NJSC Narxoz University
(former JSC Narxoz University)

Consolidated Financial Statements

For the year ended 31 December 2020
with Independent Auditors' Report

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Independent auditor's report

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

Qualified opinion

We have audited the consolidated financial statements of Narxoz University NJSC and its subsidiaries (hereinafter, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effect of the matters described in *Basis for qualified opinion* of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for qualified opinion

The Group's accounting policy for property and equipment classified as Buildings is the revaluation model. As at 31 December 2020 and 31 December 2019, the Group did not revalue certain items of this category with a carrying amount of 1,157,293 thousand tenge and 1,191,220 thousand tenge, respectively. There were indications for these items that their fair value differed from their carrying amount as at 31 December 2020 and 31 December 2019. The effect of this departure from IFRS requirements on these consolidated financial statements has not been determined.

The Group's accounting policy for investment property is the fair value model. As at 31 December 2020 and 31 December 2019 there were indications that the fair value of the investment property differed from its carrying amount of 40,200 thousand tenge. The effect of this departure from IFRS requirements on these consolidated financial statements has not been determined.

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Ernst & Young LLP

Gulmira Turmagambetova
Auditor

Auditor Qualification Certificate
№ 0000374 dated 21 February 1998

Rustamzhan Sattarov
General Director
Ernst & Young LLP

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

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30 June 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

In thousands of tenge	Note	2020	2019*
Revenue from sale of education services	5	**3,688,856**	4,287,193
Revenue from sports and recreation complex services		**140,433**	218,306
Rental income		**107,618**	164,000
Revenue from dormitory services		**28,071**	96,093
Finance income		**12,806**	16,965
Gain on foreign currency transactions		**63,525**	15,253
Revenue from sale of books and printed products		**3,654**	884
Charity revenues	6	**3,040,954**	64,719
Other income		**54,335**	107,768
Total income		**7,140,252**	4,971,181
Payroll expenses	7	**(4,217,303)**	(4,004,434)
Third party services	8	**(740,676)**	(868,210)
Depreciation and amortisation	12, 13	**(363,871)**	(398,623)
Expenses related to academic activity	9	**(196,185)**	(376,013)
Finance costs		**(27,665)**	(15,603)
Credit loss expenses	15, 16, 17	**(43,047)**	(67,352)
Losses from foreign currency transactions		**(4,297)**	(19,545)
Other losses from impairment of other assets		**(47,250)**	(1,532)
Expenses from impairment of property and equipment	12	**(20,513)**	–
Other expenses	10	**(522,247)**	(764,731)
Total expenses		**(6,183,054)**	(6,516,043)
Profit /(loss) before corporate income tax		**957,198**	(1,544,862)
Income tax expenses	11	**(1,080)**	(1,202)
Profit (loss) for the year		**956,118**	(1,546,064)
Profit /(loss) attributable to:			
- Company owners		**956,118**	(1,546,064)
Profit (loss) for the year		**956,118**	(1,546,064)

** Certain amounts given in this column are not consistent with the consolidated financial statements for 2019 as they reflect the restatements disclosed in Note 2.*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

In thousands of tenge	Note	2020	2019
Other comprehensive income			
Other comprehensive income not subject to reclassification to profit or loss in subsequent periods			
Revaluation of land and buildings	12	**743,884**	(208,021)
Actuarial loss from remeasurement of defined benefit plan	20	**1,303**	(1,517)
Total other comprehensive (loss) / income not to be reclassified to profit or loss in subsequent periods		**745,187**	(209,538)
Other comprehensive income/(loss)/for the year		**745,187**	(209,538)
Total comprehensive income/(loss)/for the year		**1,701,305**	(1,755,602)
Total comprehensive income/(loss) attributable to:			
- Company owners		**1,701,305**	(1,755,602)
Total comprehensive income/(loss)/for the year		**1,701,305**	(1,755,602)

Signed and authorized for release on behalf of the management:

M.M. Daulenov President	E.Y. Satbekova Chief Accountant	M.V. Kapustyanskaya Finance Director

30 June 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

In thousands of tenge	Note	31 December 2020	31 December 2019
Assets			
Non-current assets			
Property and equipment	12	**7,385,721**	6,623,479
Intangible assets	13	**256,289**	305,220
Investment property	14	**40,200**	40,200
Long-term finance lease receivables		**12,883**	29,807
Long-term bank deposits	15	**49,168**	125,404
Deferred expenses		**11,312**	13,575
Advances for building renovation services		**50,197**	663
Other non-current assets		**67**	85
Total non-current assets		**7,805,837**	7,138,433
Current assets			
Inventories		**73,140**	136,063
Cash restricted in use	23	**17,581**	5,761
Trade and other accounts receivable	16	**129,389**	191,352
Current portion of loans issued		**–**	118
Short-term deposits in banks	15	**561,459**	686,679
Cash and cash equivalents	17	**2,514,016**	452,194
Deferred expenses		**2,263**	2,263
Taxes other than corporate income tax		**32,454**	43,503
Other current assets		**135,082**	139,496
Total current assets		**3,465,384**	1,657,429
Assets held for sale		**11,614**	11,614
Total assets		**11,282,835**	8,807,476
Equity and liabilities			
Equity			
Share capital	18	**736,876**	736,876
Additional paid-in capital	22	**152,256**	30,698
Provision for revaluation of property and equipment	18	**3,190,413**	2,464,573
Other reserve capital	18	**90,273**	90,273
Retained earnings		**4,735,229**	3,729,066
Total equity		**8,905,047**	7,051,486
Non-current liabilities			
Non-current portion of loans and borrowings received from banks and other financial institutions	19	**3,812**	9,417
Provision for employee benefits	20	**25,413**	31,484
Deferred income		**5,199**	–
Long-term lease liabilities	21	**5,803**	–
Total non-current liabilities		**40,227**	40,901
Current liabilities			
Current portion of loans and borrowings received from banks and other financial institutions	19	**5,138**	5,721
Loans received from related parties	22	**1,348,934**	530,438
Short-term lease liabilities	21	**2,280**	–
Trade and other payables	23	**358,140**	390,625
Provision for employee benefits	20	**714**	8,057
Contract liabilities	24	**622,355**	780,248
Total current liabilities		**2,337,561**	1,715,089
Total liabilities		**2,377,788**	1,755,990
Total equity and liabilities		**11,282,835**	8,807,476

Signed and authorized for release on behalf of the management:

M.M. Daulenov	E.Y. Satbekova	M.V. Kapustyanskaya
President	Chief Accountant	Finance Director

30 June 2021

The notes on pages 6 to 46 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

		Equity attributable to the Company owners					
In thousands of tenge	Note	Share capital	Additional paid-in capital	Revaluation reserve for property and equipment	Other reserve capital	Retained earnings	Total
Balance as at 1 January 2019		736,876	–	2,688,425	90,273	5,260,816	8,776,390
Loss for the year		–	–	–	–	(1,546,064)	(1,546,064)
Revaluation of land and buildings	12	–	–	(208,021)	–	–	(208,021)
Actuarial loss from remeasurement of defined benefit plan		–	–	–	–	(1,517)	(1,517)
Total comprehensive loss for the year		–	–	(208,021)	–	(1,547,581)	(1,755,602)
Discount on loans from related parties	22	–	30,698	–	–	–	30,698
Transfer of property value increase from revaluation after depreciation and disposals		–	–	(15,831)	–	15,831	–
Balance as at 31 December 2019		736,876	30,698	2,464,573	90,273	3,729,066	7,051,486
Loss for the year		–	–	–	–	**956,118**	**956,118**
Revaluation of land and buildings	12	–	–	**743,884**	–	–	**743,884**
Actuarial loss from remeasurement of defined benefit plan	21	–	–	–	–	**1,303**	**1,303**
Total comprehensive loss for the year		–	–	**743,884**	–	**957,421**	**1,701,305**
Transfer of previously recognized discount on loans from related parties		–	**(30,698)**	–	–	**30,698**	–
Discount on loans from related parties	22	–	**152,256**	–	–	–	**152,256**
Transfer of property value increase from revaluation after depreciation and disposals		–	–	**(18,044)**	–	**18,044**	–
Balance as at 31 December 2020		**736,876**	**152,256**	**3,190,413**	**90,273**	**4,735,229**	**8,905,047**

Signed and authorised for release on behalf of the management of the Company

M.M. Daulenov President	E.Y. Satbekova Chief Accountant	M.V. Kapustyanskaya Finance Director

30 June 2021

The notes on pages 6 to 46 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

In thousands of tenge	Note	2020	2019
Cash flows from operating activities			
Cash proceeds from			
sale of goods and services		**4,036,797**	4,647,128
Other proceeds		**582,264**	652,716
Total cash proceeds		**4,619,061**	5,299,844
Cash outflow for			
payments to suppliers for goods and services		**(1,299,924)**	(1,692,780)
Payroll payments		**(3,639,787)**	(3,403,696)
Other payments to budget and extra-budgetary funds		**(660,927)**	(678,088)
Other payments		**(772,299)**	(801,914)
Total cash outflow		**(6,372,937)**	(6,576,478)
Net cash flows used in operating activities		**(1,753,876)**	(1,276,634)
Income tax paid		**(1,203)**	(1,234)
Net cash flows used in operating activities		**(1,755,079)**	(1,277,868)
Cash flows from investing activities:			
Purchase of property and equipment		**(395,901)**	(1,003,857)
Sale of property and equipment and investment property		**24,300**	200,000
Purchase of intangible assets		**(5,219)**	(41,932)
Placement of bank deposits		**(587,275)**	(886,481)
Withdrawal of bank deposits		**832,335**	2,197,745
Interest on deposits received		**8,704**	37,949
Net cash flows (used in) /from investing activities		**(123,056)**	503,424
Cash flows from financing activities			
Financial aid received		**3,001,900**	-
Loans from related parties	19	**3,915,000**	550,000
Repayment of loans from related parties	19	**(2,965,000)**	-
Repayment of loans from banks and other financial institutions		**(6,188)**	(17,274)
Repayment of lease liabilities		**(2,280)**	-
Interest paid on loans		**(2,384)**	(6,793)
Net cash flows from financing activities		**3,941,048**	525,933
Net increase/(decrease) in cash and cash equivalents		**2,062,913**	(248,511)
Effect of expected credit losses on cash and cash equivalents		**75**	(16)
Effect of exchange rate changes on cash and cash equivalents		**(1,166)**	(520)
Cash and cash equivalents as at 1 January		**452,194**	701,241
Cash and cash equivalents as at 31 December	16	**2,514,016**	452,194

Signed and authorized for release on behalf of the management:

M.M. Daulenov President	E.Y. Satbekova Chief Accountant	M.V. Kapustyanskaya Finance Director

30 June 2021

The notes on pages 6 to 46 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. PRINCIPAL ACTIVITIES

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

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

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

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

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

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

As at 31 December 2020, the number of employees of the Company amounted to 1,049 persons (31 December 2019: 1,194 persons).

As at 31 December 2020, the number of students studying in the Company and two other subsidiaries (Kazakh University of Economics, Finance and International Trade and Economic College of Narxoz University) was 7,889 persons (31 December 2019: 9,358 persons).

As at 31 December 2020 and 2019, the Company's subsidiaries comprise the companies whose financial statements are included in the consolidated financial statements of the Group as follows:

			% of ownership	
Name	**Country of incorporation**	**Principal activities**	**31 December 2020**	31 December 2019
Kazakh University of Economics, Finance and International Trade	Republic of Kazakhstan	Education	**100.00**	100.00
KEU-Service LLP	Republic of Kazakhstan	Construction	**100.00**	100.00
Enbekshi-Agro LLP	Republic of Kazakhstan	Agriculture	**100.00**	100.00
Economic College of Narxoz University	Republic of Kazakhstan	Education	**100.00**	100.00
ESF Corporate Fund	Republic of Kazakhstan	Social and legal protection of students and teachers	**100.00**	100.00

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

As at 31 December 2020 and 31 December 2019, Utemuratov Bulat Zhamitovich is the sole shareholder of the Company.

Related party transactions are disclosed in more detail n *Note 28*.

2. BASIS OF PREPARATION

(a) General

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

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

These consolidated financial statements of the Group for the year ended 31 December 2020 were approved by the Board of Directors on 30 June 2021.

(b) Basis of estimation

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

(c) Functional and presentation currency

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

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

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

(d) Reclassifications

The 2019 figures have been adjusted to bring them into compliance with presentation format in 2020 as follows:

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2019	As per previous financial statements	The amount of reclassification	Adjusted amount
Other income	172,487	(64,719)	107,768
Charity revenues	–	64,719	64,719

3. SUMMARY OF ACCOUNTING POLICIES

New and amended standards and interpretations

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Amendments to IFRS 3 Definition of a business

The amendments to IFRS 3 clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output.

Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments did not have any impact on the Group's consolidated financial statements, but may be applicable in the future if the Group enters into a business combination transaction.

3. SUMMARY OF ACCOUNTING POLICIES (continued)

(a) New standards, interpretations and amendments thereof (continued)

Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform

The amendments to IFRS 7, IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the Group's consolidated financial statements, as it does not have hedge relationship based on the interest rates.

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the Group's consolidated financial statements, nor is there expected to be any future impact.

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which develop their accounting policies based on the Conceptual Framework.

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. Revision of this document had no impact on the Group's consolidated financial statements.

Amendments to IFRS 16 — COVID-19-Related Rent Concessions

On 28 May 2020, the IASB issued *Covid-19-Related Rent Concessions* - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification.

A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment is effective for annual periods beginning on or after 1 June 2020. Early adoption is permitted. This amendment had no impact on the Group's consolidated financial statements.

3. SUMMARY OF ACCOUNTING POLICIES (continued)

New and amended standards and interpretations (continued)

Standards issued but not yet effective

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

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 replaces IFRS 4 *Insurance Contracts* (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. There are several scope exceptions. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for insurance contracts with direct participation terms (the variable fee approach).
- A simplified approach (the premium allocation approach) is mainly for short-duration contracts.

IFRS 17 is effective for reporting periods starting on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

Amendments to IAS 1 — Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right;
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

These amendments are effective for annual periods beginning on or after 1 January 2023 and are applied retrospectively. The Group is currently assessing the possible impact the amendments will have on current liabilities and whether existing loan agreements may require renegotiation.

3. SUMMARY OF ACCOUNTING POLICIES (continued)

New and amended standards and interpretations (continued)

Standards issued but not yet effective (continued)

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 *Levies*, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

These amendments are effective for annual periods beginning on or after 1 January 2022 and are applied prospectively.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments are effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies these amendments.

These amendments are not expected to have an impact on the Group.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

These amendments are effective for annual periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

3. SUMMARY OF ACCOUNTING POLICIES (continued)

(a) New and amended standards and interpretations (continued)

Standards issued but not yet effective (continued)

Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards – a subsidiary adopting International Financial Reporting Standards for the first time.

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards*. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

This amendment is effective for annual periods beginning on or after 1 January 2022. Early adoption is permitted.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities.

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

This amendment is effective for annual periods beginning on or after 1 January 2022. Early adoption is permitted. The Group will apply the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the Group first applies the amendment.

The amendment is not expected to have a material impact on the Group.

Amendment to IAS 41 Agriculture - Taxation in fair value measurements

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IAS 41 *Agriculture*. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Early adoption is permitted.

Unless otherwise stated above, these new standards and interpretations are not expected to have a material impact on the Group's consolidated financial statements.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements of the Group.

3. SUMMARY OF ACCOUNTING POLICIES (continued)

(b) Fair value measurement

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

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

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

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

- Level 1 – Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements on a periodic basis, the Group determines if it is necessary to transfer them between levels of the fair value hierarchy by re-analysing their classification (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Basis of consolidation

The financial statements of the subsidiaries, being the entities which are under control of the Group, are consolidated. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

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

3. SUMMARY OF ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

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

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

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. All intra-group transactions, balances and unrealised gains on transactions are eliminated in full; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

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

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

(c) Financial instruments

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

(i) Financial assets

Recognition and initial measurement

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

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

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

3. SUMMARY OF ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

(i) Financial assets (continued)

Recognition and initial measurement (continued)

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

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

Classification and subsequent measurement

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

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

Derecognition

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

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

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

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

3. SUMMARY OF ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

(i) Financial assets (continued)

Impairment

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

- Disclosures of significant assumptions *Note 4*;
- Trade receivables *Note 16*.

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

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

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

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

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

(ii) Financial liabilities

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

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

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

3. SUMMARY OF ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

(ii) Financial liabilities (continued)

Subsequent measurement

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

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

Derecognition

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

(iii) Offsetting of financial instruments

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

(d) Revenue

Education services

The Group generates income through the provision of education services and the sale of tickets to the swimming pool and spa complex. In accordance with IFRS 15, revenue is recognized to the extent that there is a very high probability that this value will not subsequently have to be reversed to reflect a significant decrease in the total amount of recognized revenue.

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

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

According to the Group, the performance valuation techniques and revenue recognition have not changed over time. Consequently, the Group believes that the application of IFRS 15 has not resulted in changes in the recognition of revenue from the provision of these services.

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

3. SUMMARY OF ACCOUNTING POLICIES (continued)

(d) Revenue (continued)

Education services (continued)

Information about the nature and time frame of performance obligations under contracts with customers, including material payment terms and the corresponding revenue recognition policy, is set out in the table below:

Type of goods/services	Nature and time frame of performance obligations, including material payment terms	Revenue recognition in accordance with IFRS 15
Education services	The Group has the only performance obligation under contracts with customers for the provision of education services, the revenue on which is recognized over time. Payment is made in advance to the Company in three tranches (payment periods are specified in the education contracts).	Revenue from education services and education extra courses is recognized on a straight-line basis during the academic year when the Group provides these services.

Trade accounts receivable

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

Contract liabilities

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

(e) Foreign currency transactions

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

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

(f) Employee benefits

Short-term benefits

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

Pension and other employee benefit payment obligations

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

3. SUMMARY OF ACCOUNTING POLICIES (continued)

(f) Employee benefits (continued)

Pension and other employee benefit payment obligations (continued)

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

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

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

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

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

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

The Group recognises the listed changes in the net defined benefit liability under 'Payroll expenses' in the consolidated statement of profit or loss and OCI:

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

(g) Taxation

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

In 2020 and 2019, the Group's organizations operating in educational activities met the condition for the application of preferential taxation. In 2020 and 2019, the Group's organizations operating in educational activities were exempt from corporate income tax.

(h) Inventories

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

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

3. SUMMARY OF ACCOUNTING POLICIES (continued)

(i) Cash and short-term deposits

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

(j) Provisions

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

(k) Property and equipment

Recognition and measurement

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

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

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

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

Subsequent expenditures

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

Revaluation of property and equipment

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

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

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

3. SUMMARY OF ACCOUNTING POLICIES (continued)

(k) Property and equipment (continued)

Depreciation

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

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

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

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

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

(l) Intangible assets

Recognition and measurement

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

Subsequent expenditures

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

Depreciation

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

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

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

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

3. SUMMARY OF ACCOUNTING POLICIES (continued)

(m) Investment properties

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

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

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

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

(n) Share capital

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

(o) Assets classified as held for sale

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

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

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Estimation uncertainty

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

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

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

Revaluation of property and equipment and investment property

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

As at 31 December 2020, the value of land and some buildings has been revalued by independent appraisers who have duly recognized professional qualifications.

More details are given in *Note 12*.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

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

The assessment of the correlation between historically observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in *Note 26*.

5. REVENUE FROM SALE OF EDUCATION SERVICES

In thousands of tenge	**2020**	2019
Revenue from contract education services	**2,708,586**	3,376,440
Revenue from education services rendered under budget programs	**794,645**	662,696
Revenue from students studying at reserve officer training department	**87,502**	57,388
Revenue from research works	**30,547**	25,390
Other income from education services (courses, working out, retaking)	**67,576**	165,279
	3,688,856	4,287,193

All income of the Group is received in the Republic of Kazakhstan.

Contract assets and liabilities

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

In thousands of tenge	**31 December 2020**	31 December 2019
Student accounts receivable for education services (*Note 16*)	**43,991**	58,528

As at 31 December 2020, information on the residual amount of performance liabilities, the initial expected duration of which is one year or less, as allowed by IFRS 15, was not disclosed.

6. CHARITY REVENUES

In accordance with the charity aid agreement dated 12 November 2020, the Company received a financial assistance from Verny Investments Holding LLP for a total amount of 3,000,000 thousand tenge. This financial assistance was intended for the purposes stipulated by the Charter of the Company.

7. PAYROLL EXPENSES

In thousands of tenge	**2020**	2019
Payroll	**3,911,884**	3,717,097
Social tax and social deductions	**305,419**	287,337
	4,217,303	4,004,434

8. THIRD PARTY SERVICES

In thousands of tenge	**2020**	2019
Repair costs	**150,221**	177,345
Software maintenance costs	**137,398**	133,738
Security services	**90,522**	91,838
Cleaning services	**89,975**	103,518
Advertising	**71,287**	84,966
Subscription and electronic databases	**48,826**	77,914
Consulting fees	**42,767**	65,673
Communication	**38,530**	35,416
Lease of premises	**10,139**	17,232
Bank services	**7,261**	11,957
Other expenses	**53,750**	68,613
	740,676	868,210

9. EXPENSES RELATED TO ACADEMIC ACTIVITY

In thousands of tenge	**2020**	2019
Education program expenses	**48,195**	101,958
Arranging conferences, seminars and other events	**28,390**	40,566
International business school expenses	**27,317**	33,670
Study at partner universities	**24,992**	35,187
Research costs	**20,970**	46,218
Scholarships for students studying on a contractual basis	**17,315**	38,388
Professional development	**6,242**	16,312
Accreditation	**676**	7,416
International internship	**488**	23,711
Field studies	**–**	8,045
Other expenses	**21,600**	24,542
	196,185	376,013

10. OTHER EXPENSES

In thousands of tenge	**2020**	2019
Taxes other than income tax	**173,296**	223,214
Tangible costs	**90,064**	134,019
Utilities	**57,188**	81,952
Expenses for the maintenance and service of dormitories	**65,455**	66,950
Expenses for the maintenance and service of leased facilities	**48,282**	68,196
Travel expenses	**19,428**	82,621
Fines on business contracts	**18,238**	–
Student activities costs	**3,479**	27,544
Expenses for disposal of assets held for sale	**2,509**	–
Other	**44,308**	80,235
	522,247	764,731

11. INCOME TAX EXPENSES

In accordance with the Tax Code of the Republic of Kazakhstan, educational activities are subject to preferential taxation. At the same time, the Group's activities are not subject to taxation in the event that revenue from the sale of educational services, taking into account interest income and income from property received free of charge, is at least 90 percent of the total annual income. Accordingly, the Group does not incur corporate income tax expense for the years ended 31 December 2020 and 2019.

Other entities of the Group that do not operate in the education sector and operate under the general tax regime have calculated corporate income tax in accordance with the tax legislation of the Republic of Kazakhstan, using a tax rate of 20%, which is the income tax rate for Kazakhstan companies.

As at 31 December 2020 and 2019, the amount of deferred tax assets/liabilities on other Group entities was insignificant.

In thousands of tenge	**2020**	2019
Current income tax expense	**(1,080)**	(1,202)
Origination and reversal of temporary differences	**–**	–
Total income tax expense	**(1,080)**	(1,202)

11. INCOME TAX EXPENSES (continued)

In thousands of tenge	**2020**	2019
Profit/(loss) before taxes	**957,198**	(1,544,862)
Statutory tax rate	**20%**	20%
Theoretical corporate income tax (expense)/benefit at the statutory tax rate	**(191,440)**	308,972
Prior years adjustment	**–**	(48,885)
Tax exempted income/(loss) in accordance with tax legislation	**257,504**	(195,364)
Non-deductible expenses	**(67,144)**	(65,925)
	(1,080)	(1,202)

12. PROPERTY AND EQUIPMENT

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

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

As at 31 December 2020, buildings and structures include structures with a carrying amount of 53,960 thousand tenge, which are stated at cost and are not revalued (31 December 2019: 33,166 thousand tenge).

At 31 December 2020, the cost of fully depreciated property and equipment in use was 86,707 thousand tenge (31 December 2019: 28,465 thousand tenge).

12. PROPERTY AND EQUIPMENT (continued)

In thousands of Tenge	Land	Buildings and constructions	Machinery and equipment	Vehicles	Construction in progress	Other	Total
Initial and revalued cost							
Balance as at 1 January 2019	1,575,865	3,739,481	956,594	135,041	116,694	1,042,578	7,566,253
Additions	–	7,268	73,378	21,603	998,870	74,550	1,175,669
Disposals	–	(1,212)	(201,597)	(1,739)	–	(238,106)	(442,654)
Revaluation	970,887	(1,178,908)	–	–	–	–	(208,021)
Transfer*	–	(397,044)	–	–	–	–	(397,044)
Internal transfers	–	48,512	173,582	–	(174,772)	(47,322)	–
Other	–	–	–	–	1,081	273	1,354
Balance as at 31 December 2019	2,546,752	2,218,097	1,001,957	154,905	941,873	831,973	7,695,557
Depreciation							
Balance as at 1 January 2019	–	(326,741)	(491,539)	(59,782)	–	(680,207)	(1,558,269)
Depreciation charge for the year	–	(75,193)	(141,098)	(13,338)	–	(119,699)	(349,328)
Disposals	–	1,200	201,409	1,163	–	234,703	438,475
Transfer*	–	397,044	–	–	–	–	397,044
Internal transfers	–	(24,310)	(36)	(3,656)	–	28,002	–
Balance as at 31 December 2019	–	(28,000)	(431,264)	(75,613)	–	(537,201)	(1,072,078)
Carrying amount							
As at 31 December 2019	2,546,752	2,190,097	570,693	79,292	941,873	294,772	6,623,479

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

12. PROPERTY AND EQUIPMENT (continued)

(a) Revaluation of land plots

As at 31 December 2020 and 31 December 2019, the cost of land plots was subject to revaluation by the involved valuation experts with the appropriate recognized professional qualifications.

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

- trade discount in the range of 10-15%;
- other adjustments for expenses related to the registration of objects and the allocation of a land plot in the range of 0.2-2.5%.

As at 31 December 2020, based on the results of the revaluation, the Company recognized a decrease in the cost of land plots in other comprehensive income in the amount of 17,525 thousand tenge (31 December 2019: an increase by 970,887 thousand tenge).

If the revaluation of the cost of land plots would not have been carried out, their carrying value amounted to 156,842 thousand tenge as at 31 December 2020 (31 December 2019: 166,942 thousand tenge).

(b) Revaluation of buildings

As at 31 December 2020, the cost of buildings has not been revalued, with the exception of the academic building with built-in car parking, a water and health complex and buildings of the Institution "Kazakh University of Economics. Finance and International Trade" (hereinafter referred to as the "Institution)". The cost of these properties has been revalued by external appraisers with appropriate recognized professional qualifications. As at 31 December 2019, the cost of buildings, excluding buildings in the amount of 1,157,293 thousand tenge, was subject to revaluation.

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

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

- depreciation adjustment within 13.6% -15.7%.

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

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

For the year ended 31 December 2020, based on the results of the revaluation, the Company recognized an increase in the cost of buildings in other comprehensive income in the amount of 761,409 thousand tenge and a decrease in profit or loss in the amount of 20,513 thousand tenge (31 December 2019: increase in other comprehensive income in the amount of 1,178,908 thousand tenge).

12. PROPERTY AND EQUIPMENT (continued)

(b) Revaluation of buildings (continued)

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

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

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

In thousands of tenge	**2020**	2019
Cost	**1,968,926**	1,968,926
Modernization	**575,488**	575,488
Disposals	**(111,053)**	–
Accumulated depreciation and impairment	**(356,607)**	(296,668)
Net book value	**2,076,754**	2,247,746

13. INTANGIBLE ASSETS

In thousands of Tenge	License agreements	Software	Total
Cost			
Balance as at 1 January 2020	5,573	426,939	432,512
Additions	–	**7,718**	**7,718**
Disposals	–	**(85)**	**(85)**
Write-offs	–	**(5,909)**	**(5,909)**
Balance as at 31 December 2020	**5,573**	**428,663**	**434,236**
Depreciation			
Balance as at 1 January 2020	(2,376)	(124,916)	(127,292)
Depreciation charge for the year	**(592)**	**(56,042)**	**(56,634)**
Disposals	–	**5,979**	**5,979**
Balance as at 31 December 2020	**(2,968)**	**(174,979)**	**(177,947)**
Carrying amount			
As at 31 December 2020	**2,605**	**253,684**	**256,289**
Cost			
Balance as at 1 January 2019	9,773	387,982	397,755
Additions	–	41,932	41,932
Disposals	–	(698)	(698)
Write-offs	(4,200)	(2,277)	(6,477)
Balance as at 31 December 2019	5,573	426,939	432,512
Depreciation			
Balance as at 1 January 2019	(5,984)	(78,490)	(84,474)
Depreciation charge for the year	(592)	(48,703)	(49,295)
Disposals	4,200	2,277	6,477
Balance as at 31 December 2019	(2,376)	(124,916)	(127,292)
Carrying amount			
As at 31 December 2019	3,197	302,023	305,220

14. INVESTMENT PROPERTY

In thousands of tenge	**2020**	2019
Balance as at 1 January	**40,200**	40,200
Revaluation	**–**	–
Balance as at 31 December	**40,200**	40,200

As at 31 December 2020 and 31 December 2019, the fair value of investment property was not measured.

As at 31 December 2020 and 31 December 2019, the Group's investment property comprises a health resort with a carrying value of 40,200 thousand tenge, which is leased out under an operating lease.

15. BANK DEPOSITS

In thousands of tenge	**31 December 2020**	31 December 2019
Long-term bank deposits		
- rated from B- to B+	**50,000**	126,236
Short-term deposits in banks		
- rated from B- to B+	**578,966**	702,290
Total deposits with banks	**628,966**	828,526
Provision for expected credit losses	**(18,339)**	(16,443)
Total deposits with banks, net	**610,627**	812,083

This table is based on ratings assigned by Standard & Poor's or ratings assigned by other rating agencies, but converted by Standard & Poor's. As at 31 December 2020 and 31 December 2019, deposits were placed with ForteBank JSC and Bank Kassa Nova JSC, which are related parties of the Group.

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

In thousands of tenge	**2020**	2019
Balance as at 1 January	**16,443**	18,837
Net change in provision for expected credit losses	**1,896**	(2,394)
Balance as at 31 December	**18,339**	16,443

Information about the Group's exposure to credit and currency risks in respect of deposits with banks is disclosed in Note 26.

16. TRADE AND OTHER ACCOUNTS RECEIVABLE

In thousands of Tenge	**31 December 2020**	31 December 2019
Receivables from students for educational services	**172,245**	202,796
Trade receivables from sale of assets	**70,714**	62,403
Other trade receivables from third persons	**35,552**	19,346
Trade receivables for reimbursement of utilities	**24,144**	18,965
Finance lease receivables from third persons	**668**	33,998
Other accounts receivable	**1,284**	31,973
	304,607	369,481
Provision for expected credit losses	**(175,218)**	(178,129)
	129,389	191,352

Receivables from students for educational services represent amounts payable by students for previous study periods.

16. TRADE AND OTHER ACCOUNTS RECEIVABLE (continued)

Analysis of changes in the provision for expected credit losses

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

In thousands of tenge	**2020**	2019
Balance as at 1 January	**178,129**	135,626
Net change in provision for expected credit losses	**41,076**	69,762
Write-offs	**(43,987)**	(27,259)
Balance as at 31 December	**175,218**	178,129

Information about the Group's exposure to credit risk and changes in the provision for expected credit losses on trade and other receivables is disclosed in Note 26.

17. CASH AND CASH EQUIVALENTS

In thousands of tenge	**31 December 2020**	31 December 2019
Cash on hand	**3,267**	2,739
Balance on bank accounts		
- rated from B- to B+	**2,510,850**	449,481
Total cash and cash equivalents	**2,514,117**	452,220
Provision for expected credit losses	**(101)**	(26)
Total cash and cash equivalents, net	**2,514,016**	452,194

This table is based on ratings assigned by Standard & Poor's or ratings assigned by other rating agencies, but converted by Standard & Poor's. As at 31 December 2020 and 31 December 2019, cash was placed with Bank Kassa Nova JSC and ForteBank JSC, which are related parties of the Group.

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

In thousands of tenge	**2020**	2019
Balance as at 1 January	**26**	42
Net change in provision for expected credit losses	**75**	(16)
Balance as at 31 December	**101**	26

Information about the Group's exposure to credit and currency risks in respect of cash and cash equivalents is disclosed in Note 26.

18. EQUITY AND PROVISIONS

(a) Charter capital

As at 31 December 2020, the registered, issued and outstanding share capital of the Company consists of 736,876 common shares (31 December 2019: 736,876 common shares).

As at 31 December 2020, the authorized and fully paid charter capital was 736,876 thousand tenge (31 December 2019: 736,876 thousand tenge).

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

18. EQUITY AND PROVISIONS (continued)

(b) Provision for revaluation of property and equipment

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

In thousands of tenge	**Provision for revaluation of property and equipment**
Balance as at 1 January 2019	2,688,425
Revaluation of land and buildings (Note 12)	(208,021)
Transfer of property value increase from revaluation after depreciation and disposals	(15,831)
Balance as at 31 December 2019	2,464,573
Revaluation of land and buildings (Note 12)	**743,884**
Transfer of property value increase from revaluation after depreciation and disposals	**(18,044)**
Balance as at 31 December 2020	**3,190,413**

(c) Other reserve funds

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

(d) Allocation of net income

In accordance with the legislation of the Republic of Kazakhstan, the right of the owners of the Group to distribute the provisions of the Group is limited to the amount of retained earnings reflected in the IFRS financial (accounting) statements of the Group, or the amount of net profit for the current year, in case of accumulated loss, if the distribution of net income will not result in the Group becoming insolvent or in default, or if the Group's equity becomes negative as a result of the distribution.

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

19. LOANS AND BORROWINGS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

In thousands of tenge	**31 December 2020**	31 December 2019
Non-current portion of secured loans and borrowings		
Astana Motors Finance LLP	**3,812**	9,417
Current portion of secured loans and borrowings		
Astana Motors Finance LLP	**5,138**	5,721
	8,950	15,138

In July 2019, the Group received two vehicles under a finance lease agreement from Astana Motors Finance LLP for a period until September 2022 with an effective interest rate of 21% per annum.

19. LOANS AND BORROWINGS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS (continued)

Information about the Group's exposure to liquidity risk in respect of loans and borrowings received from banks and other financial institutions is disclosed in Note 26.

In thousands of tenge	**2020**	2019
Reconciliation of changes in liabilities and cash flows from operating and financing activities		
Balance as at 1 January	**15,138**	11,019
Changes in connection with cash flows from investing activities		
Purchase of property and equipment	**–**	21,603
Changes in connection with cash flows from investing activities	**–**	21,603
Payments on borrowings	**(6,188)**	(17,274)
Interest accrued	**2,384**	3,058
Interest paid	**(2,384)**	(3,268)
Total changes in connection with cash flows from financing activities	**(6,188)**	(17,484)
Balance at 31 December	**8,950**	15,138

20. PROVISION FOR EMPLOYEE BENEFITS

Defined benefits pension plan

One of the Company's subsidiaries, the Kazakh University of Economics, Finance and International Trade, has a defined benefit pension plan. The pension benefits under this scheme are payable in accordance with the collective agreement signed on 7 February 2014.

As at 31 December 2020 and 2019, the provision for employee benefits comprised:

In thousands of tenge	**31 December 2020**	31 December 2019
Present value of defined benefit obligation	**26,127**	39,541
	26,127	39,541

A reconciliation of the present value of the defined benefit obligation with specified payments is as follows for the years ended 31 December 2020 and 2019:

In thousands of tenge	**2020**	2019
Balance as at 1 January	**39,541**	–
Current service cost	**4,468**	38,771
Interest expenses	**2,439**	1,429
Income from services of past periods due to changes in plan terms	**(10,698)**	–
Actuarial gains recognized during the period within profit and losses	**(6,658)**	–
Actuarial gains/(losses) recognized during the period within other comprehensive income	**(1,303)**	1,517
Benefit paid during the year	**(1,662)**	(2,176)
Balance as at 31 December	**26,127**	39,541
Liability falling due within one year	**714**	8,057
Liability falling due after one year	**25,413**	31,484

20. PROVISION FOR EMPLOYEE BENEFITS (continued)

Defined benefits pension plan (continued)

The estimates of the liability were made on the basis of the published statistical data regarding mortality of employees and the actual data concerning the number, age, gender and years of employee service. Other principal assumptions used in determining benefit obligations for the pension plans are shown below:

In thousands of tenge	**2020**	2019
Discount rate	**6.70%**	6.30%
The expected rate of future annual minimum salary increases	**9.80%**	10.00%

Below is a quantitative sensitivity analysis for significant assumptions as of 31 December 2020:

In thousands of tenge	**Discount rate**		**Future increases in payment growth**	
2020				
Sensitivity level	**Growth by 20%**	**Decrease by 20%**	**Growth by 20%**	**Decrease by 20%**
Effect on defined benefit plan liabilities, in thousands Tenge	**(21,881)**	**31,846**	**34,674**	**(20,322)**

A quantitative sensitivity analysis for significant assumptions as at 31 December 2019, is as follows:

In thousands of tenge	Discount rate		Future increases in payment growth	
2019				
Sensitivity level	Growth by 1%	Decrease by 1%	Growth by 20%	Decrease by 20%
Effect on defined benefit plan liabilities, in thousands Tenge	(5,330)	7,079	11,690	(7,885)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

21. LEASE LIABILITY

In thousands of tenge	**31 December 2020**	31 December 2019
Non-current portion of lease liability		
Almaty Land Relations Department MPI	**5,803**	–
Current portion of finance lease liabilities		
Almaty Land Relations Department MPI	**2,280**	–
	8,083	–

21. LEASE LIABILITY (continued)

(a) Leases under which the Group is a lessee

The Group leases two properties, land plots located at

55 Zhandosov Str., Almaty The leases were entered into for a period of 5 years and do not provide for the possibility of further extension of the lease after the expiration of the lease period, which is not subject to early termination. Leases do not provide for additional lease payments.

Details of the leases under which the Group is a lessee are presented below.

(i) Right-of-use assets

Below is the carrying amount of recognized right-of-use assets (included in property and equipment) and its changes during the period:

In thousands of tenge	**2020**	2019
Balance at 1 January	–	–
Accretion (Note 12)	**10,087**	–
Amortisation for the period (Note 12)	**(2,004)**	–
Balance at 31 December	**8,083**	–

(ii) Lease liabilities

The carrying amount of lease liabilities and their changes over the period are presented below:

In thousands of tenge	**2020**	2019
Balance at 1 January	–	–
Accretion	**10,087**	–
Repayment of lease liability	**(2,280)**	–
Interest accrued	**276**	–
Balance at 31 December	**8,083**	–

(iii) Amounts recognized in profit or loss for the period

In thousands of tenge	**2020**
Lease contracts	
Interest on lease liabilities	276
Depreciation of the right-of-use assets (Note 12)	2,004
Other lease expense (Note 8)	6,380
	8,660

(iv) Amounts recognized in the consolidated statement of cash flows

In thousands of tenge	**2020**
Total cash outflow from lease contracts	2,280

22. LOANS RECEIVED FROM RELATED PARTIES

In thousands of tenge	**31 December 2020**	31 December 2019
Caspian Real Estate LLP	**1,348,934**	530,438
	1,348,934	530,438

22. Loans received from related parties (continued)

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

During the year ended 31 December 2020, the Group received from a related party, Kaspiyskaya Nedvizhimost LLP, short-term loans in several tranches denominated in tenge in the amount of 2,415,000 thousand tenge maturing in September 2020 and 1,500,000 thousand tenge maturing in December 2021. All loans carry a nominal interest rate of 0.1% per annum. Upon initial recognition the loans were recognized at fair value calculated by discounting the future cash flows on the loans in accordance with the contracts using an appropriate market interest rate of 11.2% per annum. The resulting discount of 152,256 thousand tenge was recognized directly in equity. In 2020, unwinding of discount in the amount of 19,663 thousand tenge was recognized in the consolidated statement of profit or loss.

Also, during 2020, the Group made a full repayment of the loan issued in 2019 and partial repayments of loans issued in 2020 in the total amount of 2,965,000 thousand tenge.

Information about the Group's exposure to liquidity risk in respect of loans received from related parties is disclosed in Note 26.

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

In thousands of tenge	**2020**	2019
Balance as at 1 January	**530,438**	–
Changes in connection with cash flows from financing activities		
Loans received	**3,915,000**	550,000
Loans paid	**(2,965,000)**	–
Interest accrued	**22,566**	11,136
Interest paid	**(1,814)**	–
Total changes in connection with cash flows from financing activities	**970,752**	561,136
Other changes		
Discount on the loan	**(152,256)**	(30,698)
Balance at 31 December	**1,348,934**	530,438

23. TRADE AND OTHER ACCOUNTS PAYABLE

In thousands of Tenge	**31 December 2020**	31 December 2019
Accrued employee unused vacations allowance	**268,772**	229,391
Liabilities on taxes and other payments to budget	**38,261**	96,432
Trade accounts payable	**25,866**	46,219
International projects commitment	**17,581**	5,761
Other payables to employees	**1,969**	8,418
Other payables	**5,691**	4,404
	358,140	390,625

23. TRADE AND OTHER ACCOUNTS PAYABLE (continued)

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

As at 31 December 2020, cash in such account amounted to 17,581 thousand tenge (31 December 2019: 5,761 thousand tenge) and was recognized as restricted cash.

The Group's exposure to liquidity risk related to trade and other payables is disclosed in Note 26.

24. CONTRACT LIABILITIES

In thousands of tenge	**31 December 2020**	31 December 2019
Liabilities under the contract for education services	**502,656**	632,585
Liabilities under the dormitory accommodation contract	**28,482**	37,725
Other contract liabilities	**91,217**	109,938
	622,355	780,248

The contract liabilities initially relate to prepaid consideration received from customers for educational services, for which revenue is recognized over time. This amount will be recognized as revenue as educational services are provided. According to the terms of the education contracts, students make advance payments in equal tranches four times a year: 25% each before 5 September, 5 November, 5 January and 5 April (2019: three times a year: 40% of the annual fee before enrollment or the start of the academic year, 30% before the start of the winter examination session and the remaining 30% before the start of the summer examination session).

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

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

25. MEASUREMENT OF FAIR VALUE

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

		Fair value measurement using			
In thousands of tenge	Date of measurement	Inputs of level 1	Inputs of level 2	Inputs of level 3	Total
At 31 December 2020					
Assets measured at fair value					
Property and equipment – land	31 December 2020	–	**2,559,227**	–	**2,559,227**
Property and equipment – buildings	31 December 2020	–	**2,910,073**	–	**2,910,073**
Assets whose fair values are disclosed					
Finance lease receivables	31 December 2020	–	**12,883**	–	**12,883**
Trade and other accounts receivable	31 December 2020	–	**129,389**	–	**129,389**
Cash and cash equivalents	31 December 2020	–	**2,514,016**	–	**2,514,016**
Bank deposits	31 December 2020	–	**610,627**	–	**610,627**
Liabilities whose fair values are disclosed					
Loans and borrowings from banks and other financial institutions	31 December 2020	–	**8,950**	–	**8,950**
Loans received from related parties	31 December 2020	–	**1,348,934**	–	**1,348,934**
Trade and other accounts payable	31 December 2020	–	–	**358,140**	**358,140**

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

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

25. FAIR VALUE MEASUREMENT (continued)

In thousands of tenge	Date of measurement	Fair value measurement using: Inputs of level 1	Inputs of level 2	Inputs of level 3	Total
At 31 December 2019					
Assets measured at fair value					
Property and equipment – buildings	31 December 2019	–	–	319,168	319,168
Property and equipment – land	31 December 2019	–	2,546,752	–	2,546,752
Assets whose fair values are disclosed					
Finance lease receivables	31 December 2019	–	29,807	–	29,807
Trade and other accounts receivable	31 December 2019	–	–	191,352	191,352
Loans issued	31 December 2019	–	118	–	118
Cash and cash equivalents	31 December 2019	–	452,194	–	452,194
Bank deposits	31 December 2019	–	812,083	–	812,083
Liabilities whose fair values are disclosed					
Loans and borrowings from banks and other financial institutions	31 December 2019	–	15,138	–	15,138
Loans received from related parties	31 December 2019	–	530,438	–	530,438
Trade and other accounts payable	31 December 2019	–	–	390,625	390,625

As at 31 December 2019, the cost of buildings within property and equipment and investment property has not been revalued.

There were no transfers between levels of the fair value hierarchy during 2019.

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

As at 31 December 2020 and 31 December 2019, the carrying amounts of the Group's financial assets and financial liabilities approximated their fair values largely due to the short-term maturities of these instruments.

Valuation models and assumptions

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

Assets for which fair value approximates to carrying value

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

25. FAIR VALUE MEASUREMENT (continued)

Valuation models and assumptions (continued)

Financial assets and financial liabilities accounted for at amortised cost

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

26. RISK MANAGEMENT

(a) Financial risk management

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

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

(i) Credit risk

Credit risk is the risk that the Group will incur financial losses because the counterparty will not meet its obligations under a financial instrument or customer

contract. The Group is exposed to credit risk associated with its operating activities (primarily with respect to trade receivables) and financial activities including deposits with banks and financial institutions, currency transactions and other financial instruments.

Credit risk exposure

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

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

Deposits with banks, restricted cash and cash and cash equivalents

As at 31 December 2020, the Group had cash and cash equivalents in bank accounts in the amount of 2,514,016 thousand tenge (31 December 2019: 452,194 thousand tenge), deposits with banks in the amount of 610,627 thousand tenge (31 December 2019: 812,083 thousand tenge), restricted cash balances in the amount of 17,581 thousand tenge (31 December 2019: 5,761 thousand tenge).

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

Loans issued

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

26. RISK MANAGEMENT (continued)

(a) Financial risk management (continued)

(i) Credit risk (continued)

Loans issued (continued)

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

Trade accounts receivable

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

Measurement of expected credit losses

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

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

	31 December 2020		31 December 2019	
In thousands of tenge	**Carrying amount**	**Expected credit losses**	Carrying amount	Expected credit losses
Undue	**66,743**	**–**	72,449	–
More than 0-30 days overdue	**10,193**	**(697)**	43,101	(4,531)
More than 31-60 days overdue	**12,350**	**(1,143)**	8,923	(1,300)
More than 61-120 days overdue	**17,723**	**(2,789)**	10,945	(3,061)
More than 121-180 days overdue	**8,131**	**(1,610)**	33,000	(13,126)
More than 181-360 days overdue	**28,214**	**(10,109)**	58,917	(18,472)
More than 360 days overdue	**161,253**	**(158,870)**	142,146	(137,639)
	304,607	**(175,218)**	369,481	(178,129)

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

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

(ii) Liquidity risk

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

26. RISK MANAGEMENT (continued)

(a) Financial risk management (continued)

(ii) Liquidity risk (continued)

Analysis of financial liabilities by remaining contractual maturities

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

At 31 December 2020	On demand	Less than 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
Financial liabilities						
Loans and borrowings from banks and other financial institutions	–	1,401	3,737	3,812	–	8,950
Loans received from related parties	–	–	1,500,013	–	–	1,500,013
Trade and other accounts payable	–	71,787	286,353	–	–	358,140
Total undiscounted financial liabilities	–	73,188	1,790,103	3,812	–	1,867,103

At 31 December 2019	On demand	Less than 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
Financial liabilities						
Loans and borrowings from banks and other financial institutions	–	1,983	3,738	9,417	–	15,138
Loans received from related parties	–	–	550,101	–	–	550,101
Trade and other accounts payable	–	155,473	235,152	–	–	390,625
Total undiscounted financial liabilities	–	157,456	788,991	9,417	–	955,864

(iii) Market risk

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

Foreign currency risk

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

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

26. RISK MANAGEMENT (continued)

(a) Financial risk management (continued)

(iii) Market risk (continued)

Foreign currency risk (continued)

Currency risk exposure

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

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

In thousands of tenge	Denominated in US dollars 31 December 2019	Denominated in Euro 31 December 2019	Denominated in GB pounds 31 December 2019	Denominated in Russian roubles 31 December 2019
Short-term deposits in banks	715,709	–	–	–
Cash and cash equivalents	7,857	30,404	7,936	840
Other current assets	981	3,942	3,025	–
Trade and other payables	(6,507)	–	–	–
Net exposure	718,040	34,346	10,961	840

During the year the following exchange rates were applied:

	Average exchange rate		**Spot foreign exchange rate as at the reporting date**	
Tenge	**2020**	2019	**31 December 2020**	31 December 2019
1 US dollar	**412.95**	382.75	**420.91**	381.18
1 Euro	**471.44**	428.51	**516.79**	426.85
1 GBP	**529.91**	488.46	**574.88**	499.99
1 Russian ruble	**5.73**	5.92	**5.62**	6.17

26. RISK MANAGEMENT (continued)

(a) Financial risk management (continued)

(iii) Market risk (continued)

Foreign currency risk (continued)

Sensitivity analysis

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

Tenge	**Increase in exchange rates**	**(Decrease) in exchange rates**	**Effect on profit before tax**	**Effect on profit before tax**
As at 31 December 2020				
US Dollars	**12.00%**	**(9.00%)**	**122,944**	**(92,208)**
Euro	**12.00%**	**(9.00%)**	**6,837**	**(5,128)**
GBP	**12.00%**	**(9.00%)**	**577**	**(433)**
Russian ruble	**12.00%**	**(12.00%)**	**252**	**(252)**

Tenge	Increase in exchange rates	(Decrease) in exchange rates	Effect on profit before tax	Effect on profit before tax
As at 31 December 2019				
US Dollars	12.00%	(9.00%)	86,165	(64,624)
Euro	12.00%	(9.00%)	4,122	(3,091)
GBP	12.00%	(9.00%)	1,315	(986)
Russian ruble	12.00%	(12.00%)	101	(101)

27. COMMITMENTS AND CONTINGENCIES

(a) Business environment in Kazakhstan

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

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

(b) Insurance

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

27. COMMITMENTS AND CONTINGENCIES (continued)

(c) Taxation contingencies

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

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

(d) Legal issues

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

Since December 2018, the Company continued litigation as a defendant in a law suit for the recovery of excessively received budget funds in the amount of 97,889 thousand tenge on the basis of the opinion of the state auditor of the authorized body for internal governmental audit of the Ministry of Finance of the Republic of Kazakhstan.

In the course of these proceedings, a forensic economic examination was appointed, based on the results of which the experts issued an opinion in favor of the Company. Based on the opinion, on 25 October 2019, the Specialized Interdistrict Economic Court of Almaty dismissed the suit against the Company brought by the Prosecutor's Office of the Auezov district of Almaty. The decision entered into force on 6 December 2019.

As at 31 December 2020 and 31 December 2019, the Group was not involved in any significant legal proceedings, including arbitration.

28. RELATED PARTY TRANSACTIONS

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

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

(a) Group shareholder and control relationship

As at 31 December 2020 and 31 December 2019, the sole shareholder of the Group is Utemuratov Bulat Zhamitovich.

(b) Compensation to key management personnel

Below is information about remuneration paid to 10 members (2019: 6 persons) of key management personnel:

In thousands of tenge	**2020**	2019
Payroll	**392,372**	393,045
Social tax, social deductions	**37,196**	36,558
	429,568	429,603

28. RELATED PARTY TRANSACTIONS (continued)

(c) Transactions with other related parties

As at 31 December 2020 and 31 December 2019, the following amounts are included in the consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income from transactions with other related parties:

In thousands of tenge	**2020** **Entities under common control**	2019 Entities under common control
Consolidated statement of profit or loss and other comprehensive income		
Revenue from sale of education services	**46,924**	75,276
Rental income	**214**	2,250
Finance income	**15,432**	16,965
Other income	**–**	116
Third party services	**(7,209)**	(21,402)
Finance costs	**(21,390)**	(11,135)
Consolidated statement of financial position		
Assets		
Long-term bank deposits	**49,168**	125,404
Cash restricted in use	**17,581**	5,761
Trade and other accounts receivable	**16,105**	–
Current portion of loans issued	**–**	118
Short-term deposits in banks	**561,459**	686,679
Cash and cash equivalents	**2,510,749**	452,194
Other current assets	**42**	17
Liabilities		
Trade and other accounts payable	**–**	956
Loans received from related parties	**1,337,769**	530,438
Contract liabilities	**–**	47,472

29. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

On 18 May 2021, the Company, which is the sole founder of the Institution "Kazakh University of Economics, Finance and International Trade" in Nur-Sultan (hereinafter, the "Institution"), sold its right of the Sole Founder to a third party, AC Education LLP buyer for 350,000 thousand tenge. Also, the Group sold the academic buildings in Nur-Sultan to AC Education LLP for 931,750 thousand tenge. As a result of this transaction, the Company offset the obligation on loans received from the Institution "Kazakh University of Economics, Finance and International Trade" against the selling price in full.