

**National Research Tomsk Polytechnic University**

**Consolidated Financial Statements and Independent Auditor's report  
for the year ended 31 December 2014**

Tomsk  
2015



## ***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 subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2014 and the consolidated statements of financial results, changes in net assets and cash flows 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 2014, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

*AO PricewaterhouseCoopers Audit*

2 December 2015  
Moscow, Russian Federation



## **Contents**

Authorised Abbreviations .....	2
Letter of Responsibility of TPU's management .....	3
Consolidated Statement of Financial Position .....	4
Consolidated Statement of Financial Performance .....	5
Consolidated Statement of Cash Flows .....	6
Consolidated Statement of Changes in Net Assets .....	7

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

1. General Information about TPU .....	8
2. TPU's Economic Environment .....	12
3. Summary of Significant Accounting Policies .....	13
4. Disclosure of Line Items of the Statement of Financial Position .....	26
5. Disclosure of Line Items of the Statement of Financial Performance .....	40
6. Related Parties .....	45
7. Contingencies and Commitments .....	51
8. Events after the Reporting Date .....	52



## ***Authorised Abbreviations***

TPU	Tomsk Polytechnic University;
IPSAS	International Public Sector Accounting Standards;
Minfin	The Ministry of Finance of the Russian Federation;
Tomskstat	Territorial body of Federal State Statistics Service in Tomsk region;
FEA	Financial and Economic activity;
R&D	Research and development;
CGSO	Classification of government sector operations;
PP&E	Property, plant and equipment;
HVP	Highly valuable property;
IA	Intangible assets;
IDP	Innovative Development Program;
RFBR	Russian Foundation for Basic Research;
RFH	Russian Foundation for Humanities;
RAS	Russian Academy of Sciences;
Fc	Faculty;
ESS	Educational support staff;
AMS	Administrative and managerial staff;
OSS	Other support staff;
Rs	Researchers;
RE	Research engineers.



## 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.

2 December 2015

Rector, Professor, D.Sc. in Engineering

P.S. Chubik

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

A.K. Mazurov

Chief Accountant

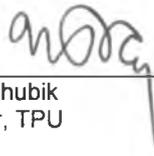
E.L. Moiseenko



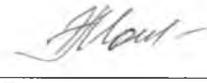


## Consolidated Statement of Financial Position

		as at the reporting dates (in thousands of Russian roubles)		
ASSETS	Note	31.12.2014	31.12.2013	01.01.2013
<b>Current assets</b>				
Cash and cash equivalents	4.1	848,183	702,082	474,023
Receivables from exchange transactions	4.2	279,353	275,163	163,574
Short-term loans issued		-	-	7,094
Inventories	4.3	134,277	79,306	44,184
Prepayments on exchange transactions	4.4	144,229	76,265	49,145
Other current receivables	4.5	30,994	37,044	43,520
<b>Total current assets</b>		<b>1,437,036</b>	<b>1,169,860</b>	<b>781,540</b>
<b>Non-current assets</b>				
Other non-current receivables		5,245	64	505
Investments		482	155	88
Property, plant and equipment	4.6	9,957,504	12,253,830	11,270,451
Intangible assets	4.7	13,151	14,207	20,758
Deferred tax assets	5.9	30,236	9,134	26,095
<b>Total non-current assets</b>		<b>10,006,618</b>	<b>12,277,390</b>	<b>11,317,897</b>
<b>TOTAL ASSETS</b>		<b>11,443,654</b>	<b>13,447,250</b>	<b>12,099,437</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Short-term borrowings and loans	4.8	12	20	270
Prepayments for exchange transactions	4.9	185,200	170,592	191,422
Prepayments for non-exchange transactions	4.10	126,169	502,118	72,137
Payables for exchange transactions	4.11	119,721	24,724	36,817
Income tax	5.9	51,680	58,625	79,794
Other liabilities	4.14	178,167	202,285	168,640
Provisions	4.13	5,242	5,281	5,287
<b>Total current liabilities</b>		<b>666,191</b>	<b>963,645</b>	<b>554,367</b>
<b>Non-current liabilities</b>				
Long-term borrowings and loans		222	1,532	1,337
Deferred income		-	333	1,333
Long-term provisions	4.14	1,133,948	3,033,282	2,281,754
Deferred tax liabilities	5.9	92,663	72,613	49,641
<b>Total non-current liabilities</b>		<b>1,226,833</b>	<b>3,107,760</b>	<b>2,334,065</b>
<b>NET ASSETS</b>				
Settlements with the founder		9,698,387	11,960,577	10,905,857
Accumulated deficit		(147,757)	(2,584,732)	(1,694,852)
<b>TOTAL NET ASSETS</b>		<b>9,550,630</b>	<b>9,375,845</b>	<b>9,211,005</b>
<b>Total liabilities and net assets</b>		<b>11,443,654</b>	<b>13,447,250</b>	<b>12,099,437</b>

  
P.S. Chubik  
Rector, TPU

  
A.K. Mazurov  
First Vice Rector

  
E.L. Moiseenko  
Chief Accountant

2 December 2015

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



## Consolidated Statement of Financial Performance

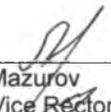
for the year ended 31 December 2014

(in thousands of Russian roubles)

Revenue and expenses	Note	2014	2013
<b>REVENUE</b>			
<b>Revenue from exchange transactions:</b>			
Services rendered under the state programme execution	5.1	3,397,761	3,093,535
Research and development		1,235,497	1,151,796
Educational services		685,924	700,260
Other services	5.2	139,802	159,246
<b>Total revenue from exchange transactions</b>		<b>5,458,984</b>	<b>5,104,837</b>
<b>Revenue from non-exchange transactions:</b>			
Subsidies for other purposes	5.3	1,518,706	614,494
Received grants and participation in special-purpose programs	5.4	95,866	529,392
Special-purpose budget appropriations for capital investments	5.5	95,433	250,944
Special-purpose and voluntary contributions	5.6	217,774	267,884
<b>Total revenue from non-exchange transactions</b>		<b>1,927,779</b>	<b>1,662,714</b>
<b>Total revenue</b>		<b>7,386,763</b>	<b>6,767,551</b>
<b>EXPENSES</b>			
Employee benefits	5.7	(4,022,901)	(3,744,995)
Depreciation and amortisation	4.6, 4.7	(658,404)	(537,251)
Tangible costs		(589,854)	(434,284)
Scholarships and financial assistance		(494,915)	(400,000)
Other work and services		(392,441)	(396,375)
Third-party R&D and experimental work		(359,294)	(207,281)
Property maintenance services		(99,069)	(147,023)
Utilities costs		(150,549)	(146,006)
Transportation services		(103,657)	(82,146)
Taxes and levies		(77,144)	(70,278)
Other expenses		(46,291)	(62,922)
Net financial result from other transactions		(26,225)	(17,629)
<b>Total expenses</b>		<b>(7,020,744)</b>	<b>(6,246,190)</b>
<b>Operating result</b>		<b>366,019</b>	<b>521,361</b>
Received interest and dividends	5.8	10,409	29
Discount amortization expense	4.13	(212,549)	(182,734)
Actuarial gain/loss	4.13	34,428	(9,612)
Exchange differences		27,248	290
<b>Surplus before taxation</b>		<b>225,555</b>	<b>329,334</b>
Income tax	5.9	(50,770)	(164,494)
<b>NSurplus for the year</b>		<b>174,785</b>	<b>164,840</b>

  
P.S. Chubik  
Rector, TPU

2 December 2015

  
A.K. Mazurov  
First Vice Rector

  
E.L. Moiseenko  
Chief Accountant

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

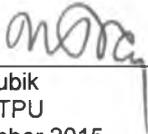


## Consolidated Statement of Cash Flows

for the year ended 31 December 2014

(in thousands of Russian roubles)

Cash flows	Note	2014	2013
<b>OPERATING ACTIVITIES</b>			
<b>Cash flows from exchange transactions:</b>		<b>5,439,190</b>	<b>4,970,917</b>
Receipts			
Payment for rendering services within the state programme execution		3,397,761	3,093,535
R&D		1,228,965	1,021,807
Educational services		677,811	693,050
Other services		134,653	162,525
<b>Cash flows from non-exchange transactions:</b>		<b>1,502,137</b>	<b>2,010,353</b>
Subsidies for other purposes		1,166,959	1,082,623
Received grants and participation in special-purpose programs		98,021	532,698
Special-purpose budget appropriations		95,433	250,944
Special-purpose and voluntary contributions		141,724	144,088
<b>Other cash flows</b>		<b>18,452</b>	<b>8,027</b>
<b>Total cash flows from operating activities</b>		<b>6,959,779</b>	<b>6,989,297</b>
Payments			
Employee benefits		(4,048,632)	(3,710,724)
Suppliers		(646,107)	(478,986)
Scholarships and financial assistance to students		(489,501)	(400,000)
Other third-party work and services		(460,661)	(452,672)
Third-party R&D work		(337,175)	(198,469)
Property maintenance services		(99,129)	(148,917)
Utilities costs		(156,573)	(145,647)
Transportation services		(102,759)	(88,446)
Taxes		(63,498)	(71,999)
Total other expenses		(66,632)	(66,319)
<b>Total payments</b>		<b>(6,470,667)</b>	<b>(5,762,179)</b>
Interest and dividends		10,376	29
Income tax paid		(58,779)	(144,231)
<b>Net cash flows from operating activities</b>		<b>440,709</b>	<b>1,082,916</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of PP&E		(327,452)	(855,230)
Purchase of IA		(2,251)	(750)
Loans issued		33	150
Loss of control over a subsidiary		(2,373)	-
<b>Net cash flows from investing activities</b>		<b>(332,043)</b>	<b>(855,830)</b>
<b>FINANCING ACTIVITIES</b>			
Borrowings		-	(200)
<b>Net cash flows from financing activities</b>		<b>-</b>	<b>(200)</b>
<b>Net increase in cash and cash equivalents over the period</b>		<b>108,666</b>	<b>226,886</b>
Effect of exchange rate changes on cash and cash equivalents		37,435	1,173
Cash and cash equivalents at the beginning of the year		702,082	474,023
Cash and cash equivalents at the end of the year		848,183	702,082

  
P.S. Chubik  
Rector, TPU  
2 December 2015

  
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 Changes in Net Assets

for the year ended 31 December 2014

(in thousands of Russian roubles)

Item	Accumulated surplus (deficit)	Settlements with the founder	Net assets
<b>Balance at 1 January 2013</b>	<b>(1,694,852)</b>	<b>10,905,857</b>	<b>9,211,005</b>
Surplus for the year	164,840	-	164,840
Changes in the composition of highly valuable assets	(1,054,720)	1,054,720	-
<b>Balance at 31/12/2013</b>	<b>(2,584,732)</b>	<b>11,960,577</b>	<b>9,375,845</b>
Surplus for the year	174,785	-	174,785
Changes in the composition of highly valuable assets	2,262,190	(2,262,190)	-
<b>Balance at 31 December 2014</b>	<b>(147,757)</b>	<b>9,698,387</b>	<b>9,550,630</b>

P.S. Chubik  
Rector, TPU

2 December 2015

A.K. Mazurov  
First Vice Rector

E.L. Moiseenko  
Chief Accountant

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



## 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.

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.

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 2012, 2013 and 2014, respectively, the Rector of TPU was P.S. Chubik.

The President is elected at a meeting of the Academic Council by a simple majority through a ballot vote for a term of five years. At present, the President of TPU is not elected.

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 2012, 2013 and 2014, respectively, 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 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 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 20,000 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	2014	2013	Change, number	Change,%
Bachelor's degree, specialist degree	17,621	18,588	(967)	(5)
Master's degree and postgraduate training	3,043	2,794	249	9
Exchange students	583	508	75	15
<b>Total number of students</b>	<b>21,247</b>	<b>21,890</b>	<b>(643)</b>	<b>(3)</b>

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	2014	2013	Change, number	Change,%
Management	19	24	(5)	(21)
Faculty	1,609	1,668	(59)	(4)
Researchers	104	136	(32)	(24)
Research engineers	368	149	219	147
Administrative and managerial staff	471	497	(26)	(5)
Production staff	131	167	(36)	(22)
Educational support staff	916	933	(17)	(2)
Support staff	1,765	1,840	(75)	(4)
<b>Total average number of staff</b>	<b>5,383</b>	<b>5,414</b>	<b>(31)</b>	<b>(1)</b>



## **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.

For the year ended 31 December 2014:

- USD exchange rate to Russian Rouble changed from USD 1 = RUB 32.7 to USD 1 = RUB 56.3; as of 10 November 2015, the USD's exchange rate to Russian Rouble was USD 1 = RUB 64.66.
- The Central Bank's key refinancing rate changed from 5.5% to 17% p.a. As of 10 November 2015, the Central Bank's key refinancing rate was 11%.

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 2017 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, 31.12.2014	% interest held, 31.12.2013	% interest held, 01.01.2013	Date of loss of control
OOO Technological Incubator of Tomsk Polytechnic University (OOO TI TPU)	97.96	97.96	97.96	-
OOO Kibercentr, Research and Technology Enterprise (OOO NTP Kibercentr)	35.00	65.00	65.00	15.12.2014

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 is a minority participant of OOO TI TPU (holding 2.04% interest).

The subsidiary OOO NTP Kibercentr was established for performing natural sciences and engineering R&D. The remaining 35% of the share on 31.12.2012 and 31.12.2013 capital belong to OOO NPTs Strela (OOO Scientific and Production Centre Strela). In 2014, TPU lost control over OOO NTP Kibercentr's operations as a result of a contribution to the share capital made by another participant. At 31 December 2014, TPU's ownership share was 35%.

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 depreciation. 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. First-time Adoption of IPSAS

According to IPSAS 33 "First-time Adoption of Accrual Basis IPSAS", the date of first-time adoption of IPSAS is 1 January 2013.

TPU decided to use the book value of assets calculated based on statutory accounting rules as the deemed initial cost of assets (excluding certain groups of real estate items) and liabilities under IPSAS. The deemed initial cost of real estate items was calculated as follows:

- For land plots – the cadastral values of land plots as of the date of the first-time adoption of IFRS; TPU's management believes that cadastral value is the best potential estimate of deemed initial cost as of the date of the first-time adoption (for more details, please see paragraph 3.30);
- For groups of real estate items – the fair values of real estate items provided by an independent appraiser, when the book values significantly differed from fair values;
- In other cases – the book value of real estate items according to the accounting rules;



### 3.6. First-time Adoption of IPSAS (Continued)

- The useful lives for PP&E items were taken in accordance with the statutory accounting data, with useful lives for real estate items not exceeding 100 years.

See Table 4 for the reconciliation of the net assets reported in accordance with the statutory accounting data to the financial information presented in the IPSAS financial statements as of the date of adoption of IPSAS, along with the effect of the conversion adjustments on the IPSAS financial result for 2013 and 2014, respectively.

Table 4  
(in thousands of Russian roubles)

### First-time Adoption of IPSASs

Item	Settlements with the founder			Accumulated deficit			TOTAL		
	At 1 January 2013	Change for 2013	Change for 2014	At 1 January 2013	Change for 2013	Change for 2014	At 1 January 2013	Change for 2013	Change for 2014
Financial result as per accounting reporting at 1 January 2013	-	-	-	(1,162,781)	244,120	4,174,168	(1,162,781)	244,120	4,174,168
Write-off of assets	(5,621)	-	-	(32,486)	3,130	10,112	(38,107)	3,130	10,112
Settlements with the founder	5,307,166	-	-	-	179,179	4,145,168	5,307,166	179,179	4,145,168
Write-off of supplies to operation	-	-	-	(58,997)	825	(1,837)	(58,997)	(825)	(1,837)
PP&E items write-down to RUB 40 thousand	(69,798)	-	-	44,063	20,105	7,093	(25,735)	20,105	7,093
Accrual of post-retirement benefit liability	-	-	-	(67,423)	(9,972)	34,517	(67,423)	(9,972)	34,517
Effect of land plots revaluation	3,654,406	11,508	-	-	-	(4,163,161)	3,654,406	11,508	(4,163,161)
R&D write-off	-	-	-	(83,362)	71,033	2,327	(83,362)	71,033	2,327
Provision for nuclear reactor liquidation	2,219,618	-	-	(2,219,618)	(283,266)	(341,177)	-	(283,266)	(341,177)
Fair valuation of buildings and structures	816,523	-	-	1,182,258	(51,144)	(53,077)	1,998,781	(51,144)	(53,077)
Adjustment of expenses within intangible assets	-	-	-	(14,000)	8,356	(5,379)	(14,000)	8,356	(5,379)
Doubtful debt provision	-	-	-	(12,140)	(13,409)	7,274	(12,140)	(13,409)	7,274
Provision for unused vacations	-	-	-	(160,097)	(26,369)	56,838	(160,097)	(26,369)	56,838
Accrual of deferred taxes	-	-	-	(136,216)	6,509	(9,815)	(136,216)	6,509	(9,815)
Changes in the composition of highly valuable assets	(1,016,437)	1,043,212	(2,262,190)	1,016,437	(1,043,212)	2,262,190	-	-	-
Accrual method application	-	-	-	-	1,597	(89,320)	-	1,597	(89,320)
Write-off of deferred income	-	-	-	-	-	(3,596,922)	-	-	(3,596,922)
Consolidation effect	-	-	-	9,510	2,638	(2,024)	9,510	2,638	(2,024)
Total adjustments	10,905,857	1,054,720	(2,262,190)	(532,071)	(1,134,000)	(1,737,193)	10,373,786	(79,280)	(3,999,383)
IPSAS financial information	10,905,857	1,054,720	(2,262,190)	(1,694,852)	(889,880)	2,436,975	9,211,005	164,840	174,785



### **3.6. First-time Adoption of IPSASs (continued)**

The financial result as per the budgetary figures is defined as the sum of the following:

– Line 620 “The financial result of the entity” for the form as per General Russian Classification of Management Documentation 0503130 “Budget Execution Balance Sheet” approved by Decree No. 191n of the Ministry of Finance of the Russian Federation of 28 December 2010, “On Approval of the Procedure for Preparation and Presentation of Annual, Quarterly and Monthly Statements on Execution of Budgets of the Russian Federation Budgeting System”;

– Line 620 “The financial result of the entity” for the form as per General Russian Classification of Management Documentation 0503730 “Balance Sheet of a Government (Municipal) Institution” approved by Decree No. 33n of the Ministry of Finance of the Russian Federation of 25 March 2011, “On Approval of Procedure for Preparation and Presentation of Annual and Quarterly Accounting Statements of Government (Municipal) Budgetary and Autonomous Institutions”.

### **3.7. 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.

### **3.8. 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.

### **3.9. 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.

### **3.10. 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.



### **3.10. Inventories (Continued)**

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 for TPU's R&D operations.

### **3.11. 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 3.9.

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.

### **3.12. 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 3.9.

### **3.13. 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 (Table 5).



### 3.13. Property, Plant and Equipment (Continued)

Table 5

#### 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;
- 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.

### 3.14. 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.

### **3.15. 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.

The non-current receivables are recorded less doubtful debt provision, which is set in accordance with the procedure described in paragraph 3.9.

### **3.16. 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.

### **3.17. 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.

### **3.18. 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.



### **3.19. 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.

### **3.20. 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.

### **3.21. 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.



### **3.22. 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.

### **3.23. 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 3.30, "Critical accounting estimations and judgements in applying accounting policies").

##### **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).



### **3.23. Revenue Recognition (Continued)**

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.

### **3.24. 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".

### **3.25. 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.

### **3.26. 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.

### **3.27. 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.

### **3.28. 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.

### **3.29. 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.

### **3.30. 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:



### **3.30. Critical Estimates and Judgements in Applying Accounting Policies (Continued)**

#### **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.

#### **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.



### **3.30. Critical Estimates and Judgements in Applying Accounting Policies (Continued)**

#### **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.



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

### 4.1. Cash and Cash Equivalents

Table 6  
(in thousands of Russian roubles)

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

Item details	31 December 2014	31 December 2013	1 January 2013
Cash on rouble accounts with banks, including	591,852	3,029	3,755
unused subsidy for state programme execution	165,000	-	-
cash generated by entrepreneurship	426,852	3,029	3,755
Cash on business account with the Russian Federal Treasury, including:	143,429	699,053	470,213
unused subsidy for state programme execution;	2,766	40,491	155,754
unused subsidy for other purposes;	117,015	468,901	154
cash in temporary use;	11,942	9,076	2,506
cash generated by entrepreneurship	11,706	180,585	311,799
Foreign currency cash on accounts with a credit institution, including:	112,902	-	55
cash generated by entrepreneurship	112,902	-	55
<b>Total cash and cash equivalents</b>	<b>848,183</b>	<b>702,082</b>	<b>474,023</b>

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 2014, the amount of minimum balance was RUB 250 million for the period from 31 December 2014 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 VEB, OAO Uralsib, OAO 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 1,378 at 1 January 2013, and EUR 612,255 and USD 1,263,076 at 31 December 2014.

### 4.2. Receivables from Exchange Transactions

Table 7  
(in thousands of Russian roubles)

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

Item details	31 December 2014	31 December 2013	1 January 2013
Receivables under R&D work agreements	226,345	224,732	112,232
Receivables for educational services	45,391	41,939	43,273
Receivables for other services	7,617	8,492	8,069
<b>Total trade receivables (less provision)</b>	<b>279,353</b>	<b>275,163</b>	<b>163,574</b>



## 4.2. Receivables from Exchange Transactions (Continued)

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 8:

Table 8  
(in thousands of Russian roubles)

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

Item details	31 December 2014	Increase (decrease)	31 December 2013	Increase (decrease)	1 January 2013
Provision for receivables under R&D work agreements	(18,532)	(5,236)	(13,296)	5,891	(19,187)
Provision for receivables for educational services	(19,331)	(4,036)	(15,295)	(5,352)	(9,943)
Provision for receivables for other services	(630)	748	(1,378)	605	(1,982)
<b>Total provision</b>	<b>(38,493)</b>	<b>(8,524)</b>	<b>(29,969)</b>	<b>1,143</b>	<b>(31,112)</b>

## 4.3. Inventories

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

Table 9  
(in thousands of Russian roubles)

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

Item details	31 December 2014	31 December 2013	1 January 2013
Inventories of raw materials and supplies	114,954	70,032	26,266
Work-in-progress costs	11,387	1,224	10,665
Other	7,936	8,050	7,253
<b>Total inventories</b>	<b>134,277</b>	<b>79,306</b>	<b>44,184</b>

## 4.4. Prepayments for Exchange Transactions

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

Table 10  
(in thousands of Russian roubles)

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

Item details	31 December 2014	31 December 2013	1 January 2013
Raw materials and supplies	68,363	26,582	21,300
Other work and services	64,169	44,783	24,440
Public utility services	6,346	145	164
Other expenses	4,667	3,700	2,219
Property maintenance services	259	197	690
Telecommunication services	219	856	326
Transportation services	206	2	2
Current lease	-	-	4
<b>Total prepayments (less provision)</b>	<b>144,229</b>	<b>76,265</b>	<b>49,145</b>



#### 4.4. Prepayments for Exchange Transactions (Continued)

Changes in provision for doubtful accounts are disclosed in Table 11:

Table 11

(in thousands of Russian roubles)

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

Item details	31 December 2014	Increase (decrease)	31 December 2013	Increase (decrease)	1 January 2013
Provision for prepayments for raw materials and supplies	(243)	10,084	(10,327)	(9,469)	(858)
Provision for prepayments for other work and services	(486)	649	(1,135)	(1,002)	(133)
Provision for prepayments for other expenses	(1,892)	-	(1,892)	(2)	(1,890)
Provision for prepayments for property maintenance services	-	3	(3)	(3)	-
Provision for prepayments for telecommunication services	-	-	-	23	(23)
Provision for prepayments for transportation services	-	-	-	2	(2)
<b>Total provision</b>	<b>(2,621)</b>	<b>10,736</b>	<b>(13,357)</b>	<b>(10,451)</b>	<b>(2,906)</b>

#### 4.5. Other Current Receivables

Table 12

(in thousands of Russian roubles)

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

Item details	31 December 2014	31 December 2013	1 January 2013
Financial assets, including:			
Cash in temporary use*	13,171	4,545	5,504
Receivables from employees	10,228	6,839	6,284
Non-financial assets, including:			
VAT refundable from the budget on purchased tangibles	5,746	11,798	17,214
Overpaid taxes and dues	1,849	13,862	14,518
<b>Total other receivables (less provision)</b>	<b>30,994</b>	<b>37,044</b>	<b>43,520</b>

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

Changes in provision for doubtful accounts are disclosed in Table 13:

Table 13

(in thousands of Russian roubles)

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

Item details	31 December 2014	Increase (decrease)	31 December 2013	Increase (decrease)	1 January 2013
Provision for receivables from employees	(153)	(50)	(103)	10	(113)
<b>Total provision</b>	<b>(153)</b>	<b>(50)</b>	<b>(103)</b>	<b>10</b>	<b>(113)</b>



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



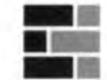
**4.6. Property, Plant and Equipment (Continued)**

Table 14  
(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 2013						
Initial cost	3,654,406	6,531,015	2,101,904	804,674	134,459	13,226,458
Accumulated depreciation	-	(622,524)	(892,294)	(441,189)	-	(1,956,007)
<b>Book value</b>	<b>3,654,406</b>	<b>5,908,491</b>	<b>1,209,610</b>	<b>363,485</b>	<b>134,459</b>	<b>11,270,451</b>
Depreciation charge for the period	-	(117,595)	(252,238)	(155,051)	-	(524,884)
Recalculation of liability on nuclear facility decommissioning	-	563,982	-	-	-	563,982
<b>30 Purchased in the period, including:</b>	<b>11,508</b>	<b>12,275</b>	<b>575,009</b>	<b>84,466</b>	<b>261,827</b>	<b>945,085</b>
voluntary	11,508	1,815	32,647	19,879	-	65,849
paid	-	10,460	542,362	64,587	261,827	879,236
Transferred for commissioning	-	148	-	264	(412)	-
Disposed over the period:	-	-	-	-	-	-
Initial cost	-	-	-	25,913	-	25,913
Accumulated depreciation	-	-	-	(25,109)	-	(25,109)
<b>Book value</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>804</b>	<b>-</b>	<b>804</b>
at 31 December 2013						
Initial cost	3,665,914	7,107,420	2,676,913	863,491	395,874	14,709,612
Accumulated depreciation	-	(740,119)	(1,144,532)	(571,131)	-	(2,455,782)
<b>Book value</b>	<b>3,665,914</b>	<b>6,367,301</b>	<b>1,532,381</b>	<b>292,360</b>	<b>395,874</b>	<b>12,253,830</b>

Table 14 (continued)  
(in thousands of Russian roubles)



Item	Land plots	Real estate	Movable highly valuable assets	Other property, plant and equipment	Investments in progress	Total
at 31 December 2013						
Cost	3,665,914	7,107,420	2,676,913	863,491	395,874	14,709,612
Accumulated depreciation	-	(740,119)	(1,144,532)	(571,131)	-	(2,455,782)
<b>Book value</b>	<b>3,665,914</b>	<b>6,367,301</b>	<b>1,532,381</b>	<b>292,360</b>	<b>395,874</b>	<b>12,253,830</b>
Depreciation charge for the period	-	(219,983)	(329,367)	(102,446)	-	(651,796)
Recalculation of liability on nuclear facility decommissioning		(2,072,138)				(2,072,138)
including:	-	1,285	193,363	74,986	159,160	428,794
voluntary			19,202	6,749	-	25,951
paid		1,285	174,161	68,237	159,160	402,843
Transferred for commissioning	-	-	860	144	(1,004)	-
Initial cost		(2,549)	829	1,720		
Accumulated depreciation		733	(334)	(399)		
<b>Book value</b>		<b>(1,816)</b>	<b>495</b>	<b>1,321</b>		
<b>Disposed over the period:</b>						
Initial cost	-	-	-	44,042	-	44,042
Accumulated depreciation	-	-	-	(42,856)	-	(42,856)
<b>Book value</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,186</b>	<b>-</b>	<b>1,186</b>
at 31 December 2014						
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)
<b>Book value</b>	<b>3,665,914</b>	<b>4,074,649</b>	<b>1,397,732</b>	<b>265,179</b>	<b>554,030</b>	<b>9,957,504</b>



Table 15  
(in thousands of Russian roubles)

**Construction in progress**

Line item	31 December 2014	31 December 2013	1 January 2013
PP&E assets not ready for operation	42,503	1,180	1,493
TPU Business Incubator (2 Lenina Avenue, Tomsk)	4,538	-	-
Construction in progress asset (dormitory) garage (Yurga, near bld. 3)	3,047	381	-
IDP on Workshops Reconstruction (12B Moskovskaya Street, Yurga)	861	714	-
Swimming Pool (5 Savinykh Street, Tomsk)	6,141	764	-
IDP on Reconstruction of Laboratory Building (Tomsk, Kuzovlevsky Trakt)	1,023	1,023	-
Reconstruction of TPU nuclear assets Construction in progress asset (dormitory)	185,812	184,812	131,842
(15b Usova Street, Tomsk)	310,105	207,000	1,124
<b>Total</b>	<b>554,030</b>	<b>395,874</b>	<b>134,459</b>

Table 16  
(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
<b>at 1 January 2013</b>					
Initial cost	3,654,406	6,531,015	2,101,904	132,966	12,420,291
Accumulated depreciation	-	(622,524)	(892,294)	-	(1,514,818)
<b>Book value</b>	<b>3,654,406</b>	<b>5,908,491</b>	<b>1,209,610</b>	<b>132,966</b>	<b>10,905,473</b>
<b>Changes to the depreciation</b>	-	<b>(117,595)</b>	<b>(252,238)</b>	-	<b>(369,833)</b>
<b>Changes in the liability on nuclear facility decommissioning</b>	-	<b>563,982</b>	-	-	<b>563,982</b>
<b>Changes to the composition of assets</b>	<b>11,509</b>	<b>12,423</b>	<b>575,009</b>	<b>261,728</b>	<b>860,669</b>
<b>at 31 December 2013</b>					
Initial cost	3,665,915	7,107,420	2,676,913	394,694	13,844,942
Accumulated depreciation	-	(740,119)	(1,144,532)	-	(1,884,651)
<b>Book value</b>	<b>3,665,915</b>	<b>6,367,301</b>	<b>1,532,381</b>	<b>394,694</b>	<b>11,960,291</b>
<b>Changes to the depreciation</b>	-	<b>(219,250)</b>	<b>(329,701)</b>	-	<b>(548,951)</b>
<b>Changes in the liability on nuclear facility decommissioning</b>	-	<b>(2,072,138)</b>	-	-	<b>(2,072,138)</b>
<b>Changes to the composition of assets</b>	-	<b>(1,264)</b>	<b>195,052</b>	<b>158,143</b>	<b>351,931</b>
<b>at 31 December 2014</b>					
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)
<b>Book value</b>	<b>3,665,915</b>	<b>4,074,649</b>	<b>1,397,732</b>	<b>552,837</b>	<b>9,691,133</b>

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 17  
(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
<b>at 1 January 2013</b>				
Initial cost	3,864	22,905	-	26,769
Accumulated amortisation	(1,147)	(4,864)	-	(6,011)
<b>Book value</b>	<b>2,717</b>	<b>18,041</b>	-	<b>20,758</b>
<b>Amortisation</b>	<b>(1,030)</b>	<b>(6,204)</b>	-	<b>(7,234)</b>
<b>Additions</b>	-	-	<b>750</b>	<b>750</b>
<b>Disposals</b>	-	-	-	-
Initial cost	84	-	-	84
Accumulated amortisation	(17)	-	-	(17)
<b>Book value</b>	<b>67</b>	-	-	<b>67</b>
<b>at 31 December 2013</b>				
Initial cost	3,780	22,905	750	27,435
Accumulated amortisation	(2,160)	(11,068)	-	(13,228)
<b>Book value</b>	<b>1,620</b>	<b>11,837</b>	<b>750</b>	<b>14,207</b>
<b>Amortisation</b>	<b>(669)</b>	<b>(5,940)</b>	-	<b>(6,609)</b>
<b>Additions</b>	<b>4,000</b>	-	<b>5,249</b>	<b>9,249</b>
<b>Disposals</b>	-	-	-	-
Initial cost	3,000	-	3,001	6,001
Accumulated amortisation	(2,305)	-	-	(2,305)
<b>Book value</b>	<b>695</b>	-	<b>3,001</b>	<b>3,696</b>
<b>at 31 December 2014</b>				
Initial cost	4,780	22,905	2,998	30,683
Accumulated amortisation	(524)	(17,008)	-	(17,532)
<b>Book value</b>	<b>4,256</b>	<b>5,897</b>	<b>2,998</b>	<b>13,151</b>

The subsidiary OOO NTP Kibercentr owns the exclusive right for the software of APK ASU-TAKSI (ASU-TAKSI Hardware-Software Complex) (State Certificate of ownership for computer software No. 2012619308 as of 15 October 2012). Expenses for development in progress include the expenses incurred by OOO NTP Kibercentr for improving the taxi control centre software intended for operations with terminal equipment (upgrade of APK ASU-TAKSI). In 2014, disposal of these assets was recognised in the amount of RUB 3,695,000 resulting from the loss of control over OOO NTP Kibercentr operations.

Developments in progress at 31 December 2014 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 OAO Gazprom No.27-503/14 of 24 December 2013 to develop the first stage of "TPU Internet Lycee" academic computer game).



#### 4.7. Intangible Assets (Continued)

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 Movable 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.

Table 18  
(in thousands of Russian roubles)

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

Item	31 December 2014	31 December 2013	1 January 2013
Initial cost	7,778	780	864
Accumulated amortisation	(524)	(494)	(480)
<b>Book value</b>	<b>7,254</b>	<b>286</b>	<b>384</b>

#### 4.8. Short-term Borrowings and Loans

Table 19  
(in thousands of Russian roubles)

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

Item details	31 December 2014	31 December 2013	1 January 2013
Current part of long-term liabilities for budgetary loan for housing of young researchers	12	20	70
Short-term third-party loans	-	-	200
<b>Total</b>	<b>12</b>	<b>20</b>	<b>270</b>

No collateral was provided to secure the loans received.

#### 4.9. Prepayments for Exchange Transactions

Table 20  
(in thousands of Russian roubles)

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

Item details	31 December 2014	31 December 2013	1 January 2013
Received prepayments for educational services	93,133	86,043	86,032
Received prepayments for R&D work	81,994	71,613	95,657
Received prepayments for other services	10,073	12,936	9,733
<b>Total</b>	<b>185,200</b>	<b>170,592</b>	<b>191,422</b>



#### 4.10. Prepayments for Non-exchange Transactions

Table 21  
(in thousands of Russian roubles)

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

Item details	31 December 2014	31 December 2013	1 January 2013
Unused funds for specific purposes	9,020	33,217	71,370
Unused subsidies for other purposes	117,015	468,901	77
Unused subsidies for youth events organised and hosted on behalf of the Administration of the Tomsk Region (agreement as of December 28, 2011)	-	-	690
Unused subsidy for maintenance of the engineering technological business incubator	134	-	-
<b>Total</b>	<b>126,169</b>	<b>502,118</b>	<b>72,137</b>

#### 4.11. Payables for Exchange Transactions

Table 22  
(in thousands of Russian roubles)

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

Item details	31 December 2014	31 December 2013	1 January 2013
Payables			
to inventories suppliers	85,750	17,434	20,074
to providers of other work and services	30,772	6,639	16,712
to PP&E suppliers	653	99	-
to providers of property maintenance services	2,209	506	3
to the operating lease lessor	-	26	2
for telecommunication services	337	20	26
<b>Total</b>	<b>119,721</b>	<b>24,724</b>	<b>36,817</b>

#### 4.12. Other Liabilities

Table 23  
(in thousands of Russian roubles)

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

Item details	31 December 2014	31 December 2013	1 January 2013
Unused funds for temporary use	11,942	9,076	2,506
Payables to accountable persons	1,005	509	649
Mandatory payments to the budget	28,022	370	386
Payables to employees	1,010	1,245	1,189
Payables for unused vacations	136,188	190,085	162,910
Current part of deferred income	-	1,000	1,000
<b>Total</b>	<b>178,167</b>	<b>202,285</b>	<b>168,640</b>

In 2011 and 2012, the subsidiary OOO NTP Kibercentr obtained a government grant for execution of R&D work on "Research and Development of Hardware-Software Aids, including Tailoring of Terminal Equipment". As a result of the R&D work, the company obtained the exclusive rights for the computer software APK ASU-TAKSI (State Certificate of ownership for computer software No. 2012619308 as of 15 October 2012). The amount of deferred income is written off according to the software depreciation (the useful life is 3 years). The amount of deferred income was RUB 1,333,000 and RUB 2,333,000 at 31 December 2013 and 1 January 2013, respectively.

Long-term liabilities were RUB 333,000 and RUB 1,333,000 at 31 December 2013 and 1 January 2013, respectively.



#### 4.13. Long-term and Short-term Provisions

Table 24  
(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 2014	31 December 2013	1 January 2013
<b>Long-term provisions</b>			
Long-term liabilities on payments to veterans and participants of the Great Patriotic War	1,401	1,777	2,274
Long-term liabilities on social support to non-working pensioners	36,234	70,337	59,861
Long-term liabilities on decommissioning nuclear facilities of the University and environment remediation	1,096,313	2,961,168	2,219,619
<b>Total long-term provisions</b>	<b>1,133,948</b>	<b>3,033,282</b>	<b>2,281,754</b>
<b>Short-term provisions</b>			
Current part of long-term liabilities on payments to veterans and participants of the Great Patriotic War	459	498	504
Current part of long-term liabilities on social support to non-working pensioners	4,783	4,783	4,783
<b>Total short-term provisions</b>	<b>5,242</b>	<b>5,281</b>	<b>5,287</b>
<b>Total provisions</b>	<b>1,139,190</b>	<b>3,038,563</b>	<b>2,287,041</b>

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 2014, 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 2014 with respect to these payments. The discount rate selected by management for 2014 is in line with a risk-free rate of 13.2% 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.

Changes in pension liabilities and disbursements to the veterans of the Great Patriotic War are disclosed in Table 25.

Table 25  
(in thousands of Russian roubles)

##### Disclosure of changes in pension liabilities

	2014	2013
<b>Liability at the beginning of the year</b>	<b>77,395</b>	<b>67,422</b>
Interest accrued	5,267	5,165
Payments	(5,357)	(4,804)
Actuarial gain/loss	(34,428)	9,612
<b>Liability at the end of the year</b>	<b>42,877</b>	<b>77,395</b>

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 (Table 26).



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

Table 26  
(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 2014	38,465	43,987
Liability on payment to pensioners at 31 December 2013	66,102	87,247

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 2014 equals the risk-free rate of 13.2% and represents the yield on federal loan bonds with similar maturities. The inflation rate is used within a range from 3% to 17%.

Changes in the liability on nuclear facility's decommissioning are disclosed in Table 27. The sensitivity of this liability to changes in discount rate is disclosed in Table 28.

Table 27  
(in thousands of Russian roubles)

##### Disclosure of changes in decommissioning liability

	2014	2013
Liability at the beginning of the year	2,961,169	2,219,618
Interest accrued	207,282	177,569
Changes in the discount rate attributed to the asset value	(2,072,138)	563,982
Liability at the end of the year	1,096,313	2,961,169

Table 28  
(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 2014	906,471	1,328,328
Decommissioning liability at 31 December 2013	2,397,187	3,665,654
	An increase in inflation rate by 1%	A decrease in inflation rate by 1%
Decommissioning liability at 31 December 2014	4,242,871	2,770,724
Decommissioning liability at 31 December 2013	3,672,784	2,382,901



#### 4.14. Financial Instruments – Financial Risk Management

Table 29  
(in thousands of Russian roubles)

##### TPU financial instruments

	31 December 2014	31 December 2013	1 January 2013
<b>Financial assets</b>			
Cash and cash equivalents	848,183	702,082	474,023
Receivables from exchange transactions	279,353	275,163	163,574
Short-term loans issued	-	-	7,094
Long-term loans to employees	12	75	154
<b>Total financial assets</b>	<b>1,127,548</b>	<b>977,320</b>	<b>644,845</b>
<b>Financial liabilities</b>			
Short-term borrowings and loans	11	21	269
Long-term liability	12	64	85
Payables for exchange transactions	119,721	24,724	36,817
<b>Total financial liabilities</b>	<b>119,744</b>	<b>24,809</b>	<b>37,171</b>

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 30.

Table 30  
(in thousands of Russian roubles)

##### Balances of TPU's Cash in foreign currency

Item	31 December 2014	31 December 2013	1 January 2013
Cash balances in Euro	41,843	-	55
Cash balances in USD	71,059	-	-

**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 1,127,548,000, RUB 977,475,000 and RUB 644,932,000 at 31 December 2014, 31 December 2013 and 1 January 2013, respectively.

The primary items of financial assets are cash and receivables.

TPU's cash is mostly placed with the Russian Federal Treasury. Table 31 contains the composition of financial cash assets of credit quality based on Fitch ratings at 31 December 2014, 31 December 2013 and 1 January 2013.



#### 4.14. Financial Instruments – Financial Risk Management (Continued)

Table 31  
(in thousands of Russian roubles)

##### Cash balances by credit quality based on Fitch ratings

Name of financial institution	Rating at 31 December 2014	Rating at 31 December 2013	Rating at 1 January 2013	31 December 2014	31 December 2013	1 January 2013
Russian Federal Treasury	BBB	BBB	BBB	143,429	699,053	470,213
VTB Bank	BB+	BBB-	BBB	589,495	-	-
OAO Uralsib	B+	B+	BB-	1,232	1,692	59
OAO Tomskpromstroybank	-	-	-	112,902	332	1,804
OOO Promregionbank	B+	B++	B++	1,125	1,005	1,947
<b>Total</b>				<b>848,183</b>	<b>702,082</b>	<b>474,023</b>

A substantial part of TPU cash is placed with credit institutions that have credit ratings of international agencies. OAO Tomskpromstroybank does not have official rating of any international agency, nevertheless, in accordance with official financial rating as at the 01 January 2015 the bank holds 288<sup>th</sup> place in Russia and 1<sup>st</sup> place in the region for the net profit.

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 2014, 31 December 2013 and 1 January 2013 was RUB 119,744,000, RUB 24,809,000 and RUB 37,171,000, 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.

At 1 January 2013, 31 December 2013 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. Rendering Services as part of the Execution of State Programmes

Subsidy for state programme execution is allocated for every calendar year and provides that the budgetary appropriations should be used in the following areas (Table 32).

Table 32  
in thousands of Russian roubles

#### Disclosure of "Rendering Services as part of the Execution of State Programmes" line item in the Statement of Financial Results

Item details	2014	2013
Educational services	2,969,284	2,920,505
R&D work	428,477	173,030
<b>Total</b>	<b>3,397,761</b>	<b>3,093,535</b>

The funds received as part of the subsidy for state programme execution are recognised within revenue if services under the programme are rendered in full and with appropriate quality.

### 5.2. Other Services

Table 33  
(in thousands of Russian roubles)

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

Item details	2014	2013
Income from hosting conferences, literature distribution, consulting services, advertising and other services	51,329	61,986
Public catering services	42,253	49,645
Revenue from leases	38,482	40,836
Resort services	5,539	4,479
Parental kindergarten fee	2,199	2,300
<b>Total</b>	<b>139,802</b>	<b>159,246</b>

### 5.3. Subsidies for Other Purposes

The subsidy for other purposes is allocated for covering TPU's expenses on items specified in Table 34. The disclosure of unused remaining funds of special-purpose subsidies for other purposes is provided in Table 35.

Table 34  
(in thousands of Russian roubles)

#### Disclosure of "Subsidies for Other Purposes" line item in the Statement of Financial Results

Item details	2014	2013
<b>Subsidies allocated by the Ministry of Education and Science of the Russian Federation, including:</b>	<b>1,481,392</b>	<b>586,345</b>
Government support to leading Russian universities for promoting their competitiveness	951,661	123,789
Scholarship allocations	411,029	345,242
Implementation of research projects	67,000	-
Other	51,702	117,314
<b>Subsidies allocated by the Administration of the Tomsk Region to subsidiary OOO TI TPU, including:</b>	<b>37,314</b>	<b>28,149</b>
Budget appropriations for organisation and hosting of 1st all-Russian youth forum U-NOVUS-2014 (Resolution of the Tomsk Region Administration No. 41-r-v of 11.03.2014)	29,131	-
Other	8,183	28,149
<b>Total</b>	<b>1,518,706</b>	<b>614,494</b>



### 5.3. Subsidies for Other Purposes (Continued)

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 35  
(in thousands of Russian roubles)

#### Unused balances of the subsidies for other purposes

Item details	31 December 2014	31 December 2013	1 January 2013
<b>Subsidies allocated by the Ministry of Education and Science of the Russian Federation, including:</b>			
Government support to leading Russian universities for promoting their competitiveness	117,015	468,901	77
Other	116,951	468,612	-
Scholarships allocated by the Administration of the Tomsk Region to subsidiary OOO TI TPU	64	289	77
<b>Total</b>	<b>134</b>	<b>-</b>	<b>690</b>
	<b>117,149</b>	<b>468,901</b>	<b>767</b>

### 5.4. Received Grants and Participation in Special-Purpose Programmes

Table 36  
(in thousands of Russian roubles)

#### Disclosure of "Received Grants and Participation in Special-Purpose Programmes" line item in the Statement of Financial Results

Item details	2014	2013
Grants of RFBR, RFH, Tempus	95,866	40,059
Implementation of the University's development programme	-	489,333
<b>Total</b>	<b>95,866</b>	<b>529,392</b>

State support of TPU as a national research university is aimed at the development of human resources of education and research, which provide the level of the high-technological sector of Russian economy in accordance with the most advanced world standards. The University's development programme for 2011-2013 included reconstruction of buildings and premises, physical security systems, reconstruction and upgrade of technological and engineering systems of the research nuclear reactor, including design and survey work, the financing is maintained at the cost of the Ministry of Education and Science of the Russian Federation.



## 5.5. Special-Purpose Budget Appropriations for Capital Investments

Table 37  
(in thousands of Russian roubles)

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

Item details	2014	2013
Budget investments in items of state property (funds from Federal Targeted Investment Program, FTIP)	95,433	200,000
Federal special-purpose programme for nuclear and radiation safety assurance	-	50,944
<b>Total</b>	<b>95,433</b>	<b>250,944</b>

In 2013-2014, the Federal Targeted Investment Programme provided for financing of a new dormitory for TPU, which is to be commissioned in the 2016-2017 academic year.

## 5.6. Special-Purpose and Voluntary Contributions

Table 38  
(in thousands of Russian roubles)

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

Item details	2014	2013
Donations	105,590	76,195
Sponsor aid to host forums and conferences	41,419	83,226
Targeted scholarships	41,341	27,014
Gift of tangible assets	29,394	81,449
<b>Total</b>	<b>217,744</b>	<b>267,884</b>

## 5.7. Employee Benefits

Table 39  
(in thousands of Russian roubles)

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

Item details	2014	2013
Labour contract wages	(2,781,184)	(2,548,630)
Unified social tax for wages under labour contracts	(724,748)	(666,199)
Payments to individuals under civil contracts	(420,290)	(427,659)
Unified social tax for payments to individuals under civil contracts	(76,295)	(85,588)
Other employee benefits	(20,384)	(16,919)
<b>Total</b>	<b>(4,022,901)</b>	<b>(3,744,995)</b>



## 5.8. Received Interest and Dividends

Table 40  
(in thousands of Russian roubles)

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

Item details	2014	2013
Interest income	10,134	20
Received dividends from associates	275	9
<b>Total</b>	<b>10,409</b>	<b>29</b>

## 5.9. Income Taxes and Deferred Taxes

Deferred tax assets are disclosed in Table 41, deferred tax liabilities are disclosed in Table 42

Table 41  
(in thousands of Russian roubles)

### Deferred Tax Assets

Item details	31.12.2014	31.12.2013	01.01.2013
Deferred tax assets for inventory	23,700	3,240	20,999
Deferred tax assets for the accruals of estimated liabilities and provisions	5,032	4,783	3,515
Deferred tax assets for PP&E items	1,097	1,111	1,467
Tax-loss carryforwards of 2012	407	-	114
<b>Total</b>	<b>30,236</b>	<b>9,134</b>	<b>26,095</b>

Table 42  
(in thousands of Russian roubles)

### Deferred Tax Liabilities

Item details	31.12.2014	31.12.2013	01.01.2013
Deferred tax liabilities of accounts payable	205	37	780
Deferred tax liabilities of accounts receivable	3,519	399	589
Deferred tax liabilities of PP&E items	88,939	72,177	48,272
<b>Total</b>	<b>92,663</b>	<b>72,613</b>	<b>49,641</b>

TPU and OOO TI TPU are payers of income tax. OOO NTP Kibercentr implements the simplified system of taxation where taxable objects are represented by the income with the deduction of expenses. The simplified taxation system stipulates the estimation of a minimal tax to the amount of 1% of revenue, if a taxpayer makes a loss for the purpose of tax accounting (theoretical income tax expenses and deferred taxes are not taken into account).

Table 43  
(in thousands of Russian roubles)

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

Item details	2014	2013
Current income tax expense	(51,819)	(124,564)
Deferred income tax expense	1,049	(39,930)
<b>Total</b>	<b>(50,770)</b>	<b>(164,494)</b>



## 5.9. Income Taxes and Deferred Taxes (Continued)

Table 44  
(in thousands of Russian roubles)

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

Item	2014	2013
Income before taxation as per accounting information	225,467	329,550
Theoretical income tax expenses (20%)	(45,093)	(65,910)
Impact of other tax rates	(31)	47
Tax impact of non-taxable income and expenses	(5,646)	(98,631)
<b>Total income tax expense</b>	<b>(50,770)</b>	<b>(164,494)</b>
For reference:		
Income tax as per tax declaration for 2013	(51,822)	(124,561)
Deferred tax expenses	1,052	(39,933)
<b>Total</b>	<b>(50,770)</b>	<b>(164,494)</b>



## 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 45  
(in thousands of Russian roubles)

### Cash placed with the Treasury

Line item	31 December 2014	31 December 2013	1 January 2013
Cash	143,429	699,053	470,213
<b>Total</b>	<b>143,429</b>	<b>699,053</b>	<b>470,213</b>

Table 46  
(in thousands of Russian roubles)

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

Prepayments	31 December 2014	31 December 2013	1 January 2013
Earnest money deposits	-	3,319	1,409
Prepaid other expenses	7	75	-
<b>Total</b>	<b>7</b>	<b>3,394</b>	<b>1,409</b>

Table 47  
(in thousands of Russian roubles)

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

Prepayments received	31 December 2014	31 December 2013	1 January 2013
Remaining unused subsidy for other purposes	117,015	468,901	77
Prepayments received for R&D work	-	490	-
<b>Total</b>	<b>117,015</b>	<b>469,391</b>	<b>77</b>

Table 48  
(in thousands of Russian roubles)

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

Revenue	2014	2013
Rendering services within the state programme execution	3,397,761	3,093,535
Subsidies for other purposes	1,481,392	614,494
Implementation of the University's development programme	-	489,333
Revenue from executed R&D work within government contracts	45,320	125,013
Budget appropriations for construction	95,433	250,944
<b>Total</b>	<b>5,019,906</b>	<b>4,573,319</b>



Table 49  
(in thousands of Russian roubles)

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

Expense	2014	2013
Other expenses	(75)	-
<b>Total</b>	<b>(75)</b>	<b>-</b>

Table 50

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

(in thousands of Russian roubles)

Cash flows from operating activities	2014	2013
Payment for rendering services within the state programme execution	3,397,761	3,093,535
Subsidies for other purposes	1,129,507	1,082,623
Receipts for the University's development programme	-	489,333
Receipts under agreements for execution of R&D work	44,905	125,428
Other payments (earnest money deposits, net result)	-	(1,910)
Payment for other expenses	(7)	(75)
Budget appropriations for construction	95,433	250,944
<b>Total</b>	<b>4,667,599</b>	<b>5,039,878</b>

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

There were no receivables from or payables to research foundations at 1 January 2013, 31 December 2013 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 51  
(in thousands of Russian roubles)

**Revenue from transactions with science foundations**

Revenue	2014	2013
Grants	90,562	30,785
R&D work	-	24
<b>Total</b>	<b>90,562</b>	<b>30,809</b>

Table 52  
(in thousands of Russian roubles)

**Cash flows from transactions with science foundations**

Cash flows from operating activities	2014	2013
Grants	90,562	30,785
R&D work	-	24
<b>Total</b>	<b>90,562</b>	<b>30,809</b>

**6.3 Companies with prevailing government interest (PAO Gazprom Group, OAO 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 53-57

Table 53  
(in thousands of Russian roubles)

#### Receivables from government companies

Receivables	31 December 2014	31 December 2013	1 January 2013
Performed R&D work	31,636	26,608	12,378
Prepayments for transportation services	97	-	-
Rendered educational services	10,443	2,131	803
Other services	128	783	887
Prepayments	853	1,183	5,447
<b>Total</b>	<b>43,157</b>	<b>30,705</b>	<b>19,515</b>

Table 54  
(in thousands of Russian roubles)

#### TPU's liabilities to government companies

Liabilities	31 December 2014	31 December 2013	1 January 2013
Prepayments received under donation agreements	-	1,681	50,979
Prepayments received for educational services	4,964	4,093	2,000
Prepayments received for R&D work	31,056	8,492	14,976
Prepayments received for other services	1	-	414
Payables for performed R&D work	806	1,403	-
Payables for materials and supplies	15,786	638	821
<b>Total</b>	<b>52,613</b>	<b>16,307</b>	<b>69,190</b>

Table 55  
(in thousands of Russian roubles)

#### Revenue from transactions with government companies

Revenue	2014	2013
R&D work	323,478	284,967
Educational services	60,116	31,878
Other services	19,628	62,678
Special-purpose and voluntary contributions	58,007	53,392
<b>Total</b>	<b>461,229</b>	<b>432,915</b>

Table 56  
(in thousands of Russian roubles)

#### Purchases from government companies

Line item	2014	2013
Tangible assets	18,594	6,436
R&D work	3,393	11,051
Other services	14,426	9,662
<b>Total</b>	<b>36,413</b>	<b>27,149</b>



Table 57  
(in thousands of Russian roubles)

#### Cash flows from transactions with government companies

Cash flows	2014	2013
R&D work	343,080	267,923
Educational services	49,787	33,902
Other services	19,712	62,572
Special-purpose and voluntary contributions	55,706	4,846
Prepayments for performed R&D work	(3,484)	(6,722)
Payment for rendered other services	(14,633)	(8,335)
Payment for materials	(5,757)	(6,484)
<b>Total</b>	<b>444,411</b>	<b>347,702</b>

**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 58  
(in thousands of Russian roubles)

#### Cash placed with VTB Bank

Line item	31 December 2014	31 December 2013	1 January 2013
Cash	589,495	-	-
<b>Total</b>	<b>589,495</b>	<b>-</b>	<b>-</b>

TPU also received guarantees from OAO VTB Bank. Details of guarantees received are disclosed in Section 8 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 59  
(in thousands of Russian roubles)

#### Remaining unused subsidy funds of the Administration of the Tomsk Region

Payables	31 December 2014	31 December 2013	1 January 2013
Unused subsidy for other purposes	134	-	690
<b>Total</b>	<b>134</b>	<b>-</b>	<b>690</b>

Table 60  
(in thousands of Russian roubles)

#### Revenue from transactions with the Administration of the Tomsk Region

Revenue	2014	2013
Subsidies for other purposes	37,314	28,149
<b>Total</b>	<b>37,314</b>	<b>28,149</b>



Table 61  
(in thousands of Russian roubles)

**Cash flows from transactions with the Administration of the Tomsk Region**

Cash flows	2014	2013
Subsidies for other purposes	37,452	27,459
<b>Total</b>	<b>37,452</b>	<b>27,459</b>

**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.

1.

Table 62  
(in thousands of Russian roubles)

**Receivables from associates**

Receivables	31 December 2014	31 December 2013	1 January 2013
Receivables for other services	-	-	18
Receivables for R&D work	6,807	7	-
Receivables for educational services	-	3	-
Prepayments made for licenses	128	-	-
Loans issued	-	-	150
<b>Total</b>	<b>6,935</b>	<b>10</b>	<b>168</b>

Table 63  
(in thousands of Russian roubles)

**TPU's payables to associates**

Liabilities	31 December 2014	31 December 2013	1 January 2013
Prepayments for R&D work	700	500	300
Prepayments for other services	15	15	126
Payables for services	30	15	-
<b>Total</b>	<b>745</b>	<b>530</b>	<b>426</b>

Table 64  
(in thousands of Russian roubles)

**Revenue from transactions with associates**

Revenue	2014	2013
R&D work	8,699	7,939
Educational services	17	99
Other services	68	131
Revenue from leases	183	104
Dividends	275	9
<b>Total</b>	<b>9,242</b>	<b>8,282</b>



Table 65  
(in thousands of Russian roubles)

#### Purchases from associates

Purchases	2014	2013
High-energy X-ray generating complex (PP&E)	-	25,002
Services of third-party entities	23,822	12,942
Inventories	7,340	462
<b>Total</b>	<b>31,162</b>	<b>38,406</b>

Table 66  
(in thousands of Russian roubles)

#### Cash flows from transactions with associates

Cash flows	2014	2013
R&D work	2,766	8,131
Educational services	21	96
Other services	2	50
Lease receipts	183	107
Loan repayment	-	150
Purchase of PP&E	-	(25,002)
Payments to service suppliers	(23,935)	(12,627)
Payments to suppliers of provisions	(7,340)	(762)
Dividends received	275	9
<b>Total</b>	<b>(28,028)</b>	<b>(29,848)</b>

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 67  
(in thousands of Russian roubles)

#### Current benefits for TPU's key management personnel

Item	2014	2013
Benefits for employees, including PIT (personal income tax)	62,759	77,996
Insurance fees	8,364	9,754
<b>Total</b>	<b>71,123</b>	<b>87,750</b>



## 7. Contingencies and Commitments

At 31 December 2014, TPU acts as the principal under the following bank guarantees issued to secure performance under contracts related to its main activities:

Table 68

### Bank guarantees

Guarantor	Beneficiary	Guarantee term	Guarantee amount (in thousands of Russian roubles)
OAo VTB Bank	OAo VNIIMN	26.08.2014 – 25.12.2016	21,132
OAo VTB Bank	Ministry of Industry and Trade of the Russian Federation	28.09.2014 – 31.12.2016	13,500
OAo VTB Bank	Administration of ZATO Seversk	30.10.2014 – 31.12.2016	4,998

At 1 January 2013, 31 December 2013 and 31 December 2014, there were no legal proceedings that may have a significant impact on TPU's assets and liabilities in future periods. There were no provisions for legal proceedings in these financial statements.

TPU accrues and pays VAT from the amounts of financing received from Ministry of Education and Science of the Russian Federation within the agreement 14.741.36.006 on 13.08.2010 "On financing of the programme of development of the State Educational Institution of Higher Education National Research Tomsk Polytechnic University". The amounts of received financing were used by TPU for purchasing assets meant for the executing of the abovementioned programme. There is a possible risk that an outflow of resources will be required should such tax positions and interpretations be challenged by the tax authorities. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of TPU.

At 1 January 2013, 31 December 2013 and 31 December 2014, there were no significant capital commitments.



## 8. Events after the Reporting Date

Based on agreement No. 10.SK2.24.0112 of 24 December 2014, in 2014, the Ministry of Education and Science of the Russian Federation provided a subsidy to TPU to make capital investments into construction of capital asset Swimming Pool located at 5 Savinykh Street, Tomsk. The terms and conditions for granting the subsidy include raising RUB 100,163.4 thousand of non-budget funds. A subsidy of RUB 80,000,000 was credited to TPU's account on 5 January 2015.

Based on agreement No. 10.SK2.24.0115 of 24 December 2014, in 2014, the Ministry of Education and Science of the Russian Federation provided a subsidy to TPU to make capital investments into construction of capital asset TPU Complex of Academic and Laboratory Premises. Stage 1 – the business incubator (the area of 3,000 sq. m). The terms and conditions for granting the subsidy include raising RUB 24,500,000 of non-budget funds. The subsidy of RUB 105,977,000 was credited to TPU's account on 5 January 2015.

2 December 2015

Rector, Professor, D. Sc. in Engineering

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

Chief Accountant



P.S. Chubik

A.K. Mazurov

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