and joint organizations, branches and structural divisions within and at the expense of their short-term accounts payable for purchased assets and consumed services, if there is a reconciliation report, are offset	3310, 3320, 3330,3340	1210, 1220 1230, 1240
9	the previously received short-term advance from buyers and customers, subsidiaries, associated and joint organizations, branches and structural divisions is calculated on account of debts for the inventory and services supplied to them	3510	1210, 1220 1230, 1240
10	Cancellation of accounts receivable of buyers and customers, subsidiaries, associated and joint organizations, branches and structural divisions for returned products:		
	- on the contractual cost	6020	1210, 1220 1230, 1240

	- for the amount of VAT	3130	1210, 1220 1230, 1240
	- for the amount of discounts provided	1210,1220, 1230, 1240	6030
11	Providing discounts on prices and sales to buyers and customers, subsidiaries, associated and joint organizations, branches and structural divisions:		
	- on the contractual cost	6030	1210, 1220 1230, 1240
	- for the amount of VAT	3130	1210, 1220 1230,1241
12	Reduction of short-term accounts receivable of buyers and customers, subsidiaries, associates and joint organizations, branches and structural divisions in foreign currency as a result of changes in the market exchange rate	7430	1210, 1220 1230, 1241
13	Issuing money to a sub-account for the acquisition of assets, for payment of services, business trips, etc.	1250	1010, 1030 1060
14	Provision of short-term loans to employees	1250	1010,1031
15	Allocation of the current part of long-term accounts receivable of employees	1250	2150
16	Damage found guilty by a person or awarded for recovery by a court (shortage, theft, damage, etc.)	1250	1010,1310, 1320, 1330, 1350,2410 2510, 2520 and etc.
17	Repayment of debt by accountable persons	1120 - 1150,	1250
		1310, 1330,	
		1350, 2410,	
		2510, 2520,	
		2730 and etc.	
18	Refund of amounts unspent by accountable persons; amounts recovered from the perpetrators for the damage caused, as well as the amounts of payments received from the employee-borrower	1010,3350	1250
19	Rent payable on operating leases	1260	6260
20	Fines, penalties, penalties for operating leases that are subject to receipt	1260	6280
21	Allocation of the current part of the long-term accounts receivable for the financial lease of the asset	1260	2160
22	Repayment of short-term lease debt	1010,1030, 1020,1050	1260
23	Accrual of short-term interest receivable on investments held to maturity, held for trading, available for sale	1270	6110,612
24	Accrual of remuneration on deposits, loans granted, promissory notes received, trust management	1270	6110
25	Accrual of financial lease fees	1270	6130
26	Repayment of arrears on accrued remuneration	1010, 1030	1270

27	Receipt of promissory notes for products and services sold to buyers and customers, subsidiaries, associates and joint organizations, branches and structural divisions, as well as for intangible assets sold, fixed assets, financial investments and other assets	1280	1210, 1221 1230, 1240
28	Repayment of buyers' debts on promissory notes	1010, 1030	1280
29	The occurrence of accounts receivable as a result of the sale of a structural unit whose activities were discontinued or liquidated	1210	6310
30	The occurrence of accounts receivable for the return of defective materials, goods	1280	1310, 1330, 1350
31	Amount mistakenly debited from bank accounts	1280	1030, 1060
32	The amounts of claims filed against suppliers and contractors, transport and other organizations for detected inconsistencies, shortages of inventory, excess losses	1280	1310, 1330,1350
33	Occurrence of accounts receivable for compensation of losses from emergency situations (under the insurance contract)	1280	7470
34	Receipt of payments for the repayment of other receivables	1010,1020, 1030	1280
35	Creation of a reserve for doubtful claims	7440	1290
36	Write-off of bad debts of buyers and customers, subsidiaries, associated and joint organizations, branches and structural divisions at the expense of the provision for doubtful claims	1290	1210, 1220, 1230, 1240
37	Repayment of written-off accounts receivable in the period when it was written off:		
	a) recovery of accounts receivable of buyers and customers, subsidiaries, associated and joint organizations, branches and structural divisions written off at the expense of the provision for doubtful claims	1210, 1220, 1230, 1240	1290
	b) debt repayment	1010, 1030	1210, 1220, 1230, 1240
38	Adjustment of the amount of the formed reserve for doubtful claims as a result of its reduction (in the reporting period when the reserve for doubtful claims was formed)	1290	7440

Correspondence of standard transaction accounts under account 1610 "Short-term advances issued"

No.	Transaction content	Correspondence of accounts	
		Debit	Credit
1	Advance payment for the supply of inventories, for the performance of works and the provision of services, etc.	1610	1010, 1030, 1060
2	Increase in accounts receivable on advances issued in foreign currency as a result of changes in the market exchange rate	1610	6250
3	Refund of unused amounts of previously issued advance	1010, 1020, 1030	1610
4	offset of previously issued advances to repay debt to	3310 - 3330	1610

	suppliers, subsidiaries, associates and joint ventures		
5	Decrease in accounts receivable on advances issued in foreign currency as a result of changes in the market exchange rate	7430	1610

Correspondence of standard transaction accounts under the subsection Section Financial assets and liabilities.

Acquisition of financial assets at purchase value, inclusion of expenses in the cost of financial assets	1120, 1130, 1140, 1150, 2020, 2030, 2040	3310, 3390, 4110, 4170
Increase in the carrying amount of financial assets as a result of revaluation	2020, 2030, 2040	5320
Recovery of the previously written-off amount of reduction in the value of long-term financial assets with an increase in their value	2020, 2030, 2040	6150
Income from changes in the current value of financial assets	1120, 1130, 1140, 1150	6150
Additional charge of the difference between the purchase and nominal value of the bond, if the purchase value is lower than the nominal value	1120, 1130, 1140, 1150	6110
Decrease in the carrying amount of financial assets as a result of revaluation within the amounts of previously performed revaluation	5320	2020, 2030, 2040
Decrease in the carrying amount of financial assets as a result of revaluation in excess of the amounts previously revalued	7470	2020, 2030, 2040
Write-off of the carrying amount of financial assets on disposal	7410	1120, 1130, 1140, 1150, 2020, 2030, 2040
Write-off of the revaluation amount on disposal of financial assets	5320	5410
Write-off of the difference between the purchase and nominal value of bonds, if the purchase value is higher than the nominal value	7470	1120, 1130, 1140, 1150, 2020, 2030, 2040
Expenses from changes in the current value of financial assets	7330	1120, 1130, 1140, 1150
Transferred (reclassified) short-term financial assets available for sale to trading at fair market value	1120	1140
Transferred (reclassified) financial assets held for trading to available-for-sale financial assets at fair market value	1140	1120
Non-current financial assets available for sale have been transferred to non-current financial assets held to maturity	2020	2030
Non-current financial assets held to maturity have been transferred to non-current financial assets available for sale	2030	2020
Short-term financial assets held for trading have been	2020	1120

transferred to long-term held-to-maturity		
Receiving money from the placement of bonds	1040	3020, 4020
Occurrence of accounts payable on acquired financial liabilities	1040	3390, 4170
Reflection of excess of the cost of placement of bonds over the nominal value	3020, 4020	6280
Reflection of the excess of the nominal value of the bonds over the cost of placement	7470	3020, 4020
Repayment of bonds	3020, 4020	1040
Exchange of bonds for shares	3020, 4020	5020
Repayment of financial liabilities	3390, 4170	1040
Expenses from changes in the current value of financial liabilities	7330	3020, 4020, 3390, 4170
Income from changes in the current value of financial liabilities	3020, 4020, 3390, 4170	6150

3.7. Cash

Definition

The monetary funds of a legal entity are:

1) cash on hand;
2) money in current accounts in banks;
3) cash equivalents in the form of short-term highly liquid investments, which: can be easily converted into a known amount of cash and are practically not exposed to the risk of changes in value.

Cash equivalents are short-term highly liquid investments that must meet the following criteria:

it is easy to convert into a pre-known amount of money;

have a short maturity so that their market value is not sensitive to interest rate fluctuations (for example, debt securities with an initial maturity of no more than three months).

The cash equivalent corresponding to the above conditions includes deposits with a maturity of up to three months.

The Company places temporarily available funds on a deposit account with the bank in accordance with the current regulations and legislation of the Republic of Kazakhstan. After the deposit account is closed, funds, including remuneration, are transferred to the settlement account of the legal entity.

Funds placed on deposit accounts for a period of more than three months are a financial asset and are divided into short-term (up to 12 months from the date of placement) and long-term (over 12 months from the date of placement).

They are recorded as short-term or long-term assets depending on the limitation period (for example, cash in the form of a liability) for the acquisition of an asset or as collateral for subsequent loan payments, cash seized or blocked by a court decision, tax authorities), and separate disclosure is provided in the notes to the financial statements for these amounts.

Accounting policy

Classification

Cash and cash equivalents are classified as follows:

NO.	ACCOUNT NUMBER AND NAME	PURPOSE OF THE ACCOUNT
	1010 "Cash on hand"	generalization of information about the availability and cash flow in the cash register of a legal entity.
	1020 "Cash on the way"	generalization of information about the flow of funds (transfers) in transit.
	1030 "Cash on current accounts bank accounts"	generalization of information on the availability and cash flow in tenge on the settlement accounts of a legal entity.
	1040 "Currency accounts"	generalization of information on the availability and flow of funds in foreign currencies on foreign currency accounts of a legal entity.
	1050 "Cash on savings accounts"	generalization of information on the availability and flow of funds on deposit accounts in order to extract additional income
	1060 "Other cash"	"Bank overdraft" is a loan provided by a bank of a legal entity in the absence or shortage of funds on its current accounts in the amount necessary for payment of payment orders and other payment documents

Cash on current bank accounts

The procedure for making and processing transactions in the bank is regulated by internal regulatory documents of second-tier banks. Transactions on current accounts are reflected in accounting on the basis of original bank statements, or bank statements received through an Online Bank with an electronic seal (facsimile version).

Settlements on current accounts are carried out separately for each type of currency. Account balances in foreign currency are revalued at the current exchange rate at the date of the financial statements.

Exchange differences arising from the revaluation of cash balances on accounts in foreign currency at the date of the financial statements should be recognized as income or expenses in the period of its occurrence and reflected in the Income Statement.

Bank transactions are carried out on accounts 1020 "Cash in transit", 1030 "Cash on current accounts bank accounts", 1040 "Currency accounts", 1050 "Cash on savings accounts". The following documents are used for processing transactions on the current account:

- cheque;
- cash deposit announcement;
- payment order.

Corrections are not allowed in cash and bank documents. Bank statements are generated and checked according to the documents attached to them.

For settlements on remuneration with employees of a legal entity and the issuance of funds for economic needs to the sub-account, it can be made by concluding an agreement with the bank on the opening of card accounts.

The commission fee to the bank for crediting funds to card accounts is carried out at the expense of a legal entity.

The reconciliation process for settlement (currency) accounts provides for the following:

1. Revision of all funds withdrawn from the current account and not reflected in the accounting. These may be bank fees and commissions for conducting banking operations.
2. Their reflection in accounting.

3. Comparison of balances on the settlement (currency) account according to bank statements and balances according to accounting data.

4. For operations on undelivered transfers or checks, it is necessary to take into account the difference in time zones and the reflection of such operations is carried out on the account 1020 "Money in transit".

5. The reconciliation report on the movement and balances of funds must have the reconciliation date and the signature of the parties: the bank and the legal entity.

In the financial statements of a legal entity, it discloses the amount of significant cash balances that are not available for use, including:

Cash on the way;

Cash in transit includes funds transferred to the current account, but not received at the reporting date. In addition, cash in transit also includes the conversion of funds from one currency to another, which is subject to accounting at the market rate at the date of the transaction.

Cash on hand

Conducting cash transactions in a legal entity is carried out in accordance with the approved and established requirements of regulatory legal acts of the Republic of Kazakhstan. Cash transactions are reflected in the account 1010 "Cash on hand in tenge", 1020 "Cash on the way".

The cashier's report and the cash register are compiled using the program 1 With "Accounting". The cash register must be laced, numbered and sealed. Erasures and blots in the cash register are not allowed. The accountant-cashier bears full financial responsibility for the safety of all the values accepted by him.

Cash disbursement is carried out according to cash flow orders and payslips for the intended purpose, which are signed by authorized persons for the right to sign financial documents. A receipt for receiving money is allowed only when making out with your own hand, with a ballpoint pen indicating the amount received in words and figures. If the issue is carried out by proxy, then the cashier makes an entry in the payroll "by proxy".

Cash withdrawal to the sub-report is made;

- for expenses related to official business trip, within the limits of the amounts due to the person on business trip for these purposes;
- for trabsaction, economic and representative expenses – on the basis of a memo or an order of the Head of the legal entity within and for the period specified in the employee's memo.

At the same time , a record is made:

Debit 1250 "Short-term accounts receivable of employees"	Credit 1010 "Cash on hand"

Unused accountable amounts must be deposited to the cashier no later than 5 days after the end of the period for which they were allocated.

The issue of money to the sub-report is subject to a full report on the amounts previously issued to the sub-report.

The procedure for accepting and issuing cash and processing cash documents.

Acceptance of cash in the cash register of the subject is made according to the receipt cash order, the form of which is approved by the authorized state body signed by the chief accountant or a person authorized by the management of the legal entity.

When accepting cash, a receipt is issued signed by the chief accountant or a person authorized by the management of the legal entity and the cashier, certified with a seal.

Cash withdrawal from the cash register is carried out according to an expense cash order, the form of which is approved by the authorized state body. The expense order is signed by the management of the legal entity, the chief accountant or a person authorized by the management of the legal entity, and the cashier.

When issuing money to an individual on an expense order or payroll, the cashier requires the presentation of a recipient's identity document (passport or citizen's identity card), records the name and number of the document, by whom and when it was issued.

The recipient of the money signs the expense order or statement with his own ink (ballpoint pen).

The issuance of cash to persons who are not on the list of the entity is carried out according to expenditure orders issued separately for each person, or according to a separate statement on the basis of concluded contracts.

The cashier issues cash only to the person specified in the spending order or payroll. If the money is issued by a power of attorney executed in accordance with the established procedure, the surname, first name, patronymic and name, number, date and place of issue of the identity document of the person entrusted with receiving and the actual recipient of cash are indicated in the text of the order. The power of attorney remains with the cashier and is attached to the spending order.

Payment of labor, payment of temporary disability benefits, scholarships, bonuses on payslips is made by the cashier without drawing up an expense order for each recipient.

For the total amount of cash issued, one spending order is drawn up, the date and number of which is affixed to each payroll.

On the title (capital) sheet of the payroll, a permissive inscription is made on the issuance of cash, signed by the management of the legal entity and the chief accountant, indicating the timing of the issuance of cash and the amount in words.

To account for cash and cash equivalents issued from the cash register to the authorized person (distributor) for the payment of wages and the return of the remaining cash and paid documents, a book of accounting for cash and cash equivalents accepted and issued by the cashier is used, the form of which is approved in accordance with the established procedure.

The expense orders indicate the basis for their compilation and list the documents attached to them. Spending orders or payslips are not issued to persons receiving cash.

Upon receipt of incoming and outgoing orders or payslips, the cashier checks:

1) the presence and authenticity of the signature of the chief accountant on the documents, and on the expenditure order or payroll - the permissive signature of the management of the legal entity;

2) correctness of paperwork;

3) availability of applications listed in the documents.

In case of non-compliance with at least one of these requirements, the cashier returns the documents to the accounting service for proper registration.

The expenditure orders issued to the payroll for the payment of wages are registered after its issuance.

The procedure for maintaining the cash register and storing money

To make cash payments, subjects keep a cash register, the form of which is approved in accordance with the established procedure.

The cash register is numbered, stitched and sealed. The number of sheets in the cash register is certified by the signatures of the chief accountant's management.

Entries in the cash register are kept in two copies. The second copies of the sheets serve as the cashier's report. The first copies of the sheets remain in the cash register. The first and second copies of the sheets are numbered with the same numbers.

With the automated method of conducting cash transactions, the following order is observed: The cash book printed on paper is bound in chronological order.

Entries in the cash register are made by the cashier immediately after receiving or issuing cash for each order or payroll. Every day, at the end of the working day, the cashier calculates the results of operations for the day, withdraws the balance of cash at the cash desk and transmits to the accounting service the cashier's report (the second tear-off sheet of entries in the cash register for the day) with the attachment of cash receipts and expense documents against a receipt in the cash register. At the same time, the cashier checks the cash balance in the cash register with the actual availability of money.

Cash withdrawal from the cash register, without the recipient's signature in the spending order or in the payroll, in justification of the cash balance in the cash register is not accepted. This amount is considered a shortage and is collected from the cashier. Cash, unjustified by receipt orders, is considered a cash surplus and is credited to the income of a legal entity.

The organization of the correct and timely maintenance of the cash register is entrusted to the chief accountant.

All cash, strict accounting forms, securities and other valuables belonging to a legal entity are stored in safes or fireproof metal cabinets. The keys to the safes and metal cabinets are stored at the cashier.

Before opening safes and metal cabinets, the cashier inspects their integrity.

In case of damage, the cashier reports this to the management of the legal entity, which reports the incident to the internal affairs bodies and takes measures to protect the cash register until the arrival of police officers.

In this case, the management of the legal entity, the chief accountant, as well as the cashier, after obtaining the permission of the internal affairs bodies, check the availability of money and other valuables stored in the cash register before the start of cash transactions. An act is drawn up on the results of the inspection in two copies, which is signed by all persons participating in the inspection. The first copy of the act is transferred to the internal affairs bodies, the second remains with the subject.

Within the time limits established by the management of the legal entity and not subject to disclosure, an inventory of the cash register is carried out with a full sheet recalculation of all cash and verification of securities and other valuables in the cash register. To make an inventory of the cash register, by order of the management of the legal entity, a commission consisting of at least three people is appointed, which, based on the results of the inventory, makes up an inventory report in two copies, the form of which is approved in accordance with the established procedure.

If a shortage or surplus is found in the cash register, the amount of the shortage or surplus and the circumstances of their occurrence are indicated in the inventory report.

Cash flow in foreign currency

To reflect the actual amount of cash that can be used for current activities, it is envisaged to create a provision for impairment of cash.

Cash flows arising from transactions in foreign currencies are recorded in the functional currency of the legal entity by applying to the amount in foreign currency the exchange rate between the functional and foreign currencies at the date of the cash flow.

Unrealized gains and losses resulting from changes in foreign exchange rates are not cash flows. However, the effect of changes in exchange rates on cash and cash equivalents available or expected to be received in a foreign currency is presented in the statement of cash flows in order to reconcile cash and cash equivalents at the beginning and end of the reporting period. This amount is presented separately from cash flows from operating, investing and financing activities and includes any differences that would arise if cash flow data were presented in the statements at the exchange rates at the end of the period.

Acknowledgment

Cash is accounted for at face value.

Termination of acknowledgment

Cash and cash equivalents are derecognized at the time of their transfer (transfer), provided that all significant risks and economic benefits from their use have also been transferred, or at the time of loss of control over the cash.

Presentation in the statement of cash flows and disclosure of information

A legal entity provides information on cash flow by direct method:

A direct method in which information about the main types of gross cash receipts and payments is disclosed. The direct method provides information useful for estimating future cash flows, which is not available if the indirect method is used. When using the direct method, information about the main types of gross cash receipts and gross cash payments is generated from the accounts of a legal entity.

In accordance with the direct method, information on the main items of cash receipts and payments can be obtained:

1) from the accounts of a legal entity;

2) by adjusting income, expenses and other items in the statement of comprehensive income for the following:

changes during the period in inventories and operating receivables and payables;

other non-monetary and other items that represent investment or financial cash flows.

The amounts paid (received) on remuneration and corporate income tax are deducted (added) from the resulting amount to determine net cash from operating activities.

The information contained in the cash flow statement makes it possible to judge that:

1) what happened to the organization's funds during the reporting period;

2) at the expense of which types of activities or other sources of financing a legal entity is able to generate cash flow to a greater extent, and at the expense of which to a lesser extent;

3) for what purposes does the legal entity direct the generated funds; is the volume of these movements sufficient to invest in its own assets (real estate, buildings and equipment) in order to expand and optimize its activities (increase its profitability), or does the legal entity direct to maintain its functioning;

4) to what extent non-monetary transactions (transactions that do not require the use of cash), such as depreciation, barter transactions, unrealized gains and losses resulting from changes in exchange rates, affect the level of profitability of the organization, etc.

Classification by type of activity provides information that allows users to assess the impact of this activity on the financial position of a legal entity and the amount of its cash and cash equivalents. This information can also be used to assess the relationship between these activities.

The statement of cash flows reflects cash flows during the period with allocation to operating, investing and financing activities:

Transactional activities.

The flow from transaction activities is mainly derived from the main, income-generating activities of a legal entity and is a key indicator of the ability of a legal entity to generate cash for:

- repayment of loans;
- maintaining and increasing transactional capabilities;
- dividend payments;
- making investments.

Examples of cash flows arising from operating activities:

1) cash receipts from the sale of products, works and services, as well as advances from buyers and customers;

2) cash proceeds from the provision of assets of the organization for operating leases, royalties, fees, commissions and other similar income.

3) cash payments to suppliers of goods, works and services;

4) cash payments to employees and payments made by the organization on behalf of its employees;

5) cash payments or cash compensation of income tax, unless they can be attributed to specific operations of investment or financial activities;

6) cash payments or monetary compensation of other tax payments;

7) cash receipts and payments to the insurance company as insurance premiums and claims payments, annual contributions and other insurance benefits;

8) cash receipts and payments under contracts held for transactions or for trading purposes.

Also, cash payments made for the production or acquisition of assets held for lease to other persons and subsequently held for sale in accordance with IAS 16 "Property, Plant and equipment" are classified as cash flows from operating activities.

Similarly, cash proceeds from the lease and subsequent sale of such assets are also cash flows from operating activities.

The statement of cash flows from operating activities, which reflects information on cash flows arising from operating activities, is prepared using the direct method.

The essence of the direct method is that the main types of cash receipts and payments related to the operating activities of a legal entity are consistently disclosed.

Investment activity

Investment activity - acquisition and disposal of long-term assets and other investments not related to cash equivalents.

Separate disclosure of information on cash flows from investing activities is of some importance, since it shows what expenses were incurred in order to acquire resources intended to generate future income and cash flows. Only those expenses that entail the recognition of an asset in the statement of financial position can be classified as investment activities.

Examples of cash flows from investing activities are:

1) Receipt of funds, including:

sale of fixed assets;

realization of intangible assets;

sale of other long-term assets;

realization of equity instruments of other enterprises;

implementation of debt instruments of other organizations;

sale of other financial assets;

dividends received;

fees received;

other receipts.

2) Cash outflow, including:

acquisition of fixed assets;

acquisition of intangible assets;

acquisition of other long-term assets;

acquisition of other financial assets;

provision of loans;

other payments.

The Company must separately (without offsetting) present the main types of cash receipts and cash payments arising from the implementation of investment activities, except in cases where cash flows are presented on the basis of net offsetting. Separate presentation of the main types of cash receipts and cash payments means that the entire volume of cash flows, both incoming and outgoing from the organization, is presented in the reporting, even if these receipts and departures are related to the implementation of the same transaction (for example, the purchase and sale of the same securities within the same the reporting period).

To determine the amount of cash receipts and payments from investment activities, you can use information about these transactions taken directly from accounting registers or from explanatory notes and notes to financial statements.

Financial activities

Financial activity is an activity that leads to changes in the amount and composition of equity and loans of a legal entity.

Separate disclosure of information on cash flows from financial activities is of great importance, since this information is useful in predicting claims for future cash flows of a legal entity from those who finance it.

Examples of cash flows from financing activities are:

1) Receipt of funds, including;

issue of shares and other financial instruments

obtaining loans

fees received

other receipts

2) Cash outflow, including:

repayment of loans;

payment of the participant's income (the standard of distribution of net income);

cash payments of the lessee to reduce outstanding financial lease debt;

other outflow.

The Company must separately (without offsetting) present the main types of cash receipts and payments arising from the implementation of financial activities (except in cases where cash flows are presented on the basis of net offsetting). Separate presentation of the main types of cash receipts and payments means that the entire volume of cash flows, both incoming and outgoing from the organization, is presented in the reporting, even if these receipts and departures are related to the implementation of the same transaction (for example, receipt and repayment of a short-term loan within the same reporting period).

After the information about the funds received /spent in the implementation of financial activities is obtained on the basis of an extract from the accounting registers, it is necessary to check the completeness of this information. To do this, the accounts of liabilities and equity involved in operations are "restored": the balances at the beginning and end of the reporting period are known, the debit and credit turnover are entered on the basis of the information received. If the restored accounts do not contain errors, it means that the information has been extracted from the registers completely.

In addition to the above-mentioned method, information on cash flows from financial activities can be obtained on the basis of an analysis of changes in equity and liabilities related to financial activities and income statement items and notes to them.

The section "Cash and cash equivalents" establishes requirements for the presentation and disclosure of information on cash flows.

Notes should:

1. provide information about the basis for the preparation of financial statements and the accounting policies used;

2. disclose the information required by this accounting policy, which is not presented in any other financial statement;
3. provide information that is not presented in any other financial statement, but is relevant for the purpose of understanding any of these reports.

Correspondence of accounts of standard transactions under the section "Cash"

On account 1030 "Cash on current bank accounts"

Trabsaction content	*Correspondence of accounts*	
	Debit	*Credit*
Receipt of cash		
From the cash register	1030	1010
Registered in transit, including from the sale of foreign currency	1030	1020
Invested in deposit and savings accounts in banks	1030	1050
Unused balances of the letter of credit, funds on checkbooks	1030	1060
On account of repayment of loans granted to other organizations:		
- short-term	1030	1110
- long-term	1030	2010
On account of repayment of accounts receivable of buyers and customers:		
- short-term	1030	1210
- long-term	1030	2110
On account of repayment of short-term accounts receivable:		
- of subsidiaries	1030	1220
- of associates and joint organizations	1030	1230
- of branches and structural divisions	1030	1240
- of employees	1030	1250
- on lease payments	1030	1260
- on accrued fees to be received	1030	1270
- other short-term accounts receivable	1030	1280
Refund of excessively listed tax amounts from the budget	1030	1410,1420, 1430
Refund by suppliers and contractors of unused amounts of previously issued advance:		
- short-term	1030	1610
- long-term	1030	2910
On account of repayment of long-term accounts receivable:		
- of subsidiaries	1030	2120
- of associates and joint organizations	1030	2130
- of employees	1030	2150
- on lease payments	1030	2160
- on accrued fees to be received	1030	2170
- other short-term accounts receivable	1030	2180
On loans received:		

- short-term	1030	3010,3020
- long-term	1030	4010,4020
Received from the placement of bonds:		
- short-term	1030	3050
- long-term	1030	4030
Reflection of the amount mistakenly credited to the current account	1030	3390
On the advances received:		
- short-term	1030	3510
- long-term	1030	4410
On account of income related to future reporting periods	1030	3520
From subsidiaries, associated and joint organizations, branches:		
- in the form of short-term accounts payable	1030	3320 - 3340
- in the form of long-term accounts payable	1030	4120 - 4130
On account of payment of issued shares (participation shares), contributions to the authorized capital	1030	5110
From the sale of previously repurchased shares	1030	5210
For products sold (services rendered in cash):		
- on the cost without VAT	1030	6010
- for the amount of VAT	1030	3130
In the form of income on financial assets (deposits, loans, etc.)	1030	6110
In the form of income from dividends on equity securities	1030	6120
From the sale of assets (fixed assets, intangible assets, inventories of financial assets):		
- on the cost without VAT	1030	6210
- for the amount of VAT	1030	3130
On the received state subsidies	1030	6230
On account of repayment of doubtful debts written off in previous reporting periods:		
- for the amount of debt	1030	6280
- for the amount of VAT	1030	3130
Reflection of a positive exchange rate difference as a result of changes in the market exchange rate	1030	6250
Withdrawal of funds to the cashier	1010	1030
Transferred for the purchase of foreign currency	1020	1030
Transferred to the replenishment of savings and deposit accounts	1050	1030
Transferred to letters of credit, replenishment of checkbooks	1060	1030
Loans have been provided to organizations		
- short-term	1110	1030
- long-term	2010	1030
Short-term financial assets (promissory notes, bonds,	1120	1030
shares, etc.) were acquired in order to profit from short-term price fluctuations		

Short-term financial investments have been acquired:		
- held-to-maturity	1130	1030
- available for sale	1140	1030
- other short-term financial investments	1150	1030
The amount of money mistakenly debited by the bank	1280	1030
Advance payments to suppliers, contractors, landlords, etc. are listed:		
- short-term	1610	1030
- long-term	2910	1030
The amount of insurance payments (premiums) of the insurance company under the insurance contract for the upcoming periods has been transferred	1620	1030
The cost of subscription to periodicals, etc. are listed	1620 or 7210	1030
Acquired long-term financial investments:		
- held-to-maturity	2020	1030
- for sale	2030	1030
- other long-term financial investments	2040	1030
The cost of equipment requiring installation has been paid	2930	1030
Transferred to the account of repayment of financial obligations:		
- short-term (by their types)	3010, 3020, 3040, 3050	1030
- long-term (by their types)	4010,4020,4030	1030
Transferred to the account of repayment of accounts payable on dividends and income of participants	3030	1030
Transferred to the account of repayment of tax arrears	3110-3190	1030
Transferred to the account of repayment of arrears on other (other) mandatory and voluntary payments	3210 - 3240	1030
Transferred to the account of repayment of short-term accounts payable:		
- to suppliers and contractors	3310	1030
- to subsidiaries	3320	1030
- to associated and joint organizations	3330	1030
- to branches and structural divisions	3340	1030
- on lease payments	3360	1030
- in the current part of long-term accounts payable	3370	1030
- for fee payable	3380	1030
- other short-term accounts payable	3390	1030
Money is transferred to employees' card accounts - wages, travel expenses and other purposes	1040	1030
Written off in repayment of warranty obligations for warranty repair and maintenance within the period of the issued guarantees	3410,4210	1030
Refund of unused advance amount:		
- short-term	3510	1030
- long-term	4410	1030

Transferred to the account of repayment of long-term accounts payable:	4110	1030
- to suppliers and contractors	4130	1030
- to associated and joint organizations	4140	1030
- on lease payments	4150	1030
- for fee payable	4160	1030
- other long-term accounts payable	4170	1030
The value of own shares repurchased from shareholders is listed	5210	1030
The cost of the goods returned (previously paid for) by the buyer has been paid	6020	1030
Court and arbitration fees, fines, penalties, penalties, bank services have been paid	7470	1030
Reflection of a negative exchange rate difference as a result of changes in the market exchange rate	7430	1030

On account 1010 "Cash on hand"

Transaction content	*Correspondence of accounts*	
	Debit	*Credit*
Receipt of funds to the cash register:		
from current savings and other bank accounts	1010	1030, 1050, 1060
On account of repayment of accounts receivable of buyers and customers:		
- short-term	1010	1210
- long-term	1010	2110
On account of repayment of short-term accounts receivable:		
- of subsidiaries	1010	1220
- of associates and joint organizations	1010	1230
- of branches and structural divisions	1010	1240
- of employees	1010	1250
- on lease payments	1010	1260
- for fee payable	1010	1270
- other debt	1010	1280
On account of repayment of long-term accounts receivable:		
- of subsidiaries	1010	2120
- of associates and joint organizations	1010	2130
- of employees	1010	2150
- on lease payments	1010	2160
- other debt	1010	2180
On account of income for future periods	1010	3520
On account of the contribution to the authorized capital	1010	5110
From the sale of previously repurchased shares:		
- at par value (placement cost)	1010	5210
- in the amount of excess of the sale value over the nominal value	1010	5310

for products sold (services rendered):		
- on the cost without VAT	1010	6010
- for the amount of VAT	1010	3130
From the sale of assets (fixed assets, intangible assets, inventories, financial assets):		
- on the cost without VAT	1010	6210
- for the amount of VAT	1010	3130
In the form of income from the positive exchange rate difference of the currency in the cash register	1010	6250
On account of repayment of doubtful debts written off in previous reporting periods:		
- for the amount of debt	1010	6280
- for the amount of VAT	1010	3130
In compensation for losses under the insurance contract	1010	6280
In the form of excess money in the cash register, identified during inventory	1010	6280
In the form of income received from discontinued operations	1010	6310
The money was deposited to current, savings and other accounts	1030,1050, 1060	1010
Short-term financial investments purchased for sale (except for investments accounted for in accounts 1110 - 1130)	1140	1010
Acquired other short-term financial investments (not accounted for in accounts 1110 - 1140)	1150	1010
Issued in the sub-report to employees	1250	1010
Loans have been issued to employees: - short-term - long-term	1250 2150	1010 1010
A shortage of money in the cash register was revealed, of which: - recognized by the cashier - not recognized by the cashier	1250 7470	1010 1010
The cost of goods, raw materials and materials has been paid:		
- on the cost without VAT	1310,1330, 1350,	1010
- for the amount of VAT	1420	1010
Advances have been made to suppliers and contractors, etc.:		
- short-term	1610	1010
- long-term	2910	1010
Payment of lease payments related to future periods	1620	1010
Acquired long-term financial investments:		
- held to maturity have been acquired	2020	1010
- available for sale	2030	1010
- other long-term financial investments	2040	1010
Acquired other intangible assets with payment from the cash register:		
- on the value of assets without VAT	2730	1010

- for the amount of VAT	1420	1010
Loan obligations have been repaid:		
- short-term	3010,3020, 3040,	1010
- long-term	4010, 4020	1010
Issued to repay accounts payable on dividends and income of participants	3030	1010
Issued to repay short-term accounts payable:		
- to suppliers and contractors	3310	1010
- to subsidiaries	3320	1010
- to associated and joint organizations	3330	1010
- to branches and structural divisions	3340	1010
- on lease payments	3360	1010
- in the current part of long-term accounts payable	3370	1010
- for fees payable	3380	1010
- other short-term accounts payable	3390	1010
Employees' salaries have been issued	3350	1010
Issued to employees to repay overspending on advance reports	3390	1010
Issued to repay long-term accounts payable:		
- to suppliers and contractors	4110	1010
- to subsidiaries	4120	1010
- to associated and joint organizations	4130	1010
- to branches and structural divisions	4140	1010
- on lease payments	4150	1010
- for fees payable	4160	1010
- other long-term accounts payable	4170	1010
Own shares have been bought from shareholders (participants)	5210	1010
Advertising expenses paid:		
- for the cost without VAT	7110	1010
- in the amount of VAT	1420	1010
Court and arbitration costs have been paid	7470	1010
A negative exchange rate difference is recognized	7430	1010

According to the account 1020 "Cash on the way"

Transaction content	*Correspondence of accounts*	
	Debit	*Credit*
Money transfers from the cash register that were not received as intended	1020	1010
Currency conversion into tenge with transfer to a current bank account	1020	1030
Cash to be received from buyers, customers, subsidiaries, associated and joint organizations, branches in transit	1030	1210,1220, 1230,1240
Revenue deposited by the accountable person to the post office, but not credited to the current account in the bank	1020	1250
Advances transferred by the buyer and the customer that are in	1020	3510

transit		
Receipt of money that was on the way	1030	1020
Income from the sale of currency at a price higher than the market exchange rate (exchange rate bias)	1020	6280
Expense from the sale of currency at a price below the market exchange rate (exchange rate bias)	7470	1020

3.8. Finance and operating leases in accordance with IAS 17 “Leasing” and IFRS 16 “Leasing”

Finance and operating leases in accordance with IAS 17* "Leasing*"

General provisions

This section should be used to account for all lease agreements, with the exception of: license agreements, the subject of which are objects such as films, videos, manuscripts, patents and copyrights.

Lease is a contract under which the lessor transfers to the lessee the right to use the asset for an agreed period of time in exchange for a payment or a series of payments.

The asset valuation methods given in IFRS 17 do not apply to:

1) license agreements, patents, copyrights;
2) the objects of property at the disposal of the lessee, which are accounted for as investment real estate;
3) investment property provided by a lessee under an operating lease.

Definitions

Finance leasing is a lease that provides for the transfer of virtually all the risks and benefits associated with the ownership of an asset. Ownership may or may not ultimately be transferred.

Transaction leases are leases other than finance leases. A lease is classified as an operating lease if it does not entail a significant transfer of all risks and benefits associated with ownership.

The beginning of the lease term s the date from which the lessee gets the opportunity to exercise his right to use the asset that is the subject of the lease. This is the date of initial recognition of the lease (i.e. recognition of the relevant assets, liabilities, income or expenses arising from the lease).

Lease term is a non-cancellable period for which the lessee has concluded an asset lease agreement, as well as additional periods for which the lessee has the right to extend the lease of the asset with or without additional payment in accordance with the lease agreement, if at the initial date of the lease it can reasonably be assumed that the lessee exercises such a right.

A reverse (returnable) lease is a lease in which a legal entity sells its equipment to a lessor, and then enters into a lease agreement for the same equipment and gets it back for rent.

Classification

Leases are divided into the following types: financial and operational.

A legal entity is considered in this section as both a landlord and a tenant.

Accounting principles

A finance leasing is a leasing under which the lessor transfers substantially all of the risks and rewards associated with owning an asset. One or more of the following criteria must be met:

- the lease agreement provides for the transfer of ownership of the asset to the lessee at the end of the lease term;

- the lease agreement (provides for the right of the lessee to purchase the asset at a price significantly below the market price (and at the beginning of the lease term, there is confidence that this right will be exercised);
- the lease term is a significant part of the economic life of the asset (more than 75%);
- the discounted value of the minimum lease payments is a significant part of the fair value of the asset (more than 90%) at the time of conclusion of the lease agreement;
- leased assets are so narrowly specialized that only the Company can use them without significant modifications.

Other indicators of finance leases are:

- if the lessee has the right to terminate the lease agreement, then the lessor's losses related to the termination of the contract are covered by the lessee;
- the occurrence of profit or loss as a result of changes in the fair value of the asset held by the lessee in comparison with its liquidation value (for example, in the form of a discount from the amount of rent equivalent to most of the proceeds from the sale of the asset at the end of the lease);
- the tenant has the opportunity to extend the lease for a new term at a rate that is significantly lower than the market.

A lease is classified as an transaction lease if it does not involve the transfer of virtually all the risks and benefits associated with the ownership of the asset.

The lease is classified at the beginning of the lease term. If the lessee and the lessor reach an agreement to change the terms of the lease to such an extent that it will change the classification of the lease, then the revised lease is accounted for in accordance with the new terms of the lease agreement.

Changes in the estimates of the useful life, the liquidation value of the leased asset or caused by the insolvency of the lessee do not lead to a revision of the classification of the lease.

The lease of land is always classified as operating, except in the case of transfer of ownership of land after the end of the lease term.

For the purposes of lease classification, land and buildings are treated separately as lease elements. If the ownership of both elements is supposed to be transferred to the lessee, then both elements are classified as finance leases.

For the purposes of classification and accounting of leases of land and buildings, minimum lease payments (including one-time payments at the beginning of the lease term) are divided into the elements "land" and "buildings" in proportion to their relative fair value in the total cost of the lease.

If the cost of renting a land plot is insignificant in the total amount of the lease, then the useful life of the buildings is taken as the useful life of the entire leased asset (both the building itself and the land).

In accordance with IFRS 40, a lessee can classify an object of property leased under operating leases as investment property.

Accounting for financial leasing from the lessee

Initial recognition

At the start date of the lease term, assets received by the lessee under finance lease agreements and liabilities are recorded in an amount equal to the lower of the two values:

- ✓ fair value of assets received;
- ✓ discounted value of minimum rental payments.

Minimum lease payments are paid by the lessee throughout the lease term, with the exception of conditional rent, as well as amounts for services and taxes paid by the lessor and reimbursed to him, along with the following amounts:

- ✓ for the lessee: any amounts guaranteed by the lessee or a party related to the lessee; or

✓ for the lessor: any liquidation value guaranteed to the lessor (1) by the lessee; (2) a party related to the lessee; (3) a third party, unrelated to the lessor, financially able to fulfill the obligations under the guarantee.

As a rule, when calculating the discounted value of minimum lease payments, the discount coefficient is the interest rate pledged to the lease, if it can be determined. Otherwise, the incremental interest rate on borrowed capital should be used as the discount rate.

Thus, the interest rate specified in the lease agreement is the discount rate, as a result of which, at the beginning of the lease relationship, the cumulative discounted value of the minimum lease payments and the non-guaranteed liquidation value is equal to the sum of the fair value of the leased asset and all the initial direct costs of the lessor.

If the lessee has the right to purchase an asset at a price that is expected to be significantly lower than the fair value at the date of exercise of this right, and at the date of acceptance of the lease, there is reasonable confidence that this right will be realized, then the minimum lease payments consist of the minimum payments to be paid over the lease term, and payment required to exercise the specified right.

The lessee reflects the finance lease in the financial statements as an asset (fixed assets) and as a liability (Db Fixed assets/Cr Financial lease obligations). Any initial direct costs of the lessee are added to the amount in which the asset is recognized. Initial direct costs represent additional costs associated with the preparation and conclusion of a lease agreement, except in cases where such costs are borne by landlords represented by manufacturers or dealers.

Subsequent evaluation

Minimum leasing payments are subject to distribution between payments for the use of the loan and the reduction of the unpaid obligation. Financial payments (interest payments) must necessarily be distributed over periods during the leasing term in such a way as to obtain a permanent periodic (effective) the interest rate on the remaining balance of the obligation.

For the uniformity of the display in the statement of comprehensive income of interest payments distributed over periods during the lease term in order to obtain a constant periodic interest rate on the balance of the obligation, it is necessary to use the cumulative method of distribution of interest payments.

Leasing term is a non-curtailed period for which the lessee leases the asset in accordance with the agreement, as well as any other additional periods for which the lessee has the right to extend the lease of the asset with or without additional payment, if at the beginning of the leasing term there is reasonable assurance that the lessee exercises this right.

Finance leasing give rise to depreciation expenses in respect of depreciable assets, as well as financial expenses in each reporting period of a legal entity. The policy regarding the accounting of fixed assets received under finance leases usually corresponds to that applied to assets owned.

When determining the useful life of fixed assets received in a finance leasing, it is also necessary to assess the probability of transfer of ownership to the lessee at the end of the contract.

The useful life is the estimated remaining period from the beginning of the leasing term, not limited to the leasing term, during which the lessee expects to receive the economic benefits contained in the asset. If there is no reasonable assurance that the lessee will receive ownership by the end of the finance lease term, the asset must necessarily be fully amortized over the shortest of the two terms: leasing or useful life. If there is such confidence, the asset is amortized over its useful life.

The part of finance leasing liabilities that must be repaid within a year from the reporting date is reclassified as short-term liabilities in the statement of financial position "Short-term loans and Credits, current portion of long-term loans and credits". Long-term finance leasing liabilities are reflected in the statement of financial position under the line "Long-term loans and credits".

Termination of recognition

The recognition of accounts payable under finance leasing is terminated upon the expiration of the contract and upon its full repayment.

Accounting for operating leasing from the lessee

Leasing payments under operating leases are recorded in the statement of comprehensive income of a legal entity as expenses distributed evenly over the leasing term.

Accounting for financial leasing from the lessor

The lessor reflects fixed assets under finance lease as part of long-term receivables in an amount equal to net investment in the leasing.

Financial income should be recognized by periods during the leasing term in such a way that in each period a constant rate of return on the outstanding net capital investments of the lessor is obtained.

When calculating the minimum leasing payments, the lessor takes into account the amount of net capital investment in the leasing.

If, in the process of concluding and executing leasing agreements, the lessor has initial direct costs, they are included by the lessor in the initial assessment of finance leasing receivables and reduce the amount of income recognized over the leasing term.

Subsequent evaluation

The lessor distributes financial income over the entire leasing term using a systematic approach based on a graph reflecting the constant periodic rate of return on the lessor's net investments in financial leasing. Leasing payments related to the reporting period, with the exception of maintenance costs, are deducted from gross rental investments, resulting in a decrease in both the principal amount of debt and unearned financial income.

Accounting for operating leasing from the lessor

Assets held under operating leasing are recorded by the lessor and presented in the statement of financial position as part of the group of assets to which they relate.

The lessor recognizes income from operating leasing as part of other income on a straight-line basis over the leasing term.

Any discounts or benefits provided to the lessee under the terms of the leasing agreement (for example, a discount for prepayment or additional free rental periods) are recognized on a straight-line basis over the entire leasing term. All discounts and benefits are deducted from the total amount of leasing payments for the lease period, and the amount received is included in the income of the period in equal shares throughout the leasing term.

If the lessor has incurred expenses related to the preparation and conclusion of an operating leasing agreement, these expenses are included in the carrying amount of the leased asset and are recognized as an expense over the leasing term on the same basis as rental income.

For depreciable leased assets, depreciation is calculated in accordance with the accrual method used for this group of assets (see Section 3.1 "Fixed assets" and Section 3.3 "Intangible assets").

Disclosure

In relation to a finance leasing, the lessee is required to disclose the following information in the financial statements:

1) for each group of assets – the net book value as of the reporting date.

2) reconciliation between the total amount of minimum lease payments as of the reporting date and their current value.

In addition, the legal entity is required to disclose information about the total amount of future minimum leasing payments as of the reporting date, as well as their current value for each of the following periods:

- up to one year;
- between one year and five years;
- after five years.

3) conditional leasing recorded as an expense in the reporting period.

4) the total amount of future minimum sublease payments that are expected to be received as part of an indissoluble sublease, as of the reporting date.

5) general description of the essential provisions of the leasing agreement, including:

- grounds for determining the proportional rent;
- the possibility and conditions for the renewal of the lease or the possibility of acquiring the leased property, as well as the provisions governing the increase in rent;
- restrictions set by the lease agreement.

In relation to the operating lease, the lessee is required to disclose the following information:

1) the total amount of future minimum lease payments under non-cancellable operating leases for each of the following periods:

- up to one year;
- between one year and five years;
- after five years.

2) the total amount of future minimum sublease payments that are expected to be received as part of an indissoluble sublease as of the reporting date.

3) leasing and sublease payments recognized as an expense in the reporting period, separately indicating the amounts for minimum leasing payments, proportional rent and sublease payments.

4) general description of the essential provisions of the leasing agreement, including:

- grounds for determining conditional leasing;
- the possibility and conditions for the renewal of the leasing or the possibility of acquiring the leased property, as well as the provisions governing the increase in rent;
- restrictions set by the leasing agreement.

The lessor is obliged to take into account assets transferred under finance leasing terms in its balance sheet and present them as accounts receivable in an amount equal to the amount of net investment in the leasing.

Finance leasing receivables are recorded by the lessor in the amount of the principal amount of the debt, taking into account accrued interest (financial income) less the payment received from tenants.

The interest rate used in accounting for leasing is determined taking into account the inclusion of initial direct expenses in finance leasing receivables.

The lessor is required to disclose the following information about the finance leasing:

1) reconciliation between gross investment in leasing as of the reporting date and the current (discounted) value of receivables for minimum leasing payments as of the reporting date.

The lessor is obliged to additionally disclose information on gross investments in the leasing and on receivables for minimum lease payments as of the reporting date, broken down for each of the following periods:

- up to one year;
- between one year and five years;
- after five years.

The lessor is obliged to present assets transferred under operating leasing in the balance sheet under the relevant article.

The lessor's operating leasing income should be recognized on a straight-line basis over the leasing term.

Expenses, including depreciation, on leased assets are recognized as an expense. Rental income (excluding income from the lessee for the provision of services such as insurance and maintenance) is recognized evenly over the lease term, even if cash receipts were made unevenly.

The initial direct costs incurred by the lessor in negotiating and executing an operating leasing should be included in the carrying amount of the leased asset and accounted for as an expense during the lease term on the same basis as rental income.

Leased assets should be amortized in the same way as assets similar in use and function, and depreciation costs should be calculated in accordance with IFRS 16 "Fixed assets" and IFRS 38 "Intangible Assets".

The lessor is required to disclose the following information on operating leasing:

1) the total amount of future minimum leasing payments under long-term operating leases for each of the following periods:

- up to one year;
- between one year and five years;
- after five years.

2) the total amount of proportional rent recognized as income in the reporting period.

3) general description of the main provisions of the leasing agreement.

To determine the degree of impairment of a leased asset, the Company applies IFRS 36.

Finance and operating leasing in accordance with IFRS 16 "Leasing"

A legal entity must apply IFRS 16 "Leasing" in respect of all leasing agreements, including leases of assets in the form of right of use, with the exception of:

leasing agreements relating to biological assets within the scope of IAS 41 "Agriculture", which are at the disposal of the lessee;

intellectual property licenses granted by the lessor within the scope of IFRS 15 Revenue from Contracts with Buyers; and

rights held by the lessee under licensing agreements within the scope of IAS 38 "Intangible Assets", the subject of which are objects such as films, videos, plays, manuscripts, patents and copyrights;

concession agreements for the provision of services (concession agreements for services, IFRIC 12).

IFRS 16 "Leasing" introduces a single model for accounting for leases from a lessee and the lessee at the time of conclusion of the contract must recognize in the statement of financial position:

1. The right to use the asset;
2. Leasing obligation for the amount of discounted future payments under the leasing agreement.

The standard will come into effect from January 1, 2019, however, a legal entity can apply the norms of the new standard ahead of time only if the legal entity also applies IFRS 15 "Revenue from contracts with customers"

The lessee may decide not to apply the requirements of IFRS 16 "Leasing" and not recognize in the Statement of Financial Position the right to use the asset and the corresponding lease obligation in two cases:

1. Rent for less than 12 months;
2. Rental of assets with very low cost.

If the lessee decides not to apply the requirements of IFRS 16 "Leasing" in respect of short-term leasing or leases in which the underlying asset has a low value, the lessee must account for operating leases in accordance with IFRS 17 and recognize lease payments for such leases in the income statement as an expense or on a straight-line basis during the lease term, or using another systematic approach, and the right to use the asset and the corresponding liability for them will not be in the statement of financial position.

At the time of conclusion of the contract, the Company must assess whether the contract as a whole or its individual components is a leasing agreement. The contract as a whole or its individual components is a lease agreement if the right to control the use of the identified asset for a certain period is transferred under this agreement in exchange for compensation.

In the event of a change in the terms of the concluded lease agreement, the Company conducts a re-evaluation to determine whether the agreement as a whole or its individual components is a lease agreement.

Accounting for rent from a tenant

Recognition

At the commencement date of the lease, the lessee must recognize in the statement of financial position an asset in the form of a right of use and a lease liability as follows:

Db Right to use XXX
Cr Leasing obligation XXX

This is the only time when the valuation of an asset in the form of a right of use and leasing obligations coincide in amount. This amount is defined as the value of the leasing payments not yet paid, discounted at the interest rate implied in the leasing agreement. If it is difficult to determine the implied rate, it is necessary to use the rate of attraction of additional borrowed funds applicable to the tenant.

Initial assessment of an asset in the form of a right of use

At the start date of the lease, the lessee must evaluate the asset in the form of a right of use at its original cost.

The initial cost of an asset in the form of a right of use should include the following:

• the amount of the initial assessment of the lease obligation;

• leasing payments on or before the start date of the lease, less incentive payments received on the leasing;

• any initial direct costs incurred by the lessee; and

• an estimate of the costs that will be incurred by the lessee in dismantling and moving the underlying asset, restoring the site on which it is located, or restoring the underlying asset to the condition required under the terms of the leasing, except in cases where such costs are incurred for the production of inventory. The lessee's obligation with respect to such costs arises either on the date of commencement of the leasing, or as a result of the use of the underlying asset during a certain period.

Initial assessment of the lease obligation

At the commencement date of the leasing, the lessee must assess the leasing liability at the present value of leasing payments that have not yet been made at that date. Leasing payments should be discounted using the interest rate stipulated in the leasing agreement, if such a rate can be easily determined. If such a rate cannot be easily determined, the lessee should use the rate of raising additional borrowed funds by the lessee.

Subsequent valuation of the asset in the form of a right of use

After initial recognition, the leased asset should be accounted for by the lessee on the principle of like other assets of the same class owned by the lessee. That is, this asset can be represented both among fixed assets, and among investment property, etc., i.e. an asset in the form of a right of use can be accounted for either at initial or at revalued cost with depreciation, as prescribed by IAS 16 Fixed assets. Then the impairment principles in accordance with IAS 36 "Impairment of Assets" will also apply to this asset. The leased assets should also be subject to depreciation during the term of the leasing agreement.

Subsequent assessment of the leasing obligation

The subsequent assessment of leasing obligations by the lessee should be assessed as follows:

increasing the carrying amount to reflect interest on the leasing obligation;

reducing the carrying amount to reflect the leasing payments made;

revaluing the carrying amount to reflect revaluation to reflect substantially revised fixed leasing payments.

Revaluation of leasing liability

The lessee must perform a revaluation of the lease obligations in the following cases:

1) change in the expected amount of payment in relation to the guaranteed liquidation value;

2) changes in future lease payments due to changes in the index or rate used to determine lease payments (including, for example, the revision of rent in accordance with market prices);

3) a change in the lease term resulting from a change in the lease period that is not subject to early termination (for example, the lessee does not exercise an option previously taken into account when determining the lease term);

4) change in the valuation of an option to purchase an asset that is the subject of a lease agreement.

Changes resulting from the revision of the guaranteed liquidation value, as well as changes in the index or rate, are calculated using the interest rate determined at the start date of the lease, while changes in the lease term or the valuation of the purchase option should be calculated at the date of the change in the revised interest rate.

Changes resulting from the revision of the guaranteed liquidation value, as well as changes in the index or rate, are calculated using the interest rate determined at the start date of the lease, while changes in the lease term or the valuation of the purchase option should be calculated at the date of the change in the revised interest rate.

Presentation of information

The following information is provided in the statement of financial position:

1) assets in the form of a right of use separately from other assets. If the lessee does not present the assets in the form of a right of use separately in the statement of financial position, the lessee must:

- include assets in the form of a right of use in the same article under which the corresponding underlying assets would be presented if they were owned;
- disclose information about which items in the statement of financial position include such assets in the form of right of use.

2) leasing obligations separately from other obligations. If the lessee does not present leasing liabilities separately in the statement of financial position, the lessee must disclose which items in the statement of financial position include such liabilities.

The following information is presented in the statement of profit and loss and other comprehensive income:

1) interest expense on the leasing obligation (finance cost component);

2) depreciation expense on an asset representing the right to use.

The following information is provided in the cash flow statement:

1) cash payments in respect of the principal amount of the leasing liability as part of financing activities;

2) cash payments on the interest part of the leasung obligation are presented similarly to other interest payments;

3) short-term leasing payments, leasing payments for low-value assets and variable leasing payments not included in the assessment of leasing obligations as part of operating activities.

Disclosure of information

According to IFRS 16 "Leasing", the note to the financial statements should disclose information that allows users of the financial statements to assess the impact that the lease has on the financial position, financial results and cash flow of the lessee.

In the note, the lessee must also provide additional qualitative and quantitative data, if necessary for the purposes of disclosure.

The information provided in the disclosure should be relevant to users of the financial statements and should reflect the most important aspects related to lease agreements concluded by the lessee, including, for example, the flexibility of the terms provided for in lease agreements; restrictions imposed by the leasing; sensitivity to changes in key variables; exposure to additional risks and deviations from industry practices.

The lessee must disclose information about his lease agreements in which he is a lessee in a single note or a separate section of his financial statements. The lessee does not need to duplicate information that is already presented elsewhere in the financial statements, provided that such information is included in a single note or a separate section about the leasing by cross-reference.

Requirements for disclosure of quantitative information, includes:

1) depreciation of assets in the form of the right of use in accordance with the type of underlying asset;

2) interest expense on leasing obligations;

3) an expense related to a short-term lease, which is accounted for using paragraph 6. Such an expense should not include an expense related to leasing agreements with a leasing term of no more than one month;

4) an expense related to a short-term lease, which is accounted for using paragraph 6. Such an expense should not include an expense related to lease agreements with a lease term of no more than one month 6. Such expense should not include the expense related to the short-term lease of low-value assets referred to in paragraph 53 (c);

5) expenses related to variable leasing payments not included in the assessment of leasing obligations;

6) income from the sublease of assets in the form of a right of use;

7) total cash flow for leasing agreements; increase in assets in the form of right of use;

8) gains or losses resulting from sale and leaseback transactions;

9) the book value of assets in the form of the right of use at the end of the reporting period in accordance with the type of underlying asset.

In addition, the lessee must disclose information regarding the analysis of leasing obligations by maturity (separately from other financial liabilities) in accordance with IFRS 7 "Financial Instruments":

Accounting for leases in the financial statements of landlords

IFRS 16 "Leasing" does not make significant changes to the method of accounting for leases from the lessor. The requirements of this standard repeats the requirements of IAS 17 "Leasing" in terms of accounting with the lessor.

Classification

The lessor must classify each of its leases as operating leasing or finance leasing.

A leasing is classified as a finance lease if it involves the transfer of virtually all the risks and benefits associated with ownership of the asset.

A leasing is classified as an operating leasing if it does not involve the transfer of virtually all the risks and benefits associated with the ownership of the underlying asset.

Accounting for finance leasing

Recognition

The lessor must recognize in its statement of financial position assets held under finance leasing at the commencement date of the leasing and present them as accounts receivable in an amount equal to the amount of net investment in the leasing.

Evaluation

The net investment in the leasing is estimated as the amount of:

• leasing receivables estimated at the present value of leasing payments;

• residual asset assessed at the present liquidation value charged to the lessor.

After initial recognition, the lessor must recognize finance income during the leasing term based on a method reflecting the constant periodic rate of return on the lessor's net investment in finance leases.

Accounting for transaction leasing

Recognition and evaluation

The lessor must recognize leasing payments from operating leasing as income either on a straight-line basis or on another systematic basis. A different systematic framework should be applied if it provides a more adequate reflection of the schedule for the reduction of benefits from the use of the asset that is the subject of the leasing agreement.

Presentation of information

The lessor must present in its statement of financial position.

Assets that are the subject of an operating leasing agreement, in accordance with the type of such assets.

Disclosure of information

Similar to the requirements for tenants, this standard requires disclosure of information by landlords. The purpose is to disclose in the notes information that, together with the information provided in the statements of financial position, profit and loss and cash flows, and provides users of the financial statements with a basis for assessing the impact of the leasing on the financial position, financial activities and cash flows of the lessor.

Sale and leaseback transactions

IFRS 16 "Leasing" includes guidance on sale and leaseback transactions applicable to both the seller - lessee and the buyer-lessor. Accounting for such transactions depends on whether the transfer of the assets in question meets the criteria of IFRS 15 "Revenue from Contracts with Customers" with respect to the recognition of these transactions as sales transactions.

If the criteria are met:

• the seller - lessee recognizes an asset representing a right of use calculated as a proportionate part of the previous carrying amount of the asset associated with the retained right of use (as a result, profit or loss on disposal is recognized only in respect of those rights of use that were transferred to the buyer-lessor);

• the buyer - lessor accounts for the purchase of the asset that is the subject of the leasing agreement in accordance with the applicable Standard (for example, IFRS (IAS) 16 for the acquisition of fixed assets) and leases according to the lessor's accounting model under IFRS 16.

If proceeds from the sale do not reflect the fair value of the asset or lease payments are not made at the market rate, adjustments are made to reflect the advance on lease payments or additional financing provided by the buyer-lessor.

If the criteria are not met:

• the seller-lessee continues to recognize the asset that is the subject of the leasing agreement and recognizes a financial liability for the proceeds from the sale;

• the buyer-lessor recognizes the financial asset in relation to the completed payment.

Tenants and lessors perform accounting of a financial instrument in accordance with the requirements of the Financial Instruments standard.

Disclosure of information

In relation to the leasing, the lessee is required to disclose the following information in the financial statements:

1) assets in the form of a right of use separately from other assets. If the lessee does not present the assets in the form of a right of use separately in the statement of financial position, the lessee must:

include assets in the form of a right of use in the same article under which the corresponding underlying assets would be presented if they were owned;

lease obligations separately from other obligations.

In the statement of profit or loss and other comprehensive income, the Lessee must, separately from the depreciation of the asset in the form of a right of use, present the financial expense of the leasing obligation.

In the cash flow statement, the Lessee must present:

as part of financing activities, cash payments in respect of the principal amount of the leasing obligation;

as part of operating activities, cash payments in respect of interest expenses on leasing obligations; payments on short-term leases, payments on leasing of low-value assets and variable lease payments not included in the assessment of leasing obligations.

The lessee must disclose information about his leasing agreements in which he is a lessee in a single note or a separate section of his financial statements:

income from the sublease of assets in the form of a right of use;

total cash flow for leasing agreements;

increase in assets in the form of the right of use;

gains or losses arising from sale and leaseback transactions; and

the book value of assets in the form of right of use at the end of the reporting period in accordance with the type of underlying asset.

Correspondence of accounts of standard transactions under the Section "Financial and operating leasing"

Long-term leasing receivables

Transaction content	*Correspondence of accounts*	
	Debit	*Credit*
Accrual of lease payments on finance leases and other long-term leasing receivables	2160	6210
Repayment of lease arrears	1030	2160

Return of leased fixed assets	2410	2160
Formation of debt on investments in real estate received for financial lease, fixed assets	2310,2410, 2520	4150
Write-off of accounts payable on real estate, fixed assets accepted for financial leasing in connection with their return before the end of the contract term	4150	2310,2410, 2520,2930
Payment of the current part of the long-term leasing accounts payable	3360,3370	1010, 1030, 1060
The part of long-term accounts payable to be repaid during the current year is reflected	4110-4140, 4150, 4160,4170	3360,3370

Long-term rewards to be received

Transaction content	*Correspondence of accounts*	
	Debit	*Credit*
Accrual of income on financial leasing assets	2170	6130
Accrual of income on financial assets (deposits, loans granted)	2170	6110
Repayment of long-term remuneration debt receivable	1030	2170

Operating leasing

Accrual of rent on operating leases of fixed assets used:	*Debit*	*Credit*
- in production	8410	3360
- in commercial activities	7110	3360
- for administrative purposes	7210	3360
Payment of rent for the current leasing	3360	1010, 1030, 1060
Payment of leasing payments related to future periods	1620	1010

3.9. Accounting for government subsidies and government aid

General provisions

The purpose of this section is to determine the accounting procedure for state subsidies and assistance: correct paperwork and acceptance of various types of state subsidies and assistance, reliable reflection of state subsidies and assistance in accounting, as well as its return, full disclosure of information about state subsidies and assistance in financial statements.

Definition

The state is the state, subsidies and assistance on behalf of the state are carried out through state bodies in the form of state institutions.

State aid is the actions of the state aimed at providing specific economic benefits for a legal entity that meets certain criteria. State aid does not include indirect benefits provided by influencing the general operating conditions.

State subsidies are state aid in the form of the transfer of resources to an Enterprise in exchange for compliance in the past or in the future with certain conditions related to its operational activities. State subsidies do not include such forms of State aid that cannot be reasonably assessed.

Subsidies related to assets are government subsidies, the main condition for the provision of which to an organization is that this organization must buy, build or acquire long-term assets. It may be accompanied by additional conditions limiting the type of assets, their location or the timing of their acquisition or possession.

Fair value is the amount for which an asset can be exchanged when making a transaction between a well-informed, willing to make such a transaction, independent of each other buyer and seller.

Conditionally irrevocable loans are loans in respect of which the lender undertakes to refuse to claim the amounts provided if certain specified conditions are met.

Accounting principles

Classification of State aid

The following types of state aid are distinguished:

1) transfer of resources to a legal entity in exchange for compliance in the past or in the future with certain conditions related to the operating activities of the legal entity;

2) government actions aimed at providing specific economic benefits for a legal entity or a group of companies that meet certain criteria;

3) provision of conditionally irrevocable loans, which the lender refuses to repay if certain prescribed conditions are met;

4) other forms of state assistance to a legal entity such as grants/subventions/bonuses to cover overspending and for other needs.

5) reduction of tax liabilities of a legal entity.

Based on the type of funds allocated from the budget and compliance with the definition and evaluation criteria, state subsidies and state aid are recognized as:

for the purchase of fixed assets;
major repairs of equipment, buildings and structures;
strengthening the material and technical base;
construction and reconstruction;
budget subsidies.

Based on the type of asset transferred by the state (not a monetary subsidy) and compliance with the definition and evaluation criteria, state subsidies and state aid are recognized as:

transfer of real estate;
transfer of movable property;
transfer of ownerless property;
transfer of equipment, inventory items;
strengthening the material and technical base.

Classification of state subsidies

State subsidies provided to a legal entity are divided into:

1) Subsidies related to assets are government subsidies/deposits, the main condition for the provision of which is that a legal entity must buy, build or otherwise acquire long-term assets.

2) Income-related subsidies are government subsidies/contributions that are not related to assets.

According to the method of obtaining state subsidies , they are divided into two types: 1) cash payments; 2) transfer of assets.

Confession

Government subsidies, including non-monetary subsidies at fair value, should not be recognized until there is reasonable assurance that the legal entity will meet the conditions for their provision and the subsidies will be received. At the same time, receiving a subsidy does not provide evidence that the conditions associated with it have been met or will be met.

Government subsidies should be recognized as income in those periods as the corresponding expenses that they should compensate, on a systematic basis..

In some cases, a legal entity may be provided with assistance that does not require the legal entity to fulfill any conditions, for example, provided as compensation for expenses or losses incurred in any previous period. Such assistance is recognized as income in the period in which it is designated for receipt, with the disclosure of information that ensures a correct understanding of the results of receiving this assistance.

Subsidies related to assets

Government subsidies related to assets, including non-monetary subsidies at fair value, are presented in the statement of financial position as deferred income in the account "Government subsidies" (for subsidies issued by the state) and "Deferred Income" (for subsidies issued by third parties). Subsequently, income is recognized in the statement of comprehensive income over the useful life of the asset. For example, deferred income is recognized as income during the periods and in the proportion in which depreciation costs of these assets are recognized (for an example of accounting, see "Deferred capital grants" in the section "Income accounting").

The moment of recognition of state subsidies does not depend on whether the subsidies were received in cash, in the form of a reduction in the obligation of a legal entity to the state or in the form of an asset.

Subsidies related to income

Government subsidies that are provided to a legal entity for operating activities are reflected in the statement of comprehensive income as income from government grants during the periods necessary to compare them with the corresponding expenses, on a systematic and rational basis.

Government subsidies that are to be received as compensation for expenses or losses already incurred or for the purpose of providing immediate financial support to a legal entity without any future related costs are recognized as income of the period in which it is to be received.

There are two main approaches to accounting for government subsidies and aid:

Capital approach – government subsidies should be reflected directly in equity accounts, without being reflected in income accounts.

Income approach – government subsidies should be reflected as income of a legal entity.

When using the income method, government subsidies should be systematically recognized as part of income for as many periods as necessary in order to bring these subsidies in line with the costs that they should compensate.

Recognition of state subsidies as income at the time of their receipt does not correspond to the accrual principle and is applied only if there is no basis for allocating subsidies for periods other than the one in which they are received.

Upon receipt of a notification of the allocation of a state subsidy, a legal entity records accounts receivable for its receipt.

Db «Accounts receivable»

Cr «Deferred income (subsidy)»

As the subsidy is attributed to income:

Db «Deferred income (subsidy)»

Cr « Other income»

When money is credited to the account:

Db «Money»

Cr «Accounts receivable»

If the notification of the award of a state subsidy is accompanied by the receipt of funds, then cash is reflected in the accounting, and not accounts receivable.

A state subsidy may take the form of the transfer of a non-monetary asset (non-monetary), for example, land, equipment or other resources, for use by a legal entity. In these circumstances, it is common practice to estimate the fair value of a non-monetary asset, and to account for both the subsidy and the asset at that fair value. Sometimes an alternative approach is used, in which both the asset and the subsidy are accounted for at nominal value.

Government subsidies may relate to depreciable assets and non-amortised assets.

Subsidies related to depreciable assets are recognized as income during the periods in which depreciation of these assets is accrued.

Subsidies related to non-amortised assets may require the fulfillment of certain obligations and will then be recognized as income in those periods when the actual costs of fulfilling these obligations were incurred. Thus, the provision of a subsidy in the form of a land plot may be related to the condition for the construction of a building on this site. In this case, income is usually recognized over the life of the building.

When granting conditionally irrevocable loans, if it is provided that, if certain conditions are met, the Company is exempt from the return of the resources received, and there is sufficient confidence that the legal entity will fulfill these conditions, these funds are taken into account in the manner provided for subsidies.

The occurrence of a contingent liability may be associated with government subsidies.

If the necessary conditions are met, these funds are taken into account in the manner provided for subsidies.

Subsidies that compensate for expenses of previous periods should be recognized in full in the period of their receipt as other income.

Government subsidies are ultimately always recognized as income, either immediately upon receipt or in future periods, regardless of whether the subsidies are received in cash, in the form of a reduction in the organization's obligation to the state, or in the form of an asset (non-monetary form of subsidy).

Accounting for government subsidies

After determining the amount of the subsidy recognized in the accounting in each reporting period, one of two ways of accounting for state subsidies is used:

Crediting the subsidy directly to the asset account (capital method), which will lead to a decrease in the base for calculating depreciation, when using this method, the initial cost of the asset (fixed assets) is reduced by the amount of the subsidy received, by recording the debit of the subsidy account and the credit of the asset account (capital method);

Recognition of the subsidy as deferred income (income method) and write off during the entire life of the asset, in accordance with this approach, the subsidy is attributed to income either in full if the subsidy is fully recognized in the reporting period, or gradually by writing off future income if the subsidy is recognized over several periods (income method).

Return of state subsidies

Return of state subsidies/target contribution

The return of government subsidies/target contribution is accounted for as a revision of accounting estimates in accordance with IAS 8 "Accounting Policy, Changes in Accounting Estimates and errors".

The return of subsidies related to income is made primarily on account of the remaining non-amortized amount of deferred income recognized in relation to this subsidy in the statement of financial position. For the amount of excess of the returned amount over such deferred income, or in case of its absence, the refund of the subsidy should be recognized as expenses of the period.

The refund of the subsidy related to assets should be recognized by reducing the balance of deferred income by the amount of the refund. The circumstances that led to the return of the subsidy related to the assets may require additional allocation of the possible impairment of the new carrying amount of the asset.

Subsidizing the interest rates of the loan received

In order to support the activities of a legal entity, the state may provide unconditional assistance in the form of subsidizing interest rates on loans.

The Company recognizes the fair value of the subsidies received as part of the loan. Interest on the loan is accrued conditionally according to the effective interest rate method.

Disclosure of information

The following information is disclosed in the financial statements:

1. Accounting policy adopted for government subsidies, including methods of presentation in the financial statements (the method used for accounting for government subsidies: crediting subsidies to an asset account or recognition through deferred income);
2. The nature and amount of state subsidies recognized in the financial statements, as well as the indication of other forms of state assistance from which the legal entity has directly benefited;
3. Unfulfilled conditions and other conditional events related to state aid that has been recognized.
4. Other forms of state aid, if they are essential to characterize the financial position and financial results of the organization's activities, are subject to disclosure

Correspondence of accounts of standard transactions on government subsidies provided

Transaction content	Correspondence of accounts	
	Debit	Credit
A notification was received on the provision of a state subsidy in cash, against the income of future periods	1284	3520, 4420
Subsidies were received to the settlement account of a legal entity, on account of future income	1030	3520, 4420
Notification has been provided or subsidies have been received to compensate for the expenses of previous years	1030, 1284	6230
Recognition in the reporting period of subsidies as income received in previous periods	3520, 4420	6230
A subsidy was provided as a fixed asset	2410	4420

Recognition in the reporting period of income from government subsidies received as fixed assets in proportion to the accrued depreciation of this fixed asset	4420	6230
A subsidy was provided as a land plot, construction of a building, a structure	2410	4420
Recognition in the reporting period of income from state subsidies received as a land plot in proportion to the accrued depreciation of a constructed building, structure	4420	6230

3.10. Capital

General provisions
This section of the accounting policy defines the concept of capital and the requirement to present information about capital in the Company's financial statements.

Capital is the share of the Company's assets remaining after deducting all its liabilities.
The authorized capital of the Company is formed by payment of shares by the Sole Founder at their nominal value at the placement prices determined in accordance with the requirements established by law, and is expressed in the national currency of the Republic of Kazakhstan

Definitions and accounting principles
Equity is the amount of assets of a legal entity, not burdened with obligations, equal to the difference between the amount of assets of a legal entity and the amount of its obligations.
The authorized capital is the main element of equity capital, which is a set of contributions of the owner (founder), the formation of which is regulated by the regulatory legal acts of the Republic of Kazakhstan and the constituent documents of a legal entity.
A contribution to the authorized capital of a legal entity may be made by shares, cash and (or) by depositing tangible and other valuables, including fixed assets and intangible assets.
Дополнительно оплаченный капитал это часть уставного капитала Общества, которая отражает увеличение уставного капитала юридического лица за счет вкладов (имущественных взносов) собственника (учредителя).
Unpaid capital is a part of the authorized capital of the Company, which reflects the debt on making contributions (property contributions) to the authorized capital of a legal entity.
Reserve capital (capital reserves) is the amount of deductions from net profit for various purposes defined by the Company's charter.
Capital reserves, which are reserve capital, are formed: to insure risks and prevent possible losses/losses; to ensure stable, sufficiently controlled financial and economic development; Reserve capital is formed at the expense of retained earnings in accordance with constituent documents, regulatory legal acts, decisions of the owner (founder), decisions of the Supervisory Board (if any).
The procedure for determining the property of a legal entity is regulated by the Law of the Republic of Kazakhstan "On State Property", "On Joint-Stock Companies", "On Non-profit Organizations", the Charter of the legal entity and IFRS (IAS)1 "Provision of financial statements".

The authorized capital of the Company is formed by payment of shares by the Sole Founder at their nominal value at placement prices determined in accordance with the requirements established by law, and is expressed in the national currency of the Republic of Kazakhstan.

Issued shares are the amount of contributions received from the Sole Shareholder at the nominal value of the outstanding shares.

Other comprehensive income includes items of income and expenses (including reclassification adjustments) that are not recognized in profit or loss as required or permitted by other IFRS.

The components of the Company's other comprehensive income include changes in the amount reflecting the increase in value from the revaluation of fixed assets if the revalued accounting model is applied.

Retained earnings (Uncovered loss) are formed on an accrual basis by adding the net financial result of the Company's activities (net income) for the current period to the retained earnings of previous years.

The net income of the Company remains at the disposal of the Company and is directed exclusively to the development of the Company and the creation of necessary conditions for employees and students.

Classification and grouping

Equity in the statement of financial position is classified into the following items:
1. Authorized (share) capital;
2. Retained earnings (uncovered loss).

Authorized capital (share) capital

The amount of the authorized capital of the Company is determined by its founder, but may not exceed the total value of the transferred Company. The increase in the authorized capital of the Company is carried out through the placement of the declared ordinary shares of the Company. The company is formed with one hundred percent participation of the state in the authorized (share) capital. The Ministry of Education of the Republic of Kazakhstan, the authorized body of the relevant industry exercising the rights of ownership and use of the state block of shares, represents the interests of the state as the Sole Shareholder on issues within the competence of the general meeting of Shareholders, in accordance with the legislation of the Republic of Kazakhstan.

The result of the placement of shares is not recognized in profit and loss, but is presented in the financial statements as a change in equity.

The authorized (share) capital is expressed in the national currency of the Republic of Kazakhstan.

Common shares of the Company are registered by Joint Stock Company "Central Securities Depository".

The authorized capital must be fully formed by the founder by the time of the state registration of the Company's declared shares with the authorized body.

The state registration of the issue of the declared shares was carried out by the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market.

Retained earnings (uncovered loss)

The Company's retained earnings are an additional source of financing to achieve its statutory goals.

The formation of retained earnings (uncovered loss) occurs by comparing income and expense on account 5710 "Total profit (total loss)" according to the results of the reporting period.

The use of retained earnings is due to:

- covering losses of previous years;
- adjustments arising from changes in accounting policies;
- making retrospective adjustments to correct errors of previous periods;
- joining the authorized (joint-stock) capital by the decision of the Founder;
- other operations.

isclosure in financial statements

In the section of the Statement of Financial Position, each significant category of capital is disclosed separately.

The statement of changes in equity discloses:

- profit or loss for the reporting period;
- any item of profit or loss recognized in accordance with IFRS directly in equity, as well as the total amount of these items;
- for each component of capital, the impact of changes in accounting policies and corrections of errors. In the statement of changes in equity or in the notes to the financial statements, the following is disclosed:
- amounts of transactions with owners of equity;
- the balance of retained earnings at the beginning of the period and at the reporting date, as well as the corresponding changes for the reporting period;
- reconciliation between the carrying amount of each category of paid-in equity at the beginning and end of the period, with separate disclosure of each change.

The Company's financial statements also disclose information about capital management:

- information about what exactly the Company considers as its capital, as well as a qualitative description of the Company's goals in relation to capital, policies and procedures for its management;
- brief quantitative information on the capital managed by the Company;
- information on whether the Company meets the external capital requirements, as well as a description of the capital management policies and procedures regulated by external supervisory authorities.

For equity, the notes to the financial statements should disclose:

1. number of shares authorized for issue;
2. the number of issued and fully paid shares, as well as issued but not fully paid;
3. the nominal value of the share;
4. reconciliation of the number of shares outstanding at the beginning and at the end of the year.

Correspondence of accounts of standard transactions under subsection 5000 "Authorized capital"

For example:

Transaction content	**Correspondence of accounts**

	Debit	Credit
Reflection of the amount of the Authorized capital in accordance with the constituent documents, legislative acts, decisions of the owner (founder)	5110	5030
Increase in the authorized capital:		
amendments to the constituent document of a legal entity in accordance with the decisions of the owner (founder)	5110	5030
Payment of the authorized capital:		
intangible assets	2730	5110
fixed assets	2410	5110
biological assets	2510	5110
short-term financial investments	1110- 1150	5110
inventory	1310,1320, 1330, 1350	5110
long-term financial investments	2010 - 2040	5110
with money	1010, 1030	5110
The direction of the reserve capital for the payment of the authorized capital	5410	5110
The direction of net income to pay for the authorized capital	5510,5520	5110

Correspondence of accounts of standard operations under subsection 5400 "Reserves"

Transaction content	Correspondence of accounts	
	Debit	Credit
Formation of reserve capital:		
within the limits of the amounts stipulated by the constituent documents	5510	5410
in excess of the amounts stipulated by the constituent documents	5510	5460
Use of reserve capital:		
to cover the loss of the reporting year or previous years	5410,5460	5510,5520
accrual of dividends and income to participants	5410, 5460	3030
Increase in the book value of fixed assets as a result of revaluation	2410	5420
Adjustment of accumulated depreciation based on the results of revaluation of fixed assets	5420	2420
Decrease in the carrying amount of fixed assets as a result of revaluation within the revaluation amounts:		
- to reduce the cost	5420	2410
- to reduce wear	2420	5420
Write-off of the amount of additional assessment for retired fixed assets	5420	5510
Transfer of the amount of revaluation of fixed assets in operation to retained earnings	5420	5510
Increase in the book value of intangible assets as a result of the transaction	2730	5430
Adjustment of accumulated depreciation of intangible assets	5430	2740

based on the results of their revaluation		
Decrease in the carrying amount of intangible assets as a result of the revaluation within the available amounts of the previously performed revaluation:		
- to reduce the cost	5430	2730
- to reduce wear	2740	5430
Write-off of the amount of additional valuation on retired intangible assets	5430	5510
Write-off of the amount of additional valuation for operated intangible assets	5430	5510
Re-evaluation of short-term and long-term financial investments intended for sale	1120,1140, 2030	5440
Markdown of short-term and long-term financial investments intended for sale	5440	1120,1140, 2030
Write-off of the amount of additional valuation on retired short-term and long-term financial investments intended for sale	5440	5510
Positive exchange rate difference arising from the debt of a foreign participant on a contribution to the authorized capital	5110	5450
Negative exchange rate difference arising from the debt of a foreign participant on a contribution to the authorized capital	5450	5110
Write-off of exchange differences arising from the debt of a foreign participant on a contribution to the authorized capital	5450	5510

Correspondence of standard transaction accounts under subsection 5500 "Retained earnings (uncovered loss)"

Transaction content	**Correspondence of accounts**	
	Debit	**Credit**
Reflection of net income for the reporting year	5610	5510
Repayment of the loss of the reporting year and previous years at the expense of reserve capital	5410,5460	5510,5520
The direction of net income to pay for the authorized capital	5510,5520	5110
Transfer to retained earnings on disposal:		
additional assessment amounts for fixed assets	5420	5510
amounts of additional valuation on intangible assets	5430	5510
additional assessment amounts for short-term and long-term financial investments	5440	5510
Transfer of the amount of revaluation of fixed assets, intangible assets in operation to retained earnings	5420	5510
Loss received on repurchase of own shares (shares) from shareholders (participants) at a price higher than their nominal value	5510	5210
Reflection of the loss received in the reporting period	5510	5610
Retained earnings of the reporting year aimed at accrual of dividends and income to participants	5510	3030
Write-off of uncovered loss of the reporting year at the expense of retained earnings of previous years	5520	5510

Adjustment of profit (loss) as a result of changes in accounting policy (including in connection with the transition to IFRS):		
a) according to the method of depreciation:		
- in the direction of increasing the amount of depreciation	5510	2420
- in the direction of reducing the amount of depreciation	2420	5510
b) by adjusting the value of assets'		
- in the direction of increasing	related assets	5510
- in the direction of reducing	5510	related assets
c) on the adjustment of corporate income tax:		
- increasing	5510	3110
- decreasing	1410 или 3110	5510

Correspondence of accounts of standard operations under subsection 5600 "Final profit (final loss)"

Transaction content	**Correspondence of accounts**	
	Debit	**Credit**
Revenue reflection	6010,6110-6160, 6210-6280	5610
Reflection of expenses incurred	5610	6020,6030, 7010,7110,7210, 7310-7340, 7410-7470, 7710
Reflection of the final profit	5610	5510
Reflection of the final loss	5510	5610

3.11. Revenue accounting

Defenition

Income is an increase in the economic benefits received by the Company during the reporting period, in the form of income or an increase in assets or a decrease in liabilities, which is expressed in an increase in equity, not related to the contributions of the founder.

Income includes both the Company 's revenue and other income.

Accounting of the Company's income is carried out in accordance with IFRS 15 "Revenue from contracts with customers".

Revenue is income from the Company's core business, characterized, among other things, as income from the provision of educational services, as well as from other activities provided for in the Company's Charter.

Revenue means only gross receipts of economic benefits received and to be received by the Company on its account. Amounts received on behalf of a third party, such as sales tax, taxes on goods and services and value added tax, are not economic benefits received by the Company and do not lead to an increase in capital. Therefore, they are excluded from the revenue.

Fair value is the price that would have been received upon the sale of an asset or paid upon the transfer of a liability, when conducting a transaction on a voluntary basis between market participants at the valuation date.

General provisions

Revenue from the provision of services is recognized in the accounting period in which these services were rendered, based on the degree of completion of a particular transaction, estimated in proportion to the share of services actually provided in the total volume of services to be provided under the contract.

The degree of completion is reflected in the certificate of completed works signed by the customer, which indicates the receipt of economic benefits and at the same time reliably estimates the amount of income and the transfer to the customer of significant risks and benefits associated with this transaction.

Accounting principles

Classification

The Company 's income is classified into the following types:

1) The Company 's income is classified into the following types;

2) Income from the organization and conduct of applied scientific research and development work, including scientific and technical research, research and scientific and technical support;

3) Income from the publication and sale of scientific and methodological publications

4) Income from academic mobility of students;

5) Income from the rental of property;

5) Related income from core business:

- Income from seminars and conferences;
- Income from the organization of additional courses;
- Income from the organization of repeated exams;
- Income from penalties under civil law contracts;
- Income from gratuitously received goods, works, services;
- Income for reimbursement of utility expenses;
- Income from social facilities (dining room, recreation area, dormitories, etc.);
- Income from writing off bad and doubtful debts;
- Other income (fines for loss of books, students and readers. tickets and copiers, etc.);
- Income from sports and wellness services;
- Income from educational courses (language courses, seminars, trainings, etc.);
- Income from the sale of finished products (publishing products).

Other income:

- Sum differences (positive);
- Income from exchange rate difference;
- Income from the sale and other disposal of non-current assets;
- Other income from investment activities;
- Income from disposal of financial assets;
- Income from changes in the fair value of financial instruments;
- Dividend income;
- Interest income from deposits;
- Other income from financial activities;
- Income from government subsidies

The Company's revenues belong to two main categories that reflect the conditions of their use:

1) Unlimited income is income that is not limited by certain conditions for their use. The funds received are directed to academic, research, infrastructure and other activities of the

Company. For example, tuition fees and other income received from other activities; as well as donations not limited by the terms of their use.

2) Limited income - arises when receiving funds allocated for special purposes determined by the sponsor or donor under a special agreement or contract, and can be applied only for these purposes. For example, income from contracts and research grants.

State subsidies and state aid include the following types of income received as a result of financing from the budget:

1) for the purchase of fixed assets;
2) major repairs of equipment, buildings and structures;
3) strengthening the material and technical base;
4) construction and reconstruction;
5) budget subsidies.

Other income includes the following types of income:

1) fines, penalties, penalties for violation of the terms of contracts;
2) amounts of accounts payable and depositor's debts for which the statute of limitations established by the current legislation has expired;
3) excess of material assets identified during inventory;
4) negative goodwill;
5) receipts for compensation of losses caused to the Company;
6) other similar income.

Recognition and accounting

Recognition and accounting of income for the reporting period

The amount of the Company's income received as a result of the provision of services and performance of works is determined at the fair value of the remuneration received or to be received. In most cases, compensation is provided in the form of cash or cash equivalents.

If the result of a transaction involving the provision of services can be reliably estimated, the proceeds from such a transaction should be recognized in accordance with the stage of completion of the transaction at the end of the reporting period. The result of the operation can be reliably estimated if all the following conditions are met:

1. the amount of revenue can be reliably estimated;

2. there is a possibility that the economic benefits associated with the operation will flow to the legal entity;

3. the stage of completion of the operation as of the end of the reporting period can be reliably estimated;

4. the costs incurred in performing the operation and the costs required to complete it can be reliably estimated.

In the case of the provision of services for academic and research activities, income recognition is carried out according to the degree of completion of the services and works provided.

The stage of completion of operations to receive services is determined as follows:

1) determination of the share of services provided on a certain date to the total volume of services to be provided;

2) study of the work performed;

3) determination of the share of expenses that were incurred in connection with the services provided to the total amount of expenses that are planned to be incurred in the provision of services.

The stage of completion of the transaction can be determined by various methods, depending on the nature of the transaction and may include:

1. reports on the work performed;
2. acts of acceptance;
3. asset acceptance and transfer certificates;
4. services provided as of the reporting date, as a percentage of the total volume of services;
5. the proportional ratio of the costs incurred at the moment to the estimated value of the total transaction costs. The costs incurred on the date of the report include only those that reflect the services provided on that date.

Interim payments and advances received from customers do not reflect the services provided.

Cash receipts from students of the paid department and reimbursement by students for accommodation in the hostel are reflected in the accounts of the advances received. Monthly during the academic year, which lasts 12 months, 10/12 part of the annual tuition fee is recognized as income, 2/12 part of the annual amount is income of the future period. Accounts receivable and advances received are offset periodically.

According to the accrual method, income is recognized in the period in which it arose when it is probable that the Company will receive future benefits that can be reliably measured.

Recognition criteria are usually applied separately to each transaction. However, under certain circumstances, they must be applied to separately allocated elements of the transaction in order to show its content.

Accounting for income from the sale of assets

The amount of proceeds from the sale of assets (fixed assets, intangible assets, and other assets) other than cash (except foreign currency), products, goods that are not recognized as income from operating activities is determined in a general manner at the time of the sale of assets.

Accounting for fines received

The fines received for violations of the terms of the contracts, as well as compensation for losses caused to the Company (if there is a high probability of receiving them) are taken into account in the amounts estimated according to the terms of the contract at the time of violations of these conditions. At the end of the reporting period, if the counterparties have not recognized themselves obliged to pay fines as a result of the issued confirmation, or such a duty is not imposed on them by a court decision, a reserve is created for unrecognized fines.

Accounting of income from write-off of accounts payable

Accounts payable are recognized at the time of debt write-off as part of the Company's other income in the amount in which this debt was recorded in accounting.

Accounting for other income

The income received from the recording of assets identified during the inventory is recorded in the accounts of other income at a cost that is determined based on their fair value at the date of acceptance for accounting.

Other income receipts are recognized and accepted for accounting in actual amounts as they are formed (identified).

Income from the sale of core business is accounted for in section 6 "Income", subsection 6000 "Income from the sale of products and services" on account 6010 "Income from the sale of products and services". The incomes of the catering combine are recognized monthly as a summary amount based on commodity reports.

Other income from non-core activities is reflected in the account 6290 "Other income". During the dismantling and repair of fixed assets, the Company replaces their elements. Dismantled elements suitable for further use or sale can be recorded as stocks (scrap metal or spare parts) at a cost determined on the basis of internal estimates based on the technical condition, the amount of wear and current market prices for similar materials. At the same time, the income on the entry of these elements is taken into account in the account 6210 "Income from the disposal of assets". The income received from the recording of assets identified during the inventory is recorded in accounts 6290 "Other income" at a cost that is determined by the market value at the date of their acceptance for accounting.

Account	Short description
6010 Income from the sale of products and services	Income from the sale of products and services according to the Charter
6110 Remuneration income	Remuneration income
6210 Income from disposal of assets	Income from disposal of assets
6220 Income from gratuitously received assets	Income from gratuitously received assets
6230 Income from government subsidies	Income from government subsidies
6290 Other income	Other income

Revenue estimation

Income is measured at the fair value of the consideration received or receivable. In most cases, compensation is provided in the form of cash or cash equivalents, and the amount of revenue is the amount of cash or cash equivalents received or to be received.

When making a barter transaction, if it is not possible to reliably estimate the fair value of the transaction, then revenue is estimated at the fair value of services rendered, goods sold and works performed.

The amount of revenue arising from the transaction is usually determined by an agreement between the Company and the buyer or user of the asset. It is measured at the fair value of the compensation received or to be received, taking into account the amount of any trade or wholesale discounts provided by the Company.

Disclosure of information

The following information is disclosed in the Company's financial statements:

accounting policy adopted for revenue recognition, including methods used to determine the stage of completion of transactions related to the provision of services;

the amount of each significant category of income recognized during the period, including revenue arising from: 1) tuition fees; 2) income from government grants; 3) income from contracts and grants for research, development, etc.;

breakdown of financial income recognized during the period;

breakdown of other income recognized during the period;

in the financial statements, income from core activities is grouped and disclosed in the notes to the financial statements on the basis of programs and activities provided by the Company, such as educational, consulting, research, and others.

Changes in connection with the introduction of IFRS 15 "Revenue from Contracts with Customers".

This subsection comes into force from the date of entry into force of IFRS 15 "Revenue from Contracts with Customers" (from January 1, 2018).

General provisions

IFRS 15 Revenue from Contracts with Customers applies to contracts for the supply of goods or the provision of services to customers, with the exception of contracts that are concluded in respect of:

1) to leasing;

2) to insurance;

3) to rights or obligations that are considered within the framework of certain accounting guidelines for financial instruments, for example, contracts representing derivative instruments;

4) to guarantees, other than warranty obligations for goods or services;

5) to exchanges of non-monetary assets between organizations of the same field of activity in order to ensure sales to buyers who are not parties to such an exchange.

Definitions

An asset under the contract is an organization's right to compensation in exchange for goods or services that the organization has transferred to the buyer, when such performance depends on the fulfillment of certain conditions in the future, other than the expiration of a certain period of time.

A contract is an agreement between two or more parties that creates legally protected rights and obligations.

Additional costs for the conclusion of the contract are the costs incurred by the organization in connection with the conclusion of the contract with the buyer, which it would not have incurred if the contract had not been concluded (for example, the commission for the sale).

Buyer - a party that has entered into a contract with an organization to receive goods or services that are the result of the normal activities of the organization in exchange for compensation.

Obligation to fulfill a promise in the contract with the buyer to transfer to the buyer:

1) a product or service (or a package of goods or services) that are distinguishable;

2) a number of distinguishable goods or services that are practically the same and are transferred to the buyer according to the same scheme.

Obligation under the contract - the obligation of the organization to transfer goods or services to the buyer.

Sale price is the price at which a legal entity would sell the promised goods to the buyer or provide a service separately.

Transaction price (for the contract with the buyer) is the amount of compensation that the organization expects to receive in exchange for the transfer of promised goods or services, excluding amounts received on behalf of third parties.

Revenue recognition

he Company must recognize revenue in order to reflect the transfer of promised goods or services to buyers in the amount of compensation that the legal entity, according to its expectations, will be entitled to receive in exchange for these goods or services.

The Company, upon recognition of revenue, performs the following steps:

1) Identification of the contract with the buyer;

2) dentification of the obligation to be performed under the contract;

3) Determining the transaction price;

4) Distribution of the transaction price between the individual obligations to be performed under the contract;

5) Revenue recognition at the time (or to the extent) of the performance of the obligation to be performed under the contract (described in the subsections "Revenue recognition" and "Accounting principles" of this accounting policy).

Identification of the contract

The Company takes into account the contract with the buyer in compliance with all the criteria listed below:

1) the parties to the agreement have approved the agreement and undertake to fulfill the obligations stipulated in the agreement;

2) The Company can identify the rights of each party in relation to the goods or services that will be transferred;

3) The Company can identify the terms of payment for goods or services that will be transferred;

4) the contract has commercial content (i.e. risks, time distribution or the amount of future cash flows of the legal entity are expected to change as a result of the contract); and

5) It is probable that the Company will receive a refund, the right to which it will receive in exchange for goods or services that will be transferred to the buyer. When assessing the probability of receiving the amount of compensation, the Company takes into account only the ability and intention of the buyer to pay this amount of compensation upon the due date. The amount of compensation to which the Company will be entitled may be less than the price specified in the contract if the compensation is variable, since the Company can offer the buyer a price concession.

The Company should analyze the fulfillment of the above criteria on an ongoing basis to determine whether these criteria have not started to be fulfilled at a later date, if they have not been fulfilled before, and, conversely, whether there has been a significant change in facts and circumstances that may lead to non-fulfillment of previously fulfilled criteria and, as a consequence, to the impossibility of revenue recognition under the contract.

Companies should combine two or more contracts concluded simultaneously or almost simultaneously with one buyer (or related parties of the buyer) and take such contracts into account as one contract if one or more of the criteria below are met:

1) the contracts were agreed as a package with one commercial purpose;

2) the amount of compensation payable under one contract depends on the price or performance of another contract; or

3) the goods or services promised under the contracts (or some goods or services promised under each contract) represent one obligation to perform the Contract can be modified by changing the subject and/or price of the contract.

The Company takes into account the modification of the contract as a separate contract if both conditions are met below:

1) the subject of the contract is expanded due to additional promised goods or services that are distinguishable; and

2) the contract price increases by the amount of compensation, which reflects the price of the separate sale of additional promised goods or services to the Company and the corresponding adjustments of such prices taking into account the terms of a specific contract.

If the modification of the contract is not taken into account as a separate contract, the Company must take into account the promised goods or services that have not yet been transferred at the date of the modification of the contract (i.e. the remaining promised goods or services) in one of the ways below, depending on the situation:

1) take into account the modification of the contract, as if it were the termination of an existing contract and the emergence of a new contract, if the remaining goods or services are distinguishable from the goods or services transferred on or before the date of modification of the contract. The amount of compensation attributed to the remaining performance obligations (or the remaining distinguishable goods or services as part of one performance obligation) is the result of addition:

- compensation promised by the buyer (including amounts already received from the buyer), which was included in the transaction price estimate and was not recognized as revenue;
- compensation promised under the contract modification.

2) take into account the modification of the contract as if it were part of an existing contract, if the remaining goods or services are not distinguishable and, therefore, are included in one obligation to perform, which is partially fulfilled on the date of modification of the contract. The effect of the contract modification on the transaction price and the Company's assessment of the degree of fulfillment of the obligation to perform is recognized as an adjustment of revenue (either as an increase or decrease in revenue) at the date of the contract modification (i.e., the adjustment of revenue is carried out using a cumulative approach).

Identification of the obligation to perform

At the time of conclusion of the contract, the Company must evaluate the goods or services promised under the contract with the buyer, and identify as a duty to fulfill each promise to transfer to the buyer:

1) a product or service (or a package of goods or services) that are distinguishable; or

2) a number of distinguishable goods or services that are practically the same and are transferred to the buyer according to the same scheme:

• each distinguishable product or service in a number of distinguishable goods or services that a legal entity promises to transfer to the buyer is considered a performance obligation performed during the period;

• to assess the degree of fulfillment of the obligation to perform the transfer to the buyer of each distinguishable goods or services in a number of distinguishable goods or services, the same method is used.

The product or service that was promised to the buyer is distinguishable if both criteria are met below:

1) the buyer can benefit from the product or service either individually or together with other resources to which the buyer has free access (i.e. the product or service may be distinguishable);

2) the Company's promise to transfer the goods or services to the buyer is separately identifiable from other promises under the contract (i.e. the goods or services are distinguishable in the context of the contract).

If the promised goods or services are not distinguishable, the Company must combine such goods or services with other promised goods or services until it identifies a package of goods or services that is distinguishable. In some cases, this will lead to the fact that the

Company will take into account all the goods or services promised under the contract as one obligation to fulfill.

For each identified performance obligation, the Company must, at the time of conclusion of the contract, determine whether it fulfills the performance obligation for a certain period, or at a certain point in time.

Duties to be performed during the period

The Company transfers control over the product or service during the period and, therefore, fulfills the obligation to perform and recognizes revenue during the period if any of the following criteria are met:

1) the Buyer simultaneously receives and consumes the benefits associated with the fulfillment of the specified obligation by the Company as it is fulfilled;

2) in the process of fulfilling the Company's obligations, an asset is created or improved (for example, work in progress), over which the buyer receives control as this asset is created or improved; or

3) the fulfillment by a legal entity of its obligations does not lead to the creation of an asset that the legal entity can use for alternative purposes, and at the same time the legal entity has a legally protected right to receive payment for the part of the contractual work performed to date.

An asset created as a result of the Company's activities does not have an alternative method of use for a legal entity if the terms of the contract restrict the legal entity's ability to freely determine another purpose for using this asset in the process of its creation or improvement, or if the legal entity does not have the practical ability to freely determine another purpose for using the asset in its finished state. The assessment of the legal entity's ability to use the asset for alternative purposes is carried out at the time of conclusion of the contract. After the conclusion of the contract, a legal entity cannot change the assessment of the possibility of using the asset for alternative purposes, except in cases when the parties to the contract approve a modification of the contract that will significantly change the obligation to perform.

The Company must analyze the terms of the contract, as well as the legislative acts applicable to the contract, when deciding whether it has a legally protected right to receive payment for the part of work performed so far in accordance with the above subparagraph (3). The right to receive payment for a part of the work performed to date does not necessarily have to be represented by a fixed amount. However, at any time during the term of the contract, the Company should be entitled to an amount that at least compensates the legal entity for the part of the work performed to date if the buyer or another party terminates the contract on grounds other than the failure of the legal entity to fulfill its obligations under the contract.

If the Company fulfills the obligation to perform not during the period, therefore, the obligation to perform is performed in a certain period of time.

Determining the transaction price

The refund promised under the contract with the buyer may include fixed amounts, variable amounts, or both. If the compensation promised under the contract includes a variable amount, the Company must estimate the amount of compensation to which it will receive the right in exchange for the transfer of the promised goods or services to the buyer.

The amount of compensation may vary due to discounts, special discounts, refunds, loans, price concessions, incentives, bonuses for results, fines or other similar items. Promised compensation may also vary if the legal entity's right to compensation depends on the occurrence or non-occurrence of a future event. For example, the refund amount will be variable if the products were sold with the right to a refund or if a fixed amount was promised as a bonus for the results in case of completion of a certain stage.

The Company should estimate the amount of variable compensation using one of the methods listed below, depending on which one of them better predicts the amount of compensation to which the legal entity will be entitled:

1) The expected cost is the sum of the expected compensation weighted taking into account the probability of possible values from the range of its possible values. The expected value may be a proper estimate of the amount of variable compensation if the legal entity has a large number of contracts with similar characteristics.

2) The most probable value is the single most probable value of the expected compensation from the range of its possible values (i.e. the single most probable result of the contract). The most likely value may be a proper estimate of the amount of variable compensation if the contract has only two possible outcomes (for example, a legal entity either receives a bonus for the result or not).

The Company must apply one method consistently within the framework of the contract when assessing the impact of uncertainty on the amount of variable compensation to which it will be entitled. In addition, the Company must analyze all information (relating to past periods, current and forecasts) that is reasonably available and identify a reasonable number of possible values of the amount of compensation.

The Company should include in the transaction price some part or all of the variable compensation amount only to the extent that it is highly probable that with the subsequent resolution of the uncertainty inherent in the variable compensation, there will not be a significant decrease in the amount recognized by the cumulative total of revenue.

At the end of each reporting period, the Company must update the transaction price estimate in order to truthfully present the circumstances occurring at the end of the reporting period and changes in circumstances during the reporting period.

The Company must adjust the promised amount of compensation taking into account the impact of the time value of money if the payment terms agreed by the parties to the contract (explicitly or implicitly) provide the buyer or legal entity with a significant benefit from financing the transfer of goods or services to the buyer.

In such circumstances, the contract contains a significant financing component. When adjusting the promised amount of compensation for a significant component of financing, the Company uses the discount rate that would be applied for a separate financing transaction between a legal entity and a buyer at the time of conclusion of the contract. Such a rate will reflect the credit characteristics of the party receiving financing under the contract, as well as collateral or collateral provided by the buyer or a legal entity, including assets transferred under the contract.

The Company determines the discount rate by identifying the rate that discounts the nominal amount of the promised refund to the price that the buyer would pay in cash for goods or services at the moment when (or as) they pass to the buyer. After the conclusion of the contract, the Company does not adjust the discount rate taking into account changes in interest rates or other circumstances (for example, a change in the buyer's credit risk assessment).

The Company presents the impact of financing (interest income or interest expense) in the statement of comprehensive income separately from revenue from contracts with customers. Interest income or interest expense is recognized only to the extent that, when accounting for a contract with a buyer, an asset under the contract (or a receivable) or an obligation under the contract is recognized.

The Company does not adjust the promised amount of compensation taking into account the impact of a significant financing component if the period between the transfer of the promised goods or services to the buyer by the organization and the payment by the buyer of such goods or services is no more than twelve months.

The Company evaluates non-monetary compensation under the contract promised by the buyer at fair value. If it is impossible to determine the fair value of non-monetary compensation, the legal entity evaluates it based on the price of a separate sale of goods or services promised to the buyer in exchange for non-monetary compensation.

The compensation payable to the buyer includes the amounts of money that the Company pays or expects to pay to the buyer (or other parties who purchase goods or services from the buyer). Such compensation may be implied by the usual business practice of a legal entity.

If the refund payable to the buyer is a payment for a distinguishable product or service supplied by the buyer, the legal entity takes into account the purchase of the product or service in the same way as it takes into account other purchases from suppliers.

If the amount of compensation payable to the buyer exceeds the fair value of the distinguishable goods or services received from the buyer, the legal entity must account for such excess as a reduction in the transaction price.

If a legal entity cannot reasonably estimate the fair value of the goods or services received from the buyer, it must take into account all compensation payable to the buyer as a reduction in the transaction price.

The Company takes into account the compensation payable to the buyer as a reduction in the transaction price and, consequently, revenue when the later of the two events listed below occurs:

1) The Company recognizes revenue in relation to the transfer of relevant goods or services to the buyer;

2) The Company pays or promises to pay compensation (even if the payment is due to a future event).

At the end of each reporting period, the Company, if necessary, recognizes an obligation to refund funds if it expects that after receiving a refund from the buyer, the legal entity will return all or part of this refund to the buyer. The obligation to refund funds is estimated by the amount of the refund received (or to be received), the right to which the legal entity does not expect to receive (i.e. amounts not included in the transaction price).

Sale with the right of return

The company must recognize an obligation to refund funds if the organization receives a refund from the buyer and expects that it will return all or part of this refund to the buyer. The obligation to refund funds is estimated by the amount of the refund received (or to be received), the right to which the organization does not expect to receive (i.e. amounts not included in the transaction price). The obligation to refund funds (and the corresponding change in the transaction price and, consequently, the obligations under the contract) must be adjusted at the end of each reporting period, taking into account changes in circumstances.

Allocation of the transaction price to the obligations to be performed

The purpose of the transaction price distribution is to distribute the transaction price for each obligation to perform (or distinguishable goods or services) in the amount reflecting the amount of compensation, the right to which the legal entity expects to receive in exchange for the transfer of the promised goods or services to the buyer.

To distribute the transaction price for each performance obligation based on the relative price of a separate sale, a legal entity must determine the price of a separate sale at the time of conclusion of the contract for the distinguishable goods or services underlying each performance obligation under the contract, and distribute the transaction price in proportion to such separate sale prices.

The best confirmation of the price of a separate sale is the observed price of a good or service when a legal entity sells such a good or service separately in similar circumstances and to similar buyers.

When assessing the price of a stand-alone sale, a legal entity must analyze all information (including market conditions, factors specific to the legal entity, and information about the buyer or class of buyers) that is reasonably available. At the same time, a legal entity must apply assessment methods consistently in similar circumstances.

Suitable methods for estimating the price of a stand-alone sale of a good or service include, among others, the following:

1) An approach based on an adjusted market valuation – a legal entity can analyze the market in which it sells goods or services and determine the price that a buyer in such a market would agree to pay for such goods or services. Such an approach may also involve using competitors' prices for similar goods or services and adjusting such prices to the extent necessary to reflect the costs and margins of the legal entity.

2) An approach based on expected costs taking into account margin – a legal entity can predict its expected costs for fulfilling the obligation to perform, and then add the appropriate margin for this product or service.

3) Residual approach – a legal entity can estimate the price of a stand-alone sale based on the total transaction price minus the sum of the observed prices of the stand-alone sale of other goods or services promised under the contract. However, a legal entity can use a residual approach to estimate the price of a separate sale of a good or service only if one of the criteria below is met:

- The company sells the same product or service to different buyers (simultaneously or almost simultaneously), while receiving significantly different amounts (i.e., the sale price is highly variable, since the typical price of a separate sale is not obvious based on past transactions or other observable confirmations); or
- the legal entity has not yet set a price for such a product or service, and the product or service has not previously been sold separately (i.e. the sale price is uncertain).

To estimate the prices of a separate sale of goods or services promised under a contract, a combination of methods may be needed if several such goods or services have highly variable or uncertain prices of a separate sale. For example, a legal entity may use a residual approach to estimate the aggregated stand-alone sale price for promised goods or services having highly variable or uncertain stand-alone sale prices, and then use a different method of estimating the stand-alone sale prices of each of the remaining goods or services relative to such an estimated aggregate stand-alone sale price determined in accordance with the residual approach. When a legal entity uses a combination of methods to estimate the stand-alone sale price of each promised good or service under the contract, it must assess whether the distribution of the transaction price based on such estimated stand-alone sale prices will meet the purpose of the distribution of the transaction price and the requirements for the evaluation of the stand-alone sale prices.

The buyer receives a discount for the purchase of a package of goods or services if the sum of the prices of the separate sale of a package of goods or services under the contract exceeds the promised refund under the contract. Except in situations where a legal entity has observable confirmation that the entire discount relates exclusively to one or more, but not all, performance obligations under the contract, the legal entity must distribute the discount proportionally to all performance obligations under the contract based on the relative prices of the separate sale of the corresponding distinguishable goods or services.

A legal entity may distribute the entire discount to one or several, but not all, obligations to be performed under the contract if all the criteria below are met:

1) a legal entity regularly sells each distinguishable product or service (or each package of distinguishable goods or services) in a contract separately;

2) a legal entity also regularly sells separately a package (or packages) of some such distinguishable goods or services at a discount to the price of the separate sale of goods or services in each package;

3) the discount related to each package of goods or services described in subparagraph (2) is practically the same as the discount in the contract, and the analysis of the goods or services in each package provides an observable confirmation of the obligation to perform (or obligations to perform), to which the entire discount provided for in the contract applies.

If the entire discount relates to one or more obligations to be fulfilled in the contract, the legal entity must distribute the discount before using the residual approach to estimate the price of a separate sale of goods or services.

Variable compensation promised under the contract may apply to the entire contract or to a certain part of it, for example:

1) one or several, but not all, obligations to be fulfilled in the contract (for example, the bonus may depend on the transfer of a specific promised product or service to a legal entity within a specified period of time);

2) one or several, but not all, distinguishable goods or services promised within a series of distinguishable goods or services, which represents a single obligation to perform.

The Company must allocate the entire variable amount (and subsequent changes to such amount) to the obligation to perform or to distinguishable goods or services that are part of the same obligation to perform, provided that both criteria are met below:

1) the terms of variable payment relate directly to the activity of a legal entity in fulfilling the obligation to perform or transfer a distinguishable good or service (or to a specific result of fulfilling the obligation to perform or transfer a distinguishable good or service); and

2) the distribution of the entire variable amount of compensation for the obligation to perform or distinguishable goods or services corresponds to the purpose of the distribution of the transaction price when considering all obligations to perform and payment terms under the contract.

The Company must assign to the obligations to be fulfilled in the contract any subsequent changes in the transaction price on the same basis as at the time of conclusion of the contract. Therefore, a legal entity should not re-allocate the transaction price to reflect changes in the prices of a separate sale after the conclusion of the contract. The amounts allocated to the performed obligation for execution should be recognized as revenue or as a decrease in revenue in the period in which the transaction price changed.

The Company must distribute the change in the transaction price in full to one or several, but not all, performance obligations or distinguishable goods or services promised within a number of distinguishable goods or services that are included in one performance obligation only if the criteria specified in subparagraphs (1) – (2) relating to to the distribution of variable compensation.

Performance

The Company must present the contract in the statement of financial position either as an asset under the contract or as an obligation under the contract, depending on the relationship between the fulfillment of obligations under the contract by the legal entity and the buyer's payments. the company must present separately as accounts receivable unconditional rights to compensation.

Accounts receivable is the right of a legal entity to compensation, which is unconditional. The right to compensation is unconditional if the occurrence of the moment when such compensation becomes payable is due only to the passage of time. For example, the company recognizes a receivable if it has an existing right to receive payment, even if such an amount may be subject to repayment in the future. The Company must account for accounts receivable in accordance with IFRS 9. After the initial recognition of receivables under the contract, any difference between the measurement of receivables in accordance with IFRS 9 and the corresponding amount of recognized revenue should be presented as an expense (for example, as an impairment loss).

Transition to a new accounting procedure

The Company must apply IFRS 15 retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. This transition does not apply to executed contracts under which a legal entity, as of the date of initial application of IFRS 15, transferred all goods or services in accordance with the Income section of this accounting policy.

1) The date of initial application is the beginning of the reporting period in which the Company applies the requirements of this Chapter for the first time. The date of initial application is the effective date of IFRS 15;

2) When applying IFRS 15 for the first time, the Company must provide the quantitative information required by IFRS (IAS) 8 "Accounting Policies, Changes in Accounting Estimates and Errors" only for the annual period preceding the first annual period in which IFRS 15 is applied;

3) In the case of fulfilled contracts, the Company should not recalculate contracts whose validity period begins and ends within one annual reporting period;

4) In the case of executed contracts with variable compensation, the Company may use the transaction price as of the date on which the contract was executed instead of estimating the amounts of variable compensation in comparative accounting periods;

5) For all reporting periods submitted before the date of initial application, the Company should not disclose the amount of the transaction price allocated to the remaining obligations to be performed, as well as an explanation of when the legal entity expects to recognize such amounts as revenue;

6) If the Company uses any simplification of a practical nature listed in sub-paragraphs (3) – (5), the Company must apply such simplification consistently with respect to all contracts within all reporting periods submitted. In addition, the legal entity must disclose all the information below:

- simplifications used; and
- to the extent reasonably possible, a qualitative assessment of the calculated impact of the application of each such simplification.

Disclosure of information

The new requirements for disclosure of descriptive and quantitative information in the note to the financial statements are aimed at enabling users of the financial statements to assess the amounts, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Company must disclose all the amounts listed below for the reporting period, except in cases when such amounts are presented separately in the statement of comprehensive income in accordance with other IFRS:

1) revenue from contracts with customers;

2) impairment losses recognized on accounts receivable or assets under contracts related to contracts with customers.

The Company should detail information on revenue recognized under contracts with customers by categories reflecting how economic factors affect the nature, magnitude, distribution over time and uncertainty of revenue and cash flows, for example:

1) type of product or service;

2) geographical region;

3) market or class of buyers;

4) type of contract (for example, fixed-price contracts and cost-plus contracts;

5) term of the contract.

In addition, the Company must disclose sufficient information to allow users of financial statements to understand the relationship between the disclosure of detailed revenue and revenue information that is disclosed for each reporting segment.

The Company must disclose information about all of the following:

1) balances at the beginning and end of the period for accounts receivable, contractual assets and contractual obligations related to contracts with buyers, unless they are separately presented or otherwise disclosed;

2) explanation of significant changes in the balances of assets and liabilities under contracts during the reporting period, such as business combinations, impairment of assets under the contract, changes in estimates, etc.;

3) revenue recognized in the reporting period, which was included in the balance of obligations under contracts with customers at the beginning of the period; and

4) revenue recognized in the reporting period related to obligations performed (or partially performed) in previous periods (for example, changes in the transaction price).

The Company must disclose information about its obligations to perform in contracts with customers, including a description of all of the following:

1) the moment when a legal entity usually fulfills the obligation to perform (for example, during shipment, upon delivery, as services are rendered or after the completion of the service), including when the obligations to perform are fulfilled in a sales agreement with invoicing and deferred delivery;

2) significant payment terms (for example, when the time usually comes when the refund becomes payable, whether there is a significant financing component in the contract, whether the amount of the refund is variable);

3) the nature of the goods or services that the Company has promised to transfer, indicating the obligations to be fulfilled for the organization of the transfer of goods or services to the buyer by the other party;

4) obligations in respect of returns of goods, refunds and other similar obligations; and

5) types of guarantees and related obligations.

The Company must disclose the following information about the remaining duties to be performed:

1) the aggregate value of the transaction price allocated to the obligations to be fulfilled that are unfulfilled (or partially unfulfilled) at the end of the reporting period;

2) an explanation of when a legal entity expects to recognize as revenue the amount of an outstanding obligation to perform, which the legal entity must disclose in one of the following ways:

• on a quantitative basis, using time intervals that best correspond to the period of performance of the remaining duties to be performed; or

• using qualitative information.

The Company must disclose information about judgments and changes in judgments used in the application of this standard, which significantly affect the determination of the amount and distribution over time of revenue under contracts with customers. In particular, the Company should explain the judgments and changes in judgments that were used in determining both positions below:

1) distribution of duties to be performed in time; and

2) transaction price and amounts allocated to performance obligations.

The Company must provide a description:

1) judgments used in determining the amount of costs incurred in concluding or executing the contract with the buyer;

2) the method used to determine depreciation for each reporting period.

3.12. Accounting for deferred income

Accounting for deferred income - income related to future reporting periods, but actually received in the reporting period.

According to the basic assumption – the accrual method, the results of transactions and other events are recognized when they occur (and not when receiving or paying cash or cash equivalents, or when receiving documents) and are accounted for in the reporting period and reflected in the financial statements of the reporting periods in which they occurred.

The account "Income of future periods" in the context of income is intended to summarize information about income received (accrued) in the reporting period, but related to future reporting periods.

Deferred income represents the receipt of funds in advance, before the delivery of goods or services is carried out. Despite the fact that the criterion (calculation ability) is satisfied, there is no income recognition process. The income will not be recognized until the goods are shipped (delivered), the service is rendered or the work is completed. Recognition of income of future periods as income of the reporting period is made after full use of all conditions. Moreover, recognition can occur simultaneously (at the end of the work on the basis of the acts of work performed) or on a periodic basis, if it is stipulated by the contract.

Reflection in the financial statements

Deferred income to be recognized in the long-term period is reflected in the balance sheet as part of long-term debt (except for the classified part) as a separate item, if significant, or as part of other long-term debt, if insignificant.

Deferred income to be recognized in the short term is reflected in the balance sheet as a separate item, if significant, or as part of other short-term debt, if insignificant. At the same time, the classified part of deferred income is also reflected in short-term debt.

The procedure for recognizing deferred income and related definitions are discussed in more detail in the section "Accounting for state subsidies".

3.13. Cost accounting

General provisions

Expenses are expenses of the Company arising in the course of academic, research, infrastructure and other activities, representing a decrease in economic benefits during the reporting period in the form of disposal or depreciation of assets or an increase in liabilities, which leads to a decrease in net assets (not related to payments to the founder).

Expenses are formed and recognized on the basis of primary accounting documents in accordance with the accounting principles reflected in this accounting policy, as well as regulatory legal acts and international financial reporting standards.

The expenses of the period – re non–production expenses, which include the costs of selling products and providing services, administrative expenses, financing costs and other expenses that are not related to the production process.

Sales expenses – expenses related to the promotion and implementation of the company's activities.

Administrative expenses - administrative and economic expenses aimed at organizing the company's activities, unrelated to the production activities of a legal entity.

Remuneration (financing) expenses are payments, other than principal payments, related to attracting deposits, obtaining loans, microcredits, loans, financial lease (leasing), guarantees, concluding factoring agreements and other payments related to remuneration payment activities.

Other expenses – expenses not related to the main activity of the Company.

Deferred expenses are expenses incurred in this reporting period, but related to future reporting periods.

Production personnel - employees directly involved in the production process or engaged in servicing the Company's production activities within the framework of auxiliary production.

Administrative and managerial personnel is a category of employees performing the management functions of the Company, as well as forming overhead costs associated with the maintenance and maintenance of production.

Service personnel – a category of employees engaged in solving administrative and general issues of activity, as well as those servicing and accompanying production, including managers, employees of engineering and technical services, as well as other service personnel who meet the criteria for recognizing overhead costs.

The cost allocation base is an indicator directly related to the production process of certain types of work and services, in proportion to which overhead costs are attributed to the cost of these types of work and services.

The factor that best corresponds to the overhead costs of the production process should be selected as the distribution base:

1. time worked by production personnel;
2. time spent by the equipment;
3. the wage fund of production personnel;
4. units of products, works and services produced;
5. and others.

Accrual method

Accrual method is a method of accounting according to which the results of transactions and other events are recognized upon their commission, including from the date of performance of works, provision of services, shipment and transfer of goods to the buyer or his authorized representative for the purpose of sale or registration of property, and not from the date of receipt or payment of money or their equivalents.

Changes in connection with the introduction of IFRS 15 "Revenue from Contracts with Customers".

This subsection reflects the costs of the contract in connection with the entry into force of IFRS 15 "Revenue from contracts with customers" (from January 1, 2018).

Contract costs

Additional costs for contract conclusion

The Company should recognize as an asset the incremental costs of entering into a contract with a customer if the Company expects to recover those costs.

Additional contract costs are costs incurred by an entity in entering into a contract with a customer that it would not have incurred if the contract had not been negotiated (for example, sales commission).

The costs for concluding a contract that would have been incurred whether or not the contract has been entered into should be recognized as an expense when incurred, unless such costs are clearly recoverable by the customer whether or not the contract is entered into.

It is practically expedient that the Company can recognize the incremental costs of obtaining a contract as an expense as incurred if the amortization period of an asset that the entity would otherwise recognize would be one year or less.

Costs for contract implementation

If the costs incurred in fulfilling a contract with a customer are not within the scope of another standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), an entity shall recognize an asset for the cost of fulfilling a contract only if the cost satisfies all of the following criteria:

- the costs are related directly to the contract or to a proposed contract that an entity can identify in some way (for example, costs related to services that will be provided when an existing contract is renewed, or costs to design an asset that will be transferred under a specific contract that has not yet been approved);

- the costs develop or improve the quality of the Company’s resources that will be used to meet (or continue to meet) performance obligations in the future; and the costs are expected to be recovered.

For the costs to fulfill a contract with a customer that are within the scope of another IFRS, an entity shall account for those costs in accordance with those other IFRS.

The costs that are attributable directly to the contract (or to a specific proposed contract) include the following costs:

- direct labor costs (for example, the salaries or wages of employees who provide the promised services directly to the customer);

- direct material costs (for example, consumables used to deliver promised services to the customer);

- allocated costs directly attributable to the contract or activities under the contract (for example, the costs of managing and monitoring the contract, insurance and depreciation of tools and equipment used to perform the contract);

- the costs that are uniquely reimbursable by the buyer;

- other costs incurred solely as a result of the entity entering into the contract (for example, payments to subcontractors).

The Company must recognize the following costs as expenses as they are incurred:

- general and administrative costs (unless such costs are expressly recoverable by the customer under the contract, in which the entity must measure such costs in accordance with paragraph 97);

- the costs for the unproductive use of materials, labor or other resources for the performance of the contract, which were not reflected in the price of the contract;

- the costs that relate to satisfied performance obligations (or partially satisfied performance obligations) in the contract (i.e. costs that relate to past activities);

- the costs for which an entity cannot determine whether they relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations).

Depreciation and impairment

An asset recognized must be depreciated on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

An asset can be related to goods or services that will be transferred under a specific proposed contract.

The Company shall adjust depreciation to account for a significant change in the entity's expected timing of the transfer to the customer of the goods or services to which the asset relates. Such a change shall be accounted for as a change in the accounting estimate in accordance with IAS 8.

The Company shall recognize an impairment loss in profit or loss to the extent that the carrying amount of an asset exceeds:

- the remaining compensation that the entity expects to receive in exchange for the goods or services to which the asset relates;

- net of costs directly attributable to the provision of such goods or services that have not been recognized as an expense.

For the purpose of determining the amount of compensation that the Company expects to receive, an entity shall use transaction pricing principles (except for requirements to limit estimates of variable compensation) and adjust such amount for the effect of the buyer's credit risk.

Before the Company recognizes an impairment loss on an asset, it must recognize an impairment loss on assets related to a contract that are recognized in accordance with another standard in IFRS (for example, IAS 2, IAS 16 and IAS) 38). After applying the impairment test, the Company must include the resulting carrying amount of an asset in the carrying amount of the cash-generating unit to which it belongs for the purposes of applying IAS 36 Impairment of Assets to that cash-generating unit.

The Comppany should recognize in profit or loss the reversal of all or part of an impairment loss previously recognized when the conditions that caused the impairment are no longer present or have improved. The increased carrying amount of the asset shall not exceed the amount that would have been determined (net of depreciation) if no impairment loss had been previously recognized.

The costs not related to the implementing production contracts are divided into:

2. direct, directly included in the cost of works, services (related to the production process);

The peculiarity of direct production costs is that they can be directly attributed to a specific service. Direct costs include costs associated with the production of services, including: remuneration of employees employed in the main production, costs for raw materials and basic materials, work and services received from contractors, taxes and social contributions, other costs associated with the main production, as well as the cost of ancillary production;

Auxiliary production costs are the costs of production related to servicing the main production. The costs of auxiliary production are auxiliary in relation to the main production of the Company.

3. overhead costs;

Overhead costs are costs that accompany the main production but are not directly related to it. These include: salaries of the administrative staff and maintenance personnel, costs associated with the use of energy (electrical and thermal), current repairs, depreciation of intangible assets and fixed assets and other costs. When producing several types of products, overhead costs are distributed among them indirectly.

Overhead costs are included in the cost of works and services through distribution.

Overhead costs do not change or almost do not change as a result of the provision of services, as well as costs that cannot be directly and unambiguously attributed to a specific service and relate to the main and auxiliary production.

Costs classification

In accordance with their economic content the coats are classified into:

1. production costs;
2. period expenses.

According to the method of inclusion in the production cost, production costs are divided into:

1. the cost of the main production;
2. costs of auxiliary production;
3. overhead.

Period costs are divided into:

1. implementation costs;
2. administrative expenses, except for the remuneration of administrative employees recognized as overhead;
3. remuneration expenses;
4. other expenses.

Main production costs

Analytical accounting of costs for the main production is carried out separately by divisions and by types of main production activities in accordance with the subject and purpose of the activity provided for by the Company's Charter.

The cost accounting for the main production is a system for collecting and summarizing data on the costs and assets involved for each type of main production activity. Accounting is based on primary accounting documents that provide the required level of detail for costs and assets involved.

By nature, the costs of the main production are divided into:

1. wages of workers employed in the production of the main products, i.e. provision of academic services;
2. taxes and social contributions, deductions for compulsory health insurance from the payroll fund for workers involved in the production of basic products, i.e. provision of educational services;
3. inventories: raw materials, materials, fuels and lubricants, spare parts, other stocks;
4. reserves for unused vacations of employees;
5. works and services received from contractors;
6. expenses for the payment of scholarships to students and other compensation payments to students of the paid department;
7. other costs directly related to the provision of services;
8. expenses for ancillary production;
9. overhead costs, including depreciation of fixed assets and intangible assets.

To account for the costs of the main production, account 8110 of accounting is used.

By nature, the costs of auxiliary production are divided into:

1. wages of employees involved in the production of products, the provision of services and the performance of work serving the main production, i.e. provision of educational services;
2. taxes and social contributions, deductions for compulsory health insurance from the payroll fund employed in the production of products, the provision of services and the performance of work serving the main production, i.e. the provision of educational services;
3. stocks: raw materials, materials, fuels and lubricants, spare parts, other stocks;
4. works and services received from contractors;
5. other costs directly related to ancillary production;

6. overhead costs, including depreciation of fixed assets and intangible assets.

To account for the costs of auxiliary production, account 8310 of accounting is used.

According to the nature of the costs, overhead costs are divided into:

1. remuneration of employees;
2. taxes and social contributions of employees;
3. stocks: raw materials, fuels and lubricants, deductions for compulsory health insurance;
4. works and services received from contractors;
5. depreciation of fixed assets and intangible assets involved in the process of rendering services;
6. maintenance and repair of fixed assets;
7. thermal and electrical energy:
8. water supply and sewerage and other utility costs;
9. transport services;
10. communication services;
11. information services;
12. consulting services;
13. travel services;
14. operating lease;
15. fire safety and compliance with special requirements;
16. labor protection and safety;
17. taxes other than corporate income tax;
18. expenses for compulsory insurance of the employer's civil liability;
19. expenses for compulsory insurance of vehicles;
20. expenses for the maintenance of social facilities;
21. other overhead costs (current expenses).

Account 8410 is used to account for overhead costs.

Prime cost of the services rendered

The cost of production is a set of costs for the sale of services and works. The cost of the service includes the cost of the main production, the cost of auxiliary production, overhead costs. The detailed structure of the costs included depends on the characteristics of the production process and the nature of the services and works performed.

The Company must provide an analytical structure of expenses, using a classification based either on the nature or on the functional purpose of expenses, depending on which of the classification features is more appropriate.

On a monthly basis, account 8410 "Overhead costs" is written off to account 8110 "Main production" for accounting objects in accordance with the specified distribution. Account 7010 is used to account for the cost of services rendered**.**

Correspondence of accounts of standard transactions for account 7010 “Prime cost of products realized and services rendered”

Transaction content	**Correspondence of accounts**	
	Debit	**Credit**
At the end of the reporting period, the costs of the main production are written off to the cost price by types of main production activities	7010	8110
At the end of the reporting period closing production costs	5610	7010

to the final profit (total loss)		

Correspondence of accounts of standard transactions for account 8110 “Main production”

Transaction content	**Correspondence of accounts**	
	Debit	**Credit**
Inventories used up: raw materials, materials, fuels and lubricants and other inventories for the main production activities	8110	1310
Wages accrued to employees engaged in the main production activity	8110	3350
Social tax is accrued from the wages of employees engaged in the main production activity	8110	3150
Social contributions are accrued from the wages of employees engaged in the main production activity	8110	3210
Works received from contractors	8110	3310
Distributed overheads by types of main production activities in accordance with the base for the distribution of overheads	8110	8410
At the end of the reporting period, the costs of the main production are written off to the cost price by types of main production activities	7010	8110

Correspondence of accounts of standard transactions for account 8320 “Auxiliary production”

Transaction content	**Correspondence of accounts**	
	Debit	**Credit**
Inventories used up: raw materials, materials, fuels and lubricants and other inventories for auxiliary production;	8320	1310
Wages accrued to employees engaged in auxiliary production	8320	3350
The social tax is accrued from the wages of employees engaged in auxiliary production	8320	3150
Social contributions are accrued from the wages of employees engaged in auxiliary production	8320	3210
Works received from contractors	8320	3310
Allocated overheads for ancillary production in accordance with the overhead distribution base	8320	8410
At the end of the reporting period, the costs of auxiliary production were written off to the costs of the main production by types of main production activities, to sales expenses, to administrative expenses in accordance with the base for the distribution of auxiliary costs	8110, 7110, 7210	8320

Correspondence of accounts of standard transactions for account 8410 “Overheads”

Transaction content	Correspondence of accounts	
	Debit	Credit
Inventories used up: raw materials, materials, fuels and lubricants and other inventories, the costs of which cannot be directly and directly attributed to a certain type of production activity	8410	1310
Wages were accrued to employees whose expenses cannot be directly and directly attributed to a certain type of production activity	8410	3350
A social tax has been charged on the wages of employees whose expenses cannot be directly and directly attributed to a certain type of production activity	8410	3150
Social contributions are accrued from the wages of employees, the costs of which cannot be directly and directly attributed to a certain type of production activity	8410	3210
Works received from contractors, the costs of which cannot be directly and directly attributable	8410	3310
Depreciation expenses for fixed assets and intangible assets	8410	2420,2740
Expenses for energy, communication services, operating lease, transport services, information and consulting and other services	8410	3310
Travel expenses	8410	1251
Taxes and other obligatory payments to the budget: transport tax, land tax, property tax, payment for emissions into the environment, etc. taxes and payments	8410	3160,3170, 3180,3190
At the end of the reporting period, overhead costs are distributed by types of main production activities for the main production, for auxiliary production in accordance with the overhead distribution base	8110, 8310	8410

Auxiliary production of the Company is editorial-review and publishing activity. The publishing house is a structural subdivision of the Company.

The costs of editorial and publishing activities are carried out according to the objects of calculation in the accounting cards of auxiliary production. The object of cost accounting and calculation is a separate production order for each title: a teaching aid and other printed materials necessary for the educational process. The actual cost of circulation of each title (order) is determined after its execution.

Accounting for the costs of editorial and publishing activities is kept on account 8310

The procedure of accounting for the costs of servicing production: "Public catering plant"

The servicing production of the Company is the activity of providing meals to students and employees of the Company.

The public catering plant is a structural subdivision of the Company.

The activities of the catering plant are aimed at:

- producing dishes: products intended for immediate consumption;
- producing semi-finished products, culinary and confectionery products;
- selling products to consumers.

Prices for the products of the public catering plant consist of the cost of raw materials at retail prices and markups, intended, along with trade allowances and discounts, to reimburse the costs of a public catering plant for the production, sale, organization of product consumption and profit.

When developing the range of dishes and compiling the menu, the Company is guided by the current collections of recipes for dishes and culinary products, as well as recipes for branded and other dishes, developed and approved in the prescribed manner.

Raw materials and products are included in the calculation of sales prices according to recipes according to the norms for investing products in gross (net) weight at sales prices (in retail prices with a markup applied to the cost of a set of raw materials and products).

The selling price for each dish is indicated on the pricing card.

The direct costs of the catering plant include material costs.

The direct costs of the catering plant include material costs. *The indirect costs* of a public catering plant include: the cost of remuneration of production personnel, deductions from wages, including social tax and social contributions; additional cash payments and reserves for unused vacations of employees; overheads.

The release of raw materials into production is carried out taking into account the need for raw materials (products).

The basis for reflecting in the accounting of costs for raw materials (products) reports on the consumption of materials for the manufacture of dishes, verified and approved by the head of the catering plant.

The labor costs of the production personnel of the catering plant include:

- remuneration at tariff rates and official salaries;
- incentive payments;
- Compensatory payments for overtime work, for combining professions.

Deductions from wages include deductions for social insurance, compulsory social health insurance, social tax established by current legislation.

The overhead costs of the catering plant include:

- depreciation of fixed assets;
- expenses for payment for other services and works (services for the maintenance, maintenance of buildings and premises, equipment and other fixed assets);
- regulatory losses and natural loss of raw materials;
- the cost of overalls and table linen;
- appliances and household equipment;
- other costs related to the catering plant.

Recognition of the costs

The costs are recognized when the following conditions are met:

1. the incurred or expected costs associated with the operation can be estimated reliably;

2. if there is a decrease in the future economic benefits associated with a decrease in an asset or an increase in liabilities.

This means that the costs are recognized in the same period as increases in liabilities or decreases in assets are recognized (for example, payroll arrears or equipment depreciation).

The costs are recognized on the basis of a direct relationship between the costs incurred and the receipts for specific items of income. This process involves the simultaneous recognition of income and expenses that result from the same transactions.

If the economic benefits are expected to occur over several reporting periods and the relationship with income can only be traced in general or indirectly, the costs allocation to reporting periods is made on the basis of a reasonable and systematic determination of the amounts recognized in each reporting period.

If the costs incurred do not lead to expected economic benefits, or future economic benefits do not or no longer meet the requirements for recognition as an asset in the balance sheet, then the costs are recognized as an expense in the period in which the relevant circumstances are identified.

Cost allocation base

The costs of the main production are directly related to direct production costs.

When the Company produces several types of services, manufactures products, performs work, overhead costs are distributed among them indirectly (for example, in proportion to the wages of workers without additional payments; the number of man-hours worked by workers, etc.) and are included in production costs.

If there is auxiliary production, the costs are distributed by the types of services, production of products, performance of work based on the actual participation of ancillary production in the production of the main service, production of a product, performance of work.

Period costs

Realization costs

According to the nature of the costs, the realization costs are divided into:

1. inventory: raw materials and materials, fuels and lubricants, spare parts and other stocks;
2. remuneration of employees;
3. depreciation of fixed assets and intangible assets;
4. operating lease;
5. travel services;
6. taxes and social contributions;
7. other obligatory payments to the budget;
8. other costs.

Correspondence of accounts of standard transactions for account 7110 “Costs for products realized and services rendered”

Transaction content	**Correspondence of accounts**	
	Debit	**Credit**
Depreciation on intangible assets used in the process of sale	7110	2740
Calculation of depreciation on fixed assets and real estate	7110	2420

used in the process of sale		
The cost of materials used in the implementation process	7110	1310
Write-off of deferred expenses related to the payment of insurance premiums to an insurance company under an insurance contract	7110	1620
Calculation of wages for employees engaged in the implementation	7110	3350
Calculation of social tax, social contributions	7110	3150, 3210
Accepted for payment invoices of suppliers and contractors for the services rendered in the implementation and advertising	7110	3310
Accrual of a reserve for vacation pay for employees engaged in sales	7110	3430
Formation of a reserve for future expenses for the repair of fixed assets used in the implementation process	7110	3440
Expenses on business trips of employees involved in the process of selling products (services)	7110	1251
Closing at the end of the reporting period account 7110	5610	7110

1. Administrative costs

According to the nature of costs, administrative expenses are divided into:

1. inventories: raw materials and materials, fuels and lubricants, spare parts and other stocks;
2. wages of administrative and managerial and service personnel;
3. deductions from wages, including social tax and social contributions, deductions for compulsory social health insurance;
4. reserves for unused vacations of employees;
5. depreciation of fixed assets and intangible assets;
6. maintenance and repair of fixed assets;
7. thermal and electrical energy;
8. water supply and sewerage and other utility costs;
9. insurance;
10. transport services:
11. operating lease;
12. communication services;
13. professional development of administrative and managerial personnel;
14. consulting services;
15. information services;
16. travel services;
17. audit services;
18. security services;
19. banking services;
20. labor protection and safety;
21. fire safety and compliance with special requirements;
22. entertainment costs;

23. costs for payment for other services and works (services for the maintenance, maintenance of buildings and premises, equipment, vehicles and other fixed assets);
24. other obligatory payments to the budget recognized in invoices;
25. other expenses;
26. legal costs and arbitration fees.

Account 7210 is used to account for administrative expenses. *Correspondence of accounts of standard operations for account 7210 "Administrative costs"*

Transaction content	**Correspondence of accounts**	
	Debit	**Credit**
Inventories used up: raw materials, materials, fuels and lubricants and other inventories, for administrative purposes	7210	1310
Wages accrued to employees associated with administrative and managerial activities	7210	3350
Social tax has been accrued on the wages of employees associated with administrative and managerial activities	7210	3150
Social contributions are accrued from the wages of employees associated with administrative and managerial activities	7210	3210
Expenses for depreciation of fixed assets and intangible assets related to administrative and management activities	7210	2420,2740
Expenses for maintenance and repair of fixed assets and intangible assets, energy, communication services, operating lease, transport services, information and consulting and other services related to administrative and management activities	7210	3310
Travel expenses related to administrative and managerial activities	7210	1251
Taxes and other obligatory payments to the budget: transport tax, land tax, property tax, payment for emissions into the environment, etc. taxes and payments related to administrative and management activities	7210	3160,3170, 3180,3190
Carried to deferred expenses: employee insurance, motor vehicle insurance, etc. costs	7210	1620
Closing at the end of the reporting period administrative expenses on the final profit (final loss)	5610	7210

Remuneration costs (financing)

Remuneration costs are divided into:
1. costs for received credits, loans, microcredits, etc.;
2. costs for guarantees received;
3. costs for the payment of interest on financial lease (leasing);

4. other remuneration expenses.

To account for remuneration costs (financing), there are used accounts:
7310 Remuneration costs
7320 Finance lease payment costs
7330 Costs from changes in the fair value of financial instruments
7340 Other financing costs.

Correspondence of accounts of standard transactions under subsection 7300 "Remuneration costs (financing)"

Transaction content	Correspondence of account	
	Debit	**Credit**
Calculation of interest on received loans, issued securities, promissory notes	7310	4160,3380
Finance lease interest costs	7320	3360,4150
Costs from changes in the fair value of financial instruments (financial asset or liability)	7330	1110,1120, 1140, 1150, 2010,2030, 2040,4020, 4030
Closing at the end of the reporting period the accounts of the subsection “Financing costs”	5610	7310,7320, 7330, 7340

Other costs

Other costs related to the main activities of the Company include:
1. Expenses from the disposal of fixed assets;
2. Impairment of fixed assets;
3. Impairment of intangible assets;
4. Expenses for the creation of reserves for depreciation of assets;
5. Remuneration of employees;
6. Expenses for creating reserves for doubtful debts;
7. Foreign exchange losses;
8. Costs of investments accounted for using the equity method;
9. Expenses related to discontinued operations;
10. Other expenses including fines, penalties, forfeits for violation of the terms of the contract, shortage of material assets identified in the event of a shortage that cannot be attributed to the guilty person, compensation for damages, expenses for reimbursement of legal costs and arbitration fees and other expenses, that arise independently of the normal course of business.

The following accounting accounts are used to account for other costs:
Subsection 7400 "Other expenses"

7410 Asset disposal costs
7420 Impairment expense
7430 Foreign exchange costs
7440 Costs for creating a provision and writing off bad claims
7450 Operating lease expense
7460 Costs from changes in the fair value of biological assets

7470 Other expenses.
Subsection 7500 Costs of Discontinuing Operations
7510 Costs related to discontinued operations.

Subsection 7600 "Share of Loss of Entities"
Share in the loss of the organization, taken into account by the equity method

Раскрытие информации

Information disclosure

The Company's financial statements disclose the following information.

If the items of costs are significant, the Company must disclose their nature and amount:
• classification of expenses according to their nature or functions;
• breakdown of all significant items of expenditure;
• circumstances under which items of expenditure are subject to separate disclosure;
• write-off of inventories to net realizable value or cost of property, plant and equipment to recoverable amount, as well as reversal of such write-downs;
• disposal of fixed assets;
• discontinued operations;
• settlement of litigation;
• other reverse entries in respect of provisions

Costs and losses from continuing operations for the reporting period are reflected in the financial statements of the Company based on the functional classification:
1) Cost of services rendered;
2) General and administrative expenses;
3) Implementation costs;
4) State subsidies;
5) Other income;
6) Negative foreign exchange difference, net;
7) Financial expenses;
8) Loss from impairment of long-term assets;
9) Loss on disposal of long-term assets, net;

In the notes to the financial statements of the Company, it discloses the largest items of expenses by cost elements. Mandatory for disclosure are elements such as depreciation, material costs and labor costs. Tangible items of other expenses (losses) are also subject to mandatory disclosure in the notes to the financial statements.

1.14. Accounting for deferred expenses

In accordance with the accounting assumption of the temporary certainty of the facts of economic activity (accrual principle), the costs associated with the production of works and services form its cost in the reporting period to which they relate, regardless of the time of their occurrence and the state of settlements.

Deferred costs are costs incurred in this reporting period, but relating to future reporting periods in which economic benefits (income) may arise.Учет расходов будущих периодов.

Accounting principles of deferred costs
Classification
The Company has adopted the following grouping of deferred expenses:

1) By the period during which it is supposed to write off the expenses of future periods:

Short-term, subject to write-off within 12 (twelve) months;

Long-term, write-off over a period of more than 12 twelve) months.

2) By type:

Cost types	*Description*
Employer civil liability insurance	includes costs arising in the field of compulsory insurance of the employer's civil liability for causing harm to the life and health of an employee in the performance of his labor (official) duties
Vehicle and property insurance	includes insurance of vehicles and property of the organization
Licenses, anti-virus programs	includes licenses for the use of operating systems (Windows) and a subscription to remote access network documents
Rental payments	rental costs
Voluntary health insurance	include costs for voluntary insurance of employees of a legal entity in case of illness
Subscription to newspapers and magazines	includes costs for periodicals
Other	includes other deferred costs

3) Analytical accounting should provide the following information for each item of expenditure:

- start date of use;
- expiration date.

Recognition of deferred expenses

Recognition of deferred expenses is made on the basis of primary accounting documents in accordance with accounting principles.

The most important condition for the recognition of expenses for the preparation of financial statements is the principle of matching income and expenses.

Deferred expenses include an advance payment made in the current reporting period for the purchase of works and services, which is subsequently recognized in the relevant accounts and expense items (works and services, general and administrative expenses, sales expenses, financial expenses or other expenses) for basis of the method of regular and even write-offs during the reporting periods to which they relate (term of the contract), and the account "Deferred expenses" is systematically credited.

Prepaid expenses are recognized in the statement of financial position at the cost of cash paid.

This method of recognition and accounting is based on the principle of matching income and expenses, which assumes that income and expenses that are the direct and joint result of the same transactions or events should be recognized in the inversed manner.

Correspondence of accounts of standard transactions for account 1620 “Deferred costs”

Transaction content	Correspondence of accounts	
	Debit	Credit
Insurance premiums were paid in advance to insurance companies under the insurance contracts for cars, employees, subscriptions to periodicals, rental payments and other payments recognized as deferred expenses.	1620	3310,1030
Write-off of expenses related to insurance payments (premiums) for subscription to periodicals, rental payments and other expenses of future periods relating to the reporting month	8410, 7210, 7110, 7470	1620

Deferred costs information disclosure

Deferred expenses are disclosed in the notes to 'Other assets' and are classified within 'Other assets' in the statement of financial position as either long-term or short-term at their carrying amount, depending on the period remaining to write off from the end of the reporting period.

3.15. Employee Remuneration

General provisions

The Company's employee benefits are accounted for in accordance with IAS 19 Employee Benefits.

The Company establishes the rules for recognition and measurement, as well as the presentation in the financial statements of expenses and liabilities arising in connection with employee remuneration. Employee benefits are provided by:

1. The Labor Code and other regulatory legal acts of the Republic of Kazakhstan, including by-laws approved by the Government of the Republic of Kazakhstan and orders of central state bodies, decisions of the governing bodies of a legal entity, regulating issues of remuneration to employees of a legal entity;

2. Internal regulatory documents of the Company, regulating the issues of remuneration, encouragement and stimulation of the Company's employees;
3. An employment contract concluded between the Company and the employee.

Definitions

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be fully paid before twelve months after the end of the annual reporting period in which the employees render the related service.

Post-employment benefits are employee benefits (other than severance pay and short-term employee benefits) paid at the end of their employment.

Other long-term employee benefits are all types of employee benefits other than short-term employee benefits, post-employment benefits and termination benefits.

Classification and accounting principles

Employee benefits include short-term employee benefits such as wages and social security contributions, paid annual leave and paid sick leave, profit sharing and bonuses (if payable within twelve (12) months after the end of the period).

Recognition and evaluation

The Company recognizes:

1. an obligation if the employee has provided a service in exchange for remuneration stipulated in the employment contract, payable in the future;
2. a cost if the company uses the economic benefit resulting from the service provided by the employee in exchange for remuneration stipulated in the employment contract.

Short-term employee benefits

The Company recognizes the undiscounted amount of short-term employee benefits payable in exchange for services rendered and work performed:

1. as a liability (accrued expense) subject to any amount previously paid. If the amount previously paid exceeds the undiscounted amount payable, the entity recognizes the excess as an asset (advance payments) to the extent that the prepayment will result in a reduction in future payments or a cash refund;
2. as an expense in the period in which the service is rendered. An employee can provide services to the Company on a full-time, part-time, permanent, occasional or temporary basis.

Costs for the payment of remuneration in the form of wages, bonuses, compensations, allowances, etc. are recognized as current costs on an accrual basis during the reporting period for the hours actually worked and the work performed.

An employee can provide services to the Company on a full-time, part-time, permanent, occasional or temporary basis.

Expenses for the payment of remuneration in the form of wages, bonuses, compensations, allowances, etc. are recognized as current costs on an accrual basis during the reporting period for the hours actually worked and the work performed.

Vacations are paid at the expense of the reserve for employee holidays, created for the purpose of evenly including the amounts for vacation pay in the cost of products (works, services).

Short-term paid vacations are periods of absence of employees at work while maintaining their place of work and a certain form of payment during these periods (paid annual leave, paid study leave, periods of temporary disability).

The liability and expense to pay such benefits is recognized only upon the occurrence of vacation, study leave or a period of temporary incapacity for work.

Expected expenses for the payment of short-term employee benefits in the form of paid holidays are taken into account by forming a provision (reserve). The Company estimates the expected cost of accruing paid vacations as an additional amount that it expects to pay to an employee for unused vacations accumulated as of the reporting date.

Bonuses and remuneration costs (including the value of non-cash bonuses) that are of a regular or periodic nature are recognized during the period for which they are paid if:

1. The Company has an obligation that has arisen by virtue of the contract or the requirements of the law, or the established practice of activity;
2. This liability can be measured reliably in monetary terms.

Expected expenses for bonuses and remuneration are also taken into account by creating a provision.

Lump sum incentive payments are recognized as payments that are not of a regular or periodic nature.

Forming reserves for short-term remuneration

The Company forms a reserve of expenses for upcoming vacations to evenly allocate them to expenses. The reserve is calculated annually for each employee based on the employee's average earnings for 12 months and the number of days of unused vacation as of the reporting date.

Expected expenses for bonuses and remuneration that are of a regular or periodic nature are recognized by creating a provision in the period for which they are paid, provided that the recognition criteria for such expenses are met.

Lump sum incentive payments are recognized as payments that are not of a regular or periodic nature.

The Company provides for compensation payments for labor leave in the amount of the official salary for the rehabilitation of the Chairman of the Management Board.

When calculating and accruing reserves for bonuses and remuneration for a period, planned (budget) data are used as the basis for calculation.
An inventory count of reserves for employee benefits is made once a year at the end of the reporting period. Unused amounts of created reserves are reversed.

Information disclosure

Although this section of the accounting policy does not require specific disclosures in relation to employee benefits, other sections may. For example, Section 1.1 Presentation of Financial Statements in IAS 1, requires disclosure of the amount of employee benefit costs.

In accordance with section 1.1 "Presentation of Financial Statements in IAS 1", an entity discloses information about the nature and amount of expenses if they are material. Depending on the functions performed, those working in the Company are divided into the following groups:
- administrative and managerial personnel (Chairman of the Board, Rector, vice-rectors, chief accountant, directors, deans, etc.);
- main staff (professional and teaching staff and researchers);
- teaching and auxiliary staff;
- administrative and support staff;
- service staff;
- other personnel;

The Company's personnel is accounted for by profession, and within professions by qualifications.

The Company independently draws up and approves the staffing table in accordance with the need for employees, their number, professional and qualification level.

Wages in the Company are accrued in accordance with the "Regulations on the system of remuneration, material incentives and bonuses for employees of employees of Karaganda Technical University"

The size of the wage fund is annually approved and specified in the Company's development plan. The form of wages, staffing, official salaries, the system of bonuses and other remuneration is established by the Company independently.

The size of official salaries of key management personnel, the system of their bonuses and other remuneration is established by the Board of Directors of the Company and approved in the Regulations on remuneration and bonuses for members of the Management Board and the chief accountant of NLC "Karaganda Technical University" Regulations "On the Corporate Secretary" and "Internal Audit Service". The basis for calculating wages is the timesheet.

Correspondence of accounts of standard transactions for the account "Employee remuneration"

Transaction content	*Correspondence of accounts*	
	Debit	*Credit*
Employee payroll	1620,2920,	3350
	2930,2940,	
	7110,7210,	
	8110,8310,	
	8410	
Withholding personal income tax	3350	3120
Withholding mandatory contributions to the pension fund	3350	3220
Withholding child support from wages	3350	3390
Withholding from wages to compensate for the damage caused to them, the accountable amounts, as well as the amounts of loans issued to the employee-borrower, the unused part of the accountable amounts	3350	6280, 1250
Transferring remuneration amounts to the card accounts of employees, as well as payment of remuneration amounts from the cash desk	3350	1010, 1040
Calculation of wages to workers during their next vacation	3430	3350
Accrual of a reserve for the payment of vacations to workers	1620,7110,	3430
	8110,8310	
The following deductions were made at the expense of the reserve for vacation pay for workers:		
- social tax	3430	3150
- social insurance	3430	3210
Restoration of the excess accrued reserve for vacation pay to workers at the end of the reporting year		
- red storno method	1620,7110,	3430
	8110 - 8310	
- reverse accounting method	3430	1620:7110,
		8110,8310

3.16. Income Tax

General provisions

The purpose of this section is to determine the accounting procedure for income tax and the treatment of current and future tax consequences:

1. future reimbursement (repayment) of the book value of assets (liabilities), which are recognized in the balance sheet of the Company;

2. transactions and other events of the current period recognized in the company's financial statements.

This section of the Accounting Policy is applied in the event of an obligation to accrue and pay corporate income tax in cases where the share of income from non-core activities exceeds more than 10% of the Company's total annual income, as well as to fulfill the tax obligation to fill out the Declaration on Corporate Income Tax.

This section of the Accounting Policy also governs the recognition of deferred tax assets arising from unused tax losses or unused tax credits, the presentation of corporate income tax in the financial statements, and disclosures relating to corporate income tax.

The fact that an asset or liability is recognized in the Company's financial position reflects that the Company expects to recover or settle the carrying amount of that asset or liability. If it is probable that the recovery or settlement of such carrying amount will result in an increase (decrease) in future tax payments from what would be determined if such recovery or settlement had no tax consequences, this section requires that the legal the entity has recognized a deferred tax liability (deferred tax asset), subject to certain limited exemptions.

This section requires the Company to account for the tax consequences of transactions and other events in the same way it accounts these transactions and other events. So, any tax consequences relating to transactions and other events recognized in profit or loss should also be recognized in profit or loss. Any tax consequences relating to transactions and other events recognized outside of profit or loss (either in other comprehensive income or directly in equity) should also be recognized outside of profit or loss (either in other comprehensive income or directly in capital, respectively).

This section also governs recognition of deferred tax assets arising from unused tax losses or unused tax credits, the presentation of income taxes in the financial statements, and disclosures relating to income taxes.

Current corporate income tax is the amount that is expected to be paid or refunded from the state budget in respect of taxable profit or loss for the current and prior periods.

Current corporate income tax expenses payable to the budget are calculated based on the amount of taxable income, which is determined as the difference between the total annual income and the deductions provided for by the articles of the Tax Code of the Republic of Kazakhstan, subject to adjustments.

The objects of corporate income taxation in accordance with the Tax Code of the Republic of Kazakhstan are:

- taxable income;
- income taxable at the source of payment;
- net income of a non-resident legal entity operating in the Republic of Kazakhstan through a permanent establishment.

Deferred income tax expense is determined by reference to the balance sheet items of assets and liabilities, the recovery or settlement of which in the future will result in future tax consequences.

Current and deferred income tax expense should be recognized as income or expense and included in profit or loss for the period, except to the extent that it arises from a transaction or event that is recognized directly in equity in the same or a different period. .

Current and deferred tax assets and liabilities are measured using applicable tax rates (and applicable tax laws).

Deferred tax assets and liabilities are not subject to discounting.

Definitions

In this section, the following terms are used with the meanings indicated:

Accounting profit is the profit or loss for the period before tax expense is deducted.

Taxable profit (tax loss) is the profit (loss) for the period, determined (determined) in accordance with the Tax Code of the Republic of Kazakhstan, in respect of which (which) income taxes are paid (reimbursed).

Income tax expense (income tax income) is the aggregate amount included in profit or loss for the period in respect of current tax and deferred tax.

Current tax is the amount of income taxes paid (reimbursed) in respect of taxable profit (tax loss) for the period.

Deferred tax liabilities are income taxes payable in future periods in respect of taxable temporary differences.

Deferred tax assets are income taxes recoverable in future periods in respect of:

1. deductible temporary differences;
2. unused tax losses carried forward;
3. unused tax credits carried forward.

Temporary differences are differences between the carrying amount of an asset or liability on the statement of financial position and its tax base. Temporary differences can be either:

1. taxable temporary differences, i.e. temporary differences that will give rise to taxable amounts in calculating future taxable profit (tax loss) when the carrying amount of an asset or liability is recovered or settled;
2. deductible temporary differences, ie temporary differences that will result in deductions in determining taxable profit (tax loss) in future periods when the carrying amount of the asset or liability is recovered or settled.

The tax base of an asset or liability is the amount that is allocated to an asset or liability for tax purposes. Income tax expense (income from income tax) includes current tax expense (income) and deferred tax expense (income).

Accounting principles

To reflect the income tax in the financial statements of the Company, the balance sheet liability method is used, according to which the financial statements of the Company are required to reflect not only the current income tax (the so-called tax consequences of the reporting period), but also deferred income taxes (future tax consequences) existing at the reporting date. At the same time, the amount of income tax expense for the reporting period, reflected in the income statement, should be reflected in the amount of current income tax plus (minus) the expense (savings) of the amount of deferred income tax.

Recognition of the effect of future tax consequences gives rise to deferred tax liabilities and deferred tax assets in the financial statements. They are formed in connection with the difference between the carrying value of assets and liabilities and their tax base.

The tax base

The tax base of an asset is the amount that will be deducted for tax purposes from any taxable economic benefits that an entity receives in the process of recovering the carrying amount of an asset. If these economic benefits are not taxed, the tax base of the asset is equal to its carrying amount.

Recognition of current tax liabilities and current tax assets

A current tax for the current and prior periods is recognized as a liability to the extent of the unpaid portion. If the amount already paid in respect of the current and prior periods exceeds the amount payable in respect of those periods, the excess is recognized as an asset.

Recognition of deferred tax liabilities and deferred tax assets

Taxable temporary differences

A deferred tax liability is recognized for all the taxable temporary differences unless it arises from:

1) initial recognition of goodwill; or

2) the initial recognition of an asset or liability in a transaction that:

- it is not a business combination;

- at the time of the transaction it does not affect either accounting profit or taxable profit (tax loss).

The very fact of recognition of an asset implies that its carrying amount will be recovered in the form of economic benefits that will be received by the legal entity in future periods. If the carrying amount of an asset exceeds its tax base, the amount of taxable economic benefits will exceed the amount that can be deducted for tax purposes. This difference represents a taxable temporary difference and the liability to pay the resulting income taxes is a deferred tax liability. As the entity recovers the carrying amount of the asset, the taxable temporary difference will reverse and the entity will receive taxable income. This provides the possibility that economic benefits will flow out of the legal entity in the form of tax payments.

The Company recognizes deferred tax assets only if it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

A deferred income tax liability is an income tax liability that is payable in the future.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. An entity must reduce the carrying amount of a deferred tax asset to the extent that it is less likely that it will generate sufficient taxable profit to benefit from some or all the deferred tax assets. Any such reduction must be reversed to the extent that it is probable that sufficient taxable profits will be available.

If the difference between the tax base and the carrying amount is temporary, deferred income tax assets and liabilities are formed as follows:

	Deferred tax liabilities (DTL)	**Deferred tax assets (DTA)**
Assets	Book value > Tax base	Book value < Tax base
Liabilities	Book value < Tax base	Book value > Tax base

Taxable temporary differences and deferred tax liability

The tax base of an asset is the amount that will be deducted for tax purposes from any taxable economic benefits that an entity will receive when it recovers the carrying amount of the asset. If these economic benefits are not taxable, the tax base of the asset is equal to its carrying amount.

In the financial statements, temporary differences are determined by comparing the carrying amounts of assets and liabilities in the financial statements with the appropriate tax base. The tax base is determined on the basis of the tax declaration.

Deductible temporary differences and deferred tax assets

Examples where temporary deductible differences arise:

1. excess of the depreciation amounts of fixed assets and intangible assets reflected in the financial statements over the depreciation amounts used for deduction in determining taxable profit (tax loss);
2. recognition in the financial statements of reserves, the costs of which will be included in tax deductions only at the time of their actual occurrence;
3. forming a provision for depreciation of receivables, which for the purposes of tax accounting and financial reporting may differ in terms of creation and amounts;
4. for operations with inventories: creation of an allowance for depreciation in financial statements and write-offs for tax purposes in future periods;
5. for transactions with financial instruments carried at fair value:

accounting for the acquisition and sale of financial instruments at historical cost for tax accounting;

at fair value for financial reporting purposes.

A deferred tax asset shall be recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

1. is not a business combination;
2. at the time of the transaction does not affect either accounting profit or taxable profit (tax loss).

To the extent that it is not probable that future taxable profits will be available against which unused tax losses or unused tax credits can be utilized, a deferred tax asset is not recognised.

Assessment of tax rates

Current tax liabilities (assets) for the current and previous periods are measured at the amount that is expected to be paid to the tax authorities (recovered from the tax authorities), using tax rates (and tax laws) in effect or in substance in effect at the end of the reporting period. period.

Deferred tax assets and liabilities shall be measured using tax rates that are expected to apply to the period when the asset is realized or the liability is settled, and also determined based on tax rates (and tax laws) in effect or in substance in effect at the end of the reporting period.

Methodology of calculating deferred income tax

Deferred tax is calculated using the balance sheet method as follows:

1. the carrying value of all assets and liabilities is determined in accordance with IFRS;
2. the tax base of all assets and liabilities is determined:

1) in accordance with the requirements of IFRS, the profit and loss statement determines the accounting profit before tax for the reporting period;

2) in accordance with the Tax Code of the Republic of Kazakhstan the taxable income is determined;

3) at the approved rate, the amount of the current income tax liability is determined.

4) tax liability = taxable profit * tax rate (reflected on the credit of the account "Income tax payable");

3. The amount of temporary differences is determined based on a comparison of the carrying amount of all assets and liabilities available at the reporting date of the statement of financial position and their tax base: the amount of temporary differences is equal to the carrying amount of assets and liabilities less their tax base;

4. Exceptions are defined, i.e. temporary differences at the time of initial recognition of the asset or liability that do not give rise to deferred tax assets and deferred tax liabilities;

5. Recoverability of deductible temporary differences at the end of the reporting period is checked;

6. Deferred tax assets and liabilities are calculated at the end of the reporting period:

- deferred tax assets: the sum of all negative temporary differences multiplied by the tax rate;
- deferred tax liabilities: the sum of all positive temporary differences multiplied by the tax rate.

7. Net deferred tax is calculated by offsetting the total amount of deferred tax assets and liabilities, provided that:

- the legal entity has a legally enforceable right to set off the recognized amounts;
- deferred taxes refer to income tax established by the same legislation for one legal entity.

If these criteria are not met, deferred tax assets and liabilities are shown separately:

1. the tax rate is determined to calculate the deferred tax asset or deferred tax liability at the end of the reporting period;
2. in the statement of comprehensive income, the difference between the amount of the accumulated asset/liability for the previous period and the amount of the tax asset/liability at the end of the current period is reflected as a deferred income tax expense/income;
3. deferred tax assets or liabilities are presented in the balance sheet as a separate item in correspondence with the items in the statement of comprehensive income or equity items.
4. deferred tax assets and liabilities are included in long-term assets and liabilities and are not discounted.
5. if the deferred tax arises in connection with a transaction, the result of which was recorded directly in equity, the tax consequences are also charged to equity.

An example of such transactions would be an adjustment to the opening balance of retained earnings arising either from changing the Accounting Policy applied retrospectively or from the correction of a fundamental error.

Correspondence of the accounts of standard transactions of the subsection “Income tax”

Content of the transaction	**Correspondence of the accounts**	
	Debit	**Credit**
Payment of the advanced fees of income tax	1410	1030
Withholding a corporate income tax at the source of payment	3310, 3390	3110
Imposition of the corporate income tax	7710	3110
A payable income tax in the accounting period, as a result of the formation or removal of temporary differences	4310	3110

Deferred reimbursable tax assets in the accounting period due to deducted temporary differences	3110	2810
Accounting the payable income tax in the future accounting periods due to taxable temporary differences	7710	4310
Treatment of income tax saving, included in the calculation of net income in the period of loss formation	4310 or 2810	7710
Closing the account No.7710 “Expenses of the income tax” at the end of the accounting period	5610	7710

Information disclosure

The main components of tax expense (income) must be separately disclosed.

Components of the tax expense (income) can include:

1. expense (income) of the current income tax;
2. any adjustments of the current tax of previous periods, recognized in the accounting period;
3. the sum of deferred tax expense (income), relating to formation and recovery of the temporary differences;
4. the sum of deferred tax expense (income), relating to changes of the tax rates or introduction of the new taxes;
5. the sum of benefit, formed from a previously unrecognized tax loss, tax credit or the temporary difference of a previous period, that is used to reduce an expense of the current income tax;
6. the sum of the benefit, formed from the previously unrecognized tax loss, the tax credit or the temporary difference of the previous period, that is used to reduce an expense of the deferred tax;
7. the expense of the deferred tax, formed as a result of write-off or recovery of the previous write-off of a deferred tax asset;
8. the sum of the tax expense (income), relating to such changes in the accounting policy and mistakes, that are included in the profit or loss in accordance with the section “Accounting policy, changes of the accounting valuations and mistakes”, because their retrospective accounting is not permited.

The following information must be also separately disclosed:

1. an aggregative tax, a current tax and the deferred tax, relating to items, that are directly recognised in the capital;
2. the sum of the income tax in relation to each component of other comprehensive income;
3. explanation of the relationship between the tax expense (income) and accounting profit in one of the following forms (or in both forms):
   1) explanation of the changes of applicable tax rate(s) in comparison with a previous accounting period;
   2) the sum (and expiration date, if it is applicable) of the deducted temporary differences, unused tax losses and unused tax credits in respect of which, the deferred tax asset is not recognized in the statement of financial condition;
4. in relation to each type of the temporary differences and each type of the unused tax losses and the unused tax credits: in the statement of financial condition:

The company must disclose information about the sum of the deferred tax asset and the nature of data on the basis of which, it has been recognized, if:

1. the usage of the deferred tax asset depends on future taxable profit, which exceeds the profit, formed as a result of recovery of the existing taxable temporary differences;
2. The company has sustained a loss either in the current period or in the previous period, in the tax jurisdiction, which the deferred tax asset relates to.

3.17. Borrowing costs

General provisions

Borrowing costs, that are directly related to acquisition, construction or production of the asset, meeting specific requirements, are attributed to the cost of this asset, if there is a probability that the company will get future economic benefits, which are related to them and if such costs can be accurately evaluated. A legal entity recognizes other borrowing costs as expenses in that period in which they are incurred.

Definitions

The borrowing costs are interest expenses and other expenses, which the legal entity bears because of obtaining borrowed money.

The asset, meeting specific requirements is an asset, which always takes significant amount of time to prepare for its intended usage or sale.

The borrowing costs can include:

* the interest expenses, which are calculated, using a method of the effective interest rate;
* financial costs, associated with financial lease.

Depending on circumstances, the assets, meeting specific requirements can be any of the following once:
stocks, that take significant amount of time to bring them to a state of marketability;

1) production facilities;
2) electrogenerating facilities;
3) intangible assets;
4) Investment property.

Accounting principles

Recognition

The company uses two possible accounting methods:
a basic method: the borrowing costs are recognized as an expense of the current period and
an alternative method: the borrowing costs are capitalized and increase the cost of a qualifying asset.

A basic accounting procedure of the borrowing costs

The borrowing costs are recognized as expenses of that period in which they are incurred, regardless of conditions of receiving and a purpose of the loan (credit).

An alternative accounting procedure of the borrowing costs

The borrowing costs, that are allowed to be capitalized and are directly related to acquisition, construction or production of the asset, meeting specific requirements, are those borrowing costs, which could be avoided, if expences of the corresponding asset were not incurred.

Capitalization is possible, only if the future economic benefits can be derived by the legal entity from the usage of the qualifying asset and if these economic benefits can be accurately measured. Other borrowing costs are recognized as the expenses in the period of bearing them.

The borrowing costs, permitted for capitalization

The sum of the borrowing costs, permitted for capitalization, must be determined by means of the usage of a capitalization rate to the expenses of an appropriate asset.

The capitalization rate is the weighted average sum of the legal entity’s borrowing costs, which are not paid during a period, except for loans, which are specially received to acquire the qualifying asset.

The sum of the borrowing costs, capitalized during a period, must not exceed the sum of the borrowing costs, incurred during this period.

Excess of the carrying value of the asset, meeting specific requirements, over recoverable amount

When the carrying value or probable final cost of the asset, meeting specific requirements, exceeds the recoverable amount or net cost of the possible sale, the carrying value is written off partially or completely in accordance with requirements of other standards and in accordance with the section “Impairment of assets”. The amount of the partial or complete write-off is recovered under certain circumstances in accordance with the same standards.

The beginning of capitalization

The capitalization must start, when:

1. expenses of this asset are incurred;
2. the borrowing costs are incurred;
3. a work is carried out, which is necessary to prepare the asset for the intended usage or the sale.

Expenses of the asset, meeting specific requirements, includes only:

1. payment in money;
2. transfer of other assets;
3. acceptance of the interest liabilities.

The expenses are reduced by the amount of received intermediate payments and subsidies, associated with this asset. During a period, the average carrying value of the asset, including previously capitalized borrowing costs, is usually approximately equal to a value of the costs, which the capitalization rate is applied to, in this accounting period.

Suspension of capitalization

The company can incur the borrowing costs for long periods, when activities, being necessary to prepare the asset for the intended usage or the sale, are suspended. Such costs include the costs of maintaining unfinished facilities: such the costs are not capitalized. However, the company does not usually suspend the capitalization of the borrowing costs during a period, when a significant technical and administrative work is carried out. The legal entity does not also suspend the capitalization of the borrowing costs, when a temporary delay is a necessary part of the process of preparing the asset for the intended usage or the sale.

Cessation of capitalization

The company ceases to capitalize the borrowing costs:

1. when all necessary works are almost finished to prepare the qualifying asset for the intended usage or the sale;

2. construction of the qualifying asset is finished by parts and each part can be used until other parts continue to be constructed.

The capitalization of the borrowing costs must not be suspended or ceased, if an activity is suspended for a short period.

Information disclosure

The legal entity must disclose the following information in the financial statement:

1. the sum of the borrowing costs, capitalized during a period;

2. the capitalization rate, used to determine the sum of the borrowing costs, which is permitted for the capitalization.

Correspondence of the accounts of standard transactions of the section *“Borrowing costs”*

Content of the transaction	**Correspondence of the accounts**	
	Debit	**Credit**
Loans, received:		
for payment of a letter of credit by means of depositing money in the check books	1060	3010, 3020,4010,4020,4030,4150
by means of transferring money to current bank accounts	1030	3010, 3020, 4010,4020,4030,4150
Increase of obligation for loans, received in currency, as a result of changes of the market rate of currency exchange	7430	3010, 3020
Decrease of obligation for loans, received in currency as a result of changes of the market rate of currency exchange	3010, 3020	6250
Writing off the outstanding amount of obligations for received loans, including that thing, when a limitation period expires	3010,3020	6280
Loan repayment	3010, 3020	1010, 1030
a part of the long-term financial liabilities (for financial lease, loans, etc.), subjected to repayment during a current year, is recorded	4010,4020 4030,4150	3040
A current part of the long-term financial liabilities is repaid	3040	1010,1020, 1030
Treatment of expenses, associated with the capitalization of the borrowing costs of a capital repair (modernization, restoration), causing increase of the future economic benefits from the usage of fixed assets	2410	3380
Accrual of remuneration on received loans	7310	4160,3380
Closing the account No.7310 “Remuneration expenses” at the end of the accounting period	5610	7310

3.18. Impairment of assets

General provisions

This section of the Accounting Policy establishes the procedure of impairment of assets and also determines the requirements for disclosure of the appropriate information in the financial statement of the legal entity.

The Company checks the following types of assets for impairment:

1. fixed assets and incomplete construction;
2. intangible assets;

3. property investment;
4. other long-term assets.

This section does not determine accounting rules of the impairment for:

1. stocks;
2. financial assets;
3. deffered tax assets;
4. assets, formed from employee benefits;
5. long-term assets (or disposal groups), classified as “held for sale”.

Used terms

An active market is a market, where all conditions, described below, are fulfilled:

1. goods, traded on the market, are similar;
2. as a rule, it is possible to find buyers and sellers, who want to make a deal at any time;
3. price information, which is publicly available.

Depreciable amount is the cost of an asset or other sum, that is considered as cost in the financial statement, with the deduction of its residual cost.

Depreciation (write-off) is systematic distribution of the depreciable amount of an asset for its useful life.

Book value is the cost, whereby an asset is accounted after deduction of the accrued depreciation charges (depreciation) and accrued impairment losses.

The recoverable amount of the asset or a cash-generating unit is a fair value with the deduction of sale costs or value in use, depending on which of these values is larger.

The cash-generating unit is the smallest identifiable group of assets, that generates an inflow of money, which is greatly independent of the inflow of money from other assets or groups of assets.

Costs of disposal are incremental costs, which are directly associated with disposal of the asset or the cash-generating unit, with the deduction of financial costs and income tax expenses.

Corporate assets are assets, except for goodwill, that contribute to the inflow of money in future from both the considered cash-generating unit and other cash-generating units.

The fair value with the deduction of sale costs is the sum, that can be realized from the sale of the asset or the cash-generating unit, thanks to deal between independent, informed parties, that wish to make the deal, minus the costs of disposal.

A life cycle is either:

1. an expected period of the usage of the legal entity’s asset;
2. the number of product units or similar units, which the legal entity expects to obtain thanks to usage of the asset.

Impairment losses is the sum by which the book value of the asset or the cash-generating unit exceeds its recoverable amount.

The value in use is present value of the future money flows, which will be presumably received from the asset or the cash-generating unit.

Accounting principles

The impairment of asset is recognized only if economic value of the asset or a separate group of the asset is less than its book value. The cost of assets must not be inflated, but on the other hand, conscious decrease of the value of assets is not allowed as well.

Determination of the economic benefit of the asset is possible by means of evaluating the benefits, derived from the asset’s intended usage (value in use) or the benefits, derived from the sale (fair value with the deduction of sale costs). The company needs to choose the maximum amount of possible benefits - to use or sell.

The company must assess whether there are not any indications of the asset impairment at the end of each accounting period. If any such indication exists, the legal entity must estimate the asset’s recoverable amount.

Indication of the impairment of assets and cash-generating units

The company considers the indication of possible impairment of the assets, if the following events have occurred during the accounting period:

External information sources:

1. the market value of the asset has decreased much more than expected, according to normal conditions of the asset usage or when certain time has passed;
2. significant changes of the technological, market, economic or legal conditions in which the legal entity works, have occurred during a period or which are expected to happen in the near future;
3. market interest rates or other market indicators of the investment profitability have increased and these changes can affect a discount rate, used in calculating the asset’s value in use and significantly reduce its recoverable amount.

Internal information sources:

1. there are signs of obsolescence or physical deterioration of the asset;
2. significant changes of degree or method of the asset’s usage at the moment or in the future, which adversely affect a position of the legal entity, have occurred during some time or which are expected to happen in the near future.

For example: lack of use of the asset, cessation plans, plans of the asset’s disposal in the near future, revision of the useful life of the asset - from unlimited useful life to limited one;

1. it indicates that current or future results of the asset usage is worse than expected, based on internal reporting;
2. other indications of possible decrease of the asset value:

1) money, which is necessary to acquire the asset or to operate and maintain it, is significantly higher than the money, previously provided for in the budget,

2) net money flows are significantly lower than the money, planned in the budget,

3) net outflow of money is predicted during an entire useful life of the asset.

When evaluating these indicators, a principle of materiality must be applied. If an analysis shows that the recoverable amount of the asset is not sensitive to mentioned indicators, then it is not necessary to estimate the recoverable amount.

Consequences of the above mentioned indications are decrease of the future inflows of money from the assets in comparison with initially expected inflows. The situation, which results in decrease of the future inflows of money from the asset is an indication of the asset’s possible impairment and it requires to make an impairment test. The legal entity creates an impairment reserve of these objects, based on collected, documented information.

If there are indications of the asset’s possible impairment, it can indicate that a remaining useful life, a depreciation method of the fixed asset or the intangible asset, having a limited useful life, should be revised and corrected, even if an impairment loss is not recognized in relation to it.

The rules of making the impairment test

The legal entity makes a mandatory impairment test for all assets and cash-generating units at the end of each accounting period. If there are indications of the impairment, the recoverable amount needs to be calculated.

If there are not any indications of the impairment, the recoverable amount is not calculated except for the following cases:

1. intangible assets, having the unlimited useful life;
2. assets, which are not ready to be used.

Cash-generating unit

The recoverable amount is determined for separate assets, except for the cases, when it is not possible to determine the value in use of a separate asset. In this case, the recoverable amount must be determined for the so-called cash generating unit, which a considered asset belongs to.

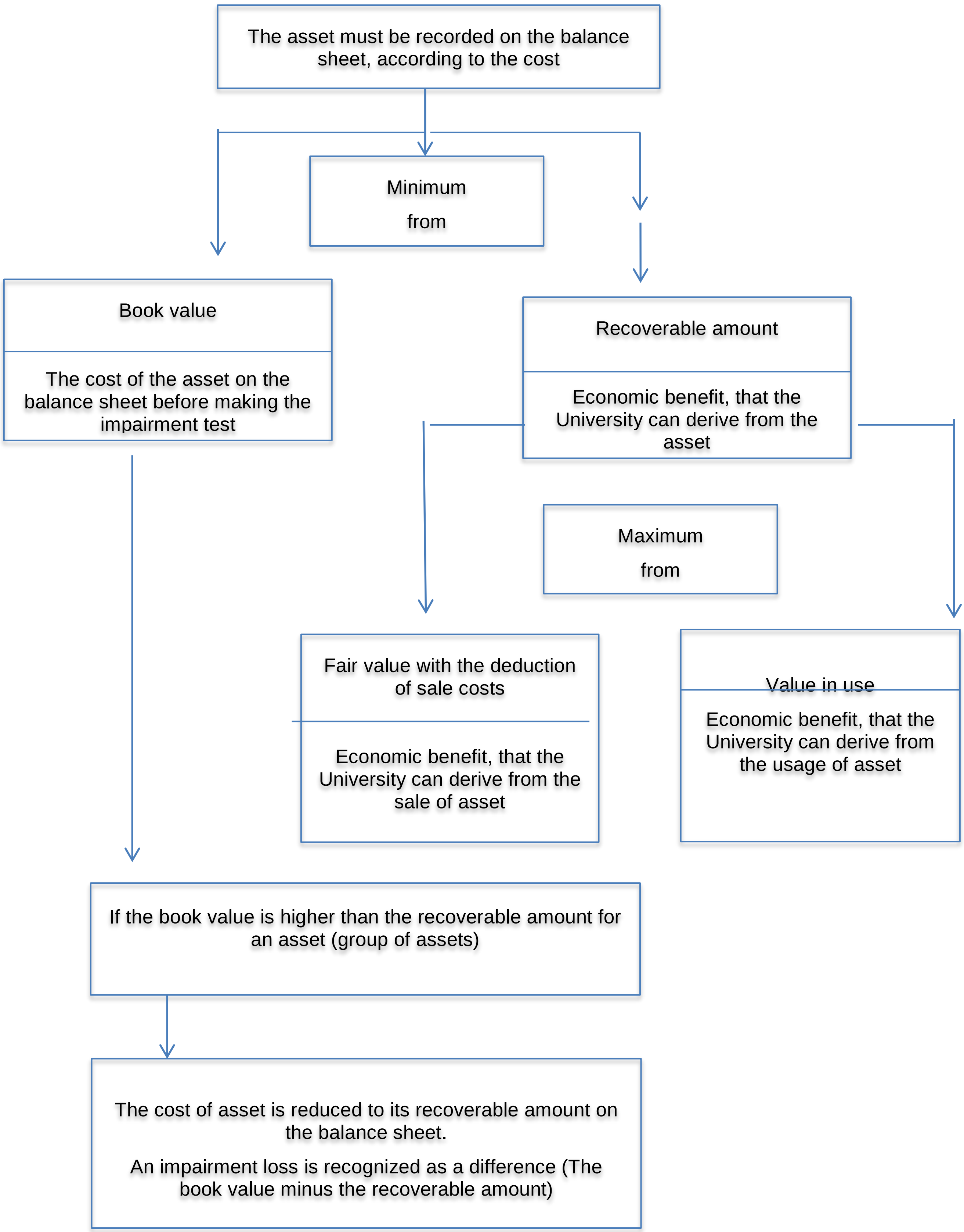
Corporate assets

The company can own assets, that cannot generate money flows independently of other assets or groups of assets (for example, office buildings or computer equipment, that performs centralized functions). These assets are corporate assets. A characteristic of the corporate asset is that it makes a contribution to several cash-generating units and its book value cannot be completely related to the considered cash-generating unit.

The cash-generating units must be sequentially determined from period to period - that is, they must include a common list of the assets in each subsequent period. The list of the assets, included in the cash-generating units, can be changed, when such a change is reasonable.

Testing the cash-generating units for the impairment is carried out in a similar manner to testing the separate asset for the impairment. It involves determination of the recoverable amount and its comparison with the book value of the cash-generating units’ assets, which also includes distributed value of the corporate assets and jointly used assets. If the book value of the cash-generating units’ assets is higher than its recoverable amount, the book value of the cash-generating units’ assets must be reduced to their recoverable amount and the impairment loss must be recognized.

Algorithm of checking the assets for impairment



Measurement of the recoverable amount

The book value of the asset must not exceed the economic benefit that the company is able to obtain from the asset, that is, the asset’s impairment test consists in choosing the minimum from the values - the book value of the asset or its recoverable amount.

If the book value of the asset is higher than its recoverable amount, it is necessary:

1. to reduce the cost of the asset to its recoverable amount on the balance sheet;
2. to recognize the impairment loss in the amount, being equal to the book value of the asset minus its recoverable amount.

Fair value with the deduction of sale costs

The best basis of determining the fair value with the deduction of sale costs is a price, specified in the mandatory contract of purchase and sale of the asset between parties, which are well-informed, have a desire to make such a deal, one of which is the legal entity. The price, specified in the contract, must be adjusted for the sum of costs, which are directly related to disposal of the asset. Such costs include the costs of dismantling and transportation of the asset, legal services of making the deal, fees, taxes and other direct additional costs of the pre-sale preparation of the asset. The company’s costs of involving an appraiser to make an independent assessment of the assets are not included in the calculation of the fair value with the deduction of sale costs and must be recognized as the expense in the accounting period.

If there is not the contract of purchase and sale, but an active market exists, the fair value can be determined as a market price (it is usually a current price of the buyer), adjusted for the costs of making the deal. Existence of the active market is associated with the following factors:

1. people, who want to sell or buy the asset, can be found at any time;
2. prices are publicly available, i.e. they are publicly announced.

If there is not the active market or if it is insufficiently organized, evaluation techniques are used to determine the fair value:

1. the price of the last similar deal, if significant changes have not occurred in the economic conditions from the moment of its execution to a reporting date;

1. comparing another very similar asset with a current market value, etc.

Evaluation of the fair value must be based on the best available information. Moreover, it is used information of the results of the last transactions with similar assets within the frame of the same branch, various external sources, such as: statistical data, data of the price lists of other organizations, Internet.

The fair value with the deduction of sale costs can be determined even if the asset is not traded in the active market. However, in some cases, the company recognizes the value in use as the recoverable amount of the asset due to lack of the basis for reliable estimation of the sum, that can be received from the sale of the asset.

Determination of the value in use of the asset

The calculation of determining the value in use of the asset, the cash-generating unit, includes the following steps:

Step 1: Calculate the future inflows and outflows of money, expected from further usage of the asset and from its disposal at the end of its life cycle;

Step 2: Applying an appropriate discount rate to these future money flows.

Step 1. Estimation of the future money flows

The basis of forming the forecast money flows from the usage of the asset are Development Plans, approved in the prescribed manner. The data, included in the calculation, must be based on assumptions, that show a current state of the asset and contain the best evaluation of the future economic conditions of its usage. Forecasts, based on these Development Plans must include the period of five years as a maximum, except for the case, when a longer period can be reasonable. The forecasts of money flows, which are beyond the scope of this period, must be estimated by means of extrapolation of the forecasts, based on the Development Plans, using a stable or decreasing growth rate for the following years, except for the cases, when an increasing growth rate can be reasonable. Moreover, the growth rate must not exceed a long-term average growth rate in relation to works and services, branches, country, in which the legal entity works or in relation to the market, where the asset is used.

The money flows from the usage of the asset must include:

1. the inflows of money from the continued usage of the asset, i.e. revenue from execution of the works and services, which is derived, using the considered asset;
2. the outflows of money, being necessary to generate these inflows of money (i.e. which are required for daily maintenance of the asset, as well as future overhead costs, that are related to the usage of the asset);
3. proceeds from the sale of the asset at the end of its operational period.

The future money flows are estimated for the asset in its current state and must not include estimated future flows and outflows of money, that are expected from:

1. future capital costs, which will improve or make the asset better, increasing its initially estimated standard efficiency;
2. financial activities;
3. proceeds and payments of the corporate income tax.

Step 2: Applying the appropriate discount rate to these future money flows.

If the discount rate includes the influence of inflation, then the future c flows are estimated in nominal terms, if the discount rate does not include the influence of inflation, then the future money flows are estimated in real terms. That is, it is first necessary to adjust the money flows for an inflation index and then calculate the present value of the net money flows, using the discount rate.

The future money flows are estimated in that currency, in which they will be generated and then the present value is determined, using the discount rate, which corresponds to this currency. The legal entity converts the formed present value, using an exchange rate, being valid at the date of calculation of the value in use of the asset.

The discount rate must be the rate, applied to the money flows before deduction of the income tax, that shows current market evaluation of the time value of money and risks, which are peculiar to this asset.

Recognition and evaluation of the impairment losses

The impairment loss is excess of the asset's book value over the asset's recoverable amount. This rule is equal for all assets, but loss accounting slightly differs, depending on a type of the asset and used approaches.

The impairment loss must be recognized as the expense in the profit and loss statement, except for the cases, when the asset is recognized at revalued cost, formed in accordance with another IFRS standard.

After the impairment loss is recognized, the future depreciation expenses of this asset, which are booked to costs, must be revised and the depreciation method and the remaining useful life of the fixed asset or intangible asset need to be adjusted.

At each reporting date, the legal entity assesses the indications that the loss on asset impairment, recognized in the previous periods (for example, in terms of the fixed assets or the incomplete construction), does not probably exist any more or have probably changed. These indications include the following events:

1. the market interest rates have decreased;
2. management reporting data proves that current or future results of using the asset are much better than expected, etc.

If the above mentioned indications exist, then the company recalculates the asset’s recoverable amount.

The book value of the asset, which increases due to refund of the impairment loss, must not exceed that value of the balance cost, which would have been determined (exclusive of depreciation), if the impairment loss had not been recognized for the asset in the previous years. Any increase of the book value of the asset, that exceeds amount of refund of the impairment loss of this asset, is revaluation.

The amount of reversal of the asset’s impairment loss must not exceed the sum, which could be received at that moment thanks to depreciation of the initial cost of this asset. Any increase above this value must be considered as revaluation of the asset. The company takes into account such the revaluation, applying appropriate IFRS to the asset.

Reimbursement of the impairment loss must be directly recognized in the profit and loss statement, only if the asset is not recognized at revalued cost in accordance with another IFRS standard.

The reimbursement of the impairment loss of an overvalued asset is directly credited to a capital account as a result of the revaluation. However, the reimbursement of the impairment loss of this asset is recognized as income in the profit and loss statement to the same extent that the impairment loss of the overvalued asset was previously recognized as the expense in the profit and loss statement.

When the impairment loss has been reimbursed, adjustment of the depreciation charges is carried out for an appropriate asset for future periods to write off the asset’s adjusted book value on an even basis with the deduction of its residual value during the remaining useful life of the asset.

Information disclosure

The following information must be disclosed for each class of the assets and for each reportable segment in the financial statement:

the sum of the comprehensive income, recognized in the statement, in regard to:

- impairment losses;
- reversal of the impairment losses.

If the impairment loss of the separate asset (a group of the cash-generating assets), recognized or reversed in the accounting period, is important for the financial statement, it is necessary to disclose the following:

1. events or circumstances, which have led to the recognition or reversal of the impairment loss;
2. the sum of the recognized impairment loss or the reversal of such losses;
3. for a separate asset - description of the asset and the reportable segment, which this asset belongs to;
4. for a group of the assets of cash generating units:

description of the cash generating unit (describe, whether this facility is a building and structure, a production line/process, a business transaction, a geographic region, the reportable segment or something else);

the sum of the loss on reduction of the value, which is recognized or reversed:

1. in terms of types of the assets;
2. in terms of operating segments;
3. if grouping the assets for determination of the cash-generating unit has changed from the moment of previous evaluation of the recoverable amount of this assets’ group, the legal entity must describe a previous way and a current way of grouping the assets and reasons of such a change;

4. whether the recoverable amount is the fair value with the deduction of sale costs (costs of disposal) or the value in use;
5. if the recoverable amount is the fair value with the deduction of sale costs (costs of disposal), a method of its determination must be disclosed (for example, whether it was determined on the basis of market information or in a different way);
6. If the recoverable amount is the value in use, the discount rates, used in the current evaluation and in the previous evaluation (if such evaluation exists) of the value in use, must be specified.

The following information must be provided for comprehensive, recognized and reversed impairment losses:

7. the main types of the assets, that have been subjected to the impairment (or whereby previously recognized impairment has been reversed);
8. basic events and circumstances, which have led to the recognition (reversal) of the impairment losses.

Correspondence of the accounts of standard transactions of the subsection “Impairment of assets”

Content of the transaction	Correspondence of the accounts	
decrease of the initial cost of the fixed assets due to revaluation:		
within the frame of the sums of previously made revaluation (final appraisal): - adjustment of the initial cost - adjustment of the sum of accumulated depreciation	5420 2420, 2740	2410, 2730 and other accounts of the assets 5420
in excess of the sums of the previously made revaluation (final appraisal): - adjustment of the initial cost - adjustment of the sum of accumulated depreciation	7420 2420, 2740 etc.	2410, 2730 and other accounts of the assets 7420
Note: - if the cost of fixed assets is increased due to the next revaluation, then the sum, previously booked to the debit of the account No.7420, is subjected to reinstatement as income and is recorded - if the sum of the final appraisal exceeds the sum, previously booked to the debit of the account No.7420 of this object, then the sum of excess is recorded	2410, 2730 and other accounts of the assets 2410 etc.	6240 5420
Write-off of the sum of final appraisal of the retired fixed assets	5420	5510
Transferring the sum of revaluation of the fixed assets, being in operation, to retained income	5420	5510
Disposal of the overvalued fixed assets in the amount of	7420	5420

the loss on disposal of the asset		
Disposal of the overvalued fixed assets in the amount of the gain on disposal of the asset	5420	6280
Impairment of the overvalued assets thanks to a revaluation reserve	5420	accounts of the assets
Reversal of impairment of the assets, previously recorded in the revaluation reserve’s account	accounts of the assets	5420

3.19. Reserves, contingent liabilities and contingent assets

General provisions

This section of the accounting policy must be applied by the company, when accounting all reserves, contingent liabilities and contingent assets, except for:

1) that once, which arise from the contracts, being in the process of execution, only if these contracts are not onerous;

2) those once, which another international standard of the financial statement extends to and those once, that are presented in other sections of the accounting policy.

This section is not applicable to financial instruments (including guarantees), which are covered in the section “Financial assets and liabilities”.

Contracts, being in the process of execution are contracts, according to which, none of the parties has fulfilled their obligations or both parties have partially fulfilled their obligations in equal measure. This section is not applicable to the contracts, being in the process of execution, only if they are not onerous.

The scope of this section covers the reserves, the contingent liabilities and the contingent assets, that are not covered in other sections of this accounting policy.

Definitions

A reserve is an obligation of the company, arising from the past events, as a result of execution of which, an outflow of the resources (money) is expected, which contain the economic benefits. In a general sense, all reserves are relative, because their sums and timeframes are not determined.

A liability (for the purposes of recognition in the financial statement) is an existing obligation of the legal entity, arising from the past events, the settlement of which is expected to result in the outflow of the resources, containing the economic benefits from the legal entity.

An obligating event is an event, which creates a legal obligation or there is not a realistic alternative of the settlement of this obligation.

A legal obligation is an obligation, arising from:

1) contract (from its directly defined or implied conditions);
2) legislation;
3) other effect of legal norms.

Obligation, caused by established practice (constructive obligation) is an obligation, arising from actions of the legal entity in cases when:

1. the legal entity has demonstrated to other parties by means of established practice, published policy or a sufficiently specific current statement that it will assume certain obligations;
2. as a result, the legal entity has created reasonable expectations among other parties that it will fulfill assumed obligations.

An onerous contract is a contract for which unavoidable costs of obligations fulfillment, as per the contract, exceed the economic benefits, expected from contract execution.

A contingent liability is a possible obligation, that arises from the past events and the existence of which will be confirmed only by occurrence or non-occurrence of one or more future events, the occurrence of which is uncertain and which are not completely under the control of the legal entity.

A contingent asset is a possible asset, which arises from the past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more future events, the occurrence of which is uncertain and which are not completely under the control of the Company.

Reserves classification

Other reserves of the company include:

1. reserves for provision of vacation payments, the section "Employee benefits"; reserves for doubtful accounts receivable;
2. the section "Leasing". However, contracts of the operating leases, which have become onerous, fall within the scope of the section "Reserves, contingent liabilities and contingent assets";
3. the section "Income tax";
4. other reserves (other reserves include the reserves for fulfillment of the obligations on legal and tax proceedings, recognized by the legal entity).

Recognition of reserves

The company recognizes the reserve, if:

1. the company has an existing obligation, that has arisen due to some past event;
2. it is probable that the outflow of the resources, containing the economic benefits, will be required to settle the obligation;
3. it is possible to reliably evaluate the amount of the obligation.

If these conditions are not met, the reserve must not be recognized.

The reserves are separately presented in the financial statement.

Past event and existing obligation

The legal entity recognizes only those obligations as the reserves, that have arisen from the past events and exist regardless of future actions of the company. The past event creates the existing obligation, if a probability of the existing obligation's availability is higher than the probability of absence of such the obligation at the end of the accounting period, based on all existing evidences.

Probable outflow of the resources, containing the economic benefits

In order that the obligation is considered as the obligation, which meet criteria of recognition, there must be not only the existing obligation, but a sufficient probability of the outflow of the resources, containing the economic benefits to settle this obligation.

Reliable evaluation of the obligation

The company makes an assessment of the obligation, which is reliable enough to recognize the reserve, if the assessment is not made, it is not recognized. Such the obligation is disclosed as a contingent liability in the financial statement.

If the company has a contract, which is onerous, a current obligation of this contract must be recognized and measured as the reserve.

Reserves evaluation

The sum of the reserve is determined as the best evaluation of the costs, required to settle the current obligation as of the end of the accounting period.

Evaluation of the results and financial effect is determined, using opinion of the company's management, supplemented by experience in similar transactions and, in some cases, opinions of the independent experts, as well as additional evidences, obtained as a result of events after the accounting period has ended.

When the measured reserve includes a large set of elements, the obligation is measured by assessment of all possible results of their corresponding probabilities. This statistical evaluation method is called “expected value”. If there is continuous range of the possible results and each point of this range is as probable as the others, then a midpoint of the applied range is used.

When evaluating a common obligation, the most probable result can be the best evaluation of the obligation, however the company must consider other possible results. When the other possible results are much higher or much lower than the most probable result, then the best evaluation will be higher or lower sum.

The evaluation of the reserve is carried out without taking into account imposition of tax.

Risks and sources of uncertainty

The evaluation of the results and financial effect is determined, using the opinion of the company’s management, supplemented by the experience in the similar transactions and, in some cases, reports of the independent experts. Risks and uncertainties, surrounding many events and circumstances, must be taken into account in the best evaluation of the amount of the obligation. Risk adjustment can increase the sum of the obligation, being evaluated. When giving an opinion under conditions of uncertainty, circumspection is required in order that income and assets will not be overstated and costs or obligations will not be understated.

The best evaluation of the costs, which are necessary to settle the current obligation, is the sum, which would be reasonably paid by the legal entity to settle the obligation at the end of the accounting period or transfered to the third party at this date.

Present value

The reserves, created for a period of more than 12 months, are recognized at the end of each accounting period on the basis of discounting, using the market interest rate. The reserves, created for a period of less than 12 months, are not discounted. The discount rate must be a pre-tax rate, that shows the current market evaluation of the time value of money and the risks, which are peculiar to the obligation. The discount rate must not show the risks, which the future money flows have been adjusted for.

Future events

The future events, which can influence the sum, required to settle the obligation, must be included in the sum of the reserve, when there is a quite objective evidence that they will occur. The impact of possible new legislation and technological changes are taken into account, when assessing the existing obligation, when there is the quite objective evidence that they will occur. In many cases, the quite objective evidence will not exist until such legislation is actually enacted.

Expected disposal of assets

The gain on expected disposal of assets must not be taken into account, when determining the sum of the reserve, even if the expected disposal is closely related to the event, which causes formation of the obligation.

Refund

In cases when the legal entity considers the third party as the party, which pays all costs or a part of the costs, being necessary to settle the estimated obligation (for example, by means of an insurance contract, damage compensation clauses or supplier's guarantees), the third party can either refund the sums, paid by the company or pay these sums directly.

If the company is responsible for the entire considered sum and must pay full amount, if the third party does not pay it for any reason, then the estimated obligation is recognized at the full amount of the obligations and the separate asset is recognized for expected reimbursement, when it is actually determined that the reimbursement will be received, if the company repays the obligation.

If the company is not responsible for the obligations, which will not be able to be repaid by the third party, then such costs are not an obligation of the company and are not included in the estimated obligation.

Change and usage of the reserves

The sum of created reserves should be revised as of the end of each accounting period. If the outflow of the resources, containing the economic benefits, is not already probable any more to perform the obligation, the reserve must be cancelled.

If discounting is applied, the book value of the reserve is increased in each period, showing the passage of time. This increase is recognized as financial costs.

The reserves can be only used to repay those obligations, which they have been created for.

Onerous contracts

The company creates the reserves for the existing obligations, related to onerous contracts. Before creating a separate reserve, as per the onerous contract, the entity recognizes the impairment losses of any assets, allocated to fulfill this contract**.**

Contingent liabilities and contingent assets

The company applies the term "contingent" to liabilities and assets, which are not recognized, because their existence will be confirmed only if one or more uncertain future events occur or do not occur, which are not completely under the control of the company.

For example: Service maintenance warranties.

Recognition of the contingent liability

The company does not recognize the contingent liabilities in the financial statement.

Information of the contingent liabilities is disclosed, except for the cases, when a possibility of the outflow of the resources, containing the economic benefits, is remote.

In cases when the company bears joint responsibility for the obligation, that part of the obligation, which is expected to be repaid by other parties, is considered as the contingent liability. A situation with the contingent liabilities can go differently then it was initially expected. Because of this, they are constantly revised to determine whether the outflow of the resources, containing the economic benefits, has become probable. If it becomes probable that the outflow of the future economic benefits will be required for an item, previously considered as the contingent liability, the reserve is recognized in the financial statement of that period, in which a change of the probability degree has occurred (except for exceptionally rare circumstances, when reliable assessment cannot be made).

Recognition of the contingent asset

The contingent assets, despite the presence of some certainty, are not recognized in the financial statement, because the company has not received actual income yet, according to a principle of the accrual basis and therefore information about the contingent asset is disclosed in the financial statement.

An example is a claim, the settlement of which, the legal entity tries to achieve through the court, the outcome of which is uncertain.

Evaluation of the contingent assets is constantly revised to ensure that made changes are properly presented in the financial statement. If an inflow of the economic benefits becomes almost doubtless, this asset and corresponding income are recognized in the financial statement of that period, in which the change has occurred.

When accounting the contingent assets and liabilities, the company is guided by the following procedure of accounting a probability value of the occurrence of a contingent event, used for preparation of the financial statement:

Degree of probability	**Approximate percent of probability**	**Recording an asset**	**Recording a liability**
Almost complete	More than 95%	Accrual is required	A reserve is created
High	More than 50%	In the notes to the financial statement	A reserve is created
Average	10% – 50%	Not disclosed	In the notes to the financial statement
Low	Less than 10%	Not disclosed	Not disclosed

Information disclosure

The company must disclose the following information for each type of reserves:

1. book value at the beginning and end of the accounting period;
2. additional reserves, recognized during a period, including increase of the existing reserves;
3. the sums, used (that is, they are actually incurred and written off against the reserve) during a period;
4. unused sums, reinstated during a period;
5. increment of the discounted sum during the accounting period with the passage of time and the result of discount rate’s changes.

It is not required to provide comparative information.

The legal entity also discloses the following information for each class of the reserves:

1. short description of the nature of obligation and expected timeframes of the economic benefits’ disposal, associated with it;
2. indication of the signs of uncertainty, concerning the sum and timeframes of their disposal;
3. the amount of any expected reimbursement, with an indication of the amount of the asset, that has been recognized for this expected reimbursement.

The company discloses short description of the contingent liability in the notes to the financial statement for each class of the contingent liabilities at the reporting date and, if it is feasible:

1. estimation of its influence on financial indicators;
2. indication of the signs of uncertainty, concerning the amount and sums of the possible outflow of the resources;

3. a possibility of some reimbursement.

When the inflow of the economic benefits is probable, the legal entity must disclose the short description of the nature of the contingent assets at the end of the accounting period and, if it is feasible, estimation of their influence on the financial indicators, determined in accordance with evaluation principles, determined for the reserves.

Correspondence of the accounts of standard transactions of the section “Reserves, contingent liabilities and contingent assets”

A reserve of the warranty obligations has been created for sold products and provided services for the warranty period up to one year and other short-term warranty obligations	7110	3410
Writing off the expenses of warranty repair and maintenance against the reserve of the warranty obligations within the frame of a period of the issued warranties	3410	3390,1310, 1330,1350, 8410
Recovery of the unused reserve of the warranty obligations:		
- the method of red-ink entry	7110	3410
- the method of reverse entry	3410	7110
Creation of the reserve for short-term obligations, concerning legal claims:		
in terms of obligations, issued for associated, joint and subsidiary organizations, branch offices of the structural divisions	1220 - 1240	3420
in terms of the legal claims, raised to the organization	7470	3420
Usage of the reserve in case of occurrence of the obligating event	3420	1010, 1030
Recovery of the unused reserve for the short-term obligations, concerning the legal claims:		
- the method of red-ink entry	1220 - 1240,	3420
	7470	1220 - 1240,
- the method of reverse entry	3420	7470
Accrual of the reserve for payment of vacations of the workers	1620,7110,	3430
	8110,8310	
Salary accounting for workers,while they are on vacation	3430	3350
The following costs have been incurred at the expense of the reserve for payment of the workers’ vacation:		
- social tax costs	3430	3150
- social insurance costs	3430	3210
Recovery of the excessively accrued reserve for payment of the workers’ vacation at the end of the accounting period:		
- the method of red-ink entry	1620,7110,	3430
	8110 - 8310	
- the method of reverse entry	3430	1620:7110,
		8110,8310
Creation of the reserve for future expenses:		
for repair of the fixed assets	7110,7210,	3440

	8410	
for preparatory works at the enterprises of seasonal branches of industry, etc.	8410	3440
Recording actual expenses, incurred at the expense of the reserve for the repair of the fixed assets:		
in case of a contract method	3440	3310 - 3330, 3390
in case of using own resources	3440	8310
Recovery of the unused reserve for the repair of the fixed assets:		
- the method of red-ink entry	7110,7210,	3440
	8410	7110,7210,
- the method of reverse entry	3440	8410
Monthly write-off of the seasonal costs in the fraction, being included in the cost of products (works, services) within the frame of created reserve	3440	1620

SECTION 4. INVESTMENT ACCOUNTING

4.1. Investment property

General provisions

Investment property is real estate, owned by the company to obtain additional economic benefits due to increase of the cost of capital.

The purpose of acquisition of the real estate has fundamental importance in determination of the real estate investment. This determination specially separates situations, when the company acquires the real estate for:

1. usage in the process of production or providing goods and services or for administrative purposes (in this case, the acquired real estate is classified as the fixed asset and recorded respectively);

2. sale in the process of carrying out an ordinary business activity (in this case, the acquired property is classified as stocks and recorded respectively).

The investment properties of the Company are:

- land, intended for the increase of the cost of capital in the long term and not for sale in the short term in the process of the ordinary business activity;
- land, the purpose of which is not currently determined (if the company has not decided yet whether it will use the land as owner-occupied property or for sale in the short term, in the process of the ordinary business activity, then the land is considered to be intended for the increase of the cost of capital);
- a building, which is owned by the legal entity (or it is in the possession of the company, as per a financial lease contract) and leased, as per one or more contracts of the operating lease;
- a building, which is not currently occupied, but intended for lease, as per one or more contracts of the operating lease.

The assets, which are not the real estate investments, are:

- facility, intended for sale in the process of the ordinary business activity, the facility of incomplete construction or which is at the stage of restoration for the purpose of sale;
- the facility of the incomplete construction or the facility, which is at the stage of the restoration on the instructions of third parties;
- the owner-occupied property, including the property, intended for future restoration and further usage, the property, occupied by employees of the legal entity (regardless of whether the employees pay rent, as per the market rates or do not) and the owner-occupied property, intended for the disposal;
- the facility of the incomplete construction or the facility, being at the stage of the restoration, which is intended to be used as the real estate investment. The IFRS standard No.16 is applied to such a real estate object till the moment of completion of the construction works or restoration, after that, this property passes into the category of the real estate investments and the provisions of this section are applied;
- real estate, leased to another organization, as per the financial lease contract.

The IAS standard No.16 is applied to the facilities, being in the process of construction or restoration, which are intended to be used as the real estate investment. After completion of the construction or restoration, such facilities are recorded, as per the IAS standard No.40. The IAS standard No.40 is also applied to the facilities, previously recognized as the real estate investments, but which are in the process of restoration, but only if their usage has long-term nature as the real estate investment after completion of the restoration.

Definitions

Book value is the sum, whereby the asset is recognized on the balance sheet.

Investment property is real estate (land or a building or a part of the building or both), owned (by a proprietor or a lessee, as per the financial lease contract) to receive lease payments or for the increase of the cost of capital, or both, but not for:

1. usage in production or delivery of the goods and providing the services for the administrative purposes;
2. sale in the process of the ordinary business activity.

Fair value is the sum which the asset can be exchanged for between well-informed, independent parties, which wish to make such a transaction.

Cost is the sum of paid money or its equivalents, or the fair value of other reimbursement, given to acquire the asset at the time of its acquisition or construction, or, when it is applicable, the sum, attributed to this asset, when initially recognizing in accordance with specific requirements of other IFRS standards, for example the IFRS standard No.2 “Payment, based on shares”.

Classification and accounting principles

The company classifies the investment property into the following categories:

1. the investment property, offered for lease;
2. the investment property, intended to be rented;
3. the investment property, intended for the increase of the cost of capital in the future.

If a part of the real estate object is used to receive rental payment or to increase capital and another part is used for production or delivery of the goods, providing the services or for the administrative purposes and such parts of the real estate object can be sold independently of each other, the legal entity record these parts of the real estate object separately. If parts of the real estate object cannot be separately sold, the real estate object is separately considered as the investment property only if a minor part of the real estate object is intended for the production or the delivery of the goods, providing the services or for the administrative purposes.

Investments, provided for acquisition of the property, which is further used in the production activities, are not the investment property

Recognition

The real estate investment is recognized on the asset side, when:

1) there is a probability that the legal entity will get the future economic benefits, associated with the real estate investments; and

2) it is possible to accurately estimate the cost of the real estate investment.

In order to determine whether the real estate object meets the first condition of recognition, the legal entity must assess a degree of the probability of getting the future economic benefits, based on available facts at the time of initial recognition. The second condition of recognition is easily determined, because an exchange transaction, which is indicative of purchase of the asset, determines its cost.

The company does not recognize the costs of daily maintenance of such the real estate object in the book value of the real estate investments. These costs are recognized in profit or loss, when they arise. Daily maintenance costs are the cost of labor, consumables and the cost of small parts.

In accordance with a recognition principle, the legal entity recognizes the costs of a replacement part of the existing real estate object in the book value of the investment property at the time of incurring such costs, when meeting recognition criteria.

Methods of the investment properties receipt are similar to those methods, which are described in the section “Fixed assets”.

Assessment, made during recognition

Initial cost of the investment properties is determined as per actual cost of acquisition, that is similar to the approaches, described in the section “Fixed assets”.

The cost of the investment property is not increased due to:

1. the costs of start-up operations (except for the cases, when they are necessary to bring the real estate object into working condition);
2. operating losses before reaching a planned level of offering premises for lease;
3. excessive consumption of the materials, labour resources and other resources during the construction or restoration of the real estate object.

The provisions of the section “Fixed assets” are applied to the facility of the incomplete construction or the facility, being at the stage of the restoration, which is intended to be used as the real estate investment in the future till the moment of completion of the construction works or restoration, after that the facility passes into the category of the investment property and the provisions of this section begin to be applied for its accounting.

Assessment, made after recognition

The company chooses an accounting model and applies this policy to all investment properties.

The company determines the fair value of the property investment, using one of two models: the accounting model on the fair value or the accounting model on actual acquisition costs. To determine the fair value of the property investment, the company can involve an independent appraiser, who has the recognized and appropriate professional qualification and has experience in evaluating the property investment of similar assets, located on the same territory.

Accounting model on the fair value

The company, which has chosen the accounting model on the fair value, records all investment properties at the fair value after initial recognition of the investment properties on the balance sheet, except for the cases when the legal entity cannot determine the fair value.

If the property, owned by the lessee, as per the contract of the operating lease, is classified as the property investment, the accounting model on the fair value must be used.

Other profit or loss, arising from changes of the fair value of the property investment, must be related to the profit or loss in that period in which they have arisen.

The market value serves as the fair value of the property investment. The fair value is the most probable price, which is valid in the market as on the date of the balance sheet. This is the best price, which both a seller and a buyer can rely on. An estimated price is overstated or understated due to special conditions or circumstances, such as non-standard financing schemes, sale and leaseback transactions.

Favorable reimbursement terms or discounts, provided by any party, which is involved in the sale and purchase transaction, are not the fair value.

Transaction costs, which can arise from the sale or other disposal of the asset, are not deducted by the legal entity.

The fair value of the property investment shows a state of the market and actual conditions, being valid as on the reporting date and not as on any date in the past or in the future.

Evaluation of the fair value is associated with a calendar date. Taking into account that the state of the market and market conditions can change, estimated value can be incorrect at another moment of time. In addition, determination of the fair value involves exchange of the assets and execution of the contract of purchase and sale at the same time without any change of the price, which can occur in the process of deal between well-informed parties, that are independent of each other and wish to make such the deal in case when the exchange of the assets and the execution of the contract occur at different times.

Moreover, to determine the fair value of the property investment, it is taken into account income from existing lease contracts, as well as reasonable and substantiated assumptions of the well-informed market participants, who want to carry out such a transaction, about expected income from future lease contracts, according to a current market situation.

The fair value of the leased property investments must be equal to zero in case of acquisition, as per the lease contract, concluded at market rates with the deduction of all expected lease payments, including those payments, which relate to recognized obligations. This fair value does not change regardless of whether a leased asset and obligation are recognized for accounting purposes at the fair value or at the present value of the minimum lease payments in accordance with the IAS standard No.17.

The fair value of the property investment is the cost of the property investment in the deal between informed, independent parties, that wish to make such the deal.

Current prices of the similar property, in the active market, which is on the same territory, in the same condition and subjected to similar terms of the lease and other contracts, are a proof of the fair value.

The company takes into account the following information, when the current prices are absent in the active market:

prices, which are valid in the active market of the property of different nature, in another condition or on another territory, or being subjected to other terms of the lease and other contracts, adjusted, according to existing differences;

the most recent prices in the less active markets, which are adjusted, according to any changes of the economic conditions after the date of making deals, as per these prices;

forecasts of the discounted revenue and money payments, as per reliable estimation of the future revenue and money payments, based on the terms of existing contracts.

When determining the fair value of the property investment, it is not permitted to record the assets or obligations again, that are recognized on the balance sheet as separate assets or obligations:

equipment, such as elevators and an air conditioning system. It is an integral part of the building and as a rule, is included in the property investments and is not separately recorded in the fixed assets;

leasing furnished premises. The fair value of furniture is included in the fair value of the premises, because rent is paid for the furnished premises. In addition, the furniture is not recognized as the separate asset, when the cost of the furniture is included in the fair value of the property investment;

prepayment or income, which is accrued, as per the contract of the operating lease, are not included in the fair value of the property investment, because the company separately recognizes these items as a part of the obligations or assets;

The fair value of the property investment, which is owned, as per the lease contract, includes the expected money flows, including contingent rent, which is expected to be paid. Hence, if made property assessment is determined with the deduction of all future payments, which will be made, then recognized lease obligation must be added again to form the fair value of the property investment for the accounting purposes.

Future capital property investments, used for property restoration or improvement and the future economic benefits, derived from such future capital investments, are not included in the fair value of the property investment.

Passing into the category

Passing into the category of the investment property or excluding from this category is carried out only if a purpose of the facility changes, that is confirmed by the following events:

1. the beginning of the real estate usage by an owner himself - when passing from the investment property to the category of the real estate, used for own needs, recognized as a part of the fixed assets;
2. the beginning of restoration for the purpose of sale - when passing from the investment property to the category of stocks;
3. the end of the period of usage by the owner himself - transfer of the facility from the property, used for own needs to the category of the investment property;
4. the beginning of granting on the operating lease – transfer of the facility from the stocks to the category of the investment property.

The company transfers the facility from the investment property to the category of the stocks only when its purpose changes, as evidenced by the beginning of the restoration of the facility for the purpose of its sale. If the legal entity decides to get rid of the facility of the investment property without its restoration, then it continues to recognize the facility as a part of the investment property until the facility stops being recognized and does not recognize it as a part of the stocks. The same thing happens, if the legal entity begins to restore the existing facility of the investment property for further usage as the investment property – the property retains the status of the investment property and is not classified as the owner-occupied property during the restoration. Transferring the facilities to the category of the investment property, the owner-occupied property and the stocks does not cause a change of the facilities’ book value.

Retirement of the investment properties

The facility of the investment property stops being recognized in case of retirement or completely putting it out of service, when it is not expected to get the economic benefits, associated with it, after the facility has been retired.

The facility of the investment property can be retired by means of sale, granting on the financial lease or the write-off.

Profit or losses, arising from the write-off or the retirement of the facility of the investment property, are determined as a difference between net disposal proceeds and the book value of the investment property and are recognized as a part of other income or expenses in the separate and consolidated financial statements. Reimbursement, carried out by third parties for the investment properties, which have gone down in value, have been lost or given, must be recognized in profit or loss, when such reimbursement is subjected to receipt.

The procedure of the retirement of the investment properties is similar to disclosure of the disposal of assets in the section “Fixed assets.

Information disclosure

The company, which uses the investment property on a rental basis, must disclose information about the financial lease as the lessee and information about the operating lease as a lessor.

The company must disclose:

an used accounting method: the accounting method on the fair value or the accounting method on the actual cost;

if it uses the accounting method on the fair value, then whether it classifies and recognizes a property interest, associated with the operating lease, as the property investment and if it does, then under what conditions;

if classification of the facilities is difficult, then what criteria does the legal entity use to distinguish between the property investment and the real estate, used for own needs, as well as the real estate, intended for sale during an ordinary activity;

methods and assumptions, used to determine the fair value, including information about whether the fair value has been determined on the basis of confirmed market information or taking into account other factors, determined by nature of the property or absence of the comparable market information;

whether the fair value of the property investment has been determined thanks to making an assessment by the independent appraiser, who has appropriate professional classification and experience in evaluation of the property investment. If such the assessment has not been made, this fact must be also disclosed;

the sums, recognized in the profit and loss statement;

Features of the disclosure of information about the accounting model on the fair value

The company, using the accounting method on the fair value, must disclose information about reconciliation of the book value of the property investment at the beginning and at the end of the period, showing:

increase of the property investment, with separate disclosure of the increase due to new acquisitions and further expenses, included in the book value of the asset;

increase of the property investment due to acquisitions, related to amalgamation of the legal entity;

assets, classified as “held for sale” or included in the disposal group, classified as “held for sale” in accordance with the IFRS standard No.5 and other disposals;

profit or loss, arising from adjustments of the fair value;

exchange differences, arising from conversion of the financial statement from one currency into other currency and in case of conversion of the foreign currency transactions into reporting currency of the reporting legal entity;

transfer of the investment properties from the stocks, as well as from the funds, recognized as a part and used for own needs, to the property investment and vice versa;

other changes.

If evaluation is significantly adjusted for preparation of the financial statement, the legal entity must disclose information about the reconciliation of original data and corrected data, included in the financial statement, separately recording the total amount of the recognized lease obligations as a result of the sale and leaseback and any other significant adjustments.

If the Company measures the investment properties at actual acquisition cost, as it is not possible to measure at fair value on a constant basis, the above-mentioned reconciliation must disclose the sums, related to this property investment, separately from the sums, related to the property investment, measured at fair value.

The Company must additionally disclose the following:

1) description of the investment properties;

2) explanation, why the fair value of the property investment cannot be accurately evaluated;

3) if it is possible, quantify the range within which the fair value could be situated, as per approximate estimation;

4) in case of disposal of the property investment, which has not been recognized at fair value: the fact that the legal entity has sold the property investment, that has not been recognized at fair value; the book value of this property investment at the time of sale; the sum of the recognized profit or loss.

4.2. Investments in joint activities

Definition

Joint activities are a contractual agreement, whereby two or more parties carry out an economic activity, that is subjected to joint control. All types of the joint ventures have the following characteristics:

1. two or more parties are bound by the contractual agreement;
2. the contractual agreement establishes the joint control.

The joint activities are either a joint operation or a joint organization.

Used terms

A joint operation is joint activities in which an organization is a participant together with another party or parties, on the base of the contractual agreement, which establishes the joint control and such parties of the joint agreement have rights to the assets and debt obligations, associated with the agreement.

Joint control is control, shared between the parties in accordance with a contract, moreover, the joint control exists only when common consent of the parties, carrying out the joint control, is required for making decisions about important activities.

A separate organization is a separate, identifiable financial structure, including separate legal entities, recognized by law, regardless of whether such the legal entities have legal capacit.

Recognition and recording

The company, being one of the participants of the joint operation, recognizes:

1) its assets, including its share of participation in joint assets;
2) its obligations, including its part of joint obligations;
3) its proceeds from the sale of its part of the products of the joint activities;
4) its share of proceeds from the sale of products of the joint activities;
5) its expenses, including its part of the jointly incurred expenses.

A party, that is a participant of the joint operation, but does not have the joint control, must also recognize its share of participation, according to the above-described principle, if such the party has rights to the assets and bears responsibility for the obligations, related to the joint operation.

The company uses the same approach to record a share of the joint operation in its separate and consolidated financial statement.

The company records assets, obligations, income and expenses, associated with the joint activities in accordance with IFRS standards, applied to separate assets, obligations, income and expenses.

Joint organization

A participant of the joint legal entity must recognize his share of participation in the joint legal entity as investments and record such the investments, using an equity method in accordance with the IFRS standard No.28 "Investments in Associates", described in the section "Investments in Associates and Joint Ventures".

Correspondence of the accounts of the subsection "Investment property"

Content of the transaction	*Correspondence of the accounts*	
	Debit	*Credit*
Recording the initial cost of investment property, accepted for usage after completion of construction	2310	2930
Transferring the fixed assets, used for own needs, to the property investment		
- at the book value of the facility	2310	2410
- at the amount of the fair value, exceeding the book value of the facility	2310	6140
- at the amount of the book value, exceeding the fair value of the facility	7420	2310
Transferring the long-term assets, held for sale, to the property investment		
- at the book value of the facility	2310	1510
- at the amount of the fair value, exceeding the book value of the facility	2310	6140
- at the amount of the book value, exceeding the fair value of the facility	7420	2310
Acquisition of investment property:		
from individuals and organizations	2310	3390,3310
from subsidiary, associated and joint organizations	2310	3320, 3330
Receipt of the investment property under terms of the financial lease	2310	4150
Receipt of the investment property thanks to payment of shares, making contributions (property contributions) to authorized capital	2310	5110
Recording the cost of legal services and other direct costs of acquiring the property investment	2310	3310,3320, 3390
Increase of the fair value of the investment property		
due to the made revaluation	2310	6140
- by the sum of deterioration	6140	2320
Decrease of the fair value of the property investments due to revaluation	7420	2310
- by the sum of deterioration (in the line of decrease)	2320	7420
The sum of impairment of the property investments is written	7420	2320

off due to a change of their fair value		
Accrual of depreciation of the property investments	7450, 7470	2320
Write-off of the cost of the property investments in case of their disposal (granting on the financial lease, elimination, sale, etc.)		
- at the residual value	7410	2310
- at the sum of deterioration	2320	2310
Transferring the property investment to the fixed assets, used for own needs:		
- at the book value of the facility	2410	2310
- at the amount of the fair value, exceeding the book value of the facility	2410	6280
- at the amount of the book value, exceeding the fair value of the facility	2430	2310
Transferring the property investment to the long-term assets, held for sale, if additional works of the facility restoration are required:		
- at the book value of the facility	1510	2310
- at the amount of the fair value, exceeding the book value of the facility	1510	6280
- at the amount of the book value, exceeding the fair value of the facility	7420	2310

Correspondence of accounts for subsection “Investments that are recognized by the method of the share participation”

Transaction content	*Correspondec eof accounts*	
	Debit	*Credit*
Purchasing shares at the purchase price	2210	1010, 1030, 1050,1060, 3310 - 3340 and etc.
Increasing the carrying amount of investments accounted for by the method of equity participation, in proportion to the investor's share in the net income of associates and joint ventures	2210	6410,6420
Reducing the carrying amount of investments accounted for using the equity method in proportion to the investor's share in the resulting losses of associates and joint ventures	7610, 7620	2210
Dividends accrued on investments accounted for using the equity method	1270	2210
Decreasing the carrying amount of the investment by the amount of equity participation as a result of the revaluation of the assets of associates and joint ventures:		
- within the previously made revaluation	5420	2210
- in excess of the amounts of the previously made revaluation or in the case when the revaluation was not previously carried out	7420	2210
Increasing the carrying amount of investments by the amount of	2210	5420

equity participation as a result of the revaluation of assets of associates and joint ventures		
Write-off of the carrying amount of investments on disposal	7410	2210

Correspondence of accounts for the subsection “Long term financial investments”

Transaction content	*Correspondece of accounts*	
	Debit	*Credit*
Providing long-term loans to organizations	2010	1010, 1030
Acquiring long-term financial investments at purchase price	2020 - 2040	1010, 1030, 3010, 3020,3040,3050, 4010 - 4030
Reflecting the payment for shares, making contributions (property contributions) with financial investments at fair value	2020 - 2040	5110
Increasing the fair value of long-term financial investments as a result of revaluation	2030, 2040	6150
Recovering the previously written off amount of the decrease in the value of long-term financial investments with an increase in their value	2030,2040	6150
Discount amortization (differences between the purchase and par value of bonds if the purchase price is below par)	2020,2040	6150
Differences between the purchase and par value of bonds, if the par value is lower than the purchase price	7330	2020,2040
Decreasing the fair value of long-term financial investments as a result of revaluation	7330	2030, 2040
Transferring short-term financial investments carried at carrying amount into long-term ones at fair value:		
when the fair value of the investment is below the carrying amount:		
- at fair value	2030, 2040	1140, 1150
- the excess of the carrying amount over the fair value of the investment	7330	1140,1150
when the fair value of the investment is greater than the carrying amount:		
- on the book value of investments	2030,2040	1140,1150,
- for the excess of the fair value of investments over the carrying amount	2030, 2040	6150
Transferring long-term investments carried at cost, taking into account revaluation (book), into short-term investments at fair value:		
when the fair value is below the carrying amount:		
- at fair value	1140, 1150	2030,2040
- for the excess of the book value	7330	2030,2040
when the fair value is greater than the carrying amount:		
- on the book value of investments	1140,1150	2020,2040

- for the excess of the fair value of investments over the carrying amount	1140, 1150	6150
Converting long-term investments held to maturity into short-term investments held to maturity	1130	2020
Write-off of the carrying amount of long-term financial investments upon disposal	7410	2020 - 2040
Repaying long-term loans by organizations	1010, 1030	2010

Correspondence of accounts of standard transactions in group 2120 “Long-term accounts receivable of the branch organizations” and 2130 “Long-term accounts receivable of accosiated and joint organizations”

Transaction content	*Correposndence of accounts*	
	Debit	*Credit*
Selling finished products (goods, works and services) with a delay payment (more than a year):		
- at the agreed price	2120,2130	6010
- for the amount of VAT	2120,2130	3130
Selling fixed assets, intangible assets and materials with deferred payment (more than a year):		
- at the agreed price	2120, 2130	6210
- for the amount of VAT	2120, 2130	3130
Receiving money to the current account to pay off the debt	1030	2120, 2130

SECTION 5. OTHER PROVISIONS

5.1. Inventory

General provisions

In order to ensure reliability of accounting and financial reporting data, an inventory of assets and liabilities is carried out at least once a year.

The main purpose of the inventory is to identify the actual presence of property by:

1) comparing the actual availability of property with accounting data by confirming the balances of analytical accounting accounts with the results of the inventory;

2) determining the state of property on the date of the inventory;

3) verifying and confirming the completeness of the reflection in the accounting of receivables and payables, capital and current repairs, completed and construction in progress.

All the property, regardless of its location, as well as not belonging to a legal entity but listed in the accounting records (located in safekeeping, rented according to an agreement, received for processing and accepted for commission) is subject to the inventory count, as well as property that is not accounted for by any or reasons, and all kinds of obligations.

At the same time, the inventory count provides:

- control of the safety of the Company's property;

- identification of illiquid stocks;

- verification of compliance with the rules, conditions of storage, maintenance and operation of property.

Depending on the degree of coverage by checking assets and liabilities, there are full, partial, selective inventory.

A complete inventory covers all assets and liabilities without exception. Partial and selective inventories cover one or more types of assets and liabilities.

A complete inventory count of assets and liabilities is carried out at least once a year. Partial inventories are carried out more frequently if necessary. The coverage of the types of assets and liabilities in the case of a partial inventory is approved by the head (or a person replacing him) of the organization or the official (officials) determined by the head of the legal entity.

Depending on the timing of the inventory count, there are scheduled (on time), unscheduled (as needed), sudden (by order of higher authorities, at the request of state bodies in accordance with their competence, founders, management of a legal entity) inventory counts.

A mandatory inventory count is carried out:

1) when changing financially responsible persons, officials;

2) when establishing facts of theft or abuse, as well as damage to property;

3) in case of natural disasters, fire, accidents or other emergencies;

4) in case of reorganization of a legal entity before drawing up a separation balance sheet and in other cases;

5) in other cases established by the internal documents of the legal entity.

Inventory numbers or bar codes

In order to exercise control over the property on the balance sheet and on the off-balance sheet, the Company ensures the organization of accounting by assigning each property a separate inventory number and (or) bar codes in the manner established by the legal entity. Inventory numbers and (or) bar codes are assigned to property items as they are received according to the order-serial system.

An inventory number is a combination of alphabetic and (or) numeric designations used by a legal entity to code the property.

A bar code (a bar number) is a combination of successively arranged parallel strokes and spaces between them in a machine-readable form (visually readable characters) for the code designation of property.

Bar numbers are read by a special device during the inventory of property.

Bar numbers, if necessary, indicate the name, inventory and serial number, model, brand, type, as well as the property code.

To account for fixed assets and intangible assets, the organization maintains an inventory card for each individual object in the information system. The form of the inventory card is developed by the legal entity independently. The inventory card contains the main qualitative and quantitative indicators of fixed assets and intangible assets.

The Company maintains a classifier of existing property listed on the balance sheet and off-balance sheet, with the inventory numbers and (or) bar numbers assigned to them.

In order to carry out accounting and control of property, the marking of which is not possible, the Company, if necessary, in an arbitrary form, registers a property register, in which inventory numbers and (or) a bar number are pasted opposite the details of the relevant unit of property.

Inventory numbers and (or) bar numbers are stored at the property until its complete disposal or decommissioning by transfer or sale to individuals or legal entities, or by destruction (dismantling).

Procedure of the inventory count

To carry out an inventory count of assets and liabilities, an inventory commission is formed, the composition of which is approved by order of the head (or a person replacing him) of the legal entity.

The composition of the inventory commission (hereinafter referred to as the commission) includes employees of the accounting service and other specialists.

After the approval of the order on the establishment of the commission, the chairman of the commission is issued a written order signed by the head (or a person replacing him) of the legal entity, indicating the composition of the commission, the number and date of the order, the object subject to inventory, the start and end dates of the inventory count.

Prior to the inventory count, the members of the commission carry out the following actions:

familiarize themselves in detail with the materials of the last inventory carried out on these objects, with the measures taken as a result of the last inventory;

seal utility rooms, basements and other places of storage of property that have separate entrances and exits;

receive the latest at the time of the inventory registers of incoming and outgoing documents or reports on the movement of property subject to inventory.

The inventory count of property is carried out at the location of the property.

Checking the actual balances is carried out with the obligatory participation of the materially responsible person, while the materially responsible person is not a member of the commission on his site.

The results of counting and other measurements are entered in the inventory lists: the documents drawn up at the time of the inventory and confirming the actual existence of property and obligations on a certain date in at least two copies, which are signed by all members of the commission and the materially responsible person. At the end of the inventory count, the materially responsible person gives a receipt confirming the inspection of the property by the commission in his presence, about the absence of any claims against the members of the commission.

When checking the actual availability of property in the event of a change of the materially responsible person in the inventory lists, the person who accepted this property signs for their receipt, and the person who handed over for their delivery.

If the inventory of property is carried out within a few days, then the premises where the property being inventoried is stored is sealed daily in the presence of members of the commission and a financially responsible person.

Separate inventory lists are drawn up for property that does not belong to a legal entity on the basis of ownership rights, but is held by them.

At the end of the inventory count, the completed inventory lists are submitted to the accounting service.

The accounting service checks inventory records in accounting.

Invenntory count of the cash and strict accountability forms

The inventory count of money and forms of strict accountability is carried out with a full sheet-by-sheet recalculation.

The results of the inventory count of money and strict accountability forms are reflected in the inventory records.

Cash is included in the inventory record of banknotes and amount.

The inventory list is checked against accounting data. If the commission detects a shortage or surplus, the amount is indicated in the protocol based on the results of the inventory.

An inventory count of money in the bank accounts is carried out by reconciling the balances of the amounts on the relevant accounts according to the accounting service of the organization with the data on the bank statement.

Inventory count of settlemets

An inventory count of settlements with banks for loans, with the budget, suppliers, accountable persons, employees, depositors and other debtors and creditors consists of:

checking the identity of settlements with banks, treasury authorities (if necessary), financial, tax authorities, a unified accumulative pension fund, voluntary accumulative pension funds, suppliers, customers;

checking the correctness and validity of the amounts of debt, including the amounts for which the limitation period has expired;

identifying the amount of unpaid wages due to employees of the organization, subject to transfer to the account of depositors, as well as the amount and reasons for the occurrence of overpayments to employees of the organization.

Accounts payable are subject to verification in terms of the amounts of goods in transit and settlements with suppliers for uninvoiced deliveries.

When inventorying accountable amounts, the reports of accountable persons on issued advances are checked, taking into account their intended use, as well as the amount of advances issued for each accountable person (date of issue, intended purpose).

When inventorying income (expenses) of future periods, the commission on documents establishes and includes in the inventory lists the amount to be reflected in accounting.

Inventory count of fixed assets and intangible assets

When inventorying intangible assets, the following is checked:

the correctness and timeliness of the reflection of intangible assets in accounting;

availability of documents confirming the organization's rights to use it (patents, license agreements, trademarks, etc.).

Before starting the inventory of fixed assets, there is checked:

availability and condition of inventory cards of inventory lists and lists for accounting of fixed assets;

availability and condition of technical passports or other technical documentation;

availability of documents confirming that the specified objects are owned by the legal entity, in safekeeping, as well as lease agreements. In the absence of documents, their receipt and execution is ensured.

During the inventory count of fixed assets, the commission inspects the objects and enters in the inventory lists their full name, purpose, inventory numbers and main technical or operational indicators.

Fixed assets are entered in the inventory by name in accordance with the main purpose of the object. If the object has undergone restoration, reconstruction, expansion or re-equipment and as a result its main purpose has changed, then it is entered in the inventory under the name corresponding to the new purpose.

The same type of items of household inventory, tools and the like of the same value received simultaneously in one unit and accounted for in one standard inventory card, are listed in the inventory lists by name with an indication of the number of these items.

When identifying objects not taken into account, as well as objects for which there are no or incorrect data characterizing them in the accounting registers, the commission includes in the inventory the missing, correct information and technical indicators for these objects.

Items of fixed assets that at the time of the inventory count will be outside the location of the Company (cars sent for overhaul of machinery and equipment, etc.) are inventoried until they are temporarily retired, which is provided for in the inventory order.

Documentation of the inventory

The inventory lists are drawn up on paper. Entries in inventory records are made without blots and erasures.

On the last sheets of the inventory list, empty lines are crossed out.

In the event of an error in the inventories after the completion of the inventory, the responsible person immediately (before the opening of the warehouse, pantry, section, etc.) declares this to the chairman of the inventory commission. The commission checks the indicated facts and, if they are confirmed, corrects the identified errors in the manner prescribed by the internal documents of the legal entity.

Correction of errors is carried out in all the copies of the inventories by crossing out the incorrect entries and putting down the correct entries above them. Corrections are negotiated and signed by all members of the commission and the materially responsible person.

It is not allowed for the commission to enter knowingly incorrect data on actual balances in the inventories in order to hide shortages or surpluses.

The collation statements reflect the results of the inventory: the discrepancies between the indicators according to the accounting data and the data of the inventory records. Comparison statements are compiled for assets, the inventory of which revealed deviations from the accounting data.

Regulation of inventory differences and registration of inventory results

Discrepancies between the actual availability of property and accounting data revealed during the inventory are recognized: surpluses - income and are subject to capitalization, shortages: expenses or, if the guilty person is identified, his debt to be repaid.

The commission identifies the causes of shortages or surpluses found during the inventory. Conclusions, proposals and decisions of the commission are drawn up in a protocol approved by the head (or a person replacing him) of the legal entity.

The results of the inventory are reflected in the accounting and financial statements of the period in which the inventory was completed.

Attrition rates are applied only in cases where actual shortages are identified.

Shortage and damage to stocks in excess of the norms of natural loss in the presence of guilty persons shall be compensated by guilty persons in accordance with the legislation of the Republic of Kazakhstan.

The commission identifies the causes of shortages or surpluses found during the inventory. Conclusions, proposals and decisions of the commission are drawn up in a protocol approved by the management of the legal entity (or by a person replacing him).

The results of the inventory count are reflected in the accounting and financial statements of the month in which the inventory was completed, and for the annual inventory in the annual financial statements.

5.2. Tasks and Organization (System) of the Accounting Service

The task of the accounting service is to ensure the formation and provision the interested parties with complete and reliable information of the financial position of the Company, needed for operational management, as well as for its use by founders, investors, suppliers, buyers, lenders, government agencies, banks and other interested parties, in accordance with International Financial Reporting Standards, which establish the principles and rules for preparing financial statements.

The accounting of the Company is performed by the accounting service headed by the chief accountant. The management delegates to the chief accountant the authority to independently make decisions based on the rules enshrined in the accounting policy of the legal entity and professional judgment on the formation of financial statements, including on the classification, recognition, evaluation and calculation of elements of financial statements and their components, as well as disclosure information related to them.

The head of the accounting service (hereinafter referred to as the chief accountant) is an official who ensures accounting, compiling and submitting draft financial statements for approval in the prescribed manner, forming and updating the provisions of the accounting policy in connection with changes and additions to the regulatory legal acts of the Republic of Kazakhstan in in the field of accounting and financial reporting, IFRS, as well as on the basis of professional judgment.

The functional responsibilities of employees of the accounting department are determined by the "Job Instructions

Preparation of financial statements requires the Company's management to develop judgments, estimates and assumptions that affect the reported amounts of income, expenses and assets and liabilities, as well as disclosure of information on contingent liabilities at the reporting date.

Estimates and judgments are subject to ongoing critical review and are based on the entity's management's past experience and other factors, including expectations of future events that are believed to be reasonable in the circumstances.

When forming reporting items, resolving the issue of the impact on the economic decision of the user, the issue of not disclosing any information, the chief accountant focuses on materiality, based on professional judgment and accounting policy provisions.

When the chief accountant is dismissed from the office, the cases are transferred to the newly appointed chief accountant (and in his absence, to the employee appointed by the management of the Company

Acceptance and transfer of cases are carried out on the basis of the order of the management of the Company that indicates:

1) the terms of acceptance and transfer of cases of the accounting service, but not more than two weeks from the date of signing the order;

2) the procedure for remuneration for the labor of the donor and receiver;

3) the person who has been granted the right to sign on documents for the period of acceptance and transfer of cases, while, before the registration of the right to sign the person receiving the cases, the documents are signed by the handing over cases under the control of the receiver.

In the process of transferring cases, the state of accounting is checked, the reliability of reporting data, an act of acceptance and transfer is drawn up, signed by the receiving and delivering parties, approved by the management of the subject. The act is drawn up in two copies. One remains in the accounting service, the second - with the transferring party.

In case of disagreement with certain provisions of the act, the host, when signing it, indicates the appropriate reasoned reservations.

In the event of an unsatisfactory state of accounting, the organization of the process of restoring accounting is entrusted to the management of the legal entity.

5.3. Secrecy of Accounting Information

The content of primary accounting documentation, accounting registers and internal accounting statements is a trade secret. Access to the accounting information is provided to employees of the accounting service within the competence of each employee, and to persons who have the permission of the head of the legal entity, or officials of state bodies in accordance with their competence provided for by the legislation of the Republic of Kazakhstan.

Persons having access to the information of a legal entity constituting a commercial secret shall be liable for its disclosure in accordance with the laws of the Republic of Kazakhstan.

5.4. Organization of Internal Control

Organization of internal control over financial and economic activities and compliance of accounting and reporting with the provisions of the accounting policy of the Company is assigned to the first manager and chief accountant. The chief accountant is responsible for the accuracy of accounting.

The internal control system includes the policies and procedures adopted by the management of the legal entity to achieve the statutory goals, including ensuring the safety of assets, preventing and detecting fraud and errors, the accuracy and completeness of accounting records, as well as the timely preparation of reliable financial information.

Methods and rules of the internal control system include:

1. separation of duties;
2. availability of authorization procedures;
3. documentation and system accounts;
4. control over assets and documents;
5. implementation of independent checks.

Adequate segregation of duties helps to avoid both intentional and unintentional distortions in accounting and involves:

1. separation of authorization of transactions and liability for the relevant assets;
2. separation of liability and accounting;
3. division of responsibility for the implementation of business operations and responsibility for maintaining their records.

To ensure the effectiveness of the control system, each accounting transaction must be properly authorized.

The list of persons entitled to sign accounting, financial and other documents is determined and approved by the head of the legal entity. At the same time, the hierarchy of signature rights is established depending on the position held by the person, the amount of money, the scope and nature of the operation.

In the case of using electronic signatures, appropriate safeguards and controls regarding the right to use and access to electronic signatures must be established in accordance with the legislation of the Republic of Kazakhstan.

The initiative to correct accounting errors should come from the accounting employee who made the mistake, or from the chief accountant. The right to authorize the correction of accounting errors is assigned to the chief accountant.

The documentation system is based on the following principles. Documents and records must:

1. have continuous and consecutive numbering during the reporting period;
2. be drawn up at the time of the transaction or immediately after that;
3. be simple and easy to understand;
4. be unified for multi-purpose use;
5. have a well-thought-out structure for their proper design.

The accounting policy and methodological guidelines to it ensure the constancy, uniformity and consistency in the application of accounting principles.

To ensure protection of valuables and documents, a legal entity is to take the following measures:

- ✓ to use of fireproof safes;
- ✓ to use fire and security alarms in storage areas;
- ✓ to protect the territory and access system;
- ✓ to make backup copies of the database and the program, as well as their storage on various media in secure places;

✓ to change periodicaaly passwords;

✓ to store duplicate keys and copies of passwords with a person who does not work in a computer system.

The protocol of work in the program "1:C Enterprise" must maintain data for at least five years.

The head determines the list of positions related to the receipt, transportation, storage, release and use of valuables. The appointment of an employee to the specified position is possible only after the conclusion of an agreement on full liability.

Valuables include (but are not limited to): cash and cash equivalents, inventories, non-current assets, real estate, buildings and equipment, intangible assets, means of payment, strict reporting forms.

The management is obliged to check the conscientiousness of the performance of duties by employees, compliance with control procedures.

Internal or independent auditors can be involved to verify the effectiveness of the internal control system.

5.5. Complication and Storage of Accounting and Accounting Information

The Company stores accounting data in accordance with the terms and procedure established by the legislation of the Republic of Kazakhstan.

Documents and accounts are tangible media or electronic images on which information about business transactions is recorded and summarized.

The basis for entries in accounting registers are primary documents that record the fact of a business transaction. All the business transactions and other business events that affect assets, equity, liabilities, income and expenses must be reflected in accounting. Primary documents are drawn up at the time of the transaction, and if this is not possible, then immediately after the completion of the transaction.

Primary documents are formed on the basis of standard forms approved by the authorized body.

If needed, the forms are developed and approved independently on the basis of the minimum requirements established by regulatory legal acts.

Primary documents including those on paper and electronic media, must contain the following mandatory details:

1. name of the document (form);
2. date of compilation;
3. the name of the subject on behalf of which the document is drawn up;
4. content of the business transaction;
5. business transaction meters (in kind and (or) monetary terms);
6. the name of the officials responsible for the business transaction and the correctness of its execution;
7. personal signatures and their transcripts.

Depending on the nature of the transactions, the requirements of regulatory legal acts and the method of processing accounting information, additional details may be included in the primary documents.

Accounting is kept on personal computers using the network program "1:C Enterprise".

The Company keeps accounting records of operations related to the presence and movement of assets, liabilities, capital, income and expenses in accordance with the chart of accounts adopted by the Company, which does not contradict the Standard Chart of Accounts approved by the authorized body. It is not allowed having negative balances on accounts at the end of the reporting period.

The sequence of document movement (ddrawing up or receiving from other entities, acceptance for accounting, processing, transferring to the archive), the list of executors, the timing of the receipt of documents by the accounting department, the completion of all work for the reporting period, and the preparation of financial statements represent a workflow. The data of accounting registers in a grouped form are transferred to the financial statements.

The requirements of the chief accountant in terms of the procedure for processing and submitting documents and information to the accounting department are mandatory for all employees.

Responsibility for compliance with the workflow schedule, as well as responsibility for the accuracy of the data contained in the documents and their timely transfer for reflection in accounting and reporting, are borne by the persons who created and signed these documents.

The management defines persons who have the right to sign accounting documents and establishes a hierarchy of signatory rights depending on the position held by the person, the scope and nature of the operation.

Primary documents and final records are printed on paper or stored on electronic media. If necessary, a legal entity submits printed copies of documents at the request of state regulatory

When forming cases, the following conditions are met:
1) the documents of permanent and temporary storage periods are grouped into cases separately;
2) the originals are separated from copies, and annual plans and reports - from quarterly and monthly ones;
3) one copy of each document is included in the file.

Documents of the same period are grouped into a file - a month, a quarter, a calendar year, except for passing cases (for example, personal files that are not closed at the end of the calendar year). If there are documents in the case for a period of more than one month, the documents are monthly separated by sheets of paper indicating the month.

Annexes to documents, regardless of the date of their approval or compilation, are attached to the documents to which they relate.

Permanent, temporary storage of documents of the entity is provided independently in the presence of its own specially equipped premises or by transferring documents for storage to the appropriate archival institutions at the expense of the Company. Cases completed by office work after the end of the calendar year in which they were opened, in order to prepare them for transfer for permanent storage, are subject to registration and description in accordance with the current legislation of the Republic of Kazakhstan on the National Archival Fund and archives.

The information of the acceptance and transfer of cases and documents of the reorganized entities is reflected in the materials on the completion of the reorganization of the entity.

In case of the documents loss, making changes and deleting transactions after the end of the reporting period is possible only with the written permission of the chief accountant. When conducting corrective entries, the content of the operation and the reasons for the correction are disclosed.

Corrective and other accounts are drawn up with an accounting certificate signed by the management of the legal entity and the chief accountant (or officials of the organization with the right to first and second sign banking and financial documents) with supporting documents attached, and certified with a seal.

After the Company's management signs the annual financial statements, the electronic database is to be stored on separate electronic media.
The head of the accounting or financial service is responsible for the safety and timeliness of their transfer to the archive.

Periods of storing the documents:

No.	Document name	Periods of storing
1	Annual financial and taxation reporting	Permanently
2	Primary documents and annexes to them that recorded the fact of a business transaction and served as the basis for accounting records (cash documents and books, bank documents, bank checkbook stubs, warrants, time sheets, bank notices and transfer requirements, acts of acceptance, delivery, write-off of property and materials, receipts, invoices, waybills and advance reports, correspondence and other documents)	5 years
3	Personal accounts / settlement and payroll statements, timesheets for employees of a legal entity	75 years
4	Power of attorney to receive money and inventory items	5 years
5	Letters of guarantee, business ledgers, general ledger, journals, statements, cash book	5 years
6	Information about spending credits	5 years
7	Documents (minutes of meetings of the inventory commissions, inventory lists, lists, acts, statements) on the inventory of assets, liabilities)	5 years
8	Documents on the payment of benefits, pensions, certificates of incapacity for work, writ of execution	5 years
9	References for tax relief	Not less than 5 years
10	Documents on receivables, shortages, embezzlement and theft (certificates, acts, obligations, correspondence)	Not less than 5 years
11	Acts, statements of revaluation of fixed assets and determination of their depreciation	Permanently
12	Documentation related to long-term assets and long-term liabilities	Permanently
13	Passports of buildings, structures and equipment	5 years
14	Acts of inspections and documents to them	5 years after expiration
15	Agreements on material liability	5 years after materially responsible person dimissal
16	Documents (calculations, summaries, certificates, tables, information, correspondence) on the amounts of taxes accrued and transferred to the republican (local) budget, off-budget funds, debts on them	5 years
17	Tax declarations (calculations) of legal entities for all types of taxes	5 years
18	Auditor's opinions on accounting (financial) statements	5 years

For the purposes of tax accounting, in accordance with the Tax legislation of the Republic of Kazakhstan, the limitation period is 5 years.

The period of storing the documents is calculated from January 1 of the year following the year of the end of their office work. For documents that have a storage period of 75 years, the storage period is calculated taking into account the age of the person by the time the case ends.

5.6. Off-balance sheet Accounts

On the off-balance accounts of the Company, there are accounted for the values that are temporarily located, which cannot be accounted for on the balance accounts.

For example:

1. fixed assets received under a current lease agreement;
2. inventory items accepted for safekeeping;
3. strict reporting forms;
4. pledged property;
5. written-off assets, but which are in operation due to production necessity.

Accounting on off-balance accounts is performed according to a simple system without the use of a double entry system, i.e. the receipt of an asset is recorded in the debit of the account, and the disposal in credit. If the software provides double entry control, then the posting is made between the off-balance account and the corrective (transit) account. Accounting on off-balance accounts is carried out in quantitative terms. All the inventory items, as well as leased assets recorded on the off-balance sheet accounts of a legal entity, are inventoried in the manner and within the time limits established for the values recorded on the balance sheet.

On the off-balance sheet account there are accounted for leased assets accepted from third parties under a lease agreement, at the cost stipulated by the lease agreement. Analytical accounting of leased assets is kept by lessors for each object of assets (by inventory numbers of the lessor) on the cards.

Inventory assets accepted for safekeeping are recorded by the Company by organization-owners, by types, grades and places of storage, at contract prices or purchase prices. The account is kept on cards.

Forms of strict reporting that are stored and issued under the report (cash, check and settlement check books, letterheads, etc.) are kept according to analytical accounting for each type of forms and their places of storage in the ledger.

Issued overalls and tools are recorded on the off-balance account during the period of operation. Analytical accounting is based on the name of the asset and the last name, first name and patronymic of the employee.

The off-balance account account for the debt of insolvent debtors within three years from the date of its write-off to monitor the possibility of its collection in the event of a change in the property status of the debtors. The amounts received in repayment of this debt are debited from this account and restored to income. Analytical records are kept on cards indicating the last name, first name and patronymic of the debtor or organization.

The Company can independently add off-balance accounts to the working chart of accounts.

5.7. Conclusion

The issues not regulated by this Accounting Policy are regulated in accordance with IFRS and the current legislation of the Republic of Kazakhstan.

The Accounting Policy is obligatory for execution by all the employees within the limits of official duties.

Control over implementation of the Accounting Policy is assigned to the chief accountant of the Company.

5.8. Regulatory framework

1) Civil Code of the Republic of Kazakhstan.
2) Labor Code of the Republic of Kazakhstan.
3) Law of the Republic of Kazakhstan “On Accounting and Financial Reporting”.
4) Law of the Republic of Kazakhstan “On State Property”.
5) Law of the Republic of Kazakhstan "On Education".
6) Law of the Republic of Kazakhstan "On Science".
7) International Financial Reporting Standards;
8) Other regulatory legal acts of the Republic of Kazakhstan.

SECTION 6. WORK PLAN OF FINANCIAL ACCOUNTING

The Working chart is intended for grouping and current reflection of the elements of the financial statements in terms of value.

Synthetic accounting accounts in the Working chart are arranged in order of decreasing liquidity in the form according to the Appendix to this Working chart. Account numbers in the Working chart contain four characters. The first digit of the number indicates belonging to sections, the second one belonging to subsections, the third one belonging to groups of synthetic accounts, the fourth digit is determined by the legal entity independently.

The procedure for maintaining analytical records of transactions and events is established by a legal entity, which, in accordance with the legislative acts of the Republic of Kazakhstan and constituent documents, carry out current management and business management based on the needs of the legal entity.

The Working chart contains the following sections:

Section 1 - Short-term assets;
Section 2 - Long-term assets;
Section 3 - Short-term liabilities;
Section 4 - Long-term liabilities;
Section 5 - Capital and reserves;
Section 6 - Income;
Section 7 - Expenses;
Section 8 - Accounts of production accounting;

The Working chart of accounts is attached in Appendix 1.

Appendix 1
To Accounting Policy

Code	Name
000	Auxiliary
1000	**Cash**
1010	Cash on hand
1020	**Cash on the way**
1021	Cash in transit in tenge
1022	Cash in transit in foreign currency
1030	Cash in current bank accounts
1040	Cash on card accounts
1050	Cash in savings accounts

1060	Other cash
1100	**Short-term financial investments**
1110	Short-term loans granted
1120	Short-term financial assets held for trading
1130	Short-term investments held to maturity
1140	Short-term financial investments available-for-sale
1150	Other short-term financial investments
1200	Short-term accounts receivable
1210	Short-term receivables from buyers and customers
1220	Short-term receivables from subsidiaries
1230	Short-term receivables from associates and joint ventures
1240	Short-term accounts receivable of branches and structural divisions
1250	**Short-term accounts receivable of employees**
1251	Short-term debt of accountable persons
1252	Wage arrears
1253	Short-term debt on loans granted to employees
1254	Other short-term debts of employees (theft, damage, material damage, etc.)
1260	Short-term lease receivables
1270	**Short-term benefits receivable**
1271	Short-term benefits receivable (dividends)
1272	Short-term benefits receivable (remuneration commission)
1280	Other short-term receivables
1281	Debt on returns of inventories to suppliers
1282	Indebtedness on claims
1283	Debt for identified shortages of inventories and fixed assets
1284	Other short-term receivables
1290	Provision for doubtful claims
1300	**Stocks**
1310	**Materials**
1311	Raw materials
1312	Purchased semi-finished products and components, structures and parts
1313	Fuel
1314	Containers and packaging materials
1315	Spare parts
1316	Other materials
1317	Materials transferred for processing
1318	Building materials and others
1320	Finished products
1330	Goods
1340	**Unfinished production**
1341	Primary production
1342	Semi-finished products of own production
1343	Auxiliary production
1350	Other reserves
1351	Materials transferred for processing
1360	**Write-off reserve**
1361	Provision for write-off of raw materials and materials
1362	Reserve for write-off of finished products

1363	Goods write-off reserve
1400	**Current tax assets**
1410	Corporate income tax
1420	Value added tax
1430	Other taxes and other obligatory payments to the budget
1431	Individual income tax
1432	excises
1433	Social tax
1434	Land tax
1435	Vehicle tax
1436	Property tax
1437	Withholding tax at the source of payment from residents
1438	Income tax at the source of payment from non-residents
1439	Pollution fee
1440	**Obligatory payments**
1441	Payment for the use of land
1442	Other mandatory payments
1500	**Long-term assets held for sale**
1510	Long-term assets held for sale
1520	Disposal group held for sale
1600	**Other current assets**
1610	Short-term advances issued
1620	Short-term deferred expenses
1630	Other current assets
2000	**Long-term financial investments**
2010	Long-term loans granted
2020	Long-term investments held to maturity
2030	Long-term financial investments available-for-sale
2040	Other long-term financial investments
2100	**Long-term accounts receivable**
2110	Long-term debt of buyers and customers
2120	Long-term accounts receivable of subsidiaries
2130	Long-term receivables from associates and joint ventures
2140	Long-term accounts receivable of branches and structural divisions
2150	**Long-term accounts receivable of employees**
2151	Long-term debt of accountable persons
2152	Wage arrears
2153	Long-term debt on loans granted to employees
2154	Other long-term debt of employees (theft, damage, material damage, etc.)
2160	Long-term lease receivables
2170	Long-term benefits receivable
2180	**Other long-term receivables**
2181	Debt on returns of inventories to suppliers
2182	Long-term debt claims
2183	Debt for identified shortages of inventories
2184	Other long-term receivables
2200	**Equity accounted investments**
2210	Equity accounted investments

2300	**Real estate investment**
2310	Real estate investment
2320	Amortization of real estate investments
2330	Impairment loss on investments in real estate
2400	**Fixed assets**
2410	**Fixed assets**
2411	Earth
2412	Buildings and constructions
2313	Machinery and equipment, transmission devices
2314	Vehicles
2415	Other fixed assets
2416	Construction in progress
2420	Depreciation of fixed assets
2421	Depreciation of buildings and structures
2422	Depreciation of machinery and equipment, transmission devices
2423	Vehicle depreciation
2424	Depreciation of other fixed assets
2430	Loss from impairment of property, plant and equipment
2500	Biological assets
2510	Plants
2700	**Intangible assets**
2710	Goodwill
2720	Impairment of goodwill
2730	Other intangible assets
2740	Amortization of other intangible assets
2750	Impairment loss of other intangible assets
2800	**Deferred tax assets**
2810	Deferred tax assets for corporate income tax
2900	**Other long-term assets**
2910	Long-term advances issued
2920	Long-term deferred expenses
2930	**Construction in progress**
2931	Construction in progress
2932	Mounting equipment
2933	FA upgrade and overhaul
2940	Other long-term assets
3000	**Short-term financial liabilities**
3010	Short-term bank loans
3020	Short-term loans received from organizations carrying out banking operations without a license from the authorized body
3030	Short-term payables for dividends and income of participants
3040	Current portion of long-term financial liabilities
3050	Other short-term financial liabilities
3100	**Tax liabilities**
3110	Corporate income tax payable
3120	Individual income tax
3130	Value added tax
3140	Excises

3150	Social tax
3160	Land tax
3170	Vehicle tax
3180	Property tax
3190	**Other taxes**
3191	Withholding tax at the source of payment from residents
3192	Income tax at the source of payment from non-residents
3193	Pollution fee
3194	Payment for the use of land
3195	Other mandatory payments
3200	Liabilities for other mandatory and voluntary payments
3210	Social security obligations
3220	**Obligations for pension contributions**
3221	Obligations for pension contributions
3230	Other obligations on other obligatory payments
3240	Other liabilities on other voluntary payments
3300	**Short-term accounts payable**
3310	Short-term debt to suppliers and contractors
3320	Short-term accounts payable to subsidiaries
3330	Short-term accounts payable to associates and joint ventures
3340	Short-term accounts payable to branches and structural divisions
3350	Short-term wage arrears
3360	Short-term rent debt
3370	Current portion of long-term accounts payable
3380	Short-term benefits payable
3390	**Other short-term accounts payable**
3391	Debt on returns of sold finished products, goods, works, services
3392	Debts on the awarded fines, penalties, forfeits
3393	Debts on erroneously credited amounts in bank accounts
3394	Debt on deposited wages
3395	Debt on enforcement orders
3396	Indebtedness to accountable persons
3397	Other short-term accounts payable
3400	**Short-term estimated liabilities**
3410	Short term warranty
3420	Short-term liabilities for legal claims
3430	Short-term estimated liabilities for employee benefits
3440	Other short-term estimated liabilities
3500	**Other current liabilities**
3510	Short-term advances received
3520	Short-term deferred income
3530	Liabilities of a disposal group held for sale
3540	Other current liabilities
4000	**Long-term financial liabilities**
4010	Long-term bank loans
4020	Long-term loans received from organizations carrying out banking operations without licenses from the authorized body
4030	Other long-term financial liabilities

4100	**Long-term accounts payable**
4110	Long-term debt to suppliers and contractors
4120	Long-term accounts payable to subsidiaries
4130	Long-term accounts payable to associates and joint ventures
4140	Long-term accounts payable to branches and structural divisions
4150	Long-term rent debt
4160	Long-term benefits payable
4170	**Other long-term accounts payable**
4171	Debt on returns of sold finished products, goods, works, services
4172	Long-term debt on fines, penalties, forfeits awarded
4173	Long-term debt on erroneously credited amounts in bank accounts
4174	Long-term debt on deposited wages
4175	Long-term debt under enforcement orders
4176	Long-term debt to accountable persons
4177	Other long-term accounts payable
4200	**Long-term estimated liabilities**
4210	Long term warranty
4220	Long-term provisions for legal claims
4230	Long-term estimated liabilities for employee benefits
4240	Other long-term estimated liabilities
4300	**Deferred tax liabilities**
4310	Deferred tax liability for corporate income tax
4400	**Other long-term liabilities**
4410	Long-term advances received
4420	Revenue of the future periods
4430	Other long-term liabilities
5000	**Authorized capital**
5010	Preference shares
5020	Ordinary shares
5030	Deposits and shares
5100	**Unpaid Capital**
5110	Unpaid Capital
5200	Repurchased own equity instruments
5210	Repurchased own equity instruments
5300	**Share premium**
5310	Share premium
5400	**Reserves**
5410	Reserve capital established by constituent documents
5420	Provision for revaluation of property, plant and equipment
5430	Reserve for revaluation of intangible assets
5440	Revaluation reserve for financial assets held for sale
5460	Other reserves
5500	**Retained earnings (uncovered loss)**
5510	Retained earnings (uncovered loss) of the reporting year
5520	Retained earnings (uncovered loss) of previous years
5600	Total profit (total loss)
5610	Total profit (total loss)
6000	**Income from sales of products and services**

6010	Income from sales of products and services
6020	Return of sold products
6030	Price and sales discounts
6100	**Financing income**
6110	Income from remuneration
6120	Income from dividends
6130	Finance lease income
6140	Income from operations with investment property
6150	Income from changes in the fair value of financial instruments
6160	Other finance income
6200	**Other income**
6210	Gains from disposal of assets
6220	Income from donated assets
6230	Income from government subsidies
6240	Income from reversal of impairment loss
6250	Exchange gains
6260	Operating lease income
6270	Income from changes in the fair value of biological assets
6280	Other income
6300	**Income related to discontinued operations**
6310	Income related to discontinued operations
7000	Cost of goods sold and services rendered
7010	Cost of goods sold and services rendered
7100	**Expenses for selling products and providing services**
7110	Expenses for the sale of products and the provision of services
7200	**Administrative expenses**
7210	**Administrative expenses**
7211	Administrative expenses (deductible for CIT)
7212	Administrative expenses (non-CIT deductible)
7300	**Financing costs**
7310	Compensation expenses
7320	Finance lease interest expense
7330	Expenses from changes in the fair value of financial instruments
7340	Other financing costs
7400	**Other expenses**
7410	Asset disposal costs
7420	Impairment expense
7430	Foreign exchange expenses
7440	Expenses for creating a provision and writing off bad claims
7450	Operating lease expenses
7460	Expenses from changes in the fair value of biological assets
7470	other expenses
7500	Expenses related to discontinued operations
7510	Expenses related to discontinued operations
7700	**Corporate income tax expense**
7710	Corporate income tax expense
8100	**Primary production**
8110	**Primary production**

8111	Primary production
8112	Materials
8113	Wages of production workers
8114	Deductions from wages
8115	Overheads
8120	Production from give-and-take raw materials
8200	**Semi-finished products of own production**
8210	**Semi-finished products of own production**
8211	Semi-finished products of own production
8212	Materials
8213	Wages of production workers
8214	Deductions from wages
8215	Overheads
8300	**Auxiliary production**
8310	**Auxiliary production**
8311	Auxiliary production
8312	Materials
8313	Compensation of employees
8314	Deductions from wages
8315	Overheads
8400	**Overheads**
8410	**Overheads**
8411	Overheads
8412	Materials
8413	Compensation of employees
8414	Deductions from wages
8415	Repair of fixed assets
8416	Depreciation of fixed assets and amortization of intangible assets
8417	Public utilities
8418	Rent
8419	Other
	Off-balance accounts
9010	**Leased fixed assets**
9011	Leased fixed assets
9012	Depreciation of leased fixed assets
9020	**Inventory assets accepted for safekeeping**
9021	Forms of strict reporting
9030	Exposed requirements
9040	Off-balance sheet financial assets
9050	Equipment accepted for installation

Chief accountant **A.H. Abiltussupova**