



*Audit, Consulting, Tax*

**Russell Bedford**  
GROUP OF COMPANIES

*Appraisal, Training, IT-Audit*



## KIMEP University JSC

### Financial Statements

*for the year ended 31 December 2018*



STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL  
OF THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2018

INDEPENDENT AUDITOR'S REPORT

Page

**Financial Statements:**

Statement of Financial Position-----	1
Statement of Profit or Loss and Other Comprehensive Income -----	2
Statement of Cash Flows-----	3
Statement of Changes in Equity -----	4
Notes to the Financial Statements -----	5-32

**KIMEP University JSC**

**STATEMENT OF MANAGEMENT'S REPSONSIBILITIES FOR THE PREPATION AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

---

With a view to distinguish the respective responsibilities of the auditors and the Management regarding the Financial Statements of **KIMEP University JSC** (hereinafter as 'the Company') the following statement was made a statement, which should be read in conjunction with the auditors' responsibility description contained in the Independent Auditor's Report .

The Management is responsible for the preparation of these Financial Statements that present fairly the financial position of KIMEP University JSC (further – the Company or KIMEP) as at 31 December 2018, the results of its operations, cash flows and changes in equity for the year 2018, in compliance with International Financial Reporting Standards ("IFRS").

In preparing the Financial Statements the Company's management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- making an assessment of the Company's ability to continue as a going concern.

The management is also responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls throughout the Company;
- maintaining adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and which enable them to ensure that the financial statements of the Company comply with IFRS;
- maintaining statutory accounting records in compliance with the legislation of Kazakhstan and IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- preventing and detecting fraud and other irregularities.

The Financial Statements of the Company for the year ended 31 December 2018 were authorised for issue on **20 March 2019**.

**Provost and General Deputy to the President  
JSC "KIMEP University"**

**Chief Accountant**

Almaty, Republic of Kazakhstan



**Timothy Lewis Barnett**

**Ardak Klyabayeva**



Approved by

General Director

International Auditing Company 'Russell Bedford A+ Partners' LLC  
Sholpanai Kudaibergenova

## INDEPENDENT AUDITOR'S REPORT

### To the Shareholders and Management of KIMEP University JSC

#### Opinion

We have audited the Financial Statements of **KIMEP University JSC** (hereinafter as 'the Company'), which comprise the statement of financial position as at 31 December 2018, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information (hereinafter as 'the Financial Statements').

In our opinion, the accompanying Financial Statements present fairly, in all material respects, the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows and changes in equity for the year then ended in accordance with International Financial Reporting Standards.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Kazakhstan, 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 opinion.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 financial statements.

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

- identify and assess the risks of material misstatement of the 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern;
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with those charged with governance 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.



  
Gulshat Nazarymbetova  
Auditor/ Audit Engagement Partner  
International Auditing Company 'Russell Bedford A+  
Partners' LLP

Certificate of Auditor's Competence  
No.0000559 dd. 02.02.2018



  
Sholpanai Kudaibergenova  
Auditor  
International Auditing Company 'Russell Bedford A+  
Partners' LLC  
State License for Auditing Activities in the territory of the  
Republic of Kazakhstan No.18013076  
issued by the Committee for Internal State Control of the  
Ministry of Finance of the Republic of Kazakhstan  
dated July 03, 2018

Certificate of Auditor's Competence  
No.1-PN 0000541 dd. 01.02.2018

**20 March 2019**  
Almaty, Republic of Kazakhstan

**STATEMENT OF FINANCIAL POSITION**  
as at 31 December 2018

<i>in thousands of tenge</i>	Notes	31 December 2018	31 December 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	3 239 983	2 556 215
Intangible assets	5	5 121	6 146
Non-current financial assets	6	13 553	18 131
Non-current receivables	7	13 985	18 504
<b>Total non-current assets</b>		<b>3 272 642</b>	<b>2 598 996</b>
<b>Current assets</b>			
Cash and cash equivalents	8	220 489	191 990
Trade receivables	9	24 413	75 241
Other receivables	10	148 813	358 937
Inventories	11	128 331	100 118
Current tax assets	12	14 184	8 350
Current financial assets	6	3 419	3 419
Other financial investments	13	5 850 607	5 419 442
<b>Total current assets</b>		<b>6 390 256</b>	<b>6 157 497</b>
<b>TOTAL ASSETS</b>		<b>9 662 898</b>	<b>8 756 493</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	14	1 297 705	1 247 128
Current provisions	15	402 991	350 790
Current tax liabilities	16	60 526	48 502
Liabilities on other obligatory and voluntary payments	17	19 123	18 539
Current reserves	18	63 166	58 868
<b>Total current liabilities</b>		<b>1 843 511</b>	<b>1 723 827</b>
<b>Non-current liabilities</b>			
Non-current trade and other payables	19	99 205	107 291
<b>Total non-current liabilities</b>		<b>99 205</b>	<b>107 291</b>
<b>Total liabilities</b>		<b>1 942 716</b>	<b>1 831 118</b>
<b>Equity</b>			
Share capital	20	537 146	537 146
Retained earnings	20	7 183 036	6 388 229
<b>Total equity</b>		<b>7 720 182</b>	<b>6 925 375</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>9 662 898</b>	<b>8 756 493</b>

These Financial Statements have been approved by the Company's management and signed on its behalf:

  
Timothy Lewis Barnett  
Provost and General Deputy to the President  
JSC "KIMEP University"

  
Ardak Kiyabayeva  
Chief Accountant

The explanatory notes are the integral part of these Financial Statements





**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**for the year ended 31 December 2018**

<i>in thousands of tenge</i>	Notes	2018	2017
Revenue	21	4 660 027	4 523 850
Cost of goods and services	22	(2 924 450)	(2 494 168)
<b>Gross profit</b>		<b>1 735 577</b>	<b>2 029 682</b>
Administrative expenses	23	(1 338 265)	(1 234 011)
Selling expenses	24	(166 694)	(194 659)
Other income/(expenses) - net	25	74 345	45 890
<b>Operating profit</b>		<b>304 963</b>	<b>646 902</b>
Finance income	26	489 844	449 992
<b>Profit before tax</b>		<b>794 807</b>	<b>1 096 894</b>
Income tax expense	27	-	-
<b>Profit for the period</b>		<b>794 807</b>	<b>1 096 894</b>
Other comprehensive income		-	-
<b>Total comprehensive income for year</b>		<b>794 807</b>	<b>1 096 894</b>

These Financial Statements have been approved by the Company's management and signed on its behalf:

  
**Timothy Lewis Barnett**  
 Provost and General Deputy to the President  
 JSC "KIMEP University"



  
**Ardak Kiyabayeva**  
 Chief Accountant

The explanatory notes are the integral part of these Financial Statements






**STATEMENT OF CASH FLOWS**  
for the year ended 31 December 2018

*in thousands of tenge*

	Notes	2018	2017
<b>Operating activities:</b>			
<b>Profit before tax</b>		<b>794 807</b>	<b>1 096 894</b>
<b>Adjustments for:</b>			
Depreciation and amortization		234 326	175 957
(Reversal) / accruals of provisions for doubtful debts		351	9 018
(Reversal) / accruals of provisions for unused vacations		36 491	62 025
Finance (income) / loss		(489 844)	(449 992)
(Income) / loss from disposal of fixed and intangible assets		1 394	(2 323)
(Reversal) / accrual of provision for slow moving inventory		1	100
<b>Cash disposals from operating activities before changes in working capital</b>		<b>577 526</b>	<b>891 679</b>
<b>(Increase) / decrease in operating assets</b>			
Inventories		(28 214)	(19 685)
Trade and other receivables		261 741	(266 831)
Current tax assets		(5 834)	6 285
Other non-current financial assets		4 578	443
Non-current trade payables		3 379	293
<b>(Increase) / decrease in operating liabilities</b>			
Taxes payable		12 608	6 196
Trade and other payables		54 875	(55 427)
Non-current liabilities		(8 086)	21 307
Accrued liabilities		15 710	39 005
<b>Net cash flows from operating activities</b>		<b>888 283</b>	<b>623 265</b>
<b>Investing activities:</b>			
Placement of financial investments		(12 995 000)	(7 290 000)
Proceeds from financial investments		12 571 227	6 947 881
Interest received		482 452	466 812
Acquisition of property, plant and equipment		(918 013)	(670 639)
Acquisition of intangible assets		(450)	(749)
<b>Net cash from investing activities</b>		<b>(859 784)</b>	<b>(546 695)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		<b>28 499</b>	<b>76 570</b>
<b>Cash and cash equivalents as at 1 January</b>	8	<b>191 990</b>	<b>115 420</b>
<b>Cash and cash equivalents as at 31 December</b>	8	<b>220 489</b>	<b>191 990</b>

These Financial Statements have been approved by the Company's management and signed on its behalf.

  
  
**Timothy Lewis Barnett**  
 Provost and General Deputy to the President  
 JSC "KIMEP University"

  
**Ardak Kiyabayeva**  
 Chief Accountant

The explanatory notes are the integral part of these Financial Statements

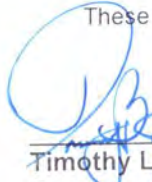



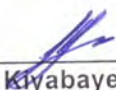


**STATEMENT OF CHANGES IN EQUITY**  
for the year ended 31 December 2018

<i>in thousands of tenge</i>	Notes	Share capital	Retained earnings	Total equity
<b>At 1 January 2018</b>		537 146	6 388 229	6 925 375
Profit for the year		-	794 807	794 807
<b>At 31 December 2018</b>	20	537 146	7 183 036	7 720 182
<b>At 1 January 2017</b>		537 146	5 291 335	5 828 481
Profit for the year		-	1 096 894	1 096 894
<b>At 31 December 2017</b>	20	537 146	6 388 229	6 925 375

These Financial Statements have been approved by the Company's management and signed on its behalf.

  
  
**Timothy Lewis Barnett**  
 Provost and General Deputy to the President  
 JSC "KIMEP University"

  
**Ardak Kiyabayeva**  
 Chief Accountant

The explanatory notes are the integral part of these Financial Statements



**1. GENERAL INFORMATION**

KIMEP University Joint Stock Company (hereinafter - the Company or KIMEP) established in accordance with the decision of the General Meeting of Shareholders by re-naming Kazakhstan Institute of Management, Economics and Strategic Research into KIMEP University JSC. The certificate of State Re-registration of a Legal Entity No. 64250-1910-AO (IY) issued by the Department of Justice of Almaty of the Ministry of Justice of the Republic of Kazakhstan.

The Company was founded in 1992, and is the first educational institution providing western style higher education in English language. KIMEP is a not-for-profit organization in the form of a joint stock company. The Company does not set profit making as its primary target, and does not pay dividends on its shares uses the earned income in line with the constitutional objectives.

Sources of KIMEP's property formation are:

- shareholders' contributions;
- income earned from the educational and accompanying services, and other types of business activities;
- property received free of charge, sponsorships, charitable contributions, donations from Kazakhstani and foreign legal entities and individuals;

The Company operates in the field of higher, postgraduate and additional education under the legislation of the Republic of Kazakhstan. As a higher educational institution, KIMEP also operates based on the KIMEP University Catalogue and other documents providing working training programs, working curricula and regulations.

The shareholders of the Company exercise joint control:

	Number of common shares	Ratio in %
State Enterprise, the State Property and Privatization Committee, Ministry of Finance, Republic of Kazakhstan	234 012	40
Chan Yang Bang (individual)	350 988	60
	<b>585 000</b>	<b>100</b>

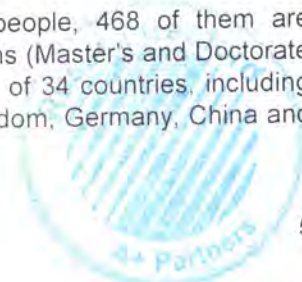
Governing bodies of KIMEP University are:

- Supreme body - General Meeting of Shareholders;
- Governing body - Board of Directors/Board of Trustees and Academic Council;
- Executive body - the President's Office;
- Academic Council of KIMEP University;
- other bodies of joint management created according to the executive decision.

The mission of KIMEP University is to provide world-class education and providing graduates with skills that ensure success in a constantly globalizing world. In September 2014, all of KIMEP University's undergraduate and graduate degree programs obtained accreditation from AQ Austria. A number of programs have further international accreditation. The Asian Forum on Business Education (AFBE) has granted accreditation to the undergraduate and graduate business programs. The Executive MBA also has been accredited by the Federation for International Business Administration (FIBAA). In the social sciences, the undergraduate and graduate programs in Public Administration have received accreditation from the European Association for Public Administration Accreditation, while the American Communications Association has accredited the undergraduate and graduate programs in Journalism and Mass Communication.

The faculty of KIMEP University consists of professors from Kazakhstan and foreign countries, the majority of them received Master's and PhD degrees in European and North American universities. KIMEP University has the greatest number of professors with terminal degrees obtained in Western-style universities, among all CIS countries.

In the reporting year total enrollment of students is approximately 587 people, 468 of them are undergraduate students and 119 students are enrolled in the graduate programs (Master's and Doctorate Programs). 14% of the student body of KIMEP University are representatives of 34 countries, including Russia, Kyrgyzstan, Uzbekistan, Tajikistan, the United States, the United Kingdom, Germany, China and Korea.



## 1. GENERAL INFORMATION (CONTINUED)

The Company has no branch offices or representative offices at the territory of the Republic of Kazakhstan and abroad.

Actual and legal location: 4 Abay avenue, Almaty city, 050010, Republic of Kazakhstan

Official web site: [www.kimep.kz](http://www.kimep.kz)

## 2. BASIS OF PREPARATION

### Statement of compliance

These Financial Statements of the Company have been prepared in accordance with International Financial Reporting Standards (hereinafter - IFRS) as amended by the International Accounting Standards Board (hereinafter - IAS Board).

The Financial Statements have been prepared on accrual basis under the historical cost, except for the measurement at fair value of certain financial instruments.

The Financial Statements are presented in the national currency of the Republic of Kazakhstan, and all values in these Financial Statements are rounded to the thousand of tenge.

### Foreign Currency Translation

The Financial Statements are presented in tenge, which is a functional currency of the Company.

Transactions in foreign currencies are initially accounted in the functional currency at the spot rate effective at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency according to the exchange rates at the date of the transaction. All differences are reflected in the Statement of Comprehensive Income.

Non-monetary assets and liabilities accounted in items evaluated at the historical cost are accounted according to the exchange rate effective at the date of the initial transaction.

Average weighted exchange rates established by the Kazakhstan Stock Exchange (KASE) are used as official exchange rates in the Republic of Kazakhstan.

The exchange rate of the KASE at 31 December 2018 was 384.20 tenge per 1 US dollar, 488.13 tenge per 1 pound sterling of Great Britain, 439.37 tenge per 1 euro.

### Significant accounting judgements and estimates

Preparation of the financial statements requires management to make judgments, estimates and assumptions that can affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent assets and liabilities at the balance sheet date. However, uncertainty about these assumptions and estimates could result in material adjustments to the carrying amounts of assets or liabilities in future periods.

In particular, the Company identified the following areas in which it is necessary to make significant estimates and assumptions, and which, if the actual results differ from the expected ones, may significantly affect the future financial position or financial results:

#### Taxation

In assessing tax risks, the Management considers certain areas of non-compliance with tax laws as possible liabilities, which the Company cannot dispute or does not believe that it will be able to successfully appeal if additional taxes are charged by tax authorities. Such a definition requires the use of significant judgements and may change as a result of changes in tax legislation and regulations, determining expected results for pending tax proceedings and on the basis of the result of compliance checks carried out by tax authorities.



**2. BASIS OF PREPARATION (CONTINUED)****Significant accounting judgements and estimates (continued)***Contingent liabilities*

By nature, contingent liabilities will be settled only if one or more events occur in the future or not. The valuation of contingent liabilities by definition involves the use of a substantial amount of judgement and estimated values in relation to the outcome of future events.

**3. OVERVIEW OF SIGNIFICANT ASPECTS OF THE ACCOUNTING POLICY****Property, plant and equipment**

Property, plant and equipment are stated at its cost less any accumulated depreciation and impairment losses. The initial cost of the asset consists of the costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it.

Depreciation on assets under construction and assets not yet to be operated is run from the date when such assets are ready for their intended use.

Depreciation is accrued for all types of property, plant and equipment using a straight-line basis over the estimated useful lives of the assets listed in the following table:

	Useful life (years)
Buildings and constructions	25 – 50
Machinery and equipment	4 – 10
Vehicles	5 – 7
Other	4 – 10

The residual value of an asset, useful lives and methods of depreciation are reviewed and adjusted at the end of each financial year, if appropriate.

Property, plant and equipment or their major component formerly recognized, are derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in other operating income or expenses.

**Inventories**

Inventories are measured at the lower of actual cost and net realizable value. The cost of inventories comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The same formula of cost calculation is applied to all inventory reserves of similar character and appointment. The cost of inventory is determined using the weighted average cost method.

**Deferred income**

The grants awarded for the purpose of acquisition, creation of long-term assets or for undertaking the current expenditures are recognized as deferred income.

Awarded income in the form of grants, endowment, donation and other target financings of educational activity are defined as deferred revenues. For recognition of the income of a current period is tested for the performance-related conditions and availability of expenses of a current period within this target financing provided by the budget of the specific program. In case under the terms of the agreement of target financing return or the requirement about return is provided, an unused part of deferred revenue is recognized as a payback debt.

The deferred income, which are subject to recognition in the long-term period, are reflected in the statement of financial position separately as part of long-term liability, or in case of insignificance is reflected as a part of other long-term liabilities.



### 3. OVERVIEW OF SIGNIFICANT ASPECTS OF THE ACCOUNTING POLICY (CONTINUED)

#### Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position include cash in bank, cash on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

#### Financial liabilities

##### *Initial recognition and measurement*

Financial liabilities that are within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings. The Company classifies its financial liabilities at the time of their initial recognition.

Financial liabilities are initially recognized at fair value, increased in the case of loans and credits for the transaction costs directly related to them.

The Company's financial liabilities include accounts payable.

##### *Subsequent assessment*

Trade payables are initially recognized at fair value subsequently re-measured at depreciated value using the effective interest rate method.

##### *Derecognition*

A financial liability is derecognized in the statement of financial position when the obligation is discharged, cancelled or expired. 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 replacement or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

##### *Offset of financial instruments*

A financial asset and financial liability can be offset and the net balance reported in the statement of financial position, only if there is a legal right to offset the amounts recognized and there is the intention either to settle on a net basis, or to realize the asset and simultaneously settle the liability.

#### Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined based on market quotes or dealer quotes (buy quotes for long positions and sell quotes for short positions), without deducting transaction costs.

For financial instruments that are not traded in an active market, the fair value is determined by applying appropriate valuation techniques. Such methodologies may include the use of prices of recently conducted commercial transactions, the use of the current fair value of similar instruments; analysis of discounted cash flows, or other valuation models.

#### Reserves

Reserves are recognized if the Company has a current liability (legal or practice) arising from a past event; the outflow of economic benefits that will be required to settle this liability is probable, and a reliable estimate of the amount of such an liability can be obtained. If the Company expects to receive reimbursement of some or all of the reserves, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only if the receipt of reimbursement is not in doubt.



### 3. OVERVIEW OF SIGNIFICANT ASPECTS OF THE ACCOUNTING POLICY (CONTINUED)

#### Revenue and expense recognition

##### *Revenue*

Revenues are recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenues do not include any indirect taxes.

For all financial instruments measured at amortized cost, interest income or expense is recognized using the effective interest method, that is, at a rate that discounts estimated future cash inflows over the expected period of circulation of the financial instrument to the net book value of the financial asset. Interest income is included in finance income in the statement of comprehensive income.

##### *Expenses*

Expenses are recognized regardless of when cash or cash equivalents were paid and are recorded in the financial statements in the period to which they relate.

#### **Contingent assets and liabilities**

Contingent assets are not recognized in financial statements. If it is virtually possible to obtain revenue, then the related asset is not a contingent asset and its recognition is appropriate.

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the probability of an outflow of resources embodying economic benefits is low.

#### **Income tax**

Income tax comprise current income tax and are recognized in profit and loss for the period, except for the part related to the business combination or transactions recognized in equity or in other comprehensive income. Deferred tax is recognized in respect of temporary differences arising between the carrying amount of assets and liabilities, which is determined for the purposes of their reflection in the financial statements, and their tax base. The Management does not recognize deferred tax, since under the existing tax laws, in case of educational activities, in determining the taxable base, the amount of the corporate income tax payable to the budget is reduced by 100%, provided that revenues from educational activities, including income in the form of donated property received and interests earned on deposits, account for at least 90% of the total annual income.

Current income tax includes the amount of tax that is expected to be paid or refunded in respect of taxable income or tax loss for the year, which is calculated on the basis of tax rates that are in effect at the reporting date.

In determining the amount of current income tax, the Company takes into account the effect of uncertain tax positions and the possibility of adding fines and penalties for late payment of tax. Based on the results of its assessment of a number of factors, as well as the interpretation of Kazakhstan tax legislation, the Company's management believes that the liability to pay taxes for the tax period for which the tax authorities have the right to check the completeness of calculations with the budget is reflected in full. This assessment is based on estimates and assumptions and may include the formation of a number of professional judgements on the impact of future events. In the course of time, the Company may receive new information in its disposal, in connection with which the Company may need to change its judgements regarding the adequacy of existing tax liabilities. Such changes in the value of tax liabilities will affect the amount of tax for the period in which these judgements changed.

#### **Related parties**

Related parties are the relationships in which one party has the ability to control or significantly influence the financial and operating decisions of the other party as defined in IFRS 24 Related Party Disclosures.



### 3. OVERVIEW OF SIGNIFICANT ASPECTS OF THE ACCOUNTING POLICY (CONTINUED)

#### Events after reporting date

Events that occurred after the end of the year, which provide additional information on the Company's position at the reporting date (corrective events), are reflected in the financial statements. Events that occurred after the end of the year, which are not corrective events are disclosed in the notes to the financial statements, if they are significant.

#### Changes in Accounting Policy and Information Disclosure Principles

*New standards, clarifications and amendments to the applicable standards and clarifications*

The new following standards and amendments came into force from 1 January 2018:

- *IFRS 9 Financial Instruments;*
- *IFRS 15 Revenue from Contracts with Customers;*
- *Interpretation IFRS 15 Revenue from Contracts with Customers;*
- *Interpretation IFRIC 22 Foreign Currency Transactions and Advance Consideration.*
- *Amendments to IAS 40 – Transfer of Investment Property;*
- *Amendments to IFRS 2 – Classification and Measurement of Share-Based Payment Transactions;*
- *Amendments to IFRS 4, – Application of IFRS 9 Financial Instruments together with IFRS 4 Insurance Contracts;*
- *Amendments to IAS 28 Investments in Associates and Joint Ventures – Clarification that decision to evaluate investment objects at fair value through profit or loss shall be made separately for each investment;*
- *Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards – Removal of short-term exemptions for organizations using IFRS for the first time.*

In 2018, some other amendments to standards and explanations were also applied for the first time, which did not affect the financial statements of the Company. The Company has not early applied any standards, interpretations or amendments which have been issued but is not yet effective.

#### **IFRS 9 Financial Instruments**

IFRS 9 *Financial Instruments* supersedes IAS 39 *Financial Instruments: Recognition and Measurement* and becomes effective for annual periods beginning on or after 1 January 2018. IFRS 9 combines all three aspects of accounting of financial instruments: classification and evaluation, impairment and hedging accounting.

#### **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 supersedes IAS 11 *Construction Contracts*, IAS 18 *Revenue* and corresponding explanations and, with some exceptions, applies to all revenue items arising from contracts with customers. To account for revenue arising from contracts with customers, IFRS 15 provides for a five-step model and requires revenue recognition in an amount reflecting the reimbursement that the entity expects to be entitled to in exchange for transferring goods or services to the customer.

IFRS 15 requires entities to apply judgement and take all relevant facts and circumstances into account when applying each stage of the model to contracts with customers.



**3. OVERVIEW OF SIGNIFICANT ASPECTS OF THE ACCOUNTING POLICY (CONTINUED)*****IFRS 15 Revenue from Contracts with Customers (continued)***

The standard also contains requirements for the accounting of additional costs for the conclusion of the contract and costs directly related to the execution of the contract. In addition, the standard requires the disclosure of a large amount of information.

***Interpretation IFRIC 22 Foreign Currency Transactions and Advance Consideration***

The explanation clarifies that the date of the transaction for the purpose of determining the exchange rate to be used upon initial recognition of the relevant asset, expense or income (or part thereof) when derecognizing a non-monetary asset or non-monetary liability arising from making or receiving an advance payment to which the entity initially recognizes a non-monetary asset or non-monetary liability arising from the performance or receipt of an advance payment. In the case of multiple transactions of making or receiving an advance payment, the entity must determine the date of the operation for each payment or receipt of an advance payment. These explanations do not have any impact on the financial statements of the Company.

***Amendments to IAS 40 – Transfer of Investment Property***

The amendments clarify when an entity should transfer real estate, including real estate under construction or development, to or from an investment real estate category. The amendments state that the change in the nature of use occurs when the property starts or ceases to comply with the definition of investment property and there is evidence of a change in the nature of its use. The change in management's intentions regarding the use of the property does not indicate a change in the nature of its use. These amendments do not have any impact on the financial statements of the Company.

***Amendments to IFRS 2 – Classification and Measurement of Share-Based Payment Transactions***

The IFRS Board has issued amendments to IFRS 2 *Share-based payment*, here three main aspects are considered: the impact of the conditions for the transfer of rights to valuation of share-based payment transactions with cash settlements; the classification of share-based payment transactions with a net settlement condition for tax liabilities withheld at the source; accounting for changes in the conditions of a share-based payment transaction, as a result of which an operation should be classified as a equity-settled transaction and begins to be classified as an cash-settled transaction. When adopting amendments, entities are not required to recalculate information for prior periods, but retrospective application is permissible subject to the application of amendments to all three aspects and other criteria.

The Company does not perform share-based payment transactions that provide for settlement on a net basis for withholding tax liabilities. These amendments do not apply to the Company.

***Amendments to IFRS 4 – Application of IFRS 9 Financial Instrument together with IFRS 4 Insurance Contracts***

These amendments eliminate problems arising from the application of the new standard for financial instruments, IFRS 9, before the introduction of IFRS 17 *Insurance Contracts*, which supersedes IFRS 4. The amendments provide two options for entities issuing insurance contracts: temporary exemption from the application of IFRS 9 and the overlay method. These amendments do not apply to the Company.

***Amendments to IAS 28 Investments in Associates and Joint Ventures – Clarification that decision to evaluate investment objects at fair value through profit or loss shall be made separately for each investment***

The amendments clarify that an entities specializing in venture capital investments or another similar entity may decide to evaluate an investment in associates and joint ventures at fair value through profit or loss separately for each such investment upon initial recognition. If an entity that is not an investment entity has an interest in an associate or joint venture that is an investment entity, then when applying the equity method, such an entity may decide to keep the fair value estimate applied by its associate or joint venture, being investment organizations, to their own shares in subsidiaries.





### 3. OVERVIEW OF SIGNIFICANT ASPECTS OF THE ACCOUNTING POLICY (CONTINUED)

#### ***Amendments to IAS 28 Investments in Associates and Joint Ventures – Clarification that decision to evaluate investment objects at fair value through profit or loss shall be made separately for each investment (continued)***

Such a decision is made separately for each associated entity or joint venture, which is an investment entity, for the later of the following dates: (a) the date of initial recognition of the associated entity or joint venture, which are investment entities; (b) the date on which the associate or joint venture becomes an investment entity; and (c) the date on which the associate or joint venture, which is an investment entity, becomes its parent company for the first time. These amendments do not have any impact on the financial statements of the Company.

#### **Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards” – Removal of short-term exemptions for entities using IFRS for the first time**

The short-term exemptions provided for by paragraphs E3-E7 of IFRS 1 have been excluded because they have fulfilled their intended purpose. These amendments do not have any impact on the financial statements of the Company.

#### **New standards and interpretations not yet effective**

Below are the new standards, amendments and interpretations that have been issued, but not yet effective at the date of issuance of the financial statements of the Company. The company intends to apply these standards, amendments and interpretations, if applicable, from the date they become effective.

#### ***IFRS 16 Leases***

IFRS 16 was issued in January 2016 and replaces IAS 17 Leases, Clarification of IFRS (IFRIC) 4 Determining whether an Arrangement contains a Lease SIC 15 Operating Lease - Incentives and SIC 27 Evaluating the Substance of Transactions Involving the legal form of a Lease. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

Lessees will be required to recognize the interest expense on the lease obligation separately from the depreciation expense of the asset in the form of the use rights.

Lessees will also have to revalue the lease obligation upon the occurrence of a particular event (for example, a change in lease terms, a change in future rental payments as a result of a change in the index or the rate used to determine such payments). In most cases, the lessee will take into account the revaluation amount of the lease liability as an adjustment to the asset in the form of the use rights.

Unlike the lessee's accounting the lessor's accounting in accordance with IFRS 16 remained practically unchanged compared to IAS 17 and requires dividing lease agreements into operating or financial leases

IFRS 16, effective for annual periods beginning after 1 January 2019, requires more disclosures from lessors and lessees compared to IAS 17

#### ***Transition to IFRS 16***

The Company is planning to adopt the modified retrospective approach in respect of lease agreements at the date of initial application of the standard. The Company decided to use the exemptions stipulated by the standard for lease agreements for which the lease term at the date of initial application is no more than 12 months, as well as lease agreements for which the underlying asset has a low cost.



### 3. OVERVIEW OF SIGNIFICANT ASPECTS OF THE ACCOUNTING POLICY (CONTINUED)

#### *Transition to IFRS 16 (continued)*

In 2018, the Company analyzed the impact of IFRS 16. According to the results of analysis the Company does not expect a significant impact on its financial statements.

#### *IFRS 17 Insurance contracts*

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new financial reporting standard for insurance contracts that establishes principles for the recognition and measurement, presentation and disclosure of information. When IFRS 17 becomes effective, it will replace IFRS 4 Insurance Contracts, which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e. life insurance and non-life insurance, direct insurance and reinsurance) regardless of the type of entity that issues them, as well as certain guarantees and financial instruments with conditions discretionary participation. There are several exceptions to the scope of application. The main objective of IFRS 17 is to provide an accounting model for insurance contracts that is more efficient and consistent for insurers.

Unlike the requirements of IFRS 4, which are mainly based on previous local accounting policies, IFRS 17 provides a comprehensive accounting model for insurance contracts, covering all relevant aspects of accounting. The basis of IFRS 17 is a general model, supplemented by the following:

- A specific adaptation for insurance contracts with direct participation terms (variable fee approach).
- Simplified approach (premium allocation approach) mainly for short-term contracts.

IFRS 17 is effective for annual periods beginning after 1 January 2021 and is required to provide comparative information. Early application is permitted, provided that the entity also applies IFRS 9 and IFRS 15 on or before the date of first application of IFRS 17. This standard does not apply to the Company.

#### *Interpretation to IFRIC 23 Uncertainty over Income Tax Treatments*

The interpretation considers the treatment of income tax when there is uncertainty in tax treatment that affects the application of IAS 12. The explanation does not apply to taxes or fees that are not within the scope of IAS 12, and does not contain special requirements relating to interest and penalties associated with uncertain tax treatment. In particular, the clarification addresses the following questions:

- whether the entity considers uncertain tax treatments separately;
- the assumptions that the entity makes in relation to the inspection of tax treatments by the tax authorities;
- how the entity determines taxable income (tax loss), tax base, unused tax losses, unused tax benefits and tax rates;
- how the entity views changes in facts and circumstances.

The entity have to decide whether to treat each uncertain tax treatment individually or together with one or more other uncertain tax treatments. It is necessary to use an approach that will allow us to predict the outcome of uncertainty resolution with greater accuracy. The interpretation is effective for annual periods beginning after 1 January 2019. Certain exemptions are allowed upon transition.

#### *Amendment to IFRS 9 Prepayment Features with Negative Compensation*

According to IFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are "solely payments on the principal amount of the debt and interest on the outstanding part of the principal amount" (SPPI) and the instrument is retained within the framework of an appropriate business model allowing such a classification. The amendments to IFRS 9 clarify that a financial asset meets the SPPI criterion regardless of which event or circumstance leads to early termination of the contract, and also regardless of which party pays or receives a reasonable refund for the early termination of the contract.



### 3. OVERVIEW OF SIGNIFICANT ASPECTS OF THE ACCOUNTING POLICY (CONTINUED)

#### ***Amendment to IFRS 9 Prepayment Features with Negative Compensation (continued)***

These amendments are applied retrospectively and become effective for annual periods beginning 1 January 2019. Early application is permitted. These amendments do not affect the Company's financial statements.

#### ***Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture***

The amendments consider the inconsistency between IFRS 10 and IAS 28 regarding accounting for the loss of control over or affiliated with a subsidiary that is sold to an associate or joint venture. The amendments clarify that profit or loss resulting from the sale or contribution of assets constituting a business, as defined in IFRS 3, in a transaction between an investor and its associated entity or joint venture, is recognized in full. However, profit or loss resulting from the sale or contribution of assets that are not a business is recognized only to the extent of interests held by other than the entity, investors in an associate or joint venture.

The IASB postponed effective date of these amendments for an indefinite period, however the entity applying these amendments early must apply them prospectively. This standard does not apply to the Company.

#### ***Amendments to IFRS 19 Plan Amendment, Curtailment or Settlement***

Amendments to IFRS (IAS) 19 address the accounting when a plan amendment, curtailment or settlement, occurs during the reporting period. The amendments specify that when a plan amendment, curtailment or settlement, occurs during the reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event;
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognized in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019. Early application is permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Company.

#### ***Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures***

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.



### 3. OVERVIEW OF SIGNIFICANT ASPECTS OF THE ACCOUNTING POLICY (CONTINUED)

#### *Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures*

The amendments are applied retrospectively and are effective for annual periods beginning on or after 1 January 2019. Early application is permitted. Since the Company does not have such long-term interests in its associate and joint venture, the amendments will not have an impact on its financial statements.

#### **Annual improvements, 2015-2017 cycle (issued in December 2017)**

These improvements comprise the following:

##### *IFRS 3 Business Combinations*

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation. An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019. Early application is permitted. These amendments will apply on future business combinations of the Company.

##### *IFRS 11 Joint Arrangements*

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured. An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019. Early application is permitted. These amendments are currently not applicable to the Company but may apply to future transactions.

##### *IAS 12 Income Taxes*

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019. Early application is permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognized on or after the beginning of the earliest comparative period. Since the Company's current practice is in line with these amendments, the Company does not expect any effect on its financial statements.

##### *IAS 23 Borrowing Costs*

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. Early application is permitted. Since the Company's current practice is in line with these amendments, the Company does not expect any effect on its financial statements.



NOTES TO THE FINANCIAL STATEMENTS  
for the year ended at 31 December 2018

4. PROPERTY, PLANT AND EQUIPMENT

At 31 December 2018 and 2017, Property, plant and equipment of the Company are presented as follows:

<i>in thousands of tenge</i>	2018	2017
<b>Book value</b>		
Land	98 443	98 443
Buildings and constructions	2 342 215	1 806 934
Machinery and equipment	650 251	281 734
Vehicles	38 487	8 469
Other	77 230	43 081
Construction-in-progress	33 357	317 554
	<b>3 239 983</b>	<b>2 556 215</b>

<i>in thousands of tenge</i>	Land	Buildings and constructions	Machinery and equipment	Vehicles	Other	Construction-in-progress	Total
<b>Cost</b>							
01 January 2017	98 443	2 407 646	549 324	42 207	637 716	1 791	3 737 127
Acquisitions	-	85 605	219 278	-	27 541	341 150	673 574
Transfers	-	24 940	308 893	-	(308 446)	(25 387)	-
Disposals	-	-	(47 952)	(4 865)	(221)	-	(53 038)
31 December 2017	98 443	2 518 191	1 029 543	37 342	356 590	317 554	4 357 663
Acquisition	-	25 958	437 732	35 604	52 358	365 850	917 502
Transfers	-	623 084	26 858	-	-	(649 942)	-
Disposals	-	-	(16 252)	-	(230)	(105)	(16 587)
31 December 2018	98 443	3 167 233	1 477 881	72 946	408 718	33 357	5 258 578
<b>Accumulated depreciation and impairment</b>							
01 January 2017	-	606 870	475 335	30 801	566 545	-	1 679 551
Accrual for the year	-	104 387	57 521	2 937	9 479	-	174 324
Transfers	-	-	262 294	-	(262 294)	-	-
Disposals	-	-	(47 341)	(4 865)	(221)	-	(52 427)
31 December 2017	-	711 257	747 809	28 873	313 509	-	1 801 448
Accrual for the year	-	113 761	95 300	5 586	18 204	-	232 851
Transfers	-	-	-	-	-	-	-
Disposals	-	-	(15 479)	-	(225)	-	(15 704)
31 December 2018	-	825 018	827 630	34 459	331 488	-	2 018 595
<b>Net book value</b>							
31 December 2018	98 443	2 342 215	650 251	38 487	77 230	33 357	3 239 983
31 December 2017	98 443	1 806 934	281 734	8 469	43 081	317 554	2 556 215



NOTES TO THE FINANCIAL STATEMENTS  
for the year ended at 31 December 2018

During the reporting period, depreciation for Property, plant and equipment was allocated to the following expenditure items:

<i>in thousands of tenge</i>	2018	2017
Cost of goods and services	123 695	139 846
Administrative expenses	109 007	27 276
Selling expenses	149	7 202
	<b>232 851</b>	<b>174 324</b>

There are no Property, plant and equipment pledged at the reporting date.

## 5. INTANGIBLE ASSETS

At 31 December 2018 and 2017 intangible assets of the Company are presented as follows:

<i>in thousands of tenge</i>	Software	Other	Total
<b>Cost</b>			
<b>01 January 2017</b>	11 969	-	11 969
Acquisition	2 206	-	2 206
Disposals	(1 457)	-	(1 457)
<b>31 December 2017</b>	<b>12 718</b>	-	<b>12 718</b>
Acquisition	468	-	468
Disposals	(18)	-	(18)
<b>31 December 2018</b>	<b>13 168</b>	-	<b>13 168</b>
<b>Accumulated depreciation and impairment</b>			
<b>01 January 2017</b>	4 939	-	4 939
Accrual for the year	1 633	-	1 633
Disposals	-	-	-
<b>31 December 2017</b>	<b>6 572</b>	-	<b>6 572</b>
Accrual for the year	1 475	-	1 475
Disposals	-	-	-
<b>31 December 2018</b>	<b>8 047</b>	-	<b>8 047</b>
<b>31 December 2018</b>	<b>5 121</b>	-	<b>5 121</b>
31 December 2017	6 146	-	6 146

During the reporting period, amortization for intangible assets was distributed as follows:

<i>in thousands of tenge</i>	2018	2017
Cost of goods and services	1 475	1 633
Administrative expenses	-	-
Selling expenses	-	-
	<b>1 475</b>	<b>1 633</b>



**6. FINANCIAL ASSETS**

At 31 December 2018 and 2017 non-current and current financial assets are presented as follows:

<i>in thousands of tenge</i>	31 December 2018	31 December 2017
<b>Receivables for additional electrical capacity</b>		
Non-current	37 034	40 452
Current	3 419	3 419
Discount	(23 481)	(22 321)
	<b>16 972</b>	<b>21 550</b>

Including:

<i>in thousands of tenge</i>	31 December 2018	31 December 2017
Financial assets, current	3 419	3 419
Financial assets, non-current	13 553	18 131
	<b>16 972</b>	<b>21 550</b>

According to the Order of the Chairman of Agency for Regulation of Natural Monopolies of the Republic of Kazakhstan dated 21 February 2007 Approval of the Rules for compensating a transmission entity for the cost of expansion and upgrade of the public energy transportation network on a repayable basis, an agreement dated 10 October 2007 was concluded to connect additional electric capacity for the amount of 68 370 thousand tenge between Almaty Zharyk Company JSC and the Company. This amount is repaid by equal monthly installments amounted to 284 875 tenge starting from 1 November 2010 until 10 October 2030. The Company recognized the loan at amortized cost.

**7. NON-CURRENT RECEIVABLES**

At 31 December 2018 and 2017 trade receivables are presented as follows:

<i>in thousands of tenge</i>	31 December 2018	31 December 2017
Students' tuition fees receivables	42 462	43 312
Students' accommodation fee receivables	2 930	3 616
Employees' tuition fees receivables	14 038	15 881
	<b>59 430</b>	<b>62 809</b>
Provision for doubtful debts	(45 445)	(44 305)
	<b>13 985</b>	<b>18 504</b>

**8. CASH AND CASH EQUIVALENTS**

At 31 December 2018 and 2017 the Company's cash and cash equivalents are presented as follows:

<i>in thousands of tenge</i>	31 December 2018	31 December 2017
Cash in current bank accounts	218 242	188 995
Cash on card accounts	1 215	2 657
	<b>219 457</b>	<b>191 652</b>
Cash on hand	1 032	338
	<b>220 489</b>	<b>191 990</b>

Cash and cash equivalents are denominated in the following currencies:

<i>in thousands of tenge</i>	31 December 2018	31 December 2017
US Dollars	114 409	113 177
Tenge	99 922	78 317
British Pounds sterling	70	348
Euro	6 088	148
	<b>220 489</b>	<b>191 990</b>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended at 31 December 2018

Cash on current bank accounts is presented as follows:

<i>in thousands of tenge</i>	31 December 2018	31 December 2017
JSC Bank Center Credit	181 710	138 759
JSC Kazkommertsbank	-	52 893
JSC Halyk Bank of Kazakhstan	37 725	-
JSC TSESABANK	22	-
	<b>219 457</b>	<b>191 652</b>

The cash presented above does not contain restrictions on its use or as assurance of any warranties. The company is confident that the fair value of its cash and cash equivalents is equal to the above carrying value.

## 9. TRADE RECEIVABLES

As of 31 December 2018 and 2017 trade receivables are presented as follows:

<i>in thousands of tenge</i>	31 December 2018	31 December 2017
Tuition fee receivables from students	20 233	24 255
Other receivables	9 055	55 827
	<b>29 288</b>	<b>80 082</b>
Provision for doubtful debts	(4 875)	(4 841)
	<b>24 413</b>	<b>75 241</b>

Other receivables include student debt for library, accommodation and other services.

The movement of provision for doubtful debts is presented as follows:

<i>in thousands of tenge</i>	31 December 2018	31 December 2017
<b>At the beginning of year</b>	<b>(4 841)</b>	<b>(1 862)</b>
Accrued for the year	(4 985)	(3 541)
Reversed for the year	4 951	562
<b>At the end of year</b>	<b>(4 875)</b>	<b>(4 841)</b>

## 10. OTHER RECEIVABLES

At 31 December 2018 and 2017 other accounts receivable are presented as follows:

<i>in thousands of tenge</i>	31 December 2018	31 December 2017
Advances paid	90 869	299 424
Rent receivable	2 446	5 437
Deferred expenses	49 546	46 272
Receivables from employees	2 830	3 286
Other receivables	3 231	5 450
	<b>148 922</b>	<b>359 869</b>
Provision for doubtful debts	(109)	(932)
	<b>148 813</b>	<b>358 937</b>

Advances paid are presented by prepayment to suppliers of goods and services, mainly such as Cumbre Construction LLP for construction and installation works, New Technologies-Taraz LLP and USKO Mebel LLP for supply of property, plant and equipment FIBAA and B.I.G. Engineering for rendering of services.

Deferred expenses are expenses that according to the principle of matching and accruals will be included in financial result in the forthcoming periods. All available deferred expenses of the Company are current as will be carried on costs within the next 12 months. Deferred expenses consist of medical insurance of employees, car insurance and subscription. Other receivables include debt on claims.



The movements of provision for doubtful debts is presented as follows:

<i>in thousands of tenge</i>	2018	2017
At the beginning of year	(932)	(553)
Accrued for the year	(1 463)	(409)
Reversed for the year	2 286	30
At the end of year	<b>(109)</b>	<b>(932)</b>

## 11. INVENTORIES

At 31 December 2018 and 2017 inventories are presented as follows:

<i>in thousands of tenge</i>	31 December 2018	31 December 2017
Stationery and other materials	140 462	107 414
Goods	3 485	8 319
	<b>143 947</b>	<b>115 733</b>
Provision for obsolete inventories	(15 616)	(15 615)
	<b>128 331</b>	<b>100 118</b>

Inventories movement for the reporting period is presented as follows:

<i>in thousands of tenge</i>	31 December 2018	31 December 2017
Balance at 1 January	<b>115 733</b>	<b>96 048</b>
Purchase for the period	113 559	93 076
Written of for the period	(85 345)	(73 391)
<b>Balance at 31 December</b>	<b>143 947</b>	<b>115 733</b>

The movement of provision for inventories during the reporting period is presented as follows:

<i>in thousands of tenge</i>	31 December 2018	31 December 2017
At 01 January	<b>15 615</b>	<b>15 515</b>
Accrued	1	100
Reversed	-	-
<b>At 31 December</b>	<b>15 616</b>	<b>15 615</b>

As of the reporting date, there are no pledged inventories.

## 12. CURRENT TAX ASSETS

At 31 December 2018 and 2017 current tax assets are presented as follows:

<i>in thousands of tenge</i>	31 December 2018	31 December 2017
Corporate income tax for non-residents	580	580
VAT	77	2 444
VAT for non-resident	4 999	2 556
Other taxes	8 528	2 770
	<b>14 184</b>	<b>8 350</b>

Other taxes include tax on property, land, vehicles and other compulsory payments in accordance with the Tax Legislation of the Republic of Kazakhstan.



**13. OTHER FINANCIAL INVESTMENTS**

At 31 December 2018 and 2017 other financial investments are presented as follows:

<i>in thousands of tenge</i>	<b>31 December 2018</b>	<b>31 December 2017</b>
Deposit	5 850 607	5 419 442
	<b>5 850 607</b>	<b>5 419 442</b>

Other financial investments by currency:

<i>in thousands of tenge</i>	<b>31 December 2018</b>	<b>31 December 2017</b>
Deposits in bank	5 804 925	5 382 312
Interest receivable	45 682	37 130
	<b>5 850 607</b>	<b>5 419 442</b>

The interest is accrued on the monthly basis if the Depositor maintains the minimum required balance. Additional funds can be deposited and withdrawn from the deposit account. According to Kazakhstan tax law, withholding tax of 15% applies to the interest accrued. The interest calculation is based on 365 days per year on actual / calendar days.

**14. TRADE AND OTHER PAYABLES**

At 31 December 2018 and 2017 trade and other payables are presented as follows:

<i>in thousands of tenge</i>	<b>31 December 2018</b>	<b>31 December 2017</b>
Trade payables	19 655	26 443
Advances received	1 277 913	1 218 183
Salary payable	8	1 074
Other	129	1 428
	<b>1 297 705</b>	<b>1 247 128</b>

Advances received are presented mainly by prepayment from students for tuition, preparation courses, dormitory, library services and other University services.

**15. CURRENT PROVISIONS**

At 31 December 2018 and 2017 current provisions are presented as follows:

<i>in thousands of tenge</i>	<b>31 December 2018</b>	<b>31 December 2017</b>
Provision for unused vacations	345 179	308 688
Security deposit for fulfilment of obligations	57 790	42 080
Accrued expenses	22	22
	<b>402 991</b>	<b>350 790</b>

Current provisions are represented by accruals for unused vacation of employees' and students' security deposits to ensure fulfillment of obligations on library and dormitory.

The movement of provision of unused vacation is presented as follows:

<i>in thousands tenge</i>	<b>2018</b>	<b>2017</b>
As at the beginning of year	308 688	246 663
Accrued for the year	396 176	355 896
Reversed for the year	(359 685)	(293 871)
As at the end of year	<b>345 179</b>	<b>308 688</b>



**16. CURRENT TAX LIABILITIES**

At 31 December 2018 and 2017 short-term tax liabilities are presented as follows:

<i>in thousands of tenge</i>	<b>31 December 2018</b>	<b>31 December 2017</b>
Individual income tax	28 406	25 451
Social tax	24 014	23 037
VAT	6 709	12
Other	1 397	2
	<b>60 526</b>	<b>48 502</b>

**17. LIABILITIES ON OTHER MANDATORY AND VOLUNTARY PAYMENTS**

At 31 December 2018 and 2017 current mandatory and voluntary payments are presented as follows:

<i>in thousands of tenge</i>	<b>31 December 2018</b>	<b>31 December 2017</b>
Pension contributions	15 330	13 976
Social contributions	2 444	3 246
Medical insurance	1 349	1 311
Other	-	6
	<b>19 123</b>	<b>18 539</b>

**18. CURRENT RESERVES**

At 31 December 2018 and 2017 short-term reserves are presented as follows:

<i>in thousands of tenge</i>	<b>31 December 2018</b>	<b>31 December 2017</b>
Grants received from sponsors	8 056	12 360
Donations and sponsorships	29 242	28 585
Other trust funds	25 868	17 923
	<b>63 166</b>	<b>58 868</b>

The grants received from sponsors include the undeveloped portion of the grants received from various public institutions dedicated to the implementation of certain projects. As the project is implemented, the consumption budget is commensurate with the use of the budget; the absorbed part is transferred to the revenues of the reporting period.

Donations and sponsorships include target donations and any charitable contributions of individuals and legal entities in favor of the University. These funds will be spent on the target for various purposes (scholarships and financial support of students, organization of the events etc.)

The other trust funds include co-financing of tuition sponsors, financial support and student's accommodation (US-CAEF, Samsung and other funds).

**19. NON-CURRENT TRADE AND OTHER PAYABLES**

At 31 December 2018 and 2017 long-term trade and other payables are presented as follows:

<i>in thousands of tenge</i>	<b>31 December 2018</b>	<b>31 December 2017</b>
Long-term advance payments for tuition	56 936	57 103
Long-term advance payments for library	27 738	27 879
Long-term advance payments for courses	12 520	12 685
Long-term advance payments for dormitory	2 011	2 129
Estimated liabilities for legal claims	-	7 228
Long-term deposited salary payable to employee	-	267
	<b>99 205</b>	<b>107 291</b>

The non-current trade and other payables are represented by the non-current advanced payments from former students for tuition, library, training courses and other services.

**20. EQUITY**

At 31 December 2018 and 2017 the Company's equity is as follows:

<i>in thousands of tenge</i>	<b>31 December 2018</b>	<b>31 December 2017</b>
Share capital	537 146	537 146
Retained earnings	7 183 036	6 388 229
<b>Total equity</b>	<b>7 720 182</b>	<b>6 925 375</b>

At 31 December 2018, the Company's share capital is as follows:

<i>in thousands of tenge</i>	<b>Number of authorized shares (pcs.)</b>	<b>Authorized share capital</b>	<b>Redeemed shares in share capital</b>	<b>Issued share capital</b>
Common shares with nominal value of 1,000 tenge	500 750	500 750	500 750	500 750
Common shares with nominal value of 432 tenge	84 250	36 396	36 396	36 396
	<b>585 000</b>	<b>537 146</b>	<b>537 146</b>	<b>537 146</b>

<b>Shareholders</b>	<b>Number of ordinary shares</b>	<b>Ratio in %</b>
Legal Entity - State Enterprise, the State Property and Privatization Committee, Ministry of Finance, Republic of Kazakhstan	234 012	40
Chan Yang Bang – individual	350 988	60
	<b>585 000</b>	<b>100</b>

The share capital of the Company was contributed in the form of a transfer to the reorganized state non-for-profit organization KIMEP of a property complex of the State Institution Kazakhstan Institute of Management, Economics and Strategic research under the President of the Republic of Kazakhstan as a result of the privatization based on Decree of the President of the Republic of Kazakhstan No. 1178 dated 28 August 2003 On Reorganization of Kazakhstan Institute of Management, Economics and Strategic research under the President of the Republic of Kazakhstan and based on the Decree of the Government of the Republic of Kazakhstan No. 1148 dated 14 November 2003 On Reorganization of Kazakhstan Institute of Management, Economics and Strategic research under the President of the Republic of Kazakhstan. The valuation of the property complex contributed to the share capital of the Company was conducted in accordance with legislation of the Republic of Kazakhstan on privatization and valuation activity. The value of the property complex was determined to be 403 800 thousand tenge based on profitability method. The remaining part of the share capital of the Company was contributed in the form of cash.

In accordance with the Shareholders' Agreement dated 4 June 2004 an additional 84 250 shares were to be issued by 1 January 2006. The exclusive right to purchase additional share issued was granted to Major Shareholder. If any further additional shares were issued after 1 January 2006 to support the Company's financial stability, priority to purchase these shares would also be given to the Major Shareholder as long as another shareholder, the State Property and Privatization Committee of the Ministry of Finance maintains a 40 per cent stake of total share capital of the Company. In 2005, an additional issue of 84 250 ordinary shares with a par value of 432 tenge was registered. As a result, the share capital has increased by 36 396 thousand tenge. The Major Shareholder for cash consideration purchased the additional shares issued. According to the legislation of the Republic of Kazakhstan, non-profit companies do not have the right to distribute dividends.



NOTES TO THE FINANCIAL STATEMENTS  
for the year ended at 31 December 2018

<i>in thousands of tenge</i>	2018	2017
Trade and other payables	1 297 705	1 247 128
Cash and cash equivalents	(220 489)	(191 990)
<b>Net debt</b>	<b>1 077 216</b>	<b>1 055 138</b>
Capital	7 720 182	6 925 375
<b>Total capital and net debt</b>	<b>8 797 398</b>	<b>7 980 513</b>
<b>Leverage ratio</b>	<b>12,2%</b>	<b>13,2%</b>

The Company's policy is to maintain a strong capital base in order to preserve the trust of shareholders, creditors and the market as well as to ensure future business development. The Company manages the capital structure and changes it in accordance with the changes in economic conditions.

The Company manage the capital by using the leverage ratio, which is calculated by taking the total net debt and dividing it by the total equity. Net debt includes loans, trade and other payables less cash and cash equivalents, excluding the discontinued operations.

The Company's policy provides for maintaining the value of debt-to-capital ratio within not more than 40% in the future. During the reporting year, the ratio was 12.2% due to strengthening of equity item.

**21. REVENUE**

For the period from 1 January to 31 December 2018 and 2017 revenues were as follow:

<i>in thousands of tenge</i>	2018	2017
Tuition Revenue	5 108 818	4 846 101
Scholarships and educational grants	(699 445)	(558 928)
Dormitory	172 619	155 089
Additional courses	72 939	75 281
Library	5 096	6 307
	<b>4 660 027</b>	<b>4 523 850</b>

Revenue from the core business arises in the ordinary course of business of the Company and includes: (1) revenue from rendering the services for graduate and postgraduate education provided under the relevant licenses for the right to conduct educational activities less to scholarships and educational grants, (2) additional education, (3) revenue from accommodation in dormitory, (4) income from library.

**22. COST OF GOODS AND SERVICES**

For the period from 1 January to 31 December 2018 and 2017 cost of goods and services was as follows amounted to:

<i>in thousands of tenge</i>	2018	2017
Payroll and related taxes	(2 505 173)	(2 116 794)
Depreciation and amortization	(125 171)	(141 479)
Utility expenses	(102 971)	(88 086)
Goods and materials	(63 538)	(50 337)
Repair and maintenance	(50 121)	(29 695)
Advertising expenses	(9 237)	(22 743)
Travel expenses	(26 074)	(19 671)
Conferences organization	(24 668)	(18 451)
Communication services	(13 236)	(4 398)
Other expenses	(4 261)	(2 514)
	<b>(2 924 450)</b>	<b>(2 494 168)</b>

Payroll and related taxes comprise accrued salary and honorarium of faculty and other categories of instructors working under employment and outsourcing contracts, as well as all taxes related to salary.

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended at 31 December 2018**

Significant part of other expenses consist of membership fees to associations such as AACSB (Advancing Quality Management Education Worldwide), EFMD (The European Foundation for Management Development), as well as professional third-party services for students (professional medical examination and others).

**23. ADMINISTRATIVE EXPENSES**

For the period from 1 January to 31 December 2018 and 2017 administrative expenses by cost items amounted to:

<i>in thousands of tenge</i>	<b>2018</b>	<b>2017</b>
Payroll and related taxes	(932 914)	(924 461)
Materials	(31 186)	(38 055)
Repair and maintenance	(34 095)	(78 921)
Taxes	(110 315)	(97 657)
Travel and entertainment expenses	(18 125)	(13 129)
Depreciation and amortization	(109 007)	(27 276)
Consulting services	(12 810)	(12 724)
Reversal /(accrual) of provision for inventory	(2)	(100)
Communication services	(185)	(10 218)
Bank charges	(2 669)	(3 012)
Insurance expenses	(3 117)	(1 829)
Provision for doubtful debts	117	(9 050)
Accreditation expenses	(74 020)	(5 053)
Other expenses	(9 937)	(12 526)
	<b>(1 338 265)</b>	<b>(1 234 011)</b>

Accreditation expenses include services of Non-government Organization Independent Agency for Quality Assurance in Education (IQAA) and international organization FIBAA for accreditation of higher education program.

Other expenses include operating expenses of Supervisory Board members, seminars and preparatory courses.

**24. SELLING EXPENSES**

For the period from 1 January to 31 December 2018 and 2017 selling expenses amounted to:

<i>in thousands of tenge</i>	<b>2018</b>	<b>2017</b>
Payroll and related taxes	(110 332)	(56 673)
Arrangement of social events	(28 294)	(58 313)
Advertising expenses	(6 651)	(33 520)
Recruitment of students	(4 911)	(20 505)
Transportation and travel expenses	(12 919)	(16 244)
Materials	(2 659)	(1 452)
Depreciation and amortization	(149)	(7 202)
Rental expenses	-	(240)
Repair and maintenance	(11)	-
Communication services	(648)	-
Other expenses	(120)	(510)
<b>Total</b>	<b>(166 694)</b>	<b>(194 659)</b>



**25. OTHER INCOME / EXPENSES - NET**

For the period from 1 January to 31 December 2018 and 2017 other income / expenses amounted to:

<i>in thousands of tenge</i>	<b>2018</b>	<b>2017</b>
Foreign exchange gain	76 878	22 962
Grants received	61 500	50 989
Income from operating lease	54 534	48 736
Other proceeds from students	36 543	33 901
Income from the assets donated	2	53
Gain on asset disposal	621	2 922
Other income	27 358	8 219
<b>Total income</b>	<b>257 436</b>	<b>167 782</b>
Foreign exchange loss	(65 136)	(21 856)
Special-purpose program expenses	(97 085)	(81 538)
Loss on asset disposal	(773)	(568)
Other expenses	(20 097)	(17 930)
<b>Total expenses</b>	<b>(183 091)</b>	<b>(121 892)</b>
<b>Total net</b>	<b>74 345</b>	<b>45 890</b>

Other income/ (expenses) are other items that meet the definition of income/expense; they can occur or not occur in the ordinary course of business of the Company. The item "other proceeds from students" consists of various kinds of administrative fees refunds for late registration, late student payments and for transcript.

The grants received include special-purpose grants received from sponsors. Usage of special-purpose grants is in the line expenses under the special-purpose program (scholarships granted to students, travel and other expenses).

**26. FINANCE INCOME**

For the period from 1 January to 31 December 2018 and 2017, finance income amounted to:

<i>in thousands of tenge</i>	<b>2018</b>	<b>2017</b>
Income from other financial investments	491 003	447 017
Amortization of discount under the contract for additional electric capacity	(1 159)	2 975
<b>Total</b>	<b>489 844</b>	<b>449 992</b>

According to the tax legislation of the Republic of Kazakhstan, the amount of the corporate income tax (CIT) payable to the budget is reduced by the amount of CIT withheld at the source of payment from income in the form of interest. However this not applicable to the organization, performing activity in the social sphere. Accordingly, the Company recognizes the income from financial investments in amount minus withholding tax for the reporting period.

**27. INCOME TAX EXPENSE**

The Company belongs to organizations operating in the social sphere. According to Article 290 of the Tax Code of the Republic of Kazakhstan, the Company in its educational business activities has the right to reduce the amount of corporate income tax assessed by 100%, if income from the core activity accounts for no less than 90% of the total income.

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended at 31 December 2018

In the reporting period, the Company has no obligation to pay corporate income tax.

<i>in thousands of tenge</i>	2018	2017
Deferred tax expense (relief)	-	-
Current tax expense	-	-

Below is the reconciliation of income tax expense in respect to before-tax income, calculated using the statutory tax rate of 20%, with the expenses for the current corporate income tax for 2018:

<i>in thousands of tenge</i>	2018	2017
Profit/(loss) before tax	794 807	1 096 894
Officially established income tax rate	20%	20%
Contingent income tax expense	158 961	219 379
Decrease according to art.135 of the Tax Code of RK	(158 961)	(219 379)
Tax effect of expenses not included in tax base	-	-
Tax effect of income included in tax base	-	-
<b>Income tax expense</b>	-	-

## 28. COMMITMENTS AND CONTINGENCIES

### Taxation

The Company's operations and financial position may be affected by Kazakhstan political developments, including the application of existing and future legislation and tax regulations.

The currently applicable system of fines and penalties for violations identified, in accordance with the effective laws in Kazakhstan, is severe, the penalties include fines themselves, usually in the amount of 50% of the taxes additionally accrued and a penalty 2.5 times the refinancing rate established by the National Bank of Kazakhstan for each day of delay in the amount of the unpaid taxes. As a result, the amount of the penalty may exceed the amount of the basic tax. Fiscal periods remain open for review within five years, preceding the year of the review. Thus, the total amount of taxes, penalties and interest, if any, may be greater than the amount expensed in these statements.

The Company believes that its interpretation of the applicable law is correct and the likelihood that the Company's tax positions will be confirmed is high. In addition, the Company's management believes that it undertakes all necessary measures to maintain economic sustainability of the University in these conditions.

Because of uncertainty inherent to the Kazakhstani tax system, the potential amount of taxes, fines and penalties may exceed the amount charged to expenses until now and accrued at 31 December 2018. Despite the possibility of accruing such amounts and their potentially material nature, the Company's management believes that they are either unlikely or not measurable, or both at the same time.

The Company's activities and financial position may be affected by development of political situation in Kazakhstan, including the application of current and future legislation and regulatory acts in the field of taxation. The company does not believe that these potential liabilities in relation to its activities are more substantial than potential liabilities of similar enterprises in Kazakhstan.

The management believes that at 31 December 2018, its interpretation of the applicable law is appropriate and there is a possibility that the Company's position on taxes will be supported.

### Environmental issues

The Company's management believes that the Company currently complies with all existing laws and regulations of the Republic of Kazakhstan on environmental protection. However, in case of change of Kazakhstani environmental laws and regulations, the Company cannot predict the timing and extent of their change.





**28. COMMITMENTS AND CONTINGENCIES (CONTINUED)****Future operating lease commitments - the Company as the lessor**

The company has entered into commercial lease agreements for residential, educational and other premises. These lease agreements have a duration of 1 to 3 years. The minimum rent receivable in future periods at 31 December amounts to:

<i>in thousands of tenge</i>	<b>2018</b>	<b>2017</b>
Within a year	4 846	4 276
Over one year, but not more than five years	1 292	1 889
<b>Total</b>	<b>6 138</b>	<b>6 165</b>

**Litigation**

In the opinion of the Company's management, there are no ongoing legal proceedings or unresolved lawsuits that could have a significant impact on the results of operations or financial position and which were not accrued or disclosed in these financial statements.

**29. FINANCIAL INSTRUMENTS, OBJECTIVES AND POLICIES OF FINANCIAL RISK MANAGEMENT**

Due to the nature of its business, the Company is exposed to credit and liquidity risks.

The Company's main financial instruments include cash and cash equivalents, as well as accounts payable.

**Liquidity risk**

Liquidity risk is the risk that the Company will have difficulties in fulfilling obligations related to financial liabilities, the settlements of which are carried out by transferring cash or other financial asset. The Company's approach to liquidity management is to ensure, as far as possible, that the Company's constantly has liquid funds sufficient to repay its liabilities on time, both under normal and stressing conditions, avoiding unacceptable losses and not putting the Company's reputation at risk.

Usually, the Company ensures the availability of cash on first demand, in the amount sufficient to cover the expected operating expenses. It does not take into account the potential impact of exceptional circumstances, the occurrence of which could not be reasonably foreseen, e.g., natural disasters, etc.

The table below shows the Company's contractual terms for current financial assets and liabilities. The table was prepared on the basis of undiscounted cash flow based on the earliest date, on which the Company may be required to pay or when the Company expects to receive payment.

Calculation of liquidity risk at 31 December 2018 is presented below:

<i>in thousands of tenge</i>	<b>less than 1 month</b>	<b>from 1 to 3 months</b>	<b>from 3 to 6 months</b>	<b>from 6 to 12 months</b>	<b>more than 1 year</b>	<b>Total</b>
Cash and cash equivalents	220 489	-	-	-	-	<b>220 489</b>
Trade receivables	-	5 221	8 029	2 253	8 910	<b>24 413</b>
Financial assets	285	570	570	1 994	13 553	<b>16 972</b>
Other financial investments	-	5 850 607	-	-	-	<b>5 850 607</b>
	<b>220 774</b>	<b>5 856 398</b>	<b>8 599</b>	<b>4 247</b>	<b>22 463</b>	<b>6 112 481</b>
Trade and other payables	751 326	165 750	241 577	32 508	106 544	<b>1 297 705</b>
Current provisions	-	-	-	402 991	-	<b>402 991</b>
	<b>751 326</b>	<b>165 750</b>	<b>241 577</b>	<b>435 499</b>	<b>106 544</b>	<b>1 700 696</b>
<b>Net position at 31 December 2018</b>	<b>(530 552)</b>	<b>5 690 648</b>	<b>(232 978)</b>	<b>(431 252)</b>	<b>(84 081)</b>	<b>4 411 785</b>

**29. FINANCIAL INSTRUMENTS, OBJECTIVES AND POLICIES OF FINANCIAL RISK MANAGEMENT (CONTINUED)**

Calculation of liquidity risk at 31 December 2017 is presented below:

<i>in thousands of tenge</i>	less than 1 month	from 1 to 3 months	from 3 to 6 months	from 6 to 12 months	more than 1 year	Total
Cash and cash equivalents	191 990	-	-	-	-	191 990
Trade receivables	-	75 241	-	-	-	75 241
Financial assets	-	855	855	1 709	18 131	21 550
Other financial investments	-	5 419 442	-	-	-	5 419 442
	<b>191 990</b>	<b>5 495 538</b>	<b>855</b>	<b>1 709</b>	<b>18 131</b>	<b>5 708 223</b>
Trade and other payables	678 857	155 421	264 240	41 240	107 370	1 247 128
Current provisions	-	-	-	350 790	-	350 790
	<b>678 857</b>	<b>155 421</b>	<b>264 240</b>	<b>392 030</b>	<b>107 370</b>	<b>1 597 918</b>
<b>Net position at 31 December 2017</b>	<b>(486 867)</b>	<b>5 340 117</b>	<b>(263 385)</b>	<b>(390 321)</b>	<b>(89 239)</b>	<b>4 110 305</b>

**Credit risk**

The company is exposed to credit risk associated with other financial assets that include cash and cash equivalents. The Company's risk is associated with the possibility of counterparty default, and the maximum risk is equal to the carrying amount of these instruments. Credit risk resulting from cash balances in banks and financial institutions is managed by the Company in accordance with the internal policy. Surplus funds are transferred to deposit account.

Below is information on trade receivables, balances in banks and on hand and the available rating:

<i>in thousands of tenge</i>	31 December 2018	31 December 2017
<b>Trade and other receivables</b>	<b>24 413</b>	<b>75 241</b>
<b>Cash and cash equivalents</b>	<b>6 071 096</b>	<b>5 611 432</b>
Cash on hand	1 032	338
Cash on current bank accounts:	219 457	191 652
<i>JSC Kazkommertsbank</i>	-	52 893
<i>Rating: S&amp;P: B+/negative/B</i>		
<i>JSC Bank CenterCredit</i>	181 710	138 759
<i>Rating: S&amp;P: B/stable/B, kzBBB-</i>		
Deposit in JSC "BankCenterCredit" (for 12 months)	465 222	5 419 442
<i>JSC Halyk Bank of Kazakhstan</i>	37 725	-
<i>Rating: S&amp;P: BB/stable/B, kzAA-</i>		
<i>JSC TsesnaBank</i>	22	-
<i>Rating: S&amp;P: B-/stable/B</i>		
Deposit in JSC "TsesnaBank" (for 12 months)	5 385 385	-
<b>Total maximum exposure to credit risk</b>	<b>6 070 064</b>	<b>5 611 094</b>



**30. RELATED PARTIES DISCLOSURES**

A related party is a legal entity associated with the Company, as well as a person or a close member of a person related to the Company, if that person:

- has significant influence over the Company; or
- is a member of the key management personnel of the Company.

Close members of the family a person are those family members who may be expected to influence, or may be dependent on that person in their relationship with the Company.

Key management personnel are the persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) and persons holding positions of similar status in this company.

Transactions involving other related parties (companies associated with members of the family of key management personnel or personnel themselves, related parties of the Company's shareholders)

The table below contains information on the total amount of transactions that were concluded with related parties in 2018:

Name of related parties	Opening debt	Turnover on receivables	Turnover on payables	Closing debt
<b>USKO International LLP (property of the spouse of the Company's President)</b>				
Advances paid	77			77
Advances received	(193)	113	113	(193)
<b>Balance</b>	<b>(116)</b>	<b>113</b>	<b>113</b>	<b>(116)</b>
<b>USKO Logistic International JSC (property of the spouse of the Company's President)</b>				
Advances received	(144)	-	-	(144)
<b>Balance</b>	<b>(144)</b>	<b>-</b>	<b>-</b>	<b>(144)</b>
<b>USKO Mebel LLP (property of the spouse of the Company's President)</b>				
Supply of property, plant and equipment	47 849	85 907	133 756	-
<b>Balance</b>	<b>47 849</b>	<b>85 907</b>	<b>133 756</b>	<b>-</b>
<b>Ministry of Education of RK (is a related party of the shareholder – State of the Republic of Kazakhstan)</b>				
Grants and scholarships	-	5 028	5 028	-
<b>Balance</b>	<b>-</b>	<b>5 028</b>	<b>5 028</b>	<b>-</b>
<b>Buran Boiler LLP (Member of the Company's Board of Directors combines jobs)</b>				
Advances received	(360)	1 403	1 043	-
<b>Balance</b>	<b>(360)</b>	<b>1 403</b>	<b>1 043</b>	<b>-</b>
<b>Total</b>	<b>47 229</b>	<b>92 451</b>	<b>139 940</b>	<b>(260)</b>



**30. RELATED PARTIES DISCLOSURES (CONTINUED)**

The table below contains information on the total amount of transactions that were made with related parties in 2017:

Name of related parties	Opening debt	Turnover on receivables	Turnover on payables	Closing debt
<b>USKO International LLP (property of the spouse of the Company's President)</b>				
Advances paid	77	-	-	77
Advances received	(193)	-	-	(193)
Payment for services	-	-	-	-
<b>Balance</b>	<b>(116)</b>	<b>-</b>	<b>-</b>	<b>(116)</b>
<b>USKO Logistic International JSC (property of the spouse of the Company's President)</b>				
Advances received	(144)	-	-	(144)
<b>Balance</b>	<b>(144)</b>	<b>-</b>	<b>-</b>	<b>(144)</b>
<b>USKO Mebel LLP (property of the spouse of the Company's President)</b>				
Supply of property, plant and equipment	-	208 957	161 108	47 849
<b>Balance</b>	<b>-</b>	<b>208 957</b>	<b>161 108</b>	<b>47 849</b>
<b>Ministry of Education of RK (is a related party of the shareholder – State of the Republic of Kazakhstan)</b>				
Grants and scholarships	-	4 464	4 464	-
<b>Balance</b>	<b>-</b>	<b>4 464</b>	<b>4 464</b>	<b>-</b>
<b>Buran Boiler LLP (Member of the Company's Board of Directors combines jobs)</b>				
Advances received	(1 043)	2 760	2 077	(360)
<b>Balance</b>	<b>(1 043)</b>	<b>2 760</b>	<b>2 077</b>	<b>(360)</b>
<b>Balance</b>	<b>(1 303)</b>	<b>216 181</b>	<b>167 649</b>	<b>47 229</b>

**Transactions with key personnel**

Key management personnel benefits were equal to the following amounts shown in personnel costs:

<i>in thousands of tenge</i>	<b>2018</b>	<b>2017</b>
Salary	338 459	284 189
Social tax contributions	32 011	29 855
	<b>370 470</b>	<b>314 044</b>

Salary includes all remunerations and compensations payable to employees (IFRS 19 *Employee benefits*). Employee benefits include all forms of compensation, paid or payable or provided by or on behalf of the Company for the services rendered to the Company.



Salary for the reporting period by key management personnel:

<i>in thousands of tenge</i>	<b>2018</b>	<b>2017</b>
President	82 773	63 859
Provost and General Deputy to the President	48 320	43 317
Dean of Bang College of Business (BCB)	40 019	34 175
Associate Vice President of Academic Affairs	42 939	37 637
Associative Dean (PDP)	31 600	22 797
Dean of the Law School	28 473	27 001
Dean of College of Social Sciences(CSS)	26 840	24 581
Associate Vice President of administration and finance	24 563	20 199
Chief accountant	12 932	10 623
	<b>338 459</b>	<b>284 189</b>

### 31. EVENTS AFTER THE REPORTING PERIOD

There were no events having a significant impact on these financial statements of the Company after the reporting date.

