NJSC Narxoz University

Consolidated financial statements

For the year ended 31 December 2021
with Independent Auditors' Report

CONTENTS

«Эрнст энд Янг» ЖШС
Әл-Фараби д-лы, 77/7
«Есентай Тауэр» ғимараты
Алматы қ., 050060
Қазақстан Республикасы
Тел.: +7 727 258 59 60
Факс: +7 727 258 59 61
www.ey.com

ТОО «Эрнст энд Янг»
пр. Аль-Фараби, д. 77/7
здание «Есентай Тауэр»
г. Алматы, 050060
Республика Казахстан
Тел.: +7 727 258 59 60
Факс: +7 727 258 59 61
www.ey.com

Ernst & Young LLP
Al-Farabi ave., 77/7
Esentai Tower
Almaty, 050060
Republic of Kazakhstan
Tel.: +7 727 258 59 60
Fax: +7 727 258 59 61
www.ey.com

Building a better working world

Independent auditor's report

To the Shareholders and the Board of Directors of Narxoz University Non-profit Joint

Qualified opinion

We have audited the consolidated financial statements of Narxoz University NJSC and its subsidiaries (hereinafter, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effect of the matters described in *Basis for qualified opinion* of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for qualified opinion

The Group's accounting policy for property, plant and equipment classified as Buildings is the revaluation model. As at 31 December 2021 and 31 December 2020, the Group did not revalue items of this category with a carrying amount of 2,465,995 thousand tenge and 1,157,293 thousand tenge, respectively. There were indications for these items that their fair value differed from their carrying amount as at 31 December 2021 and as at 31 December 2020. The effect of this departure from IFRS requirements on these consolidated financial statements has not been determined.

If there are indicators of impairment as at 31 December 2021, the Group did not assess the recoverable amount of construction in progress class of property, plant and equipment with a carrying amount of 3,279,603 thousand tenge, which does not comply with the requirements of IAS 36 Impairment of Assets. The effect of this departure from IFRS requirements on the consolidated financial statements has not been determined.

The Group's accounting policy for investment property is the fair value model. As at 31 December 2021 and 31 December 2020 there were indications that the fair value of investment property differed from its carrying amount, which was 40,200 thousand tenge and 40,200 thousand tenge, respectively. The effect of this departure from IFRS requirements on these consolidated financial statements has not been determined.

EY
Building a better working world

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of management and Board of Directors for the consolidated financial statements

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

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

Board of Directors is responsible for overseeing the Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

EY
Building a better working world

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Ernst & Young LLP

Gulmira Turmagambetova
Auditor

Auditor Qualification Certificate
No. 0000374 dated 21 February 1998

Rustamzhan Sattarov
General Director
Ernst & Young LLP

State Audit License for audit activities in the Republic of Kazakhstan: series МФЮ-2 No. 0000003 issued by the Ministry of Finance of the Republic of Kazakhstan on 15 July 2005

050060, Republic of Kazakhstan, Almaty,
Al - Farabi Ave 77/7, Esentai Tower building

30 June 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

In thousands of tenge	Note	2021	2020
Continuing operations			
Revenue from sale of education services	5	**2,927,072**	2,744,860
Income from a sports and recreation complex services	6	**223,107**	140,433
Rental income	7	**134,151**	103,699
Revenue from dormitory services		**58,562**	24,179
Finance income		**17,194**	8,644
Gain on foreign currency transactions		**1,030**	34,059
Income from revaluation of investment property	19	**33,917**	–
Income from charitable assistance received	8	**68,869**	3,040,954
Gains from disposal of non-current assets	9	**540,280**	–
Other income		**147,659**	37,701
Total income		**4,151,841**	6,134,529
Payroll expenses	10	**(3,180,755)**	(3,316,889)
Third party services	11	**(627,202)**	(678,322)
Depreciation and amortisation	17, 18	**(289,774)**	(299,431)
Expenses related to academic activity	12	**(285,854)**	(148,054)
Finance costs	25	**(329,385)**	(25,226)
Loss from disposal of subsidiaries	13	**(92,724)**	–
Credit loss expenses	20, 22, 23	**(25,800)**	(28,283)
Losses from foreign currency transactions		**–**	(4,297)
Other losses from impairment of other assets		**(3,085)**	(67,763)
Other expenses	14	**(472,191)**	(482,345)
Total expenses		**(5,306,770)**	(5,050,610)
(Loss)/profit before corporate income tax from continuing operations		**(1,154,929)**	1,083,919
Corporate income tax expense	15	**(264,059)**	(1,080)
(Loss)/profit for the year from continuing operations		**(1,418,988)**	1,082,839
Discontinued operations			
Profit/(loss) after tax for the year from discontinued operations	16	**18,677**	(126,721)
(Loss)/profit attributable to:			
Owners of the Company		**(1,400,311)**	956,118
(Loss)/profit for the year		**(1,400,311)**	956,118

The notes on pages 6 through 40 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

In thousands of tenge	Note	2021	2020
Other comprehensive income			
Other comprehensive income not subject to reclassification to profit or loss in subsequent periods			
Revaluation of land and buildings	17	**647,570**	743,884
Actuarial gain from revaluation of a defined benefit program		**–**	1,303
Total other comprehensive income not subject to reclassification to profit or loss in subsequent periods		**647,570**	745,187
Other comprehensive income for the year		**647,570**	745,187
Total comprehensive (loss)/income for the year		**(752,741)**	1,701,305
Total comprehensive (loss)/income attributable to:			
Owners of the Company		(752,741)	1,701,305
Total comprehensive (loss)/income for the year		(752,741)	1,701,305

Signed and authorized for release on behalf of the management:

M.M. Daulenov
President

G.Zh. Trasheva
Chief Accountant

M.V. Kapustyanskaya
Finance Director

30 June 2022

NARXOZ UNIVERSITY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

In thousands of tenge	Note	31 December 2021	31 December 2020
Assets			
Non-current assets			
Property, plant and equipment	17	**9,030,322**	7,385,721
Intangible assets	18	**201,546**	256,289
Investment property	19	**151,011**	40,200
Long-term finance lease receivables		**4,847**	12,883
Long-term bank deposits	20	**49,762**	49,168
Deferred expenses		**–**	11,312
Prepayment	21	**4,545,519**	50,197
Other non-current assets		**57**	67
Total non-current assets		**13,983,064**	7,805,837
Current assets			
Inventory		**32,264**	73,140
Trade and other accounts receivable	22	**335,127**	129,389
Short-term deposits in banks	20	**439,128**	561,459
Cash and cash equivalents	23	**1,017,157**	2,531,597
Deferred expenses		**–**	2,263
Taxes other than corporate income tax		**35,604**	32,454
Other current assets		**103,109**	135,082
Total current assets		**1,962,389**	3,465,384
Assets held for sale		**8,933**	11,614
Total assets		**15,954,386**	11,282,835
Equity and liabilities			
Equity			
Charter capital	24	**736,876**	736,876
Additional paid-in capital	25	**826,066**	152,256
Provision for revaluation of property and equipment	24	**3,216,748**	3,190,413
Other reserve capital	24	**90,273**	90,273
Retained earnings		**4,108,409**	4,735,229
Total equity		**8,978,372**	8,905,047
Non-current liabilities			
Non-current portion of loans and borrowings received from banks and other financial institutions		**5,717**	3,812
Provision for employee benefits		**–**	25,413
Deferred revenue		**–**	5,199
Long-term lease liabilities		**3,797**	5,803
Total non-current liabilities		**9,514**	40,227
Current liabilities			
Current portion of loans and borrowings received from banks and other financial institutions		**7,847**	5,138
Loans received from related parties	25	**5,655,519**	1,348,934
Short-term lease liabilities		**2,280**	2,280
Trade and other accounts payable	26	**108,757**	32,559
Contract liabilities	27	**516,638**	622,355
Corporate income tax payable	15	**264,127**	–
Provision for employee benefits		**–**	714
Other current liabilities	28	**411,332**	325,581
Total current liabilities		**6,966,500**	2,337,561
Total liabilities		**6,976,014**	2,377,788
Total equity and liabilities		**15,954,386**	11,282,835

Signed and authorized for release on behalf of the management:

M.M. Daulenov
President

G.Zh. Trasheva
Chief Accountant

M.V. Kapustyanskaya
Finance Director

30 June 2021

NARXOZ UNIVERSITY

The notes on pages 6 through 40 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

		Equity attributable to owners of the Company					
In thousands of tenge	Note	Charter capital	Additional capital	Provision for revaluation of property, plant and equipment	Other reserve capital	Retained earnings	Total
Balance as at 1 January 2020		736,876	30,698	2,464,573	90,273	3,729,066	7,051,486
Profit for the year		–	–	–	–	956,118	956,118
Revaluation of land and buildings	17	–	–	743,884	–	–	743,884
Actuarial gain from revaluation of a defined benefit program		–	–	–	–	1,303	1,303
Total comprehensive loss for the year		–	–	743,884	–	957,421	1,701,305
Transfer of previously recognized discount on loans received from related parties		–	(30,698)	–	–	30,698	–
Discount on loans from the related parties	25	–	152,256	–	–	–	152,256
Transfer of property value increase from revaluation after depreciation and disposals		–	–	(18,044)	–	18,044	–
Balance as at 31 December 2020		736,876	152,256	3,190,413	90,273	4,735,229	8,905,047
Loss for the year		–	–	–	–	**(1,400,311)**	**(1,400,311)**
Revaluation of land plots	17	–	–	**647,570**	–	–	**647,570**
Total comprehensive loss for the year		–	–	**647,570**	–	**(1,400,311)**	**(752,741)**
Discount on loans from the related parties	25	–	**826,066**	–	–	–	**826,066**
Transfer of previously recognized discount on loans received from related parties		–	**(152,256)**	–	–	**152,256**	–
Transfer of property value increase from revaluation after depreciation		–	–	**(12,279)**	–	**12,279**	–
Transfer of property value increase from reclassification to investment property		–	–	**(76,770)**	–	**76,770**	–
Transfer of property value increase from revaluation after disposal		–	–	**(532,186)**	–	**532,186**	–
Balance as at 31 December 2021		**736,876**	**826,066**	**3,216,748**	**90,273**	**4,108,409**	**8,978,372**

Signed and authorized for release on behalf of the management

M.M. Daulenov
President

G.Zh. Trasheva
Chief Accountant

M.V. Kapustyanskaya
Finance Director

30 June 2021

NARXOZ UNIVERSITY

The notes on pages 6 through 40 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

In thousands of tenge	Note	2021	2020
Cash flows from operating activities			
Cash proceeds from			
sale of goods and services		**4,543,235**	4,048,617
other proceeds		**1,055,140**	582,264
Total cash proceeds		**5,598,375**	4,630,881
Cash outflow for			
payments to suppliers for goods and services		**(1,452,671)**	(1,299,924)
Payroll payments		**(2,646,896)**	(3,639,787)
Other payments to budget and extra-budgetary funds		**(777,310)**	(660,927)
Other payments		**(1,846,639)**	(772,299)
Total cash outflow		**(6,723,516)**	(6,372,937)
		(1,125,141)	(1,742,056)
Corporate income tax paid		**–**	(1,203)
Net cash flows used in operating activities		**(1,125,141)**	(1,743,259)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(6,762,419)**	(395,901)
Sale of property, plant and equipment and investment property		**1,123,574**	24,300
Sale of a subsidiary		**350,000**	–
Purchase of intangible assets		**(790)**	(5,219)
Placement of bank deposits		**(491,279)**	(587,275)
Withdrawal of bank deposits		**637,875**	832,335
Interest received on deposits		**7,033**	8,704
Disposal of subsidiary's cash		**(32,341)**	–
Net cash flows used in investing activities		**(5,168,347)**	(123,056)
Cash flows from financing activities			
Financial aid received		**–**	3,001,900
Loans from related parties	25	**4,800,000**	3,915,000
Repayment of loans from related parties	25	**–**	(2,965,000)
Repayment of loans from banks and other financial institutions		**(10,938)**	(6,188)
Repayments of lease liabilities		**(2,280)**	(2,280)
Interest paid on loans		**(2,902)**	(2,384)
Net cash flows from financing activities		**4,783,880**	3,941,048
Net (decrease)/increase in cash and cash equivalents		**(1,509,608)**	2,074,733
Effect of expected credit losses on cash and cash equivalents		**(4,454)**	75
Effect of exchange rate changes on cash and cash equivalents		**(377)**	(1,165)
Cash and cash equivalents as at 1 January		**2,531,596**	457,954
Cash and cash equivalents as at 31 December	23	**1,017,157**	2,531,597

Signed and authorized for release on behalf of the management:

M.M. Daulenov
President

G.Zh. Trasheva
Chief Accountant

M.V. Kapustyanskaya
Finance Director

30 June 2021

The notes on pages 6 through 40 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. PRINCIPAL ACTIVITIES

These consolidated financial statements include the financial statements of NJSC Narkhoz University" (hereinafter referred to as the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group").

The Company was established on 3 July 2001 under the laws of the Republic of Kazakhstan. According to the Charter, the Company is established and operates with the aim to provide educational services in compliance with the international practices and standards.

The Company is engaged in higher and postgraduate professional educational activities under the State License Series AB No. 14019649 issued on 23 December 2014 by the Committee for Supervision and Certification in Education and Science of the Ministry of Education and Science of the Republic of Kazakhstan and its annexes.

The Company was registered as a legal entity in the Department of Justice of Almaty on 1 January 1997 at: 55, Zhandossov Street, Almaty, Republic of Kazakhstan.

In order to implement the program of the Ministry of Education and Science of the Republic of Kazakhstan requiring educational organizations to be reorganized into non-profit entities, the Parent of the Company decided to reorganize the Company into a non-profit joint-stock company Narkxoz University ("NJSC Narkxoz University").

Based on the decisions of the Company’s Sole Shareholder of 12 February 2019 and 3 March 2020 related to the reorganization, the Company was re-registered by the Department of Justice of Almaty as the NJSC Narkxoz University on 6 March 2020.

As at 31 December 2021, the number of employees of the Group amounted to 735 persons (31 December 2020: 1,049 persons).

As at 31 December 2021, the number of students studying in the Company and its subsidiary (Economic College of Narxoz University) amounted to 5,252 people (31 December 2020: The Company and two other subsidiaries (Kazakh University of Economics, Finance and International trade, Economic College of Narxoz University) 7,889 people).

As at 31 December 2021 and 2020, the Company's subsidiaries comprise the companies whose financial statements are included in the consolidated financial statements of the Group as follows:

			% of ownership	
Name	**Country of registration**	**Type of activities**	**31 December 2021**	31 December 2020
Kazakh University of Economics, Finance and International Trade	Republic of Kazakhstan	Education	**–**	100.00
KEU-Service LLP	Republic of Kazakhstan	Construction	**100.00**	100.00
Yenbekshi-Agro LLP	Republic of Kazakhstan	Agriculture	**100.00**	100.00
Economic College of Narxoz University	Republic of Kazakhstan	Education	**100.00**	100.00
ESF Corporate Fund	Republic of Kazakhstan	Social and legal protection of students and teachers	**100.00**	100.00

The Kazakh University of Economics, Finance and International Trade, the Economic College of Narkxoz University and the ESF Corporate Fund are non-profit organizations established under the Company. These organizations are entitled to be engaged in the activities without the share capital under the laws of the Republic of Kazakhstan.

As at 31 December 2021 and 31 December 2020, the sole shareholder of the Group is Utemuratov Bulat Zhamitovich.

More details on transactions with related parties are disclosed in *Note 32*.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION

(a) General

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

These consolidated financial statements have been prepared based on the assumption that the Group will continue as a going concern in the foreseeable future.

The release of the Group's consolidated financial statements for the year ended 31 December 2021 was approved by the decision of the Board of Directors dated 30 June 2022.

(b) Basis of estimation

These consolidated financial statements have been prepared on a historical cost basis, except for the following items: investment properties, buildings and land (classified as property, plant and equipment) measured at fair value.

Going concern

These consolidated financial statements have been prepared based on the going concern assumption, which assumes realisation of assets and settlement of liabilities in the course of ordinary operating activities. The Group incurred a cumulative loss of 752,741 thousand tenge and net cash outflows from operating activities of 1,125,141 thousand tenge for the year ended 31 December 2021 (2020: total income of 1,701,305 thousand tenge and net cash outflows in the amount of 1,743,259 thousand tenge) and as at 31 December 2021 the Group's current liabilities exceeded its current assets by 5,004,111 thousand tenge (31 December 2020: the Group's current assets exceeded its current liabilities by 1,127,823 thousand tenge). These factors indicate that there is considerable uncertainty, which may raise significant doubts about the Group's ability to continue its activities as a going concern.

The management reviewed the position of the Group and its future business plan to expand the scope of current activities. The sole shareholder of the Group agrees to provide support in the form of financing so that the Group can cover its debts and obligations within the amounts that the Group cannot pay itself. Also, the Group's lender, Caspian Real Estate LLP, provided the Group with a letter, according to which the lenders guarantee not to demand repayment of the issued loans before the maturity date and are ready to prolong the loan repayment period, if necessary. As at 31 December 2021, the Group's payables under these loans amount to 5,655,519 thousand tenge.

Taking into account the above facts, the management of the Group concluded that the application of the going concern principle for these consolidated financial statements is reasonable.

(c) Functional and presentation currency

The functional currency of the Group is the Kazakhstani tenge (hereinafter referred to as the "tenge"), the national currency of the Republic of Kazakhstan, which better reflects the economic essence of most of the Group's operations and related circumstances affecting its activities.

Tenge is also the presentation currency for the purposes of these consolidated financial statements.

All values in the consolidated financial statements are rounded to the nearest thousand tenge, unless otherwise indicated.

(d) Reclassifications

The 2021 figures have been adjusted to bring them into compliance with presentation format in 2020 as follows:

Consolidated statement of financial position	As per previous financial statements	The amount of reclassification	Adjusted amount
Trade and other accounts payable	358,140	(325,581)	32,559
Other current liabilities	–	325,581	325,581

3. SUMMARY OF ACCOUNTING POLICIES

(a) New standards, interpretations and amendments to the existing standards and interpretations

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform - Phase 2

The amendments provide temporary reliefs that are applied to address financial reporting implications in cases Interbank Offered Rates (IBORs) are replaced with alternative nearly risk-free rates.

The amendments provide for:

- Practical expedient according to which contractual changes or cash flow changes directly required by the reform must be treated as changes in the floating interest rate equivalent to a change in the market interest rate;
- It is allowed to make changes required by the IBOR reform to the definition of hedging relationships and hedging documentation without discontinuing the hedging relationship;
- Temporary relief is provided to entities from having to meet the separately identifiable requirement, when an RFR instrument is designated as a hedge of a risk component.

The amendments had no impact on the consolidated financial statements of the Group. The Group intends to apply the practical expedients in future periods, if necessary.

Amendments to IFRS 16 — COVID-19 Related Rent Concessions beyond 30 June 2021

On 28 May 2020, the IASB issued *Covid-19-Related Rent Concessions* - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but due to the continued impact of the COVID-19 pandemic, on 31 March 2021 the IASB elected to extend the application of the practical expedients until 30 June 2022.

The new amendment is effective for annual periods beginning on or after 1 April 2021.

The Group does not have any granted rent concessions related to the COVID-19, but plans to apply practical expedients, if necessary, within a reasonable period.

Standards issued but not yet effective

New standards, amendments and interpretations issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. The Group intends to adopt these standards, amendments and interpretations if applicable, when they become effective.

- IFRS 17 *Insurance Contracts;*
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current;
- Reference to the Conceptual Framework – Amendments to IFRS 3;
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16;
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37;
- Amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards* – a subsidiary adopting International Financial Reporting Standards for the first time;
- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities;
- Amendment to IAS 41 *Agriculture* – Taxation in fair value measurements;
- Amendments to IAS 8 – Definition of accounting estimates;
- Amendments to IAS 1 and IFRS Practice Statement No. 2 – Accounting Policies Disclosures.

3. SUMMARY OF ACCOUNTING POLICIES (continued)

(b) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 — techniques for which all inputs that relate to the lower hierarchy level which have a significant effect on the fair value are not observable.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(c) Basis of consolidation

Subsidiaries, which are those entities which are controlled by the Group, are consolidated. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all significant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement(s) with the other vote holders of the investee;
- rights arising from other contractual arrangements;
- the Group's voting rights and potential voting rights.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF ACCOUNTING POLICIES (continued)

(c) Basis of consolidation (continued)

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated in full; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

A change in the ownership share of a subsidiary, without a loss of control, is accounted for as an equity transaction. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

If the Group loses control over a subsidiary, it derecognises the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any non-controlling interests, the cumulative translation differences, recorded in equity; recognises the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in profit or loss and reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss.

(d) Financial instruments

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

(i) Financial assets

Recognition and initial measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

For a debt financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling financial assets.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF ACCOUNTING POLICIES (continued)

(d) Financial instruments (continued)

(i) Financial assets (continued)

Classification and subsequent measurement

For purposes of subsequent measurement financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss;

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized (i.e., removed from the consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass- through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises corresponding liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures of significant assumptions *(Note 4)*;
- Trade accounts receivable *(Note 22)*.

The Group recognises an allowance for expected credit losses (ECLs) for all financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group has established an allowance matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the counterparties and the economic environment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF ACCOUNTING POLICIES (continued)

(d) Financial instruments (continued)

(i) Financial assets (continued)

Impairment (continued)

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the gr is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. The financial asset is written off if there is no reasonable expectation of recovering the contractual cash flows.

(ii) Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables and derivative instruments.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings.

Subsequent measurement

For purposes of subsequent measurement financial liabilities are classified in two categories:

- financial liabilities at fair value through profit or loss;
- Financial liabilities at amortized cost (loans and borrowings);

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

(iii) Offsetting of financial instruments

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

(e) Revenue

Education services

The Group generates income through the provision of education services and the sale of memberships to visit the water and recreation complex. In accordance with IFRS 15, revenue is recognized to the extent that it is highly probable that this value will not subsequently have to be reversed to reflect a significant decrease in the total amount of recognized revenue.

Revenue from education services is recognized on a straight-line basis during the academic year when the Group directly provides these services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF ACCOUNTING POLICIES (continued)

(e) Revenue (continued)

Educational services (continued)

In accordance with IFRS 15, the total amount of consideration under service contracts is allocated to the services rendered based on their stand-alone selling prices. Stand-alone selling prices are determined based on the prices indicated in the price lists at which the Group provides these services separately.

As a practical expedient, the Group does not adjust the promised amount of consideration for the effects of a significant financing component, since the payment terms agreed by the parties do not give the Group any substantial benefits from financing the transfer of services to the customer.

Trade receivables

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

(f) Foreign currency transactions

Transactions in foreign currencies are initially recorded by the Group at their respective functional currency rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. Differences arising from repayment or restatement of monetary items are included in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

The following foreign exchange rates against the Kazakhstan tenge have been used in the preparation of these consolidated financial statements:

In tenge	**30 June 2022**	**31 December 2021**	**Average 2021**	**31 December 2020**	**Average 2020**
US Dollar	470.34	431.80	426.03	420.91	412.95
Euro	483.50	489.10	504.04	516.79	471.44
GBP	565.26	583.32	586.05	574.88	529.91
Russian ruble	8.89	5.76	5.78	5.62	5.73

(g) Employee benefits

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amounts expected to be paid under short-term cash bonuses or interest in the profits if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3. SUMMARY OF ACCOUNTING POLICIES (continued)

(g) Employee benefits (continued)

Pension and other employee benefit payment obligations

The Company participates in the State pension system of the Republic of Kazakhstan, which requires current contributions by the employer calculated as a percentage of current gross salary payments. Such expense is charged in the period the related salaries are earned.

The Group has a defined benefit pension plan in accordance with the Collective Agreement dated 7 February 2014. The Collective Agreement is accounted for as a defined benefit plan in accordance with IAS 19 *Employee Benefits*.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit obligation and the return on plan assets (excluding amounts included in net interest on the net defined benefit obligation), are recognised immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of amending or cutting the program; and
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Group recognizes the listed changes in the net defined benefit liability under “Payroll expenses” in the consolidated statement of profit or loss and other comprehensive income:

- cost of service, including the current service costs; cost of service;
- of previous periods, gains and losses on sequestration and unscheduled settlements under the plan;
- net interest expense or income.

(h) Taxes

Educational activities are subject to preferable tax treatment in the Republic of Kazakhstan. In the event that organizations operating in the social sphere do not exceed the limits established by tax legislation on income from other and educational activities (income from educational activities must be at least 90% of the total income), income tax is not accrued and paid and deferred tax assets (liabilities) are not calculated.

In 2021, the Group's entities in the area of educational activities did not meet the condition for the application of preferential tax regime. In 2021, a corporate income tax liability in the amount of 264,059 thousand tenge was accrued *(Note 15)*.

In 2020, the Group's entities in the area of educational activities met the condition for the application of preferential tax regime. In 2020, the Group's entities in the area of educational activities were exempted from paying corporate income tax.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF ACCOUNTING POLICIES (continued)

(i) Inventories

Inventories are stated at the lower of cost or net realizable value. The cost of inventories is based on the weighted average principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(j) Cash and short-term deposits

Cash and short-term deposits in the consolidated statement of financial position comprise cash at banks and on hand and short-term high-liquid deposits with a maturity of 3 months or less, which are readily convertible into known amounts of cash and subject to an insignificant risk of changes in value.

(k) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made.

(l) Property, plant and equipment

Recognition and measurement

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

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

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

Any gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income or other expenses in profit or loss for the period. When revalued assets are sold, any relevant amount recorded in the property, plant and equipment revaluation reserve as “revaluation surplus” is transferred to retained earnings.

Subsequent expenditures

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

3. SUMMARY OF ACCOUNTING POLICIES (continued)

(l) Property, plant and equipment (continued)

Revaluation of property, plant and equipment

For the subsequent valuation of land and buildings, the Group uses a revaluation model based on both internal assessments and assessments periodically conducted by independent external appraisers. The increase resulting from the revaluation of property, plant and equipment is immediately recognized as revaluation of land and buildings in OCI. However, such an increase in value should be recognized in profit or loss to the extent that it reverses the decrease in value of the same asset previously recognized in profit or loss.

The decrease in value resulting from revaluation of property, plant and equipment is recognized in profit or loss for the period. However, such a decrease is recognized in OCI within the existing amount of the credit balance as revaluation surplus.

The accumulated depreciation of revalued property, plant and equipment is calculated on a proportional basis as a balancing value.

Depreciation

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use. Depreciation is based on the cost of an asset less its estimated residual value.

Depreciation is generally recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Land is not depreciated.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

- Buildings and constructions 20-75 years;
- Machinery and equipment 4-15 years;
- Vehicles 5-10 years;
- Other (including library stock) 2-20 years.

Depreciation methods, expected useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(m) Intangible assets

Recognition and measurement

Intangible assets acquired by the Group and having a finite life are carried at cost less accumulated depreciation and impairment losses.

Subsequent expenditures

Subsequent expenditures are capitalized in the cost of a particular asset only if they increase the future economic benefits embodied in that asset. All other costs, including those related to self-created brands and goodwill, are recognized in profit or loss for the period as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF ACCOUNTING POLICIES (continued)

(m) Intangible assets (continued)

Amortization

Depreciation is based on the cost of an asset less its estimated residual value.

With respect to intangible assets other than goodwill, depreciation is generally accrued as soon as these assets are ready for use and is recognized in profit or loss for the period on a straight-line basis over their respective useful lives, since this method most accurately reflects the expected nature of consumption by the entity of future economic benefits from these assets.

The estimated useful lives of intangible assets for the current and comparative periods varied from 6 to 9 years.

Depreciation methods, useful lives and residual values are reviewed with a view to revision and revised as appropriate at the end of each reporting year.

(n) Investment property

Investment property comprises property that is intended to generate rental income and/or income from increasing its market value, but not for sale in the ordinary course of business, for use in the production or supply of goods, rendering of services, or for administrative activities.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the consolidated statement of profit or loss in the period of derecognition. In determining the amount of consideration from the derecognition of investment property the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

Transfers are made to (or from) investment property only when there is a change in the nature of use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

(o) Charter capital

Common shares are shown within equity. Incremental costs directly attributable to the issuing share capital are recognised as a deduction from the equity value.

3. SUMMARY OF ACCOUNTING POLICIES (continued)

(p) Assets classified as held for sale

The Group classifies non-current assets (or a disposal group) as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the non-current assets (or a disposal group) must be available for immediate sale in their present condition subject only to terms that are usual and customary for sales of such assets (or a disposal group) and its sale must be highly probable.

The Group measures assets (or a disposal group) classified as held for sale at the lower of its carrying amount and fair value less costs to sell. The Group recognises an impairment loss for any initial or subsequent write-down of the assets (or a disposal group) to fair value less costs to sell if events or changes in circumstances indicate that their carrying amount may be impaired.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Estimation uncertainty

In the application of the Group’s accounting policies, the management is required to make judgements and estimates about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Judgements are based on the management’ best knowledge of the relevant facts and circumstances having regard to prior experience, but actual results may differ from the amounts included in the consolidated financial statements.

Estimates are based on historical experience and other factors that are considered to be relevant. Actual outcomes could differ from these estimates. The estimates and underlying assumptions applied are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical accounting estimates and judgments, that management has made in the process of applying the Group’s accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Revaluation of property, plant and equipment and investment property

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. In addition, the Group measures buildings and land at revalued amounts with changes in fair value being recognised in OCI.

As at 31 December 2021, the cost of land and certain buildings was subject to revaluation by independent valuation experts with appropriate recognized professional qualifications.

Additional information is disclosed in *Notes 17, 19*.

Provision for ECL of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. Provision rates are set depending on the number of days of delay in payment for groups of various customer segments with similar loss characteristics.

The provision matrix is initially based on the historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of customer’s actual default in the future. Information about the ECL for trade receivables of the Group and the assets under the contract is disclosed in *Note 30*.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. REVENUE FROM SALE OF EDUCATION SERVICES

In thousands of tenge	**2021**	2020
Revenue from contract education services	**1,697,721**	1,860,592
Revenue from education services rendered under budget programs	**1,018,963**	728,333
Revenue from students studying at reserve officer training department	**145,369**	87,502
Revenue from research works	**–**	30,547
Other income from education services (courses, working out, retaking)	**65,019**	37,886
	2,927,072	2,744,860

All revenue of the Group is derived in the Republic of Kazakhstan.

Contract assets and liabilities

Information on accounts receivable under contracts with customers is presented below.

In thousands of tenge	**31 December 2021**	31 December 2020
Receivables from students for educational services (Note 22)	**78,808**	43,991

As at 31 December 2021, information on the residual amount of performance obliations, the initial expected duration of which is one year or less, as allowed by IFRS 15, was not disclosed.

6. INCOME FROM A SPORTS AND RECREATION COMPLEX SERVICES

A subsidiary of the Company, KEU-Service LLP is engaged in the management and provision of the Company's sports and health complex services. For the year ended 31 December 2021, KEU-Service LLP provided services for a total amount of 223,107 thousand tenge (2020: 140,433 thousand tenge).

7. RENTAL INCOME

In thousands of tenge	**2021**	2020
Revenue from contracts with third parties	**133,936**	103,485
Revenue from contracts with related parties	**215**	214
	134,151	103,699

8. CHARITY REVENUES

In accordance with the charity aid agreement dated 12 November 2020, the Company received a financial assistance from Verny Investments Holding LLP for a total amount of 3,000,000 thousand tenge. This financial assistance was intended for the purposes stipulated by the Charter of the Company. In 2021, the Company did not receive financial assistance from Verny Investments Holding LLP.

9. GAIN FROM DISPOSAL OF NON-CURRENT ASSETS

In 2021, the Group sold AC Education LLP an academic building with a dormitory and a land plot at Zhubanov Str 7, Nur-Sultan for the total amount of 831,920 thousand tenge with a carrying amount of 316,847 thousand tenge. Also, during 2021, the Group sold a number of fixed assets and investment property mainly represented by apartments, furniture and computer equipment for a total amount of 25,207 thousand tenge.

10. PAYROLL EXPENSES

In thousands of tenge	**2021**	2020
Payroll	**2,920,958**	3,042,286
Social tax, social deductions	**259,797**	274,603
	3,180,755	3,316,889

11. THIRD PARTY SERVICES

In thousands of tenge	**2021**	2020
Cleaning services	**88,036**	89,975
Software maintenance costs	**87,119**	134,746
Security services	**87,117**	90,522
Advertising	**73,872**	71,287
Subscription and electronic databases	**64,665**	43,413
Repair expenses	**57,106**	135,094
Consulting fees	**40,630**	24,192
Communication	**27,390**	30,044
Bank services	**13,058**	7,261
Lease of premises	**6,044**	10,139
Other expenses	**82,165**	41,649
	627,202	678,322

12. EXPENSES RELATED TO ACADEMIC ACTIVITY

In thousands of tenge	**2021**	2020
Education program expenses	**153,594**	48,195
Research costs	**43,947**	20,970
Scholarships for students studying on a contractual basis	**16,432**	17,315
Accreditation	**15,883**	676
Arranging conferences, seminars and other events	**12,988**	28,390
Study at partner universities	**11,375**	24,992
International internship	**6,852**	488
Qualifications upgrade	**4,227**	1,986
Academic internship	**2,567**	–
Other expenses	**17,989**	5,042
	285,854	148,054

13. LOSS FROM DISPOSAL OF A SUBSIDIARY

On 18 May 2021, the Company entered into an agreement with AC Education LLP to sell a 100% stake in the subsidiary, KazUEF&IT, for a total amount of 350,000 thousand tenge. At the selling date, the net assets of the subsidiary amounted to 442.724 thousand tenge (*Note 16*).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. OTHER EXPENSES

In thousands of tenge	**2021**	2020
Taxes other than income tax	**104,716**	170,379
Tangible costs	**92,756**	79,960
Expenses for the maintenance and service of dormitories	**64,931**	65,455
Expenses for the maintenance and service of leased facilities	**59,993**	48,282
Utilities	**57,179**	40,059
Business trips	**18,335**	14,825
Student activities costs	**5,818**	3,479
Fines on business contracts	**47**	18,238
Other	**68,416**	41,668
	472,191	482,345

15. CORPORATE INCOME TAX EXPENSE

In accordance with the Tax Code of the Republic of Kazakhstan, educational activities are subject to preferential taxation. At the same time, the Group's activities are not subject to taxation in the event that revenue from the sale of educational services, taking into account interest income and income from property received free of charge, is at least 90 percent of the total annual income.

In 2021, revenue from the sale of educational services, taking into account interest income and income from property received free of charge, is at least 90 percent of the total annual income. As a result, the Company accrued a corporate income tax liability of 256,790 thousand tenge. For the year ended 31 December 2020, the Group did not incur corporate income tax expenses.

Other entities of the Group that do not operate in the education sector and operate under the general tax regime have calculated corporate income tax in accordance with the tax legislation of the Republic of Kazakhstan, using a tax rate of 20%, which is the income tax rate for Kazakhstan companies. As at 31 December 2021 and 2020, the amount of deferred tax assets/liabilities on other Group entities was insignificant.

In thousands of Tenge	**2021**	2020
Current corporate income tax expense	**(264,059)**	(1,080)
Total corporate income tax expenses	**(264,059)**	(1,080)

In thousands of tenge	**2021**	2020
(Loss)/profit before taxes	**(1,119,203)**	957,198
Statutory tax rate	**20%**	20%
Theoretical corporate income tax expense at the statutory tax rate	**223,841**	(191,440)
Losses from disposal of a subsidiary	**(378,600)**	–
Expenses for unwinding of discount on loans received	**(65,877)**	–
Taxes	**(16,124)**	–
Depreciation and amortization expenses	**(17,619)**	–
Tax exempted income in accordance with tax legislation	**–**	190,360
Other non-deductible expenses	**(9,680)**	–
	(264,059)	(1,080)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. DISCONTINUED OPERATIONS

On 18 May 2021, the Company entered into an agreement with AC Education LLP to sell a 100% stake in the subsidiary, KazUEF&IT, for a total amount of 350,000 thousand tenge. The sale of 100% interest in the subsidiary and the transfer of control by the Group were completed on 4 June 2021.

The results of activities of the subsidiary, KazUEF&IT, for the period ended 4 June 2021 are presented below:

In thousands of tenge	**For the period ended 4 June 2021**	**2020**
Revenue from sale of education services	383,532	943,996
Rental income	1,076	3,919
Finance income	691	4,162
Gain on foreign currency transactions	7,468	29,466
Other income	17,754	24,180
Total income	**410,521**	**1,005,723**
Payroll expenses	(308,310)	(900,414)
Third party services	(35,293)	(62,354)
Depreciation and amortisation	(27,846)	(64,440)
Expenses related to academic activity	(6,113)	(48,131)
Finance costs	(681)	(2,439)
Other expenses	(13,601)	(54,666)
Total expenses	**(391,844)**	**(1,132,444)**
Profit/(loss) before corporate income tax from discontinued operations	**18,677**	**(126,721)**
Corporate income tax expense	–	–
Profit/(loss) for the year from discontinued operations	**18,677**	**(126,721)**

The major classes of assets and liabilities of the subsidiary, KazUEF&IT, as at 4 December are presented in the table below:

In thousands of tenge	**4 June 2021**
Assets	
Non-current assets	
Property, plant and equipment	454,197
Intangible assets	1,803
Total non-current assets	**456,000**
Current assets	
Inventories	21,693
Trade and other accounts receivable	46,507
Prepayment	34,474
Cash and cash equivalents	32,341
Taxes other than corporate income tax	596
Other current assets	11,738
Total current assets	**147,349**
Total assets	**603,349**
Equity and liabilities	
Equity	
Provision for revaluation of property and equipment	(103,847)
Retained earnings	(338,877)
Total equity	**(442,724)**
Current liabilities	
Contract liabilities	(55,088)
Provision for employee benefits	(15,320)
Other current liabilities	(90,217)
Total current liabilities	**(160,625)**
Total liabilities	**(160,625)**
Total equity and liabilities	**(603,349)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. PROPERTY, PLANT AND EQUIPMENT

In thousands of tenge	Land	Buildings and constructions	Machinery and equipment	Motor vehicles	Construction in progress	Other	Total
Initial and revalued cost							
Balance as at 1 January 2021	2,529,227	2,956,105	1,083,017	133,434	1,170,354	734,217	8,606,354
Additions	**–**	**213,984**	**54,992**	**46,869**	**2,127,249**	**22,006**	**2,465,100**
Disposals	**(241,821)**	**(305,643)**	**(24,992)**	**(6,616)**	**–**	**(43,201)**	**(622,273)**
Transfer to investment property	**(76,894)**	**–**	**–**	**–**	**–**	**–**	**(76,894)**
Disposal of a subsidiary	**(110,248)**	**(326,654)**	**(105,156)**	**(9,275)**	**–**	**(251,781)**	**(803,114)**
Revaluation	**647,570**	**–**	**–**	**–**	**–**	**–**	**647,570**
Balance as at 31 December 2021	**2,747,834**	**2,537,792**	**1,007,861**	**164,412**	**3,297,603**	**461,241**	**10,216,743**
Depreciation							
Balance as at 1 January 2021	–	(46,032)	(573,175)	(73,766)	–	(527,660)	(1,220,633)
Depreciation charge for the year	**–**	**(36,480)**	**(137,086)**	**(12,474)**	**–**	**(71,215)**	**(257,255)**
Disposal of a subsidiary	**–**	**8,940**	**61,472**	**7,867**	**–**	**118,713**	**196,992**
Disposals	**–**	**44,566**	**19,268**	**1,820**	**–**	**28,821**	**94,475**
Balance as at 31 December 2021	**–**	**(29,006)**	**(629,521)**	**(76,553)**	**–**	**(451,341)**	**(1,186,421)**
Carrying amount							
As at 31 December 2021	**2,747,834**	**2,508,786**	**378,340**	**87,859**	**3,297,603**	**9,900**	**9,030,322**

As at 31 December 2021, buildings and structures include structures with a carrying amount of 42,791 thousand tenge, which are stated at cost and are not revalued (31 December 2020: 53,960 thousand tenge).

At 31 December 2021, the cost of fully depreciated property, plant and equipment in use was 86,707 thousand tenge (31 December 2020: 86,707 thousand tenge).

17. PROPERTY, PLANT AND EQUIPMENT (continued)

In thousands of tenge	Land	Buildings and constructions	Machinery and equipment	Motor vehicles	Construction in progress	Other	Total
Initial and revalued cost							
Balance as at 1 January 2020	2,546,752	2,218,097	1,001,957	154,905	941,873	831,973	7,695,557
Additions	–	224	88,956	–	228,481	54,272	371,933
Disposals	–	(4,328)	(81,180)	(21,471)	–	(43,199)	(150,178)
Revaluation	(17,525)	740,896	–	–	–	–	723,371
Transfer*	–	(34,329)	–	–	–	–	(34,329)
Internal transfers	–	35,545	73,284	–	–	(108,829)	–
Balance as at 31 December 2020	2,529,227	2,956,105	1,083,017	133,434	1,170,354	734,217	8,606,354
Depreciation							
Balance as at 1 January 2020	–	(28,000)	(431,264)	(75,613)	–	(537,201)	(1,072,078)
Depreciation charge for the year	–	(55,449)	(152,529)	(12,065)	–	(87,194)	(307,237)
Disposals	–	34,329	–	–	–	–	34,329
Transfer*	–	3,878	80,252	13,912	–	26,311	124,353
Internal transfers	–	(790)	(69,634)	–	–	70,424	–
Balance as at 31 December 2020	–	(46,032)	(573,175)	(73,766)	–	(527,660)	(1,220,633)
Carrying amount							
As at 31 December 2020	2,529,227	2,910,073	509,842	59,668	1,170,354	206,557	7,385,721

**This transfer relates to the accumulated depreciation as at the revaluation date that was eliminated against the gross carrying amount of the revalued asset.*

17. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) Revaluation of land plots

As at 31 December 2021 and 31 December 2020, the cost of land plots was subject to revaluation by the involved valuation experts with the appropriate recognized professional qualifications.

The fair value of the Group's land plots is referred to Level 2 of the fair value hierarchy based on inputs to the valuation method used. The market method was used for the revaluation of land plots. The market method is based on a comparative analysis of the results of sales of similar items of property, plant and equipment. Unobservable inputs are selling price correction factors:

- trade discount within 10%;
- adjustment for the difference in the total area of the facility in the range from 49% to 13%;
- adjustment for the availability of buildings in the range from 0% to 8.4%.

As at 31 December 2021, based on the results of the revaluation, the Group recognized an increase in the cost of land plots in other comprehensive income in the amount of 647,570 thousand tenge (31 December 2020: decrease by 17,525 thousand tenge).

If the revaluation of the cost of land plots would not have been carried out, their carrying value amounted to 81,785 thousand tenge as at 31 December 2021 (31 December 2019: 156,842 thousand tenge).

(b) Revaluation of buildings

As at 31 December 2021, the cost of buildings has not been revalued.

As at 31 December 2020, the cost of buildings has not been revalued, with the exception of the academic building with built-in car parking, a water and health complex and buildings of the Institution "Kazakh University of Economics. Finance and International Trade" (hereinafter referred to as the "Institution)". The cost of these properties has been revalued by external appraisers with appropriate recognized professional qualifications.

The fair value of the revalued buildings of the Group, namely the academic building with built-in car parking, the water and recreation complex and buildings of the Institution is referred to Level 2 of the fair value hierarchies based on the inputs to the applied valuation method.

For the revaluation of the academic building with built-in car parking and the water and recreation complex, the cost method was used, which is based on the principle of substitution, when the depreciated replacement cost of buildings is determined as the difference between the cost of full replacement and accumulated depreciation. The observable input is the cost of full replacement of buildings, taking into account the depreciation of buildings:

- depreciation adjustment within 13.6% -15.7%.

The buildings of the Institution comprise mainly real estate objects that are sold on the open market. The market method was used to revalue the buildings of the Institution. The market method is based on a comparative analysis of the results of sales of similar items of property, plant and equipment. Unobservable inputs are selling price correction factors:

- trade discount within 10%;
- area adjustment within 4.4-6.5%;
- adjustment for the difference in the date of sale for similar objects within 4.4%.

As a result of the revaluation in 2020, the Group recognized an increase in the cost of buildings in other comprehensive income in the amount of 761,409 thousand tenge and a decrease in profit or loss in the amount of 20,513 thousand tenge.

The buildings of the Group are mainly specialized real estate objects (namely, academic buildings), which are rarely sold on the open market, except as part of a going concern, the market for this type of property, plant and equipment is not active and does not allow using market approaches for determination of their fair value, since the number of transactions for the sale of comparable properties is insufficient.

Accordingly, the fair value of buildings was determined primarily using the income method, which was based on the analysis of cash flows based on data from internal information sources, including the Group's forecasts, as well as publicly available statistical information from various published sources, directories, etc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. PROPERTY, PLANT AND EQUIPMENT (continued)

(b) Revaluation of buildings (continued)

If buildings were valued using the cost model, the carrying amount would be presented as follows:

In thousands of tenge	**2021**	2020
Cost	**1,409,282**	1,968,926
Modernization	**607,522**	575,488
Disposals	**–**	(111,053)
Accumulated depreciation and impairment	**(575,377)**	(356,607)
Net book value	**1,441,427**	2,076,754

18. INTANGIBLE ASSETS

In thousands of tenge	**License agreements**	**Software**	**Total**
Cost			
Balance as at 1 January 2021	5,573	428,663	434,236
Additions	**611**	**–**	**611**
Disposals	**–**	**(14,635)**	**(14,635)**
Balance as at 31 December 2021	**6,184**	**414,028**	**420,212**
Amortization			
Balance as at 1 January 2021	(2,968)	(174,979)	(177,947)
Accrued amortization for the year	**(633)**	**(51,917)**	**(52,550)**
Disposals	**–**	**11,831**	**11,831**
Balance as at 31 December 2021	**(3,601)**	**(215,065)**	**(218,666)**
Carrying amount			
As at 31 December 2021	**2,583**	**198,963**	**201,546**
Cost			
Balance as at 1 January 2020	5,573	426,939	432,512
Additions	–	7,718	7,718
Disposals	–	(85)	(85)
Write-offs	–	(5,909)	(5,909)
Balance as at 31 December 2020	5,573	428,663	434,236
Amortization			
Balance as at 1 January 2020	(2,376)	(124,916)	(127,292)
Accrued amortization for the year	(592)	(56,042)	(56,634)
Disposals	–	5,979	5,979
Balance as at 31 December 2020	(2,968)	(174,979)	(177,947)
Carrying amount			
As at 31 December 2020	2,605	253,684	256,289

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. INVESTMENT PROPERTY

In thousands of tenge	**2021**	2020
Balance at 1 January	**40,200**	40,200
Transfer from property, plant and equipment	**76,894**	–
Revaluation	**33,917**	–
Balance as at 31 December	**151,011**	40,200

As at 31 December 2021, the fair value of investment property was not measured, except for 67 adjacent land plots. As at 31 December 2021, the market method was used to revalue 67 adjacent land plots.

As at 31 December 2020, the fair value of investment property was not measured.

As at 31 December 2021 and 31 December 2020, the Group's investment property comprises a health resort with a carrying value of 40,200 thousand tenge leased out under an operating lease and 67 adjacent land plots with a carrying value of 110,811 thousand tenge.

20. BANK DEPOSITS

In thousands of tenge	**31 December 2021**	31 December 2020
Long-term bank deposits		
- rated from B- to B+	**50,000**	50,000
Short-term deposits in banks		
- rated from B- to B+	**439,128**	578,966
Total deposits with banks	**489,128**	628,966
Provision for expected credit losses	**(238)**	(18,339)
Total deposits with banks, net	**488,890**	610,627

This table is based on ratings assigned by Standard & Poor's or ratings assigned by other rating agencies, but converted by Standard & Poor's. As at 31 December 2021 and 31 December 2020, deposits were placed with ForteBank JSC, which is a related party of the Group.

All deposits with banks are referred to Stage 1 of credit risk level.

In thousands of tenge	**2021**	2020
Balance at 1 January	**18,339**	16,443
Net change in provision for expected credit losses	**(18,101)**	1,896
Balance as at 31 December	**238**	18,339

Information about the Group's exposure to credit and currency risks in respect of deposits with banks is disclosed in *Note 30.*

21. PREPAYMENT

In thousands of tenge	**31 December 2021**	31 December 2020
Prepayment for academic building reconstruction services	**3,280,565**	50,197
Prepayments for acquisition of property and equipment	**1,264,954**	–
	4,545,519	50,197

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. TRADE AND OTHER ACCOUNTS RECEIVABLE

In thousands of tenge	**31 December 2021**	31 December 2020
Accounts receivable for sold construction materials	**222,626**	–
Receivables from students for educational services	**78,808**	172,245
Trade receivables from sale of assets	**53,587**	70,714
Other trade receivables from third persons	**42,967**	35,552
Trade receivables for reimbursement of utilities	**31,263**	24,144
Finance lease receivables from third persons	**2,009**	668
Other accounts receivable	**1,959**	1,284
	433,219	304,607
Provision for expected credit losses	**(98,092)**	(175,218)
	335,127	129,389

Analysis of changes in the provision for expected credit losses

Changes in the provision for expected credit losses in relation to trade receivables are presented in the following table.

In thousands of tenge	**2021**	2020
Balance at 1 January	**175,218**	178,129
Net change in provision for expected credit losses	**23,762**	41,076
Write-offs	**(100,888)**	(43,987)
Balance as at 31 December	**98,092**	175,218

Information about the Group's exposure to credit risk and changes in the provision for expected credit losses on trade and other receivables is disclosed in *Note 30.*

23. CASH AND CASH EQUIVALENTS

In thousands of tenge	**31 December 2021**	31 December 2020
Cash on hand	**717**	3,267
Balance on bank accounts		
- rated from B- to B+	**1,020,995**	2,528,431
Total cash and cash equivalents	**1,021,712**	2,531,698
Provision for expected credit losses	**(4,555)**	(101)
Total cash and cash equivalents, net	**1,017,157**	2,531,597

This table is based on ratings assigned by Standard & Poor's or ratings assigned by other rating agencies, but converted by Standard & Poor's. As at 31 December 2021 and 31 December 2020, cash was placed with ForteBank JSC, which is a related party of the Group.

All cash and cash equivalents are included in Stage 1 of the credit risk grade

In thousands of tenge	**2021**	2020
Balance at 1 January	**101**	26
Net change in provision for expected credit losses	**4,454**	75
Balance as at 31 December	**4,555**	101

Information about the Group's exposure to credit and currency risks in respect of cash and cash equivalents is disclosed in *Note 30.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

24. EQUITY AND PROVISIONS

(a) Charter capital

As at 31 December 2021, the registered, issued and outstanding share capital of the Company consists of 736,876 commonshares (31 December 2020: 736,876 common shares). On 3 December 2021, the Sole Shareholder of the Company decided to increase the number of declared shares of the Company by 7,740,000 comon shares. As at 31 December 2021, these shares are unplaced and unpaid.

As at 31 December 2021, the authorized and fully paid charter capital was 736,876 thousand tenge (31 December 2020: 736,876 thousand tenge).

Additional capital comprises the amount of discount incurred from transactions with related parties.

(b) Provision for revaluation of property, plant and equipment

The property, plant and equipment revaluation reserve is used to record increases in, and decreases in, the fair value of buildings and land, but only to the extent that such decrease is attributable to a previous increase in the cost of the same asset previously recognized in equity.

In thousands of tenge	**Provision for revaluation of property and equipment**
Balance as at 1 January 2020	2,464,573
Revaluation of land and buildings *(Note 17)*	743,884
Transfer of property value increase from revaluation after depreciation and disposals	(18,044)
Balance as at 31 December 2020	3,190,413
Revaluation of land *(Note 17)*	**647,570**
Transfer of property value increase from revaluation after depreciation	**(12,279)**
Transfer of property value increase from reclassification to investment property	**(76,770)**
Transfer of property value increase from revaluation after disposal	**(532,186)**
Balance as at 31 December 2021	**3,216,748**

(c) Other reserve funds

In accordance with the Charter of the Company, the Company formed a reserve capital in the amount of at least 15% of the charter capital upon initial registration. The reserve capital is replenished from retained net earnings and is intended solely to cover losses.

(d) Allocation of net income

In accordance with the legislation of the Republic of Kazakhstan, in case of declaration and payment of dividends, the Group loses the status of an organization operating in the social sphere and, as a result, the Group's income is not subject to preferential taxation in accordance with the Tax Code of the Republic of Kazakhstan. No dividends have been declared during the period of the Group's operations.

25. LOANS RECEIVED FROM RELATED PARTIES

In thousands of tenge	**31 December 2020**	31 December 2020
Caspian Real Estate LLP	**5,655,519**	1,348,934
	5,655,519	1,348,934

25. LOANS RECEIVED FROM RELATED PARTIES (continued)

In 2019, the Group received from a related party, Caspian Real Estate LLP, a short-term loan denominated in tenge in the total amount of 550,000 thousand tenge, with an interest rate of 0.1% per annum and maturing in April 2020. In 2020, the loan agreement was subsequently extended until September 2020. Upon initial recognition the loan was recognized at fair value calculated by discounting the future cash flows on the loan in accordance with the contract using an appropriate market interest rate of 11.3% per annum. The resulting discount of 30,698 thousand tenge was recognized directly in equity. In 2020, unwinding of discount in the amount of 19,663 thousand tenge was recognized in the consolidated statement of profit or loss and other comprehensive income (2019: 11,035 thousand tenge). In 2020 the loan was fully repaid.

During the year ended 31 December 2020, the Group received from a related party, Kaspiyskaya Nedvizhimost LLP, short-term loans in several tranches denominated in tenge in the amount of 2,415,000 thousand tenge maturing in September 2020 and 1,500,000 thousand tenge maturing in December 2021. All loans carry a nominal interest rate of 0.1% per annum. Upon initial recognition the loans were recognized at fair value calculated by discounting the future cash flows on the loans in accordance with the contracts using an appropriate market interest rate of 11.2% per annum. The resulting discount of 152,256 thousand tenge was recognized directly in equity. In 2020, unwinding of discount in the amount of 1,176 thousand tenge was recognized in the consolidated statement of profit or loss and other comprehensive income. During 2020, the tranche in the amount of 2,415,000 thousand tenge was fully repaid.

In December 2021, the maturity date of the tranche in the amount of 1,500,000 was extended until 31 December 2022, as a result of which the Group recognized an additional discount as a result of the prolongation in the amount of 160,199 thousand tenge in equity. For the year ended 31 December 2021 interest expense and unwinding of discount on the loan amounted to 1,550 thousand tenge and 150,566 thousand tenge, respectively.

During the year ended 31 December 2021, the Group received from a related party, Caspian Real Estate LLP, additional tranches of a short-term tenge denominated loan in the amount of 4,800,000 thousand tenge maturing in December 2021. In 2021, the loan agreements were subsequently extended until December 2022. The loans were recognized at fair value calculated by discounting the future cash flows on the loan in accordance with the contracts using an appropriate market interest rate of 11.1% and 12.1% per annum. The resulting discount of 665,876 thousand tenge was recognized directly in equity. For the year ended 31 December 2021 interest expense and unwinding of discount on these loans amounted to 1,716 thousand tenge and 178,819 thousand tenge, respectively.

During 2021, the Group did not fully or partially repay the loan.

Information about the Group's exposure to liquidity risk in respect of loans received from related parties is disclosed in *Note 30.*

Below is a reconciliation of changes in liabilities and cash flows from financing activities:

In thousands of tenge	**2021**	2020
Balance as at 1 January	**1,348,934**	530,438
Loans received	**4,800,000**	3,915,000
Loans paid	**–**	(2,965,000)
Unwinding of discount	**329,385**	20,839
Initial recognition of discount	**(826,066)**	(152,256)
Interest accrued	**3,266**	1,727
Interest paid	**–**	(1,814)
Balance as at 31 December	**5,655,519**	1,348,934

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

26. TRADE AND OTHER ACCOUNTS PAYABLE

In thousands of tenge	**31 December 2021**	31 December 2020
Trade payables	**102,365**	26,868
Other payables	**6,392**	5,691
	108,757	32,559

The Group's exposure to liquidity risk related to trade and other payables is disclosed in *Note 30.*

27. CONTRACT LIABILITIES

In thousands of tenge	**31 December 2021**	31 December 2020
Liabilities under the contract for education services	**434,541**	502,656
Liabilities under the dormitory accommodation contract	**78,517**	28,482
Other contract liabilities	**3,580**	91,217
	516,638	622,355

The contract liabilities initially relate to prepaid consideration received from customers for educational services, for which revenue is recognized over time. This amount will be recognized as revenue as educational services are provided. According to the terms of the education contracts, students make advance payments in equal tranches four times a year: 25% each before 10 October, 10 November, 10 February and 10 April (2020: four times a year: 25% each before 5 September, 5 November, 5 January and 5 April).

Liabilities under the dormitory accommodation contract represent amounts prepaid by individuals for accommodation. According to the terms of the accommodation contracts, students make advance payments in the amount of one hundred percent before dormitory check-in.

The balance of obligations under contracts with customers at the beginning of the period was recognized in full as part of revenue during 2021 and 2020.

28. OTHER CURRENT LIABILITIES

In thousands of tenge	**31 December 2021**	31 December 2020
Accrued employee unused vacations allowance	**228,540**	268,772
Liabilities on taxes and other payments to budget	**51,492**	9,518
International projects commitment	**27,558**	17,581
Other current liabilities	**103,742**	29,710
	411,332	325,581

The International Projects Commitment represents special programs of the European Union (hereinafter referred to as the "EU") to support the modernization of higher education systems through funding projects for cooperation between higher education institutions of the EU and partner countries. The overall objective of the program is to support and develop education and harmonize curricula and programs. These programs are approved and funded by the European Commission of the EU (hereinafter referred to as the "European Commission"). Funding is credited to the Group's settlement account for subsequent distribution to program participants.

The Group's exposure to liquidity risk related to trade and other payables is disclosed in *Note 30.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

29. FAIR VALUE MEASUREMENT

The table below discloses the measurement hierarchy for assets and liabilities of the Group at the fair value.

		Fair value measurement using			
In thousands of tenge	Date of measurement	Inputs of level 1	Inputs of level 2	Inputs of level 3	Total
As at 31 December 2021					
Assets measured at fair value					
Property, plant and equipment - land	31 December 2021	**–**	**2,759,047**	**–**	**2,759,047**
Property, plant and equipment - buildings	31 December 2021	**–**	**652,954**	**–**	**652,954**
Investment property - land	31 December 2021	**–**	**110,811**	**–**	**110,811**
Assets whose fair values are disclosed					
Finance lease receivables	31 December 2021	**–**	**4,847**	**–**	**4,847**
Trade and other accounts receivable	31 December 2021	**–**	**–**	**335,127**	**335,127**
Cash and cash equivalents	31 December 2021	**–**	**1,017,157**	**–**	**1,017,157**
Bank deposits	31 December 2021	**–**	**488,890**	**–**	**488,890**
Liabilities whose fair values are disclosed					
Loans and borrowings from banks and other financial institutions	31 December 2021	**–**	**13,563**	**–**	**13,563**
Loans received from related parties	31 December 2021	**–**	**5,655,519**	**–**	**5,655,519**
Trade and other accounts payable	31 December 2021	**–**	**–**	**108,757**	**108,757**
Other current liabilities	31 December 2021	**–**	**–**	**411,332**	**411,332**

As at 31 December 2021, the cost of buildings within property, plant and equipment and investment property, except for land lots, has not been revalued.

There were no transfers between levels of the fair value hierarchy during 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

29. FAIR VALUE MEASUREMENT (continued)

		Fair value measurement using			
In thousands of tenge	Date of measurement	Inputs of level 1	Inputs of level 2	Inputs of level 3	Total
At 31 December 2020					
Assets measured at fair value					
Property, plant and equipment - buildings	31 December 2020	–	2,559,227	–	2,559,227
Property, plant and equipment - land	31 December 2020	–	2,910,073	–	2,910,073
Assets whose fair values are disclosed					
Finance lease receivables	31 December 2020	–	12,883	–	12,883
Trade and other accounts receivable	31 December 2020	–	129,389	–	129,389
Cash and cash equivalents	31 December 2020	–	2,514,016	–	2,514,016
Bank deposits	31 December 2020	–	610,627	–	610,627
Liabilities whose fair values are disclosed					
Loans and borrowings from banks and other financial institutions	31 December 2020	–	8,950	–	8,950
Loans received from related parties	31 December 2020	–	1,348,934	–	1,348,934
Trade and other accounts payable	31 December 2020	–	–	32,559	32,559
Other current liabilities	31 December 2020	–	–	325,581	325,581

As at 31 December 2020, the cost of buildings, except for the academic building with built-in car parking, as part of property, plant and equipment and investment property, with the exception of the swimming pool complex, was not subject to revaluation.

There were no transfers between levels of the fair value hierarchy during 2020.

Fair value of financial assets and liabilities not carried at fair value

As at 31 December 2021 and 31 December 2020, the carrying amounts of the Group's financial assets and financial liabilities approximated their fair values largely due to the short-term maturities of these instruments.

Valuation models and assumptions

The following describes the models and assumptions used to determine fair values for assets and liabilities recorded at fair value in the financial statements and those items that are not measured at fair value in the consolidated statement of financial position, but whose fair value is disclosed.

Assets for which fair value approximates to carrying value

For financial assets and financial liabilities that are liquid or having a short term maturity (less than three months) it is assumed that their fair value approximates to the carrying amount. This assumption is also applied to demand deposits and savings accounts without a specific maturity.

Financial assets and financial liabilities accounted for at amortised cost

The fair value of non-quoted instruments is measured by discounting future cash flows using rates currently existing for outstanding amounts with similar terms, credit risk and maturity.

30. RISK MANAGEMENT

Financial risk management

The Group is exposed to market risk, credit risk and liquidity risk. The Group's management is responsible for the organisation of the risk management system in the Group and supervision over the performance of the system. The Group's risk management policies are designed to identify and analyze the risks faced by the Group, to set acceptable risk limits and appropriate controls, and to monitor risks and adherence to limits. Risk management policies and systems are regularly reviewed for the need to make changes in connection with changes in market conditions and the activities of the Group. The Group establishes standards and training and management procedures to develop a well ordered and efficient control system where all employees understand their roles and responsibilities.

This Note discloses information on the Group's exposures to the above risks, its objectives, policies, procedures of estimation and management of these risks and the Group's approaches to capital management. More detailed quantitative information is disclosed in these consolidated financial statements.

(i) Credit risk

Credit risk is the risk that the Group will incur financial losses because the counterparty will not meet its obligations under a financial instrument or customer contract. The Group is exposed to credit risk associated with its operating activities (primarily with respect to trade receivables) and financial activities including deposits with banks and financial institutions, currency transactions and other financial instruments.

Credit risk exposure

The carrying amount of financial assets reflects the Group's maximum exposure to credit risk.

The management does not expect defaults from its counterparties on the above balances, and therefore management believes that the Group's exposure to credit risk is insignificant.

Deposits with banks, restricted cash and cash and cash equivalents

As at 31 December 2021, the Group had cash and cash equivalents in bank accounts in the amount of 1,017,157 thousand tenge (31 December 2020: 2,531,597 thousand tenge), deposits in banks in the amount of 488,890 thousand tenge (31 December 2020: 610,627 thousand tenge).

The Group limits its exposure to credit risk by placing time deposits and having bank accounts only with banks, including related parties, with credit ratings not lower than B- according to the scale of the rating agency "Standard & Poor's".

Loans issued

The Group limits its exposure to credit risk through careful preliminary analysis of financial statements and business plans of potential borrowers, which are primarily subsidiaries and other related parties.

Impairment of loans issued has been estimated based on 12-month expected credit losses and reflects the short maturity of the exposed positions. The Group believes that loans issued have low credit risk.

Trade accounts receivable

The Group's exposure to credit risk mainly depends on the individual characteristics of each customer. However, management also considers factors that may affect the credit risk of the Group's customer base.

Measurement of expected credit losses

The Group allocates each exposure to credit risk based on data that is determined to predict the risk of loss (including, but not limited to, management accounts and cash flow projections, and customer information available in the mass media) and by applying expert judgment on the loan. The stages of credit risk are determined using qualitative and quantitative factors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

30. RISK MANAGEMENT (continued)

Financial risk management (continued)

(i) Credit risk (continued)

Measurement of expected credit losses (continued)

As at the reporting date, the ageing analysis of trade accounts receivable is as follows:

	31 December 2021		31 December 2020	
In thousands of tenge	**Carrying amount**	**Expected credit losses**	Carrying amount	Expected credit losses
Undue	**297,926**	**–**	66,743	–
More than 0-30 days overdue	**9,413**	**(1,204)**	10,193	(697)
More than 31-60 days overdue	**11,402**	**(2,259)**	12,350	(1,143)
More than 61-120 days overdue	**13,190**	**(3,978)**	17,723	(2,789)
More than 121-180 days overdue	**3,304**	**(569)**	8,131	(1,610)
More than 181-360 days overdue	**15,431**	**(7,529)**	28,214	(10,109)
More than 360 days overdue	**82,553**	**(82,553)**	161,253	(158,870)
	433,219	**(98,092)**	304,607	(175,218)

Based on payment history and customer credit risk analysis, management believes that the amounts that are not past due and not impaired can be collected in full.

The Group uses the allowance accounts to reflect losses from impairment of trade receivables, except in cases where the Group believes that the due amount is not recoverable. In this case, the amount, which cannot be recovered is written off by direct reduction in the cost of the financial asset.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The objectives of Group's approach in relation to liquidity risk management are to ensure, as far as possible, that the Group has permanent sufficient liquidity so as to implement its obligations within maturity, both under common conditions, and under stress conditions, not allowing occurrence of unacceptable losses or risk of damage for the Group's reputation.

Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Group’s financial liabilities as at 31 December based on contractual undiscounted repayment obligations. Repayments, which are subject to notice are treated as if notice were to be given immediately.

30. RISK MANAGEMENT (continued)

Financial risk management (continued)

(ii) Liquidity risk (continued)

Analysis of financial liabilities by remaining contractual maturities (continued)

As at 31 December 2021	**On demand**	**Less than 3 months**	**From 3 to 12 months**	**From 1 to 5 years**	**Over 5 years**	**Total**
Financial liabilities						
Loans and borrowings from banks and other financial institutions	**–**	**3,213**	**4,633**	**5,718**	**–**	**13,564**
Loans received from related parties	**–**	**–**	**6,303,278**	**–**	**–**	**6,303,278**
Trade and other accounts payable	**–**	**108,757**	**–**	**–**	**–**	**108,757**
Other current liabilities	**–**	**138,199**	**273,133**	**–**	**–**	**411,332**
Total undiscounted financial liabilities	**–**	**250,169**	**6,581,044**	**5,718**	**–**	**6,836,931**

As at 31 December 2020	On demand	Less than 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
Financial liabilities						
Loans and borrowings from banks and other financial institutions	–	1,401	3,737	3,812	–	8,950
Loans received from related parties	–	–	1,500,013	–	–	1,500,013
Trade and other accounts payable	–	32,559	–	–	–	32,559
Other current liabilities		39,228	286,353	–	–	325,581
Total undiscounted financial liabilities	–	73,188	1,790,103	3,812	–	1,867,103

(iii) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The market risk includes three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity and services risk. The objective of market risk management is to control market risk exposure and to keep it within tolerable limits, while optimising the return on investments. The Group is exposed to foreign exchange risk.

Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk by rendering services, making purchases and investing in bank deposits, denominated in currencies other than Kazakhstan tenge. The above transactions are mainly denominated in US dollars and Euro.

Currency risk exposure

The Group's exposure to foreign currency risk based on notional amounts is shown below:

	Denominated in US dollars	**Denominated in Euro**	**Denominated in GB pounds**	**Denominated in Russian roubles**
In thousands of tenge	**31 December 2021**	**31 December 2021**	**31 December 2021**	**31 December 2021**
Short-term deposits in banks	**345,337**	**–**	**–**	**–**
Cash and cash equivalents	**186,603**	**10,962**	**6,274**	**97**
Other current assets	**1,583**	**34,185**	**–**	**251**
Trade and other accounts payable	**(4,629)**	**–**	**–**	**(519)**
Net exposure	**528,894**	**45,147**	**6,274**	**(171)**

30. RISK MANAGEMENT (continued)

Financial risk management (continued)

(iii) Market risk (continued)

Currency risk (continued)

In thousands of tenge	Denominated in US dollars 31 December 2020	Denominated in Euro 31 December 2020	Denominated in GB pounds 31 December 2020	Denominated in Russian roubles 31 December 2020
Short-term deposits in banks	578,897	–	–	–
Cash and cash equivalents	444,758	42,528	2,686	1,692
Other current assets	1,773	16,154	2,123	409
Trade and other accounts payable	(896)	(1,708)	–	–
Net exposure	1,024,532	56,974	4,809	2,101

During the year the following exchange rates were applied:

	Average exchange rate		**Spot foreign exchange rate as at the reporting date**	
In tenge	**2021**	2020	**31 December 2021**	31 December 2020
1 US dollar	**426,03**	412,95	**431,80**	420,91
1 Euro	**504,04**	471,44	**489,10**	516,79
1 GBP	**586,05**	529,91	**583,32**	574,88
1 Russian ruble	**5,78**	5,73	**5,76**	5,62

Sensitivity analysis

Reasonably possible Tenge strengthening (weakening) as shown below to the following foreign currencies as at 31 December would impact an estimate of financial instruments denominated in foreign currencies and the amount of profit or loss by the amounts shown below. This change will not have a direct impact on the amount of equity. This analysis was conducted on the assumption that all other variables, such as interest rates, remain unchanged.

In tenge	**Increase in exchange rates**	**(Decrease) in exchange rates**	**Effect on profit before tax**	**Effect on profit before tax**
As at 31 December 2021				
US dollars	**13,00%**	**(10,00%)**	**68,756**	**(52,889)**
Euro	**13,00%**	**(10,00%)**	**5,869**	**(4,515)**
GBP	**13,00%**	**(10,00%)**	**816**	**(627)**
Russian ruble	**13,00%**	**(13,00%)**	**(22)**	**22**

In tenge	Increase in exchange rates	(Decrease) in exchange rates	Effect on profit before tax	Effect on profit before tax
As at 31 December 2020				
US dollars	12,00%	(9,00%)	122,944	(92,208)
Euro	12,00%	(9,00%)	6,837	(5,128)
GBP	12,00%	(9,00%)	577	(433)
Russian ruble	12,00%	(12,00%)	252	(252)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31. COMMITMENTS AND CONTINGENCIES

(a) Business environment in Kazakhstan

The Group operates primarily in Kazakhstan. Consequently, the Group is exposed to economic and financial risks in the markets of Kazakhstan, which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue its development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in the Republic of Kazakhstan.

The presented consolidated financial statements reflect management's estimate of the possible impact of the current business environment on the results of operations and the financial position of the Group. The actual influence of future business environment may differ from management's assessment.

(b) Insurance

The insurance industry in the Republic of Kazakhstan is in a developing state and many forms of insurance protection common in other parts of the world are not yet available in Kazakhstan. The Group does not have full insurance coverage for its property. Until the Group obtains comprehensive insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the Group's operations and financial position.

(c) Taxation contingencies

The taxation system in Kazakhstan is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities, in particular recognition of income, expenses and other items of the financial statements under IFRS. Taxes are subject to review and investigation by various levels of authorities, which have the authority to impose severe fines and interest charges. The correctness of tax calculations could be reviewed during the five subsequent calendar years; however, under certain circumstances a tax year may remain open longer.

These facts create higher degree of tax risks probability in Kazakhstan comparing with other countries. The Group's management based on its interpretations of applicable tax legislation, regulations and judicial decisions believes that tax liabilities are recorded in full. However, the interpretation of these provisions by the relevant authorities could differ and if they succeed in justification of their position it could have a significant impact on these consolidated financial statements.

(d) Legal issues

In the ordinary course of business on the market of education services, the Group is subject to different legal claims.

As at 31 December 2021 and 31 December 2020, the Group was not involved in any significant legal proceedings, including arbitration.

32. RELATED PARTY TRANSACTIONS

In accordance with IAS 24 "Related Party Disclosures", parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Related parties may enter into transactions which unrelated parties might not. Prices and terms of such transactions may differ from prices and terms of transactions between unrelated parties.

(a) Group shareholder and control relationship

As at 31 December 2021 and 31 December 2020, the sole shareholder of the Group is Utemuratov Bulat Zhamitovich.

(b) Compensation to key management personnel

Below is information about remuneration paid to 17 members (2020: 10 persons) of key management personnel:

In thousands of tenge	**2021**	2020
Payroll	**316,806**	392,372
Social tax, social deductions	**21,807**	37,196
	338,614	429,568

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

32. RELATED PARTY TRANSACTIONS (continued)

(c) Transactions with other related parties

As at 31 December 2021 and 31 December 2020, the following amounts are included in the consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income from transactions with other related parties:

In thousands of tenge	**2021** **Entities under common control**	2020 Entities under common control
Consolidated statement of profit or loss and other comprehensive income		
Revenue from sale of education services	**24,157**	46,924
Rental income	**214**	214
Finance income	**13,557**	15,432
Third party services	**(34,100)**	(7,209)
Finance costs	**(332,651)**	(21,390)
Consolidated statement of financial position		
Assets		
Long-term bank deposits	**49,762**	49,168
Trade and other accounts receivable	**9,300**	16,105
Short-term deposits in banks	**439,128**	561,459
Cash and cash equivalents	**1,016,440**	2,528,330
Other current assets	**13**	42
Liabilities		
Trade and other accounts payable	**6,818**	–
Loans received from related parties	**5,655,519**	1,337,769

33. SIGNIFICANT NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

On 20 January 2022, at the meeting of the Board of Directors of the Company, a decision was made to place 7,740,000 common shares at an offering price of 1,000 tenge per share under the right of pre-emption. On January 27, 2022, the sole shareholder made payment for the placed shares in the total amount of 7,740,000 thousand tenge.

After the placement of an additional issue of shares, as at 28 January 2022, the registered, issued and outstanding share capital of the Company consists of 8,476,876 common shares, the amount of the declared and fully paid charter capital is 8,476,876 thousand tenge.

On 24 June 2022, the sole shareholder decided to increase the number of authorized shares of the Company by 5,557,500 common shares.

(a) Emergency situation

On 2 January 2022, protests began in the Mangystau region of the Republic of Kazakhstan after a significant increase in the retail price of liquefied petroleum gas. These protests spread to other cities and led to riots, property damage and loss of life. On 5 January 2022, the Government declared a state of emergency.

As a result of the above protests and state of emergency the President of the Republic of Kazakhstan has made certain public announcements regarding possible measures including amendments to the tax legislation, introducing measures for financial stability, controlling and stabilizing the inflation rate and the tenge exchange rate.

On 19 January 2022, the state of emergency has been lifted. The Group is currently unable to quantify what the impact, if any, may be on the financial position of any new measures the government may take or any impact on the Kazakhstan economy as a result of the above protests and state of emergency.

(b) Geopolitical situation

In February 2022 because of the conflict between the Russian Federation and Ukraine, numerous sanctions were announced against the Russian Federation by most Western countries. These sanctions aim to have a negative economic impact on the Russian Federation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

33. SIGNIFICANT NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD (continued)

(b) Geopolitical situation (continued)

Due to the growth of geopolitical tensions since February 2022, there has been a significant increase in volatility in the stock and currency markets, as well as a significant decline in exchange rate of Tenge against US Dollar and Euro.

The Group considers these events as non-adjusting events after the reporting period, the quantitative effect of which cannot be reliably measured at the moment.

The Group's management is currently analysing the possible impact of changing micro- and macroeconomic conditions on the financial position and performance of the Group.