

National Research Tomsk Polytechnic University

**Consolidated Financial Statements and Independent Auditor's report
for the year ended 31 December 2015**

Tomsk
2016



Independent Auditor's Report

To the Supervisory Board of National Research Tomsk Polytechnic University

We have audited the accompanying consolidated financial statements of National Research Tomsk Polytechnic University and its subsidiary (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2015 and the consolidated statements of financial performance, cash flows and changes in net assets (equity) for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Public Sector Accounting Standards, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

AO PricewaterhouseCoopers Audit

15 November 2016
Moscow, Russian Federation



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Authorised Abbreviations

TPU	Tomsk Polytechnic University;
IPSAS	International Public Sector Accounting Standards;
Minfin	The Ministry of Finance of the Russian Federation;
R&D	Research and development;
CGSO	Classification of government sector operations;
PP&E	Property, plant and equipment;
HVA	Highly valuable assets;
IA	Intangible assets;
IDP	Innovative Development Program;
RFBR	Russian Foundation for Basic Research;
RFH	Russian Foundation for Humanities;



Report of TPU's Management

Dear Sirs,

In line with international practice, TPU's management prepares financial statements that present fairly, in all material respects, the University's financial position at the end of each reporting period, as well as its financial performance and cash flows for the period then ended.

We acknowledge our responsibility for financial reporting, which allows for the sufficiently accurate presentation of TPU's financial position, in compliance with the International Public Sector Accounting Standards (IPSAS), and conformance of budgetary reports, prepared in accordance with Federal Standards for Budgetary Reporting, as well as Russian legislation and regulations. TPU's management is also responsible for measures taken within their competence for safeguarding the University's assets, as well as preventing and identifying instances of fraud and other corrupt practices.

We believe that TPU's financial statements have been prepared based on adequate accounting policies consistently applied and substantiated with reasonable assessments and estimates, along with compliance with applicable International Public Sector Accounting Standards.

We confirm that the financial statements, prepared in concordance with IPSAS, present fairly, in all material respects, the financial position of TPU, along with its financial and economic performance in the reporting period.

15 November 2016

Rector, Professor, D.Sc. in Engineering

P.S. Chubik

First Vice Rector, D.Sc. in Geology and Mineralogy

A.K. Mazurov

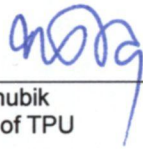
Chief Accountant

E.L. Moiseenko

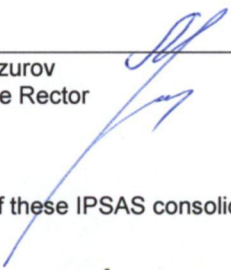



Consolidated Statement of Financial Position

	as at the reporting dates	(in thousands of Russian roubles)	
ASSETS	Note	31.12.2015	31.12.2014
Current assets			
Cash and cash equivalents	4.1	1,260,017	848,183
Receivables from exchange transactions	4.2	207,422	279,353
Inventories	4.3	80,192	134,277
Prepayments on exchange transactions	4.4	69,007	144,229
Other current receivables	4.5	21,827	30,994
Total current assets		1,638,465	1,437,036
Non-current assets			
Other non-current receivables		23,160	5,245
Investments		361	482
Property, plant and equipment	4.6	11,132,519	9,957,504
Intangible assets	4.7	53,206	13,151
Deferred tax assets	5.9	25,958	30,236
Total non-current assets		11,235,204	10,006,618
TOTAL ASSETS		12,873,669	11,443,654
LIABILITIES			
Current liabilities			
Short-term borrowings and loans	4.8	2	12
Prepayments for exchange transactions	4.9	217,460	185,200
Prepayments for non-exchange transactions	4.10	295,613	126,169
Payables for exchange transactions	4.11	40,344	119,721
Income tax	5.9	43,388	51,680
Other liabilities	4.12	227,786	178,167
Provisions	4.13	20,368	5,242
Total current liabilities		844,961	666,191
Non-current liabilities			
Long-term borrowings and loans		-	222
Long-term provisions	4.13	2,115,114	1,133,948
Deferred tax liabilities	5.9	81,414	92,663
Total non-current liabilities		2,196,528	1,226,833
NET ASSETS			
Settlements with the founder	4.6	10,826,763	9,698,387
Accumulated deficit		(994,583)	(147,757)
TOTAL NET ASSETS		9,832,180	9,550,630
Total liabilities and net assets		12,873,669	11,443,654


P.S. Chubik
Rector of TPU

15 November 2016


A.K. Mazurov
First Vice Rector


E.L. Moiseenko
Chief Accountant

The accompanying notes are an integral part of these IPSAS consolidated financial statements.

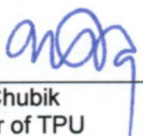


Consolidated Statement of Financial Performance


for the year ended 31 December 2015


(in thousands of Russian roubles)

Revenue and expenses	Note	2015	2014
REVENUE			
Revenue from exchange transactions:			
Research and development	5.1	1,548,660	1,663,974
Educational services	5.2	3,671,896	3,655,208
Other services	5.3	132,308	139,802
Total revenue from exchange transactions		5,352,864	5,458,984
Revenue from non-exchange transactions:			
Government subsidies	5.4	1,490,325	1,518,706
Received grants and participation in special-purpose programs		150,437	95,866
Special-purpose budget appropriations for capital investments	5.5	716,460	95,433
Special-purpose and voluntary contributions	5.6	184,495	217,774
Total revenue from non-exchange transactions		2,541,717	1,927,779
Total revenue		7,894,581	7,386,763
EXPENSES			
Employee benefits	5.7	(4,180,732)	(4,022,901)
Tangible costs		(741,534)	(589,854)
Depreciation and amortisation	4.6, 4.7	(567,195)	(658,404)
Other work and services		(481,523)	(392,441)
Scholarships and financial assistance		(479,986)	(494,915)
Property maintenance services		(409,993)	(99,069)
Third-party R&D and experimental work		(283,435)	(359,294)
Utilities costs		(158,579)	(150,549)
Transportation services		(115,024)	(103,657)
Other expenses		(76,155)	(46,291)
Net financial result from other transactions		(65,526)	(26,225)
Taxes and levies		(45,527)	(77,144)
Total expenses		(7,605,209)	(7,020,744)
Operating result		289,372	366,019
Received interest and dividends	5.8	151,478	10,409
Discount amortization expense	4.13	(150,127)	(212,549)
Actuarial gain/loss	4.13	(22,459)	34,428
Exchange differences		54,372	27,248
Surplus before taxation		322,636	225,555
Income tax	5.9	(41,086)	(50,770)
Surplus for the year		281,550	174,785


P.S. Chubik
Rector of TPU

15 November 2016


A.K. Mazurov
First Vice Rector


E.L. Moiseenko
Chief Accountant

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Consolidated Statement of Cash Flows


for the year ended 31 December 2015


(in thousands of Russian roubles)

Cash flows	Note	2015	2014
OPERATING ACTIVITIES			
Cash flows from exchange transactions:		5,424,112	5,439,190
Receipts			
Research and development		1,615,886	1,657,442
Educational services		3,672,946	3,647,095
Other services		135,280	134,653
Cash flows from non-exchange transactions:		2,652,384	1,502,137
Subsidies for other purposes		1,552,785	1,166,959
Received grants and participation in special-purpose programs		167,487	98,021
Special-purpose budget appropriations		760,351	95,433
Special-purpose and voluntary contributions		171,761	141,724
Other cash flows		6,102	18,452
Total cash flows from operating activities		8,082,598	6,959,779
Payments			
Employee benefits		(4,109,043)	(4,048,632)
Suppliers		(662,435)	(646,107)
Scholarships and financial assistance to students		(476,653)	(489,501)
Other third-party work and services		(560,276)	(460,661)
Third-party R&D work		(264,198)	(337,175)
Property maintenance services		(414,550)	(99,129)
Utilities costs		(151,351)	(156,573)
Transportation services		(119,316)	(102,759)
Taxes		(69,988)	(63,498)
Total other expenses		(59,032)	(66,632)
Total payments		(6,886,842)	(6,470,667)
Interest and dividends		151,477	10,376
Income tax paid		(56,340)	(58,779)
Net cash flows from operating activities		1,290,893	440,709
FINANCING ACTIVITIES			
Net cash flows from financing activities		-	-
INVESTING ACTIVITIES			
Purchase of PP&E		(887,662)	(327,452)
Purchase of IA		(45,754)	(2,251)
Loans issued		-	33
Loss of control over a subsidiary		-	(2,373)
Net cash flows from investing activities		(933,416)	(332,043)
Net increase in cash and cash equivalents over the period		357,477	108,666
Effect of exchange rate changes on cash and cash equivalents		54,357	37,435
Cash and cash equivalents at the beginning of the year		848,183	702,082
Cash and cash equivalents at the end of the year		1,260,017	848,183


P.S. Chubik
Rector of TPU

15 November 2015


A.K. Mazurov
First Vice Rector


E.L. Moiseenko
Chief Accountant

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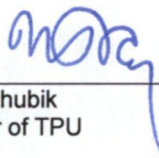


Consolidated Statement of Changes in Net Assets (Equity)

for the year ended 31 December 2015

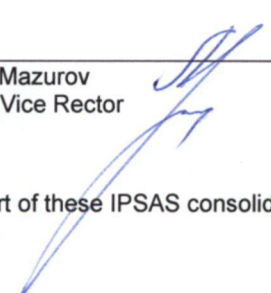
(in thousands of Russian roubles)


Item	Accumulated surplus (deficit)	Settlements with the founder	Net assets
Balance at 31 December 2013	(2,584,732)	11,960,577	9,375,845
Surplus for the year	174,785	-	174,785
Changes in the composition of highly valuable assets (Note 4.6, Table 17)	2,262,190	(2,262,190)	-
Balance at 31 December 2014	(147,757)	9,698,387	9,550,630
Surplus for the year	281,550	-	281,550
Changes in the composition of highly valuable assets (Note 4.6, Table 17)	(1,128,376)	1,128,376	-
Balance at 31 December 2015	(994,583)	10,826,763	9,832,180


P.S. Chubik
Rector of TPU

15 November 2016

The accompanying notes are an integral part of these IPSAS consolidated financial statements.


A.K. Mazurov
First Vice Rector


E.L. Moiseenko
Chief Accountant



1. General Information about TPU

Tomsk Polytechnic University and its Operations

Tomsk Polytechnic University is one of the oldest universities in Russia. The University was founded in 1896 as the Tomsk Technological Institute for practical engineers and named after Russian Tsar Nicholas II. TPU is among the largest Russian technical universities and represents a research and educational complex with advanced infrastructure for research and innovation studies, as well as training of highly qualified specialists and experts.

TPU's mission is enhancing Russia's competitiveness by training an engineering elite, generating new knowledge and innovative ideas, and developing resource-efficient technologies through internationalisation and integration of research, education and practice.

TPU's core values:

- freedom and enthusiasm in broadening the knowledge base in priority fields of science for the benefit of the humanity while also complying with professional ethics;
- innovations in science and education in order to seek out excellence and professional expertise;
- independent thinking and creativity when addressing the challenges faced by the University, Russia, and the world as a whole;
- social responsibility with respect to the results of our activities;
- staff involvement in all areas of the University's activities, thereby allowing teachers, other employees and students (both present and future) to meet their full potential;
- promotion unity of alumni, students and employees based on the University's century-long traditions established throughout our history;
- a corporate culture that provides an open atmosphere and a comfortable learning environment;
- freedom of personality, which is manifested in elimination of racial, ethnic, religious, gender, political or other forms of discrimination.

Strategic goals: establishing and developing TPU as a research university and one of the world's leaders in resource-efficient technologies, which can solve global issues facing humanity on its way to sustainable development.

On 2 April 1997, Tomsk Polytechnic University was awarded the status as a "Highly Valuable Object of the Cultural Heritage of the Peoples of the Russian Federation".

Furthermore, on 2 October 2009, TPU was awarded the rank of a "National Research University".

In July 2013, TPU was among the 15 winners of a competition for a subsidy intended for entering the world university rankings under the auspices of the Programme for Promoting the Competitiveness of leading Russian universities among the world's leading research and academic institutions.

On 28 November 2013, Alexander B. Povalko, the Deputy Minister of Education and Science of the Russian Federation, approved the "Action Plan for the Implementation of National Research Tomsk Polytechnic University's Programme for Promoting the Competitiveness among the World's Leading Research and Educational Centres for the period 2013-2020".

The key goals set out in this programme for enhancing competitiveness include:

- promoting world-class science and research on resource efficiency;
- providing globally competitive engineering education;
- dissemination of best academic and engineering practices;
- ensuring close collaboration with industry and other stakeholders in the interest of innovation;
- training and engagement of distinguished students, scientists and educators;



- positioning Tomsk as a unique world-class research and educational centre;
- ensuring transformation into an university focusing on graduate and postgraduate education;
- providing efficient resource management;
- ensuring social accountability and responsibility at the regional, national and global levels.

Following Order No. 545 of the Ministry of Education and Science of the Russian Federation of 15 May 2014, TPU was transformed into Federal State Autonomous Educational Institution of Higher Education National Research Tomsk Polytechnic University by changing its institution type.

As part of the programme for enhancing the University's global competitiveness and transparency of financial information on TPU's operations, TPU's management has opted to prepare and present IPSAS financial statements.

TPU's Organisational Structure

The founder of TPU is the Russian Federation. The founder's powers and authority are executed by the Ministry of Education and Science of the Russian Federation.

TPU's registered address is 30 Lenin Avenue, Tomsk, Russian Federation, 634050.

TPU is managed in accordance with the laws and other regulations of the Russian Federation, along with the University's Charter, which is based on combined principles of individual and collective responsibility.

The University's governing bodies include the following:

- Supervisory Board;
- Staff and Students Conference;
- Academic Council;
- Rector;
- President;
- Board of Trustees;
- Academic Councils of Divisions;
- Students Council.

According to Paragraph 3.5 of TPU's Charter, the Supervisory Board includes 5 to 11 members. The powers of the Supervisory Board last for five years. As of 31 December 2015, 2014 the Supervisory Board includes 11 members.

The Staff and Students Conference is a collective body of TPU. It holds the following powers:

- election of the Academic Council;
- discussion and approval of collective agreements and related amendments, as well as approval of reports on the execution of such agreements.

The Staff and Students Conference is convened when needed but must meet once at least every five years.

The Academic Council is a collective body in charge of the University's general management.

The number of the Academic Council's members is determined by the Staff and Students Conference. Eligible Academic Council's members include the Rector, President, Vice Rectors and, upon the decision of the Academic Council, Directors of institutes. Other members of this council are elected by the Staff and Students Conference by ballot. The Rector is also the chairman of the Academic Council. As of 31 December 2015, 2014 the Academic Council includes 55 members.

The composition of the Academic Council is announced through the Rector's order based on a decision of the University's Staff and Students Conference. The powers of the Academic Council run for five years. An early re-election of a member of the Academic Council is held if requested by at least 50% of its members in writing.

The sole executive body of TPU is the Rector, who oversees the current management of the University's activities. This position is appointed for up to five years by the Founder from a pool of potential candidates who have been attested under an established procedure. The candidates are put



forward by the Supervisory Board. The Rector is personally responsible for the management of educational, scientific, administrative and economic activities, as well as TPU's compliance with the Russian law. As of 31 December 2015, 2014 and at the financial statements sign off date, the Rector of TPU was P.S. Chubik.

TPU's organisation includes departments that provide educational and research activities, administrative departments, as well as production and social infrastructure facilities.

As of 31 December 2015 and 2014, TPU included the following institutes:

- Institute of Natural Resources;
- Institute of Power Engineering;
- Institute of High Technology Physics;
- Institute of Cybernetics;
- Institute of Non-Destructive Testing;
- Institute of Physics and Technology;
- Institute of Humanities, Social Sciences and Technologies;
- Institute of International Education and Language Communication;
- E-learning Institute;
- Institute of Strategic Partnership and Competences Development;
- Yurga Institute of Technology (with status as an "affiliate").

Affiliates and regional offices are located outside of TPU. They do not represent separate legal entities and carry out their functions based on related regulations.

Such affiliates individually perform their functions, in full or in part. As of 31 December 2015, 2014 TPU had the following affiliate:

- TPU's Yurga Institute of Technology (affiliate). Short form: TPU's YuIT. Location: 26 Ul. Leningradskaya, Yurga, Kemerovo Region, Russian Federation, 652055.

Regional offices both represent and defend the interests of TPU, but do not independently perform educational, scientific, economic, social or other functions. As of 31 December 2015, 2014 TPU has the following regional offices:

- Regional office located at: Office 2, 127a Ul. Ermakova, Strezhevoy, Tomsk Region, Russian Federation, 636762.

Principal Activity

TPU carries out the following core activities:

- educational activities, including the implementation of programmes of professional education, main programmes for professional education, additional professional training programmes, and general education programs;
- scientific activities, including R&D work (e.g., fundamental research work and experimental projects) and training of scientific personnel. TPU holds leading positions in terms of the scope of its extra-budgetary R&D operations and international contracts among all universities and organisations of the Russian Ministry of Education and Science.



TPU's Students

TPU delivers education and training to more than 19,000 students. Information on the number of TPU's students is presented in Table 1.

Table 1

Distribution of student population by category

Category / training program	2015	2014	Change, number	Change, %
Bachelor's degree, specialist degree	15,676	17,621	(1,945)	(11)
Master's degree and postgraduate training	3,272	3,043	229	(8)
Exchange students	163	583	(420)	(72)
Total number of students	19,111	21,247	(2,594)	(12)

In the 2010/2011 academic year, TPU was one of the first organisations in the system of Russian higher education to begin large-scale training of bachelor and master's degree students under educational programmes developed in compliance with the third generation of Federal State Education Standards. In 2010, TPU, within the implementation of its development programme, worked up standards and instructions for quality assurance of its main educational programmes for bachelor, master's degrees, as well as specialists' training in priority development areas (TPU MEP Standard).

TPU was the first Russian engineering university to join the largest international project for modernisation of engineering education, CDIO (Conceive-Design-Implement-Operate), which was organised by the Massachusetts Institute of Technology in 2011. The project's participants are developing and implementing a cutting edge, advanced concept for improving the engineering education at the level of bachelor's degree in universities.

TPU's Staff

Table 2 presents average number of TPU staff members.

Table 2

Average number of staff by category

Staff category	2015	2014	Change, number	Change, %
Management	19	19	-	-
Faculty	1,566	1,609	(43)	(3)
Researchers	101	104	(3)	(3)
Research engineers	373	368	5	1
Administrative and managerial staff	467	471	(4)	(1)
Production staff	139	131	8	6
Educational support staff	828	916	(88)	(10)
Support staff	1,866	1,765	101	6
Total average number of staff	5,359	5,383	(24)	-



2. TPU's Economic Environment

TPU operates in the Russian Federation. The Russian Federation still displays certain characteristics of an emerging market. Russia's economy is specifically sensible to fluctuations of oil and gas prices.

The legal, tax and regulatory frameworks of the Russian Federation are continuing to develop and subject to various interpretations. The country's current political and economic environment has significant influence over the University's development. Recent political developments, current international sanctions against some Russian companies and individuals, and the related uncertainty and volatility on financial markets may have consequences for the University. However, the effect of this is difficult to predict.

Political and economic instability, stock market uncertainty and other risks may have a negative influence on the activities of government sector organisations.

TPU's activities are monitored by the Russian Ministry of Education and Science and the Federal Agency for State Property Management. TPU's primary source of financial support includes subsidies for state programmes, subsidies for other purposes, and funds from income-generating activities.

Every year, TPU prepares a three-year plan for its financial and economic activities, whereby it sets out key performance indicators for the subsidies received for state programmes, subsidies for other purposes, budgetary investments, and income-generating activities. TPU's Supervisory Board approves plans for financial and economic activities, as well as prepares reports on their execution.

TPU's management believes that it is undertaking all necessary measures to support the University's sustainable development and its ongoing activities in the current environment.



3. Summary of Significant Accounting Policies

TPU's accounting policies have been consistently applied throughout all of the presented reporting periods. This section includes extracts from TPU's key accounting policies used for the purposes of the preparation of these IPSAS financial statements.

3.1. Basis of Presentation

The accompanying consolidated financial statements were prepared in accordance with IPSAS as developed and issued by the International Federation of Accountants.

TPU prepares statutory accounting statements in accordance with Russian law. IPSAS financial statements are based on statutory reports and include adjustments and reclassifications recorded in the statements for the purpose of fair presentation in accordance with IPSAS. When the IPSASB does not prescribe any specific standard, IFRS and IAS are applied.

The University's accompanying consolidated financial statements were prepared based on a going concern assumption, which means that TPU, including all of its individual subsidiaries, will continue its operations in the near future. Furthermore, assets can be disposed of while liabilities may be discharged appropriately.

3.2. New Standards and Accounting Interpretations

The following new standards were issued or effective for annual periods beginning after 1 January 2016 or later, and had not been applied at any time before by TPU:

- IPSAS 34 "Separate Financial Statements";
- IPSAS 35 "Consolidated Financial Statements";
- IPSAS 36 "Investments in Associates and Joint Ventures";
- IPSAS 37 "Joint Arrangements";
- IPSAS 38 "Disclosure of Interests in Other Entities".

These aforementioned standards are effective for annual periods beginning after 1 January 2017. Unless otherwise described above, the new standards and interpretations are not expected to significantly affect TPU's consolidated financial statements.

3.3. Use of Estimates

The preparation of the consolidated financial statements under IPSAS requires TPU's management to make estimates and assumptions, which affect the reported totals for assets and liabilities as of the date of the statements. Such estimates were primarily made in regards to the useful life of non-current assets and the fair value of assets and liabilities, as well as environmental provisions, post-retirement benefit liabilities, bad debt provisions, and provisions for unused vacations. Please note that the actual results may differ from these estimates.

3.4. Functional and Presentation Currency

These financial statements are presented in Russian roubles (i.e. the presentation currency). The Russian rouble is the functional (primary) currency of TPU's operating activities



3.5. Consolidation

The University's financial statements include the financial statements of TPU and the financial statements of controlled (subsidiary) companies (see Table 3).

Table 3

TPU's Subsidiaries

Name of subsidiary	% interest held, 31.12.2015	% interest held, 31.12.2014
OOO Technological Incubator of Tomsk Polytechnic University (OOO TI TPU)	100,00	97,96

TPU participates in the share capital of its subsidiaries from the moment of their incorporation. The contribution in the share capital was fully repaid at the moment of incorporation at nominal value by transferring the rights for intellectual property.

The subsidiary OOO TI TPU (OOO Technological Incubator of TPU) was created for the purpose of developing the student business ideas and establishing small innovation enterprises based on the University's R&D deliverables. OOO TI TPU received Tomsk Region real estate items for trust management at the estimated value of RUB 9,333 thousand. The trust management agreement is effective until 4 February 2019. OOO West Siberian Investment Company with the primary founder represented by OOO Metropol Investment Financial Company was a minority participant of OOO TI TPU (holding 2.04% interest).

In addition to subsidiaries, TPU has investments in the share capital of associates that enable the commercialisation of the University's R&D deliverables. The subsidiary OOO TI TPU also has investments in the associates' share capital.

The investments in the capital of associates are recorded in the financial statements at cost less accumulated impairment loss. The equity method of accounting was not applied, since the investments in associates are not material and this information does not have any impact on the decisions to be made by the users of the consolidated financial statements.

3.6. Cash and Cash Equivalents

Cash and cash equivalents are cash on hand and on the business accounts in the Russian Federal Treasury, on the accounts of credit institutions, as well as short-term and liquid investments that are readily convertible (with original maturity of three months or less) to known amounts of cash and that are subject to an insignificant risk of changes in value. TPU classifies agreements to maintain minimum balances on current accounts in banks and deposit accounts for a term of three months as cash equivalents.

Monetary items denominated in foreign currencies are translated at the exchange rate of the Central Bank of Russia as of the end of the reporting period.

3.7. Statement of Cash Flows

The statement of cash flows is based on the direct method. The cash flows generated by interest and dividends are included in the cash flows from operating activities as per IPSAS 2.



3.8. Receivables from Exchange Transactions

Receivables from exchange transactions include trade receivables for educational and other services and R&D deliverables.

The receivables are initially recognised at fair value. The transactional costs are included in the initial measurement. The short-term receivables are measured at the initial amount specified in agreements and documents (except when the effect of discounting has a significant influence on the results).

The trade receivables are presented less the provision for doubtful debts.

At the end of each reporting period, doubtful receivables are estimated by analysing all accounts receivable balances. If the receivables are past due and no transactions were made to settle them, such receivables are deemed to be doubtful and a provision is set up for the relevant amount. If there are any signs that the doubtful receivables are uncollectible, they are written-off.

3.9. Inventories

Inventories are measured at cost upon initial recognition. Inventories are subsequently recorded in the balance sheet at the lower end of the net realisable value or cost. The cost of inventories includes all expenses for purchasing, processing and other expenses incurred for bringing the inventories to their current condition and location. Each unit of material inventories is written-off to expenses (discharged to production, for TPU maintenance, etc.) under the FIFO method.

Production expenses are incurred when manufacturing finished products. The cost of finished products includes all expenses for the purchase of materials, production costs and other expenses incurred costs for bringing the assets to their current state and condition.

R&D deliverables are accounted for at their actual cost. Their actual cost includes costs of labour and consumed inventories, as well as other direct costs and the corresponding portion of overhead costs.

3.10. Prepayments

Prepayments to suppliers and contractors represent total advance payments under concluded agreements. The amount of prepayments is measured at fair value of the transferred compensation less doubtful debt provisions. Doubtful debt provisions are established as described in paragraph 3.8.

Prepayments for assets, work or services that are expected to be received in periods exceeding 12 months and recorded within non-current assets.

At the end of each reporting period, doubtful receivables are estimated by analysing all totals for accounts receivable. If there are any signs that doubtful receivables are uncollectible, they are written-off to the financial result for the current period.

3.11. Other Receivables

Other receivables include overpaid taxes and levies, VAT recoverable from the budget on purchased tangibles, compensation of losses, other settlements with employees, and employee advances. The total for other receivables is measured at fair value of the transferred compensation less doubtful debt provisions, which are established as described in paragraph 3.8.



3.12. Property, Plant and Equipment

TPU applies the following methods to measure groups of property, plant and equipment (PP&E):

- at initial recognition – at cost, including purchase price, import duties, non-recoverable taxes, direct costs for putting the asset into operable condition, estimated asset retirement costs;
- subsequently – at cost less accumulated depreciation and accumulated impairment loss.

If PP&E items were purchased as a result of non-exchange transactions, they are measured at their fair value. Thus, the PP&E items received by TPU for operational management are recorded in the calculated estimate as the asset retirement obligation included in the actual cost as a provision (estimated liability) as per IPSAS 17. TPU has not retrospectively recalculated the provision due to the complicated accrual procedure allowed under IPSAS 33. The adjustments to the provision due to changes in estimation of useful life of the item are recognised as the interest expense incurred in the current period. The adjustments to the provision due to an increase or decrease of the discount rate are set out in the book value of the PP&E item and do not affect income and expense items.

PP&E items are depreciated on a straight-line basis over their expected useful lives (see Table 4).

Table 4

Useful lives by PP&E category

Type of PP&E	Useful life
Land	Not depreciated
Real estate	15-100 years
Machinery and equipment	3-20 years
Other property, plant and equipment	1-10 years

Land has indefinite useful life and cannot be depreciated. Furthermore, construction-in-progress items cannot be depreciated either.

During the first year of operation, depreciation is charged proportionally to the period of use. Depreciation charges begin to accrue starting from the next month following the month when the asset became ready for operation.

The method of depreciation and useful lives are reviewed annually for all categories of PP&E.

Expenses for maintenance and repair of PP&E incurred during the year are recognised in profit or loss. In the case of upgrades, reconstruction or improvements, such expenses are capitalised within the individual PP&E item if such incurred expenses result in additional economic benefits.

The University's financial statements do not recognise assets of cultural heritage.

TPU also assesses assets for impairment on an annual basis. Whenever indicators of asset impairment are identified, TPU calculates the recoverable amount for such assets.

Special treatment is applied in regard for certain PP&E items that TPU can use, but can manage only through a special procedure (as per Order No. 2261 of 31 December 2010 by the Russian Ministry of Education and Science "On Classification of Types of Highly Valuable Movable Assets"):

- land plots;
- real estate;
- movable assets with an initial cost in excess of RUB 500,000;



3.12. Property, Plant and Equipment (Continued)

- movable assets that are necessary for safe maintenance and operation of nuclear, radiation, chemical and/or biological hazardous facilities, as well as for maintenance, protection of life and health of students and staff, pupils, including organisation of catering and medical services, the absence of which will lead to the termination of activities of autonomous and budgetary institutions, and the replacement of which is impossible due to their uniqueness and/or absence of sufficient funds at the disposal of autonomous and budgetary institutions for the purchase of such assets regardless of their value;
- movable assets that are necessary for the activities stated by the charter of autonomous or budgetary institutions, the absence of which will lead to the termination of activities of the said institutions, and the replacement of which is impossible due to their uniqueness and/or absence of sufficient funds at the disposal of autonomous and budgetary institutions for the purchase of such assets regardless of their value.

In addition to the above list, TPU has no right to manage at its convenience the items of construction in progress that were purchased using budget investments. Management through a special procedure means that any transactions with these PP&E items (transfer to another individual, write-off, etc.) should be approved by the Ministry of Education and Science of the Russian Federation.

3.13. Intangible Assets

At their initial recognition, intangible assets of all classes are stated at cost. If intangible assets were purchased as a result of non-exchange transactions, they are measured at fair value as of the date of their acquisition.

Subsequently, intangible assets are carried at cost less accumulated depreciation and accumulated impairment loss.

TPU determines if an asset has a definite or indefinite useful life. In the first case, TPU determines the term or the number of production units or similar units that define this term. Furthermore, the University considers an intangible asset to have an indefinite useful life if the analysis of all corresponding factors indicates the absence of a foreseeable limit of the period, during which the assets are expected to generate net cash inflows for the entity. Useful life depends on the type of intangible assets: for licenses and patents, it is determined as the period for which they are granted or purchased; for software, it is based on the period of the asset's expected use (in most cases this period is estimated to be five years) or non-physical ageing as a result of modification or improvement of similar software.

Intangible assets with a definite useful life are amortised using the straight-line method. Intangible assets with an indefinite useful life are not amortised. Instead, they are subject to testing for impairment on an annual basis.

3.14. Non-current Receivables

The University records prepayments for acquisition of PP&E and capital construction, as well as the non-current portion of loans issued to employees within non-current receivables.

Receivables related to loans issued to employees are classified as non-current receivables if the remaining period to their repayment exceeds 12 months as of the reporting date. The remaining portion of the receivables is considered to be current receivables and recorded within other receivables.

Prepayments for acquisition of PP&E (including capital construction items) and intangible assets are represented by prepayments to suppliers for future work and services related to the creation of PP&E items and intangible assets. The prepayments are recognised at the fair value of the consideration given.



3.12. Non-current Receivables (Continued)

The non-current receivables are recorded less doubtful debt provision, which is set in accordance with the procedure described in paragraph 3.8.

3.15. Borrowings

Debt with a repayment period of more than 12 months is classified as a long-term liability. Debt with the repayment period of less than 12 months after the reporting date is classified as a short-term liability.

Debt under loans is measured at amortised cost using the effective interest rate method.

3.16. Prepayments Received

Prepayments received include total prepayments received through exchange and non-exchange transactions. Prepayments received are measured at the fair value of received compensation.

3.17. Trade Payables

Trade payable include amounts owed to suppliers and contractors. Upon their initial recognition, payables are stated at fair value. Thereafter, they are stated at amortised value.

3.18. Other Liabilities

Other liabilities include taxes payable, liabilities for compensation of expenses incurred by employees, funds in transit and payroll liabilities (including compensation for unused vacations).

The total provision for forthcoming payments of unused employee vacations at the end of the reporting year is determined with reference to the number of unused vacation days of each employee as of the reporting date and the employee's average annual salary, inclusive of insurance contributions.

3.19. Provisions

Provisions are recognised in financial statements if all of the following conditions are met:

- TPU has existing liabilities (legal or imputed) as a result of past events;
- it is probable that outflow of resources embodying future economic benefits will be required to settle this liability;
- the liability's amount can be measured reliably.

TPU estimates the required probability to be more than 50%. If the above conditions are not met, the estimated liability shall not be recognised, as it is deemed contingent.

TPU forms the following provisions:

- provisions for remediation of the environment and decommissioning of a nuclear reactor (the estimation was performed by comparing the expenses for liquidation of similar nuclear facilities; the discount rate corresponds to the yield for risk-free investments on the market of government short-term bonds and public bonds);
- provisions for litigation (based on management's assessment of total possible cash outflow required for the settlement of claims).

Provisions are reviewed as of each reporting date and adjusted in order to reflect the current best estimate. The provision is released if it is no longer probable that outflow of resources embodying economic benefits will be required in order to settle the liability.



3.20. Income Tax

Expenses for current income tax are reflected in TPU's financial statements in accordance with the requirements of Russian law and estimated based on taxable income over the reporting period based on the income tax rates that were effective in the corresponding period.

Expenses for deferred income tax are recorded in the University's financial statements according to IAS 12 "Income Taxes".

Deferred income tax is calculated relying on the balance sheet liability method, which is based on the concept of temporary differences. The temporary differences are formed through the recording of PP&E, intangible assets, receivables and payables, and provisions, and also arise owing to other accounting principles as per effective tax legislation.

Assets and liabilities for deferred income tax are calculated based on tax rates that are expected in the period, when such assets are to be realised or liabilities will be discharged. This estimation is based on regulations effective as of the date when financial statements are prepared. Deferred tax assets are recorded only when it is reasonably probable that sufficient taxable income will be available in the future, against which temporary differences that reduce the tax base can be utilised.

3.21. Value-Added Tax

The tax authorities accept payment of value added tax (VAT) for sales and purchases on a net basis.

TPU reserves its right for tax exemption for certain transactions, which is provided by tax legislation. Total incoming VAT imposed on the purchase of goods (work, services) relating to non-taxable transactions are not deducted and included in the cost of purchased goods (work, services).

In the cases described in tax legislation, TPU applies a zero-percent rate for the export of goods and provision of certain work and services with respect to exported goods. Total incoming VAT related to such operations are deductible for tax purposes.

If there are provisions for the impairment of receivables, the report must include a reduction of losses in the total receivables, including VAT. VAT on advances received is recorded as a deduction from payables for corresponding prepayments.

Total incoming VAT on purchased goods (work, services) are claimed for deduction as corresponding goods (work, services) are recognised for accounting purposes. Other obligatory conditions for VAT deduction, as described in current tax legislation, are complied with.

3.22. Revenue Recognition

TPU's main types revenue are as follows:

Revenue from exchange transactions

1) Rendering services through the execution of state programmes

Rendering services under state programmes is paid out of the federal budget in the form of subsidies. State programmes include rendering of educational services and implementation of R&D. Revenue is recognised at fair value (i.e. a per the total par value of received cash).

TPU carries expenses out of subsidy under approved state programmes as per approved budget costs. The subsidies are appropriated in accordance with approved state programmes for the next financial year and should be recognised as income in proportion to the execution of government directives. Concurrently, incurred expenses are recognised as expenses for the current period.

In terms of economical substance, this subsidy is classified as an exchange transaction (please refer to item 3.29, "Critical accounting estimations and judgements in applying accounting policies").



3.22. Revenue Recognition (Continued)

2) Revenue from paid educational services and execution of R&D work

Revenue recognised using the accrual method in the period when the corresponding income was received with due consideration of the extent that the rendered services have been completed. The extent of completion is defined as follows:

- by income from educational services as a portion of practically rendered services in the total amount of services under agreement (proportionally to the number of hours);
- by income from R&D work as a portion of practically incurred expenses in the total amount of expected expenses for the agreement's implementation.

Revenue from non-exchange transactions

3) Subsidies for other purposes

Subsidies for other purposes are allocated from federal budget resources on a voluntary basis for the purposes defined by the subsidy agreement. Subsidies for other purposes are recognised at fair value (i.e. the total discharged liabilities as recognised by TPU).

Subsidies for other purposes are included as part of liabilities within "Prepayments for Non-exchange Transactions". They are classified as a financial result in the reporting period in the amount and at the moment of discharged liabilities as recognised by TPU.

Balances unused in the current financial year are blocked on TPU's account and can be used over the next reporting period for the same purposes upon the approval by the Russian Ministry of Education and Science.

4) Budget appropriations for capital construction

Budget appropriations for capital construction are provided to TPU based on executed agreements, which also envisage using the University's own funds for the financing of capital construction. Subsidies for capital construction are recognised at fair value (i.e. the amount of funds received or expected to be received in the reporting period).

Funds of this subsidy are recognised within income in line with growth in value of capital construction performed at the expense of the subsidy funds.

5) Grants

Grants are a form of funding for TPU activities, foreseeing the allocation of cash, estate, and services in kind for performing certain types of work or rendering certain services. Herewith, the provision of grants is execution of identified assignments. Grants are recognised at fair value at the moment of their receipt as assets and liabilities. As TPU fulfils its existing liabilities under the terms of grants, revenue to be recognised is equal to the amount for the reduction of previously recognised liabilities. Grants are provided by state organisations or funds.

6) Donations

Revenue from donations is considered as revenue from voluntary contribution of assets, including cash and other monetary assets, goods and services in kind, which are received by TPU without any conditions stipulating the use of such assets from the corporate entity. Revenue is estimated at the fair value of received property and recognised as income at the moment of transfer of all risks and rewards related to the ownership of such assets. If the donation agreement contains the relevant terms, revenue shall be recognised as total liabilities decreases. Terms in donation agreements are more common than the purpose for grants.



3.23. Expense Recognition

Expenses are recognised using the accrual method in the reporting period when they were incurred (regardless of the existence of cash flows).

In the statement of financial results, information on incurred expenses shall be presented using classifications of government sector operations (CGSO). CGSO is represented by grouped operations executed in the public sector based on their economic substance and approved through Order No. 65n of the Ministry of Finance of the Russian Federation of 1 July 2013 "Instructive Regulations on the Procedure for the Application of the Budget Classification of the Russian Federation".

3.24. Employee Benefits

Under collective agreements, TPU provides social support to non-working pensioners in the form of compensations for pharmaceuticals, medical treatment, etc. Liabilities on reimbursements to TPU's non-working pensioners are liable and estimated based on expected payments as per collective agreements. Actuarial gains and losses on long-term liabilities are fully accounted for in the statement of financial performance.

3.25. Settlements with the Founder

Settlements with the founder within net assets represent the owner's contribution, i.e. future economic benefits received from the founder that do not lead to the institution's liabilities. Settlements with the founder are represented by highly valuable property ("HVP") and land plots in unlimited use for real estate under operational management. Settlements with the founder are recognised when HVP and land plots transferred to the University for unlimited use are transferred to the University.

3.26. Currency Deals

Russian rouble is the functional currency of TPU. When making deals in foreign currency, it shall be converted into Russian rouble at the exchange rate at the date of the deal. Foreign exchange gains and losses are included into the statement of financial results on a net basis.

3.27. Segment Reporting

TPU performs its activities within a single geographic segment of the Russian Federation, assesses the results of its activities and makes its strategic and investment decisions based on the analysis of its activities as a whole.

The policy of the Russian Federation Government provides for integration of education and research activities. TPU's structure provides for differentiation of institutions based on areas of knowledge where research activities and educational services are combined. TPU's management and the founder assess efficiency of TPU's activities and make a decision on future allocation of economic resources based on performance ratios calculated for educational services and research activities. Therefore, research and educational activities serve as an operating segment. No other operating segments are differentiated by TPU's management.



3.28. Related Parties

TPU recognizes as a related party any individual or legal entity, which has the ability to control TPU, individually or jointly, or exercise significant influence over TPU, or vice versa. TPU recognizes as related parties:

- key management personnel and members of TPU;
- the Ministry of Education and Science of the Russian Federation;
- the government of the Russian Federation and all organizations established or controlled by the government of the Russian Federation.

3.29. Critical Estimates and Judgements in Applying Accounting Policies

TPU's management made estimates and assumptions that affected indicators disclosed in these IPSAS financial statements may affect book values of assets and liabilities in subsequent periods. These estimates and assumptions are reviewed by TPU's management for reasonableness and compliance with current economic environment at least on an annual basis.

TPU's management also made certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Professional judgements and estimates, which have the strongest impact on indicators of the consolidated financial statements and may result in significant adjustments of assets and liabilities in subsequent periods, include the following:

1) Recognition of subsidies to execute state programmes within revenue from exchange transactions

The notion of exchange and non-exchange transactions is provided in IPSAS 9 (item 11). Under IPSAS 9.11, the difference between exchange and non-exchange transactions is that, in a non-exchange transactions, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

TPU's management believes that the government's existing obligations to ensure free higher education includes the appointment of a jurisdictional institution represented by TPU that shall carry out the relevant state programme. Therefore, since subsidies to perform state programmes are provided to TPU for compensation of expenses related to the execution of state programmes and the provision of free higher education is a government obligation, it should be treated as an exchange transaction.

2) Fair value of land plots in permanent (unlimited) use

Under TPU's accounting policies, land plots are recognised in financial statements at deemed cost less impairment loss. Deemed cost is the cadastral value of land plots defined under Russian law based on the average market value of the land plots and real estate assets located on them. TPU's management believes that cadastral value is the most reliable available value in terms of its equivalence to fair value. Thus, it can be used as deemed cost, since cadastral valuation of land is performed in Russia on a regular basis and approximates market value per square metre of land plot with a specific type of permitted use.

3) Going concern

The consolidated financial statements have been prepared based on the going concern principle with regards to TPU. In making this judgement, management considered TPU's financial position, current plans and expected budget financing.



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

4) Recognition of the founder's contribution when certain groups of premises and equipment are recorded

Additions of PP&E, as a result of the transfer of highly valuable property free of charge and transfer of land plots for unlimited use, qualify as the owner's contribution, since such transactions do not give rise to financial liabilities at initial recognition.

Capital investments recorded on the balance sheet as a result of acquisition and construction financed by the founder are recognised within the University's assets when an acceptance certificate is signed, or when a completion certificate is signed, respectively. When construction is completed and the University obtains a registration certificate for its right to operational management, the accumulated surplus is reclassified as the founder's contribution.

5) Long-term liabilities on the decommissioning of TPU's nuclear assets and environmental remediation

Liabilities on the decommissioning of nuclear assets are estimated on an expert basis through benchmarking with liquidation costs for similar assets. For a more precise estimate of liquidation costs for nuclear assets, it is necessary to make necessary expert examinations and draft a liquidation project for such asset.

The total provision for decommissioning is included in the cost of PP&E. Movements in the provisions due to changes in the discount rate are represented by the adjustment of book values of assets and other grounds for its estimates and assumptions.

6) Obligations to make payments to pensioners under the collective agreement

The obligation to make payments to TPU's past employees under the collective agreement includes additional pension payments, financial support for purchase of pharmaceuticals and other. The provision for these payments is estimated by TPU's management in accordance with IPSAS 25 "Employee Benefits". When the amount of liability was calculated, it was decided not to use the inflation rate, since no indexation was performed for payments previously and no indexation is planned.

Actuarial gains or losses are recognised in full in the statement of financial results within actuarial gains/loss.

3.30. Changes in Accounting Policy for the year ended 31 December 2015

In 2015 the Group has changed its accounting policy for classification of revenue from government subsidy (including comparatives) to improve transparency and understandability of its financial statement for users. Revenue on Rendering services through the execution of state programs is now presented within lines Research and development and Educational services in Consolidated statement of financial performance and Consolidated statement of cash flows instead of Services rendered under the state programme execution as it has been classified before.

The impact on the lines of financial statements disclosed in the table below (see Tables 5, 6).



3.30. Changes in Accounting Policy for the year ended 31 December 2015 (Continued)

Table 5
(in thousands of Russian roubles)

The Effect of changes in Accounting Policy on the Lines of the Consolidated Statement of Financial Performance for the year ended 31 December 2014

Item details	2014	Reclassification	Comparative data
Services rendered under the state programme execution	3,397,761	(3,397,761)	-
Educational services	685,924	2,969,284	3,655,208
Research and development	1,235,497	428,477	1,663,974

Table 6
(in thousands of Russian roubles)

The Effect of changes in Accounting Policy on the Lines of the Consolidated Statement of Cash Flows for the year ended 31 December 2014

Item details	2014	Reclassification	Comparative data
Services rendered under the state programme execution	3,397,761	(3,397,761)	-
Educational services	677,811	2,969,284	3,647,095
Research and development	1,228,965	428,477	1,657,442



4. Disclosure of Line Items of the Statement of Financial Position

4.1. Cash and Cash Equivalents

Table 7
(in thousands of Russian roubles)

Disclosure of "Cash and cash equivalents" line item in the Statement of Financial Position

Item details	31 December 2015	31 December 2014
Cash on rouble accounts with banks, including:	368,189	591,852
unused subsidy for state programme execution	-	165,000
cash generated by entrepreneurship	368,189	426,852
Cash on business account with the Russian Federal Treasury, including:	685,085	143,429
unused subsidy for state programme execution;	259,503	2,766
cash generated by entrepreneurship	185,011	11,706
unused subsidy for other purposes;	179,575	117,015
unused subsidy for construction;	43,892	-
cash in temporary use;	17,104	11,942
Foreign currency cash on accounts with a credit institution, including:	206,743	112,902
cash generated by entrepreneurship	206,743	112,902
Total cash and cash equivalents	1 260,017	848,183

Unused subsidies may be expended by TPU for the intended purpose only.

Cash on settlement accounts with banks represent cash balances on settlement accounts with commercial banks. The Resolution of the Supervisory Board (Minutes No.1 of 30 July 2014) provides for three banks (Sberbank, Gazprombank, VTB Bank) where TPU may deposit its cash, received from the non-commercial activity. The University signed an agreement with VTB Bank on a minimum balance of cash at the bank account, on which interest is accrued. At 31 December 2015, the amount of minimum balance in VTB Bank was RUB 200 million for the period from 20 November 2015 to 18 January 2016; the interest rate is 10.91% p.a., in Gazprombank 150 million for the period from 28 December 2015 to 18 February 2016; the interest rate is 11% p.a. At 31 December 2014, the amount of minimum balance in VTB Bank was RUB 250 million for the period from 31 December 2015 to 19 January 2015; the interest rate is 6% p.a.

Except the aforementioned banks cash of the university and branch organisations, received from the commercial activity, is held in Vnesheconombank, PAO Uralsib, PAO Tomskpromstroybank and OOO Promregionbank.

Cash in temporary use is represented by funds with no right of use, received by TPU as earnest money deposits for holding a tender. Such funds are placed with the Russian Federal Treasury. Cash is neither past due nor impaired in the reporting period.

Cash in foreign currency was EUR 1,280,918 and USD 1,435,977 at 31 December 2015, and EUR 612,255 and USD 1,263,076 at 31 December 2014.



4.2. Receivables from Exchange Transactions

Table 8
(in thousands of Russian roubles)

Disclosure of "Receivables from Exchange Transactions" line item in the Statement of Financial Position

Item details	31 December 2015	31 December 2014
Receivables under R&D work agreements	166,059	226,345
Receivables for educational services	37,161	45,391
Receivables for other services	4,202	7,617
Total trade receivables (less provision)	207,422	279,353

Receivables for other services include receivables from tenants under operating lease agreements, receivables for accommodation, etc.

Changes in provision for doubtful accounts are disclosed in Table 9:

Table 9
(in thousands of Russian roubles)

Disclosure of provision for doubtful accounts in "Receivables from Exchange Transactions" line item

Item details	31 December 2015	Decrease (increase)	31 December 2014
Provision for receivables under R&D work agreements	(47,365)	(28,833)	(18,532)
Provision for receivables for educational services	(18,039)	1,292	(19,331)
Provision for receivables for other services	(1,395)	(765)	(630)
Total provision	(66,799)	(28,306)	(38,493)

4.3. Inventories

At the reporting date, there were no restrictions on the right of ownership of inventory; there were no pledged inventories.

Table 10
(in thousands of Russian roubles)

Disclosure of "Inventories" line item in the Statement of Financial Position

Item details	31 December 2015	31 December 2014
Inventories of raw materials and supplies	43,240	114,954
Work-in-progress costs	29,099	11,387
Other	7,853	7,936
Total inventories	80,192	134,277



4.4. Prepayments for Exchange Transactions

Prepayments are recorded less doubtful debt provision at each reporting date.

Table 11
(in thousands of Russian roubles)

Disclosure of "Prepayments for Exchange Transactions" line item in the Statement of Financial Position

Item details	31 December 2015	31 December 2014
Other work and services	44,310	64,169
Raw materials and supplies	17,484	68,363
Transportation services	3,074	206
Public utility services	2,090	6,346
Property maintenance services	843	259
Other expenses	713	4,667
Telecommunication services	493	219
Total prepayments (less provision)	69,007	144,229

Changes in provision for doubtful accounts are disclosed in Table 12:

Table 12
(in thousands of Russian roubles)

Disclosure of provision for doubtful accounts in "Prepayments for Exchange Transactions" line item

Item details	31 December 2015	Decrease (increase)	31 December 2014
Provision for prepayments for other work and services	(21,659)	(21,173)	(486)
Provision for prepayments for raw materials and supplies	(1,653)	(1,410)	(243)
Provision for prepayments for other expenses	(95)	1,797	(1,892)
Provision for prepayments for transportation services	(2)	(2)	-
Total provision	(23,409)	(20,788)	(2,621)

4.5. Other Current Receivables

Table 13
(in thousands of Russian roubles)

Disclosure of "Other Current Receivables" line item in the Statement of Financial Position

Item details	31 December 2015	31 December 2014
Cash in temporary use*	7,129	13,171
VAT refundable from the budget on purchased tangibles	6,780	5,746
Overpaid taxes and dues	4,283	1,849
Receivables from individuals	3,635	10,228
Total other receivables (less provision)	21,827	30,994

* Cash in temporary use represents cash paid to electronic trading floors and transferred to counterparties to secure orders and contracts arising from procurement procedures.



4.5. Other Current Receivables (Continued)

Changes in provision for doubtful accounts are disclosed in Table 14:

Table 14
(in thousands of Russian roubles)

Disclosure of provision for doubtful accounts in "Other Current Receivables" line item

Item details	31 December 2015	Decrease (increase)	31 December 2014
Provision for receivables from individuals	(11,050)	(10,897)	(153)
Total provision	(11,050)	(10,897)	(153)

4.6. Property, Plant and Equipment

TPU holds real estate assets and land plots based on the right for operational management. Unlike the ownership right, this right provides for certain restrictions related to property alienation.

At the reporting date, there were no pledged PP&E assets.

During the reporting period, the analysis of estimated useful lives and liquidation costs of PP&E assets was performed. TPU believes that the existing PP&E assets will have no residual value, since they are to be used throughout their useful life.

Table 15 discloses the PP&E item of TPU's statement of financial position. PP&E assets include construction in progress (see Table 16).



4.6. Property, Plant and Equipment (Continued)

Table 15
(in thousands of Russian roubles)

Disclosure of "Property, Plant and Equipment" line item in the Statement of Financial Position

Item	Land plots	Real estate	Movable highly valuable assets	Other property, plant and equipment	Capital investments in progress	Total
at 1 January 2015						
Initial cost	3,665,914	5,034,018	2,871,965	896,299	554,030	13,022,226
Accumulated depreciation	-	(959,369)	(1,474,233)	(631,120)	-	(3,064,722)
Book value	3,665,914	4,074,649	1,397,732	265,179	554,030	9,957,504
Depreciation charge for the period	-	(137,500)	(343,353)	(80,598)	-	(561,451)
Recalculation of liability on nuclear facility decommissioning	-	815,152	-	-	-	815,152
29 Purchased in the period, including:	24,363	12,103	294,701	116,940	481,081	928,588
Voluntary	24,363		24,222	4,018	-	52,603
paid	-	12,103	270,479	112,922	481,081	875,141
Transferred for commissioning	-	651,589	36,017	521	(688,127)	-
Disposed over the period:						
Initial cost	-	4,608	3,049	23,761	3,048	34,466
Accumulated depreciation	-	(2,363)	(1,442)	(22,787)	-	(26,592)
Book value	-	2,245	1,607	974	3,048	7,874
at 31 December 2015						
Initial cost	3,690,277	6,508,254	3,199,634	989,999	343,936	14,732,100
Accumulated depreciation	-	(1,094,506)	(1,816,144)	(688,931)	-	(3,599,581)
Book value	3,690,277	5,413,748	1,383,490	301,068	343,936	11,132,519



4.6. Property, Plant and Equipment (Continued)

Table 16
(in thousands of Russian roubles)

Construction in progress

Line item	31 December 2015	31 December 2014
Swimming Pool (5 Savinykh Street, Tomsk)	180,833	6,141
PP&E assets not ready for operation	94,295	42,503
TPU Business Incubator (2 Lenina Avenue, Tomsk)	68,808	4,538
Construction in progress asset (dormitory) garage (Yurga, near bld. 3)	-	3,047
IDP on Workshops Reconstruction (12B Moskovskaya Street, Yurga)	-	861
IDP on Reconstruction of Laboratory Building (Tomsk, Kuzovlevsky Trakt)	-	1,023
Reconstruction of TPU nuclear assets	-	185,812
Construction in progress asset (dormitory) (15b Usova Street, Tomsk)	-	310,105
Total	343,936	554,030

Table 17
(in thousands of Russian roubles)

Values of PP&E assets managed by TPU under special procedure

Item	Land plots	Real estate	Movable highly valuable assets	Construction in progress	Total
at 31 December 2014					
Initial cost	3,665,915	5,034,018	2,871,965	552,837	12,124,735
Accumulated depreciation	-	(959,369)	(1,474,233)	-	(2,433,602)
Book value	3,665,915	4,074,649	1,397,732	552,837	9,691,133
Changes to the depreciation	-	(137,500)	(343,353)	-	(480,853)
Changes in the liability on nuclear facility decommissioning	-	815,152	-	-	815,152
Changes to the composition of assets	24,362	661,447	329,111	(213,589)	801,331
at 31 December 2015					
Initial cost	3,690,277	6,508,254	3,199,634	339,248	13,737,413
Accumulated depreciation	-	(1,094,506)	(1,816,144)	-	(2,910,650)
Book value	3,690,277	5,413,748	1,383,490	339,247	10,826,763

The book value of real estate and highly valuable movable assets within net assets is included in the item "Settlements with the Founder".



4.7. Intangible Assets

Table 18
(in thousands of Russian roubles)

Disclosure of "Intangible Assets" line item in the Statement of Financial Position

Item	Exclusive rights for intellectual products	Non-exclusive rights for software products	Developments in progress	Total
at 31 December 2014				
Initial cost	4,780	22,905	2,998	30,683
Accumulated amortisation	(524)	(17,008)	-	(17,532)
Book value	4,256	5,897	2,998	13,151
Amortisation	(950)	(4,794)	-	(5,744)
Additions		232	41,912	3,790
Disposals				
Initial cost	441	-	-	441
Accumulated amortisation	(306)	-	-	(306)
Book value	135	-	-	135
at 31 December 2015				
Initial cost	4,571	64,817	6,788	76,176
Accumulated amortisation	(1,168)	(21,802)	-	(22,970)
Book value	3,403	43,015	6,788	53,206

Developments in progress at 31 December 2014 and 31 December 2015 include development of "TPU Internet Lycee" academic computer game in the amount of RUB 2,998 thousand. TPU signed an agreement with OOO Centre for Internet Technologies Development n/n of 25 September 2014 for RUB 9,940,000 (the source of financing is donation agreement with PAO Gazprom No.27-503/14 of 24 December 2013 to develop the first stage of "TPU Internet Lycee" academic computer game).

A special treatment is applied with regards to TPU's exclusive rights that the University can use, but it can manage such rights only through a special procedure (Order No. 2261 of 31 December 2010 by the Ministry of Education and Science of the Russian Federation "On Classification of Types of Highly Valuable Assets"). Management of the exclusive right through a special procedure means that any transactions with the exclusive right (transfer to another individual, write-off, etc.) should be approved by the Ministry of Education and Science of the Russian Federation. In 2015 Intangible assets were excluded from the Highly Valuable Assets list by the Ministry of Education and Science of the Russian Federation.

Table 19
(in thousands of Russian roubles)

Intangible assets that TPU has rights to manage under a special procedure

Item	31 December 2015	31 December 2014
Initial cost	-	7,778
Accumulated amortisation	-	(524)
Book value	-	7,254



4.8. Short-term Borrowings and Loans

Table 20
(in thousands of Russian roubles)

Disclosure of "Short-term Borrowings and Loans" line item in the Statement of Financial Position

Item details	31 December 2015	31 December 2014
Current part of long-term liabilities for budgetary loan for housing of young researchers	2	12
Total	2	12

No collateral was provided to secure the loans received.

4.9. Prepayments for Exchange Transactions

Table 21
(in thousands of Russian roubles)

Disclosure of "Prepayments for Exchange Transactions" line item in the Statement of Financial Position

Item details	31 December 2015	31 December 2014
Received prepayments for R&D work	118,544	81,994
Received prepayments for educational services	90,099	93,133
Received prepayments for other services	8,817	10,073
Total	217,460	185,200

4.10. Prepayments for Non-exchange Transactions

Table 22
(in thousands of Russian roubles)

Disclosure of "Prepayments for Non-exchange Transactions" line item in the Statement of Financial Position

Item details	31 December 2015	31 December 2014
Unused subsidies for other purposes	179,576	117,015
Unused funds for specific purposes	72,101	9,020
Unused subsidy for construction	43,892	-
Unused subsidy for maintenance of the engineering technological business incubator	44	134
Total	295,613	126,169



4.11. Payables for Exchange Transactions

Table 23
(in thousands of Russian roubles)

Disclosure of "Payables for Exchange Transactions" line item in the Statement of Financial Position

Item details	31 December 2015	31 December 2014
Payables to providers of other work and services	23,167	30,772
Payables to PP&E suppliers	8,613	653
Payables to inventories suppliers	7,202	85,750
Payables for telecommunication services	996	337
Payables to providers of property maintenance services	326	2,209
Payables to the operating lease lessor	40	-
Total	40,344	119,721

4.12. Other Liabilities

Table 24
(in thousands of Russian roubles)

Disclosure of "Other liabilities" line item in the Statement of Financial Position

Item details	31 December 2015	31 December 2014
Payables for unused vacations	184,149	136,188
Mandatory payments to the budget	25,467	28,022
Unused funds for temporary use	17,104	11,942
Payables to employees	534	1,005
Payables to accountable persons	532	1,010
Current part of deferred income	-	-
Total	227,786	178,167



4.13. Long-term and Short-term Provisions

Table 25
(in thousands of Russian roubles)

Disclosure of "Long-term Provisions" and "Short-term Provisions" line items in the Statement of Financial Position

Item details	31 December 2015	31 December 2014
Long-term provisions		
Long-term liabilities on payments to veterans and participants of the Great Patriotic War	2,056,178	1,096,313
Long-term liabilities on social support to non-working pensioners	58,198	36,234
Long-term liabilities on decommissioning nuclear facilities of the University and environment remediation	738	1,401
Total long-term provisions	2,115,114	1,133,948
Short-term provisions		
Provision for litigation	7,637	-
Provision for tax penalties	6,795	-
Current part of long-term liabilities on payments to veterans and participants of the Great Patriotic War	5,575	4,783
Current part of long-term liabilities on social support to non-working pensioners	361	459
Total short-term provisions	20,368	5,242
Total provisions	2,135,482	1,139,190

Provision for tax penalties was recognized in amount of additional charges of tax, fines and penalties as a result of on-site tax audit for 2012 – 2014.

Provision for litigation recognized on expected probable cash outflow required for settlement of the following claims:

- claim of Sentsov A.E. for the legal recovery of incentive rewards in the amount of RUB 25,000;
- claim of OAO "NPO" Promavtomatika" in the case number A67- 8961 / 2015 (legal recovery for the work performed, TPU contests execution of these works) in the amount of RUB 7,612,000.

Evaluation of the provision is the expected amount of TPU's payments to resolve all liabilities to third parties.

Liabilities on payments to veterans and participants in the Great Patriotic War are charged for 14 individuals (current and former TPU employees), who receive payments according to a collective agreement with TPU in an amount coming to RUB 3,000 per month. Liabilities are formed on the assumption that these payments will be made until the individual reaches the age of 95. As of 31 December 2015, this provision had been recalculated due to an increase in the discount rate.

The provision for payment to pensioners under the collective agreement is measured by TPU's management under IPSAS 25 based on actual expenses incurred in 2015 with respect to these payments. The discount rate selected by management for 2015 is in line with a risk-free rate of 9.58 % and represents a yield on federal loan bonds with similar maturities. When the liability was calculated, a decision was made to exclude the inflation rate, since no indexation for these payments was provided either previously or at the present time.

As of 31 December 2014, the provision for payment to pensioners was measured using the same approach on TPU's actual expenses incurred in 2014 and a risk-free rate of 13.2%.



4.13. Long-term and Short-term Provisions (Continued)

Changes in pension liabilities and disbursements to the veterans of the Great Patriotic War are disclosed in Table 26.

Table 26
(in thousands of Russian roubles)

Disclosure of changes in pension liabilities

	2015	2014
Liability at the beginning of the year	42,877	77,395
Interest accrued	5,414	5,267
Payments	(5,878)	(5,357)
Actuarial gain/loss	22,459	(34,428)
Liability at the end of the year	64,872	42,877

To estimate the effect of changes in the discount rate on the calculation of pension liabilities as of 31 December 2014, a sensitivity analysis has been performed (see Table 27).

Table 27
(in thousands of Russian roubles)

Sensitivity analysis for pension liabilities

	An increase in discount rate by 1%	A decrease in discount rate by 1%
Liability on payment to pensioners at 31 December 2015	58,272	70,555
Liability on payment to pensioners at 31 December 2014	38,465	43,987

The provision was calculated based on the following assumptions:

- the authorised useful life of the nuclear facility expires in 2034;
- the period for the nuclear facility's decommissioning will approximately come to five years;
- the estimated expenses for the liquidation of the facility, as of 31 December 2013, is RUB 4.5 billion.

The discount rate used in 2015 equals the risk-free rate of 9.58 % and represents the yield on federal loan bonds with similar maturities. The inflation rate is used within a range from 3% to 16%. As of 31 December 2014, the provision was measured based on a risk-free rate of 13.2% and inflation rate within a range from 3% to 17%.

Changes in the liability on nuclear facility's decommissioning are disclosed in Table 28. The sensitivity of this liability to changes in discount rate is disclosed in Table 29.

Table 28
(in thousands of Russian roubles)

Disclosure of changes in decommissioning liability

	2015	2014
Liability at the beginning of the year	1,096,313	2,961,169
Interest accrued	144,713	207,282
Changes in the discount rate attributed to the asset value	815,152	(2,072,138)
Liability at the end of the year	2,056,178	1,096,313



4.13. Long-term and Short-term Provisions (Continued)

Table 29
(in thousands of Russian roubles)

Sensitivity analysis for decommissioning liability

	An increase in discount rate by 1%	A decrease in discount rate by 1%
Decommissioning liability at 31 December 2015	1,704,644	2,484,819
Decommissioning liability at 31 December 2014	906,471	1,328,328
	An increase in inflation rate by 1%	A decrease in inflation rate by 1%
Decommissioning liability at 31 December 2015	2,548,752	1,665,660
Decommissioning liability at 31 December 2014	4,242,871	2,770,724

4.14. Financial Instruments – Financial Risk Management

Table 30
(in thousands of Russian roubles)

TPU financial instruments

Financial assets	31 December 2015	31 December 2014
Cash and cash equivalents	1,260,017	848,183
Receivables from exchange transactions	207,422	279,353
Long-term loans to employees	-	12
Total financial assets	1,467,439	1,127,548
Financial liabilities		
Short-term borrowings and loans	2	11
Long-term liability	-	12
Payables for exchange transactions	40,344	119,721
Total financial liabilities	40,346	119,744

Within the frame of its activities, TPU takes exposure to currency and credit risks, other price risks, interest risks and liquidity risks. The information below contains the description of such risks, policies and procedures for risk assessment and management.

Currency risk is a risk that fair value or future cash flows of financial instrument will fluctuate due to the changes in foreign currency exchange rates.

TPU is exposed to currency risk due to the presence of economic events and transactions expressed in foreign currency, i.e. revenue and expenses for exchange transactions, business trips abroad. The currency risk is assessed by TPU's management as low, since currency transactions are insignificant in TPU's activities. Balances of cash denominated in foreign currency are disclosed in Table 31.

Table 31
(in thousands of Russian roubles)

Balances of TPU's Cash in foreign currency

Item	31 December 2015	31 December 2014
Cash balances in Euro	102,086	41,843
Cash balances in USD	104,657	71,059



4.14. Financial Instruments – Financial Risk Management (Continued)

Credit risk is the risk that one party will cause a loss for the other party by failing to pay for its liability under a financial instrument.

The maximum value of credit risk for financial instruments of TPU was RUB 1,467,439,000, RUB at 31 December 2015 and RUB 1,127,548,000 at 31 December 2014 respectively.

The primary items of financial assets are cash and receivables.

TPU's cash is mostly placed with the Russian Federal Treasury. Table 32 contains the composition of financial cash assets of credit quality based on Fitch ratings at 31 December 2015, 31 December 2014.

Table 32
(in thousands of Russian roubles)

Cash balances by credit quality based on Fitch ratings

Name of financial institution	Rating at 31 December 2015	Rating at 31 December 2014	31 December 2015	31 December 2014
Russian Federal Treasury	BBB	BBB	685,085	143,429
VTB Bank	BB+	BB+	216,188	589,495
Uralsib	B+	B+	91	1,232
Gazprombank	BB+	BB+	150,076	-
Tomskpromstroybank	-	-	206,668	112,902
Promregionbank	B+	B+	1,909	1,125
Total			1,260,017	848,183

A substantial part of TPU cash is placed with credit institutions that have credit ratings of international agencies. In 2016 the Central Bank of Russia revoked the license of OOO Promregionbank, thereby OOO TI TPU's claims to OOO Promregionbank in the amount of RUB 200,000 were added to the list of creditors.

TPU has no critical concentrations of credit risk in relation to receivables, since the risk occurs for a large number of service consumers, and it is not focused in a certain sector or geographic segment. TPU forms a doubtful debt provision, if the receivables are not repaid in 12 months after their occurrence. The maximum concentration of credit risk develops for receivables from research work. Primary customers in terms of R&D work are government bodies, government corporations and large government companies. Considering this, TPU's management believes that the credit risk for these receivables is also insignificant.

Other price risk is a risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in market prices (beside those induced by interest and currency risk). It does not matter whether these changes are induced by the factors specific for a certain financial instrument or its issuer, or by the factors affecting all similar financial instruments that circulate in the market. Since TPU has no financial instruments affected by other price risk, the University is not exposed to other price risk.

Interest risk is a risk that fair value or future cash flows of a financial instrument will fluctuate due to the changes in interest rates. TPU has no financial instruments that are affected by the change in market interest rates. TPU's management believes that the University is not affected by an interest risk.

Liquidity risk is a risk that TPU will encounter difficulty in meeting obligations associated with financial liabilities that are repaid by cash or other financial assets. The amount of financial liabilities according to the statement of TPU as of 31 December 2015, 31 December 2014 was RUB 40,346,000, RUB 119,774,000 respectively (less than 0.01% of the total amount of financial liabilities). Considering this, TPU's management believes that the University is not affected by liquidity risk, and all financial liabilities can be discharged to the full extent at all times.



4.14. Financial Instruments – Financial Risk Management (Continued)

At 31 December 2015 and 31 December 2014, TPU's financial instruments were mostly represented by cash and receivables from exchange transactions (around 99%), with fair value approximately equal to the balance value.

Undiscounted cash flows unessentially differ from the amount included in the statement of financial position.



5. Disclosure of Line Items of the Statement of Financial Performance

5.1. Research and development

Revenue from research and development includes funds received under commercial contracts and compensation for research and development execution by the state programme (see Table 33).

Table 33
(in thousands of Russian roubles)

Disclosure of the "Research and development" line item in the Consolidated Statement of Financial Performance

Item details	2015	2014
R&D under commercial contracts	1,167,671	1,235,497
R&D execution as part of the State programme	380,989	428,477
Total	1,548,660	1,663,974

5.2. Educational services

Revenue from educational services includes funds received by the university for education from individuals, legal entities and subsidy for educational services (see Table 34).

Table 34
(in thousands of Russian roubles)

Disclosure of "Educational services" line item in the Consolidated Statement of Financial Performance

Item details	2015	2014
Educational services as part of the State programme execution	3,025,807	2,969,284
Educational services under commercial contracts	646,089	685,924
Total	3,671,896	3,655,208

5.3. Other Services

Table 35
(in thousands of Russian roubles)

Disclosure of "Other Services" line item in the Statement of Financial Results

Item details	2015	2014
Income from hosting conferences, literature distribution, consulting services, advertising and other services	43,570	51,329
Public catering services	41,614	42,253
Revenue from leases	37,373	38,482
Resort services	7,351	5,539
Parental kindergarten fee	2,400	2,199
Total	132,308	139,802



5.4. Government Subsidies

The government subsidies are allocated for covering TPU's expenses on items specified in Table 36. The disclosure of unused remaining funds of government subsidies is provided in Table 37.

Table 36
(in thousands of Russian roubles)

Disclosure of "Government Subsidies" line item in the Statement of Financial Results

Item details	2015	2014
Subsidies allocated by the Ministry of Education and Science of the Russian Federation, including:	1,466,783	1,481,392
Government support to leading Russian universities for promoting their competitiveness	901,509	951,661
Scholarship allocations	399,821	411,029
Implementation of research projects	72,000	67,000
Other	93,453	51,702
Subsidies allocated by the Administration of the Tomsk Region to subsidiary OOO TI TPU, including:	23,542	37,314
Budget appropriations for organisation and hosting of 1st all-Russian youth forum U-NOVUS-2014	21,942	29,131
Other	1,600	8,183
Total	1,490,325	1,518,706

State support of the leading universities in Russian Federation for the purposes of increasing their competitive ability is received as part of activities for the development of the leading universities, providing increasing of their competitive ability among the world leading research and educational centers.

Table 37
(in thousands of Russian roubles)

Unused balances of the government subsidies

Item details	31 December 2015	31 December 2014
Subsidies allocated by the Ministry of Education and Science of the Russian Federation, including:	223,467	117,015
Government support to leading Russian universities for promoting their competitiveness	179,442	116,951
Subsidy for business incubator construction	43,892	-
Other	133	64
Scholarships allocated by the Administration of the Tomsk Region to subsidiary OOO TI TPU	45	134
Total	223,512	117,149



5.5. Special-Purpose Budget Appropriations for Capital Investments

Table 38
(in thousands of Russian roubles)

Disclosure of "Special-Purpose Budget Appropriations for Capital Investments" line item in the Statement of Financial Results

Item details	2015	2014
Subsidy for modernization of the infrastructure under the state programme execution	442,430	-
Subsidy for construction swimming pool and business incubator	176,463	-
Budget investments in items of state property (funds from Federal Targeted Investment Program, FTIP)	97,567	95,433
Total	716,460	95,433

Subsidy for modernization of the infrastructure under the state programme execution has been provided for a purchase of scientific and research equipment and modernization of existing fixed assets. The subsidy was used in 2015.

The subsidy for construction of swimming pool and business incubator was received on the terms of co-financing by extra-budgetary funds. The swimming pool and the business incubator have been built and commissioned in 2016.

In 2013-2014, the financing for a new dormitory for TPU, which was commissioned in December 2015, was provided under Federal Targeted Investment Programme.

5.6. Special-Purpose and Voluntary Contributions

Table 39
(in thousands of Russian roubles)

Disclosure of "Special-Purpose and Voluntary Contributions" line item in the Statement of Financial Results

Item details	2015	2014
Donations	80,299	105,590
Gift of tangible assets	56,193	29,394
Sponsor aid to host forums and conferences	34,576	41,449
Targeted scholarships	13,427	41,341
Total	184,495	217,774

5.7. Employee Benefits

Table 40
(in thousands of Russian roubles)

Disclosure of "Employee Benefits" line item in the Statement of Financial Results

Item details	2015	2014
Labour contract wages	(2,757,097)	(2,781,184)
Unified social tax for wages under labour contracts	(752,459)	(724,748)
Payments to individuals under civil contracts	(528,474)	(420,290)
Unified social tax for payments to individuals under civil contracts	(113,204)	(76,295)
Other employee benefits	(29,498)	(20,384)
Total	(4,180,732)	(4,022,901)



5.8. Received Interest and Dividends

Table 41
(in thousands of Russian roubles)

Disclosure of "Received Interest and Dividends" line item in the Statement of Financial Results

Item details	2015	2014
Interest income	151,060	10,134
Received dividends from associates	418	275
Total	151,478	10,409

5.9. Income Taxes and Deferred Taxes

Deferred tax assets are disclosed in Table 42, deferred tax liabilities are disclosed in Table 43

Table 42
(in thousands of Russian roubles)

Deferred Tax Assets

Item details	31.12.2015	31.12.2014
Deferred tax assets for the accruals of estimated liabilities and provisions	15,083	5,032
Deferred tax assets for inventory	9,087	23,700
Deferred tax assets for PP&E items	1,303	1,097
Tax-loss carryforwards	485	407
Total	25,958	30,236

Table 43
(in thousands of Russian roubles)

Deferred Tax Liabilities

Item details	31.12.2015	31.12.2014
Deferred tax liabilities of PP&E items	79,174	88,939
Deferred tax liabilities of accounts receivable	1,445	3,519
Deferred tax liabilities of accounts payable	795	205
Total	81,414	92,663

Table 44
(in thousands of Russian roubles)

Disclosure of "Income Tax" line item in the Statement of Financial Results

Item details	2015	2014
Current income tax expense	(48,056)	(51,822)
Deferred income tax expense	6,970	1,052
Total	(41,086)	(50,770)



5.9. Income Taxes and Deferred Taxes (Continued)

Table 45
(in thousands of Russian roubles)

Disclosure of reconciliation of the financial result as per IPSAS to taxable income

Item	2015	2014
Income before taxation as per accounting information	322,636	225,467
Theoretical income tax expenses (20%)	(64,527)	(45,093)
Impact of other tax rates	-	(31)
Tax impact of non-taxable income and expenses	23,441	(5,646)
Total income tax expense	(41,086)	(50,770)
For reference:		
Income tax as per tax declaration	(60,206)	(51,822)
Changes of provision for tax penalties	12,150	-
Deferred tax expenses	6,970	1,052
Total	(41,086)	(50,770)



6. Related Parties

6.1 The Russian Federation (the Ministry of Education and Science of the Russian Federation, The Ministry of Industry and Trade of the Russian Federation, The Ministry of Culture of the Russian Federation) is TPU's founder and simultaneously allocates the subsidies intended for maintenance of TPU's activities and acts as a customer of R&D work performed under government contracts.

TPU's management declares that all contracts were signed on a tender basis in accordance with the established procedure and that general terms of R&D contracts are the same as those of similar contracts signed with third parties.

Table 46
(in thousands of Russian roubles)

Cash placed with the Treasury

Line item	31 December 2015	31 December 2014
Cash	685,085	143,429
Total	685,085	143,429

Table 47
(in thousands of Russian roubles)

Receivables from the Russian Federation (represented by ministries and departments)

Prepayments	31 December 2015	31 December 2014
Earnest money deposits	-	-
Prepaid other expenses	14	7
Total	14	7

Table 48
in thousands of Russian roubles)

Payables to the Russian Federation (represented by ministries and departments)

Prepayments received	31 December 2015	31 December 2014
Remaining unused subsidy for other purposes	223,468	117,015
Prepayments received for R&D work	-	-
Total	223,468	117,015



6. Related Party (Continued)

Table 49
(in thousands of Russian roubles)

Revenue from transactions with the Russian Federation (represented by ministries and departments)

Revenue	2015	2014
Educational services	3,025,807	2,969,284
Subsidies for other purposes	1,490,325	1,481,392
Revenue from executed R&D work within government contracts	447,134	473,797
Budget appropriations for construction	716,460	95,433
Total	5,679,726	5,019,906

Table 50
(in thousands of Russian roubles)

Expenses from transactions with the Russian Federation (represented by ministries and departments)

Expense	2015	2014
Other expenses	-	(75)
Total	-	(75)

Table 51
(in thousands of Russian roubles)

Cash flows from transactions with the Russian Federation (represented by ministries and departments)

Cash flows from operating activities	2015	2014
Payment for educational services	3,025,807	2,969,284
Subsidies for other purposes	1,552,785	1,129,507
Budget appropriations for construction	760,351	95,433
Receipts under agreements for execution of R&D work	380,990	473,382
Payment for other expenses	(8)	(7)
Total	5,719,925	4,667,599

6.2 TPU's donors include research foundations (RFBR and RFH).

There were no receivables from research foundations at 31 December 2015 and 31 December 2014. Grants and R&D contracts were executed on a tender basis. Therefore, TPU's management declares that general terms of grant awards and R&D contract execution do not differ from those of similar contracts executed with third parties.

Table 52
(in thousands of Russian roubles)

TPU's payables to science foundations

Liabilities	31.12.2015	31.12.2014
Prepayments received under grant agreement	15,879	-
Total	15,879	-



6. Related Party (Continued)

Table 53
(in thousands of Russian roubles)

Revenue from transactions with science foundations

Revenue	2015	2014
Grants	138,572	90,562
Total	138,572	90,562

Table 54
(in thousands of Russian roubles)

Cash flows from transactions with science foundations

Cash flows from operating activities	2015	2014
Grants	154,451	90,562
Total	154,451	90,562

6.3 Companies with prevailing government interest (PAO Gazprom Group, PAO Rosneft, Roskosmos, unitary enterprises and budgetary institutions) provided donations to TPU, placed orders for R&D work and paid for educational services rendered to their employees. General terms and conditions of R&D contracts, educational services and other services do not differ from those of similar contracts executed with third parties.

Receivables from and payables to government companies, as well as revenue and cash flows are disclosed in Tables 54-58.

Table 55
(in thousands of Russian roubles)

Receivables from government companies

Receivables	31 December 2015	31 December 2014
Performed R&D work	47,234	31,636
Prepayments	5,729	950
Rendered educational services	519	10,443
Other services	216	128
Total	53,698	43,157

Table 56
(in thousands of Russian roubles)

TPU's liabilities to government companies

Liabilities	31 December 2015	31 December 2014
Prepayments received under donation agreements	46,100	-
Prepayments received for R&D work	18,024	31,056
Prepayments received for educational services	6,613	4,964
Payables for materials and supplies	639	15,786
Prepayments received for other services	13	1
Payables for performed R&D work	8	806
Total	71,397	52,613



6. Related Party (Continued)

Table 57
(in thousands of Russian roubles)

Revenue from transactions with government companies

Revenue	2015	2014
R&D work	345,676	323,478
Special-purpose and voluntary contributions	91,872	58,007
Interest receipt	83,318	-
Educational services	55,352	60,116
Other services	4,075	19,628
Total	580,293	461,229

Table 58
(in thousands of Russian roubles)

Purchases from government companies

Line item	2015	2014
Tangible assets	23,079	18,594
R&D work	12,060	3,393
Other services	11,894	14,426
Total	47,033	36,413

Table 59
(in thousands of Russian roubles)

Cash flows from transactions with government companies

Cash flows	2015	2014
R&D work	319,796	343,080
Educational services	69,755	49,787
Other services	3,864	19,712
Received interest	83,318	-
Special-purpose and voluntary contributions	184,072	55,706
Prepayments for performed R&D work	(38,140)	(3,484)
Payment for rendered other services	(24,682)	(14,633)
Payment for materials	(4,277)	(5,757)
Total	593,706	444,411

6.4 VTB Bank (more than 60% controlled by the government) provided banking guarantees to TPU and services related to settlement and cash transactions. Settlement and cash transactions and cash deposits do not differ from general terms and conditions of these services to third parties.

Table 60
(in thousands of Russian roubles)

Cash placed with VTB Bank

Line item	31 December 2015	31 December 2014
Cash	216,188	589,495
Total	216,188	589,495



6. Related Party (Continued)

In 2015 the amount of interest income accrued and received under the Contracts for the minimum required balance on the corporate bank account was RUS 66,038,000.

TPU also received guarantees from PAO VTB Bank. Details of guarantees received are disclosed in Section 7 of the notes to the financial statements.

6.5 In the reporting period, the **Administration of the Tomsk Region** allocated subsidies to OOO TI TPU for execution of special-purpose activities.

Table 61
(in thousands of Russian roubles)

Remaining unused subsidy funds of the Administration of the Tomsk Region

Payables	31 December 2015	31 December 2014
Unused subsidy for other purposes	44	134
Total	44	134

Table 62
(in thousands of Russian roubles)

Revenue from transactions with the Administration of the Tomsk Region

Revenue	2015	2014
Subsidies for other purposes	23,542	37,314
Total	23,542	37,314

Table 63
(in thousands of Russian roubles)

Cash flows from transactions with the Administration of the Tomsk Region

Cash flows	2015	2014
Subsidies for other purposes	23,442	37,452
Total	23,442	37,452

6.6 TPU's associates act as customers for R&D work performed by the University, educational services and other services, as well as providers of services, inventories and PP&E. The general terms and conditions of R&D contracts, educational services and other services do not differ from those of similar contracts executed with third parties.



6. Related Party (Continued)

Table 64
(in thousands of Russian roubles)

Receivables from associates

Receivables	31 December 2015	31 December 2014
Receivables for R&D work	3,572	6,807
Prepayments made for licenses	899	128
Receivables for educational services	12	-
Receivables for other services	10	-
Total	4,493	6,935

Table 65
(in thousands of Russian roubles)

TPU's payables to associates

Liabilities	31 December 2015	31 December 2014
Payables for services	2,098	30
Prepayments for R&D work	450	700
Prepayments for other services	-	15
Total	2,548	745

Table 66
(in thousands of Russian roubles)

Revenue from transactions with associates

Revenue	2015	2014
R&D work	4,817	8,699
Dividends	418	275
Revenue from leases	305	183
Educational services	97	17
Other services	32	68
Total	5,669	9,242

Table 67
(in thousands of Russian roubles)

Purchases from associates

Purchases	2015	2014
Services of third-party entities	54,912	23,822
Purchase of PP&E	24,390	-
Inventories	5,362	7,340
Total	84,664	31,162



6. Related Party (Continued)

Table 68
(in thousands of Russian roubles)

Cash flows from transactions with associates

Cash flows	2015	2014
R&D work	7,443	2,766
Lease receipts	303	183
Educational services	85	21
Other services	21	2
Payments to service suppliers	(52,044)	(23,935)
Purchase of PP&E	(24,390)	-
Payments to suppliers of provisions	(5,362)	(7,340)
Dividends received	418	275
Total	(73,526)	(28,028)

TPU's key management personnel is represented by 15 individuals, including the Rector, Vice-rectors and their deputies, Directors of institutes and the Chief Accountant. Long-term benefits for these employees are not applicable.

Table 69
(in thousands of Russian roubles)

Current benefits for TPU's key management personnel

Item	2015	2014
Benefits for employees, including PIT (personal income tax)	50,643	62,759
Insurance fees	9,721	8,364
Total	60,364	71,123



7. Contingencies and Commitments

At 31 December 2015, TPU acts as the principal under the following bank guarantees issued to secure performance under contracts related to its main activities:

Table 70
(in thousands of Russian roubles)

Bank guarantees

Guarantor	Beneficiary	Guarantee term	Guarantee amount (in thousands of Russian roubles)
PAO VTB Bank	OA O VNIIMN	26.08.2014 – 25.12.2016	21,132
PAO VTB Bank	Ministry of Industry and Trade of the Russian Federation	28.09.2014 – 31.12.2016	13,500
PAO VTB Bank	Administration of ZATO Seversk	30.10.2014 – 31.12.2016	4,998
GPB (AO)	AO ESK EES	26.07.2016 – 14.11.2016	1,932
GPB (AO)	AO ESK EES	19.05.2016 – 30.09.2016	1,200
GPB (AO)	AO ESK EES	08.06.2016 – 19.09.2016	354

At 31 December 2014, there were no legal proceedings that may have a significant impact on TPU's assets and liabilities in future periods. At 31.12.2015 the provision for litigation was recognised (see Note 4.13).

At 31 December 2015 and 31 December 2014, there were no significant capital commitments.



8. Events after the Reporting Date

The construction in progress items "Swimming pool" and "Business Incubator" have been completed and put in use in a first half of 2016. There were no other subsequent events or transactions that required recognition or disclosure in the consolidated financial statements.

15 November 2016

Rector, Professor, D. Sc. in Engineering

First Vice-Rector, D.Sc. in Geology and Mineralogy

Chief Accountant



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