Joint-Stock Company
SOYUZDORSTROY

Consolidated Financial Statements
for 2020
and Independent Auditors' Report

Contents

'000 000 RUB	Note	2020	2019
Revenue	4	85 489	70 258
Cost of sales	5	(63 110)	(54 540)
Gross profit		**22 379**	**15 718**
Other income	7	1 289	952
Administrative expenses	6	(6 070)	(4 721)
Other expenses	7	(1 143)	(2 415)
Results from operating activities		**16 455**	**9 534**
Finance income	8	6 351	5 910
Finance costs	8	(7 268)	(6 198)
Share of profit of equity-accounted investees (net of income tax)		97	-
Profit before income tax		**15 635**	**9 246**
Income tax expense	10	(3 922)	(2 878)
Profit attributable to:		**11 713**	**6 368**
Owners of the Company		11 921	6 932
Non-controlling interests		(208)	(564)
Profit for the year		**11 713**	**6 368**
Other comprehensive income			
Items that will never be reclassified to profit or loss:			
Actuarial losses on defined benefit plans attributable to:			
Owners of the Company		(54)	(73)
Non-controlling interests		(9)	(13)
Other comprehensive loss		**(63)**	**(86)**
Total comprehensive income attributable to:		**11 650**	**6 282**
Owners of the Company		11 867	6 859
Non-controlling interests		(217)	(577)
Total comprehensive income for the year		**11 650**	**6 282**

These consolidated financial statements were approved by management on 15 April, 2021 and were signed on its behalf by:

General Director

Andreev A.V.

(signed)

Director of Economics and Finance JSC DSK AVTOBAN

Shtrek Y.M.

(signed)

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 7-48.

ASSETS	Note	31 December 2020 '000 000 RUB	31 December 2019 '000 000 RUB	31 December 2018 '000 000 RUB
Non-current assets				
Property, plant and equipment	11	3 551	3 963	4 422
Investment property		230	230	517
Intangible assets	12	231	176	228
Other investments and loans issued	13	3 306	1 690	3 675
Receivables and contract assets	15	77 101	39 716	13 835
Deferred tax assets		3 521	5 140	2 402
Total non-current assets		**87 940**	**50 915**	**25 079**
Current assets				
Inventories	14	2 698	5 256	4 839
Receivables and contract assets	15	8 322	12 607	18 482
Prepayments		12 175	3 224	4 953
Other receivables	15	8 684	6 149	9 689
Other investments and loans issued	13	1 872	5 817	599
Cash in special bank accounts	16	21 798	15 717	17 432
Cash and cash equivalents		1 854	347	354
Total current assets		**57 403**	**49 117**	**56 348**
Total assets		**145 343**	**100 032**	**81 427**
EQUITY AND LIABILITIES				
Equity				
Retained earnings		30 125	18 391	11 663
Total equity attributable to owners of the Company		**30 125**	**18 391**	**11 663**
Non-controlling interests		(25)	239	911
Total equity		**30 100**	**18 630**	**12 574**
Non-current liabilities				
Loans and borrowings	18	63 122	48 670	19 447
Trade and other payables	19	1 011	517	289
Provisions		1 304	846	615
Deferred tax liabilities		4 655	6 408	2 037
Total non-current liabilities		**70 092**	**56 441**	**22 388**
Current liabilities				
Loans and borrowings	18	10 668	9 661	15 842
Contract liabilities		14 297	888	11 995
Trade and other payables	19	18 589	13 330	17 293
Provisions		1 597	1 082	1 335
Total current liabilities		**45 151**	**24 961**	**46 465**
Total liabilities		**115 243**	**81 402**	**68 853**
Total equity and liabilities		**145 343**	**100 032**	**81 427**

The consolidated statement of financial position is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 7–48.

'000 000 RUB	Attributable to equity holders of the Company			Non-controlling interests	Total equity
	Share capital	Retained earnings	Total		
Balance at 1 January 2019	0.01	11 663	11 663	911	12 574
Total comprehensive income					
Profit for the year	-	6 932	6 932	(564)	6 368
Other comprehensive loss	-				
Actuarial losses on defined benefit plans (net of income tax)	-	(73)	(73)	(13)	(86)
Total other comprehensive loss	-	(73)	(73)	(13)	(86)
Total comprehensive income for the year	-	6 859	6 859	(577)	6 282
Transactions with owners of the Company					
Dividends	-	(131)	(131)	(104)	(235)
Disposal of subsidiaries shares	-	-	-	9	9
Total transactions with owners of the Company	-	(131)	(131)	(95)	(226)
Balance at 31 December 2019	0.01	18 391	18 391	239	18 630
Balance at 1 January 2020	0.01	18 391	18 391	239	18 630
Total comprehensive income for the year					
Profit for the year	-	11 921	11 921	(208)	11 713
Other comprehensive loss					
Actuarial losses on defined benefit plans (net of income tax)	-	(54)	(54)	(9)	(63)
Total other comprehensive loss	-	(54)	(54)	(9)	(63)
Total comprehensive income for the year	-	11 867	11 867	(217)	11 650
Transactions with owners of the Company					
Dividends	-	(133)	(133)	(53)	(186)
Disposal of subsidiaries shares	-	-	-	6	6
Total transactions with owners of the Company	-	(133)	(133)	(47)	(180)
Balance at 31 December 2020	0.01	30 125	30 125	(25)	30 100

The consolidated statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 7-48

'000 000 RUB	Note	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		11 713	6 368
Adjustments for:			
Depreciation and amortisation		1 287	1 302
Gain on disposal of property, plant and equipment	11	(26)	(31)
Share of profit of associates		(97)	-
Finance income	8	(6 351)	(5 910)
Finance costs	8	7 268	6 198
Expenses from the write-off of loans issued and receivables		157	70
Income tax expense	10	3 922	2 878
Cash flows from operating activities without taking into account changes in working capital and provisions		**17 873**	**10 875**
Changes in inventories	14	2 538	(397)
Changes in trade and other receivables	15	(41 347)	(8 912)
Changes in trade and other payables and provisions	19	18 579	(15 247)
Changes in cash in special bank accounts		(6 081)	1 715
Cash flows used in operations before income taxes and interest paid		**(8 338)**	**(11 966)**
Income tax paid		(1 817)	(2 964)
Interest paid		(5 900)	(4 951)
Net cash used in operating activities		**(16 055)**	**(19 881)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	11	(1 052)	(811)
Proceeds from sale of investment property		-	287
Proceeds from sale of property, plant and equipment		212	94
Acquisition of intangible assets		(36)	-
Disposal of subsidiaries shares		6	9
Proceeds from the sale of securities		-	8
Interest received		1 254	815
Loans issued		(8 123)	(19 109)
Repayment of loans issued		7 825	15 791
Net cash from/(used in) investing activities		**186**	**(2 918)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		51 037	48 467
Repayment of borrowings		(32 617)	(25 397)
Payment of lease liabilities		(858)	(518)
Payment of bank commissions		-	(43)
Dividends paid to owners of the Company		(186)	(235)
Net cash from financing activities		**17 376**	**22 792**
Net increase (decrease) in cash and cash equivalents		1 507	(7)
Cash and cash equivalents at 1 January without taking into account cash in special bank accounts		347	354
Cash and cash equivalents at 31 December without taking into account cash in special bank accounts		**1 854**	**347**

The consolidated statement of cash flows is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 7-48.

1 Reporting entity

(a) Organisation and operations

Joint-Stock Company SOYUZDORSTROY (the "Company") and its subsidiaries (the "AVTOBAN Group" or the "Group") comprise Russian joint-stock companies and limited liability companies, formed in accordance with the legislation of the Russian Federation. Prior to 20 December 2018, the Company operated as a limited liability company. The legal form of the Company changed to a joint-stock company following the resolution of its sole owner.

The Company's registered office is 119571 Moscow, Vernadsky Prospekt 92, building 1, room 2.

The Group's principal activity is construction of roads and public infrastructure. The Group is involved in a number of concession agreements and long-term investment agreements to build and operate toll roads.

The Group operates in the Russian Federation and has been recognized as one of the leaders in road construction.

The Group is ultimately controlled by Mr. Andreev A.V.

(b) Business environment

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

Starting in 2014, the United States of America, the European Union and some other countries have imposed and gradually expanded economic sanctions against a number of Russian individuals and legal entities. The imposition of the sanctions has led to increased economic uncertainty, including more volatile equity markets, a depreciation of the Russian rouble, a reduction in both local and foreign direct investment inflows and a significant tightening in the availability of credit. As a result, some Russian entities may experience difficulties accessing the international equity and debt markets and may become increasingly dependent on state support for their operations. The longer-term effects of the imposed and possible additional sanctions are difficult to determine. The COVID-19 coronavirus pandemic has further increased uncertainty in the business environment.

The consolidated financial statements reflect management's assessment of the impact of the Russian business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

(c) Impact of Coronavirus Infection (COVID-19)

On 11 March 2020 the World Health Organization announced the COVID-19 pandemic outbreak.

The Government of the Russian Federation determined that companies engaged in the construction and operation of highways are considered to be continuously operating organizations. Therefore the Group didn't suspend work at construction sites during 2020.

The companies of the Group continue to fulfill their obligations under agreements with its customers and do not expect significant delays in completions of major contracts. The management team also believes that the main customers of the Group, which are state-owned enterprises and institutions, will not defer financing of the construction, however, the Group's management is taking preventive measures to ensure sufficient operating liquidity.

Up to the date of these consolidated financial statements, the Group's major customers made their progress payments in accordance with the terms of the relevant agreements. In addition, the main construction companies of the Group JSC DSK «AVTOBAN» and OJSC Khanty-Mansiyskdorstroy were included in the list of backbone companies of the Russian Federation. Such companies are eligible for state support due to their critical importance for the Russian economy. Therefore, the Group does not expect a significant increase in the probability of default and expected credit losses.

Taking into account the above measures and the current operating and financial performance of the Group, the management team does not expect an immediate material adverse impact of the COVID-19 outbreak on the financial position and results of Group's operations.

2 Basis of accounting

(a) Statement of compliance

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

(b) Functional and presentation currency

The national currency of the Russian Federation is the Russian Rouble (RUB), which is the Company's functional currency and the currency in which these consolidated financial statements are presented. All financial information presented in RUB has been rounded to the nearest million, except when otherwise indicated.

(c) Use of estimates and judgements

Preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The Group's management consider that the Group's business represents a single reporting segment.

(d) Contract Assets Reclassification

In its financial statements for the year ended 31 December 2020 the Group clarified the classification principles related to the contract assets arising from long-term investment and concession agreements - see Note 27(b). Previously, such contract assets were classified as current until construction is completed and the assets are reclassified to interest-bearing financial debt. As a result of the revised approach the Group has partially reclassified its contract assets to non-current at 31 December 2019 in the amount of RUB 32 374 million.

3 Acquisitions and disposals of subsidiary

In April 2020 the Group sold 19.99% share in JSC Avtoban-Invest for RUB 0,005 million.

In September 2020 the Group sold 23% interest in JSC Proyektno-smetnoye byuro for RUB 4.9 million.

In October 2020 the Group acquired 1% share in LLC Profile from the ultimate beneficiary of the Group, Andreev A.V. for RUB 0.05 million.

As a result of these transactions the Group retained control over the subsidiaries listed above.

4 Revenue

The following table presents revenue from contracts with customers as disaggregated by contracts. Revenues for the most of them are recognized over time:

'000 000 RUB	2020	2019
Revenue from road construction	84 993	68 064
Including the following contracts:		
Central Ring Road-4	43 918	33 343
Central Ring Road-3	13 344	22 933
The Bypass of Tolyatti	4 556	-
Arrangement of well pads for Priobskoye field	3 933	-
A-113 CRR-3 from TI №18 CRR-3 to TI №31 CRR-5	3 116	-
M-8 "Kholmogory Highway"	2 971	2 698
M-4 "DON" Tulskiye gorki	1 662	-
M-5 Ufronino-Nepertsino	1 322	-
Road construction Tyumen - Nizhnyaya Tavda - Mezhdurechensky - Uray - Nyagan - Priobye phase II	1 228	1 592
Road construction Kommunisticheskiy – Gornyagan	-	1 469
Road reconstruction R 351 Ekaterinburg-Tyumen on the location 148+900 - 168+000 km	-	496
Other revenue	496	2 194
	85 489	**70 258**

As at 31 December 2020 the Group pledged its rights for proceeds under construction contracts of RUB 24 940 million (31 December 2019: RUB 44 785 million) as collateral for guarantees issued by banks to secure the Group's obligations and bank loans.

The following table provides information about receivables, contract assets and contract liabilities under contracts with customers.

'000 000 RUB	31 December 2020	31 December 2019
Non-current assets		
Receivables under completed construction contracts, including:	47 060	6 564
Central Ring Road-3	*41 619*	-
Contract assets classified as long-term assets, including:	29 963	32 195
Central Ring Road-4	*29 963*	-
Central Ring Road-3	-	*32 195*
Total	77 023	38 759

'000 000 RUB	31 December 2020	31 December 2019
Current assets and liabilities		
Receivables under completed contracts and contracts in progress, including:	4 865	1 313
Central Ring Road-3	*2 987*	-
Contract assets, including:	3 457	11 295
Central Ring Road-4	*3 333*	*8 522*
Central Ring Road-3	-	*2 511*
Contract liabilities	(14 297)	(888)
Total	(5 975)	11 720

The contract assets primarily relate to the Group's rights to receive consideration for work completed but not billed at the reporting date. The short-term part of the contract assets includes payments corresponding to the operating period, which is the facility construction period. The long-term part of the contract assets includes payments expected to be received in periods after the end of facilities construction (exceeding the operating period).The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the customer accepts the work completed that enables the Group to issue an invoice. The contract liabilities primarily relate to the advance consideration received from customers in advance for services provided where revenue is recognised over time.

The customer accepts construction services provided by the Group related to contracts to build «Central Ring Road-3» and «Central Ring Road-4» only after all works are considered completed. The construction of Central Ring Road-3 was fully completed and accepted in 2020. Theconstruction of Central Ring Road-4 is expected to be completed in 2021. During 2020, the Group received cash consideration for construction services on Central Ring Road-3 and Central Ring Road-4 of RUB 5 872 million and RUB 22 720 million (2019: RUB 14 681 million and RUB 14 299 million), respectively.

The decrease in revenue for the period ended 31 December 2020 for performance obligations satisfied (or partially satisfied) in the previous periods amounted to RUB 2 835 million (2019: RUB 3 192 million).

The following table provides information on remaining performance obligations under contracts entered prior to 31 December 2020 and their expected timing of recognition as revenue:

'000 000 RUB

Completion period	**Performance obligations**	**Performance obligations under exploatation***
2021 year	27 010	-
2022-2024 years	281 606	-
2025-2047 years	-	155 226
	308 616	**155 226**

Similar information as at 31 December 2019 is presented below:

Completion period	**Performance obligations**	**Performance obligations under exploutation***
2020 year	51 054	-
2021-2023 years	51 850	-
2024-2047 years	-	121 947
	102 904	121 947

**For some contracts at early stages of construction the performance obligation are presented net of significant financing component which is included in finance income. Part of the revenue from toll roads operation of RUB 30.7 billion is subject to the traffic risk and is presented at its best estimate.*

5 Cost of sales

'000 000 RUB	2020	2019
Services of subcontractors	24 763	20 474
Materials	21 587	21 195
Labour, wages and payroll taxes	5 886	4 639
Transportation expenses	4 460	4 610
Estimated liability for tax savings	1 757	975
Depreciation and amortization	1 136	1 223
Other	3 521	1 424
	63 110	54 540

6 Administrative expenses

'000 000 RUB	2020	2019
Wages, salaries and payroll taxes	3 984	2 971
Consulting services	864	946
Depreciation and amortization	151	79
Other administrative expenses	1 071	725
	6 070	4 721

7 Other income and expenses

Other income

'000 000 RUB	2020	2019
Gain on sale of materials	374	377
Reversal of overprovision for lawsuits	111	-
Income from recognition of surpluses	98	19
Operating lease income	65	89
Claims, fines and penalties	63	-
Write-off of payables	58	-
Gain on sale of property, plant and equipment	26	31
Other income	494	436
	1 289	952

Other expenses

'000 000 RUB	2020	2019
Loss from exercise of the right to demand debt	(406)	(21)
Welfare assistance and charity	(118)	(36)
Claims, fines and penalties	(102)	(312)
Change in allowance for doubtful receivables	(84)	(1 508)
Other expenses	(433)	(538)
	(1 143)	(2 415)

8 Finance income and costs

'000 000 RUB	2020	2019
Finance income		
Significant financing component	5 043	4 807
Interest income	773	180
Unwinding of discounts	224	100
Gain on sale of securities	76	814
Other	235	9
	6 351	5 910
Finance costs		
Interest expense	(6 514)	(5 215)
Impairment loss on financial assets	(126)	(6)
Other	(628)	(977)
	(7 268)	(6 198)

9 Employee benefit expenses

'000 000 RUB	2020	2019
Wages and salaries	7 821	5 952
Social security and State pension fund contributions	1 963	1 558
Loss/(gains) related to defined benefit plans	86	100
	9 870	7 610

The Group's average number of employees for the years ended 31 December 2020 and 2019 was 7 149 and 6 371, respectively.

10 Income taxes

Income tax expense is recognized in the amount determined by multiplying the profit before tax for the reporting period by a rate equal to management's best estimate of the weighted average annual income tax rate for the financial year, adjusted for the tax effect of certain items recognized in full in that reporting period.

The Group's consolidated effective tax rate for continuing operations for the year ended 31 December 2020 is 25%.

(a) Amounts recognised in profit or loss

'000 000 RUB	2020	2019
Current tax expense		
Current year	3 933	449
Prior year adjustments and tax reserves	111	790
	4 044	1 239
Deferred tax expense		
Origination and reversal of temporary differences	(122)	1 639
Income tax expense	3 922	2 878

(b) Reconciliation of effective tax rate

	31 December 2020		31 December 2019	
	'000 000 RUB	%	'000 000 RUB	%
Profit before tax	15 635	100	9 246	100
Tax using the Company's domestic tax rate	(3 127)	(20)	(1 849)	(20)
Non-deductible expenses	(215)	(1)	(281)	(3)
Tax exempt income	67	0	42	0
Underprovided in prior years	(166)	(1)	(180)	(2)
Tax reserve	(61)	(0)	(610)	(7)
Effect of income taxed at a lower rate	40	0	-	-
Write-off of previously recognized tax losses	(460)	(3)	-	-
Income tax expense	(3 922)	25	(2 878)	31

(c) Recognised deferred tax assets and liabilities

	Assets		Liabilities		Net	
'000 000 RUB	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Property, plant and equipment	380	852	(577)	(1 037)	(197)	(185)
Intangible assets	6	303	-	(298)	6	5
Investments	56	88	(65)	(82)	(9)	6
Inventories	25	42	(8)	(43)	17	(1)
Trade and other receivables	934	3 283	(4 643)	(6 136)	(3 709)	(2 853)
Loans and borrowings	240	121	(298)	(229)	(58)	(108)
Provisions	43	27	-	(12)	43	15
Trade and other payables	1 853	765	(2 276)	(2 036)	(423)	(1 271)
Tax loss carry-forwards	2 967	2 496	-	-	2 967	2 496
Other financial statements articles	442	820	(213)	(162)	229	658
Tax assets/(liabilities)	6 946	8 797	(8 080)	(10 065)	(1 134)	(1 268)
Set off of tax	(3 425)	(3 657)	3 425	3 657	-	-
Net tax assets/(liabilities)	3 521	5 140	(4 655)	(6 408)	(1 134)	(1 268)

(d) Movement in deferred tax balances

'000 000 RUB	31 December 2019	Recognised in profit or loss	Recognised in equity/other comprehensive income	31 December 2020
Property, plant and equipment	(185)	(12)	-	(197)
Intangible assets	5	1	-	6
Investments	6	(15)	-	(9)
Inventories	(1)	18	-	17
Trade and other receivables	(2 883)	(826)	-	(3 709)
Loans and borrowings	(108)	50	-	(58)
Provisions	15	16	12	43
Trade and other payables	(1 271)	848	-	(423)
Tax loss carry-forwards	2 496	471	-	2 967
Other financial statements articles	658	(429)	-	229
	(1 268)	122	12	(1 134)

'000 000 RUB	1 January 2019	Recognised in profit or loss	Recognised in equity/other comprehensive income	31 December 2019
Property, plant and equipment	(538)	353	-	(185)
Intangible assets	-	5	-	5
Investments	(333)	339	-	6
Inventories	-	(1)	-	(1)
Trade and other receivables	95	(2 978)	-	(2 883)
Loans and borrowings	(180)	72	-	(108)
Provisions	310	(301)	6	15
Trade and other payables	9	(1 280)	-	(1 271)
Tax loss carry-forwards	1 271	1 225	-	2 496
Other financial statements articles	(269)	927	-	658
	365	(1 639)	6	(1 268)

(e) Unrecognised deferred tax liabilities

At 31 December the deferred tax liability for temporary differences related to the investments in subsidiaries amounted to RUB 24 168 million (2019: RUB 20 096 million). The liability has not been recognised since the Group can control the timing of reversal of these differences, and management is satisfied that they would not be realised in the foreseeable future.

11 Property, plant and equipment

'000 000 RUB	Land	Buildings and constructions	Machinery and equipment	Vehicles	Under construction	Other PPE	Total
Initial cost							
Balance at 1 January 2019	270	2 161	5 229	1 552	148	294	9 654
Additions	25	28	481	52	275		861
Assets commissioned	83	112	174	8	(361)	32	-
Reclassification	-	-	(800)	800	-	-	-
Disposals	(4)	(36)	(188)	(40)	(2)	(4)	(274)
Balance at 31 December 2019	376	2 265	4 846	2 372	60	322	10 241
Additions	47	146	354	275	246	-	1 068
Assets commissioned	-	49	141	4	(227)	33	-
Disposals	(30)	(180)	(59)	(40)	(39)	(8)	(356)
Balance at 31 December 2020	393	2 280	5 282	2 611	40	347	10 953
Depreciation							
Balance at 1 January 2019	-	(608)	(3 293)	(1 093)	-	(195)	(5 189)
Depreciation for the year	-	(181)	(528)	(550)	-	(41)	(1 300)
Transfer to other assets	-	-	102	(102)	-	-	-
Disposals	-	14	170	24	-	3	211
Balance at 31 December 2019	-	(775)	(3 549)	(1 721)	-	(233)	(6 278)
Depreciation for the year	(53)	(257)	(537)	(396)	-	(44)	(1 287)
Disposals	-	82	39	35	-	7	163
Balance at 31 December 2020	(53)	(950)	(4 047)	(2 082)	-	(270)	(7 402)
Net book value							
At 1 January 2019	270	1 553	1 936	459	148	99	4 465
At 31 December 2019	376	1 490	1 297	651	60	89	3 963
At 31 December 2020	340	1 330	1 235	529	40	77	3 551

In 2020, the depreciation charges of RUB 1 136 million (2019: RUB 1 231 million) were recognized in cost of sales and RUB 151 million (2019: RUB 79 million) in administrative expenses.

As at 31 December 2020 property, plant and equipment contained rights-of-use assets under lease agreements with a carrying amount of RUB 1 367 million (31 December 2019: RUB 1 445 million).

12 Intangible assets

As at 31 December 2020 the carrying amount of intangible assets amounted to RUB 231 million (31 December 2019: RUB 176 million).

13 Other investments and loans issued

'000 000 RUB	31 December 2020	31 December 2019
Non-current		
Deposits	3 044	1 395
Interest-bearing bank promissory notes – at amortised cost	60	92
Other non-current financial assets	202	203
	3 306	**1 690**
Current		
Interest-bearing bank promissory notes – at amortised cost	1 748	5 576
Other current financial assets	124	241
	1 872	**5 817**

At the reporting date the fair value of assets measured at amortised cost does not materially differ from the carrying amount.

As at 31 December 2020 interest-bearing promissory notes measured at amortised cost with a carrying amount of RUB 1 748 million (2019: RUB 5 668 million) pledged as collateral for guarantees issued by banks on behalf of the Group.

14 Inventories

'000 000 RUB	31 December 2020	31 December 2019
Raw materials and consumables	2 617	4 651
Goods for resale	78	179
Work in progress	3	406
	2 698	**5 236**

15 Trade and other receivables

Non-current and current trade and other receivables include:

'000 000 RUB	31 December 2020	31 December 2019
Non-current trade and other receivables		
Receivables under concession agreement	47 060	6 564
Contract assets	29 963	32 193
Prepayments	20	3
Other receivables	58	955
	77 101	39 716
Current trade and other receivables		
Receivables under completed contracts and contracts in progress	4 865	1 312
Contract assets	3 457	11 295
	8 322	12 607
VAT receivable	6 813	2 243
Other receivables	1 871	3 906
	8 684	6 149

The Group's exposure to credit risk related to contract assets, trade and other receivables and loans issued is disclosed in Note 21(c).

On 7 May 2020 the Group acquired a share in the partnership Obkhod Tolyatti Concession Company for RUB 348 million. The management of the Group considers that the payment represents the expenses of the Group for entering into the concession agreement Obkhod Tolyatti and gives a right to participate in the investment project "Construction of a bypass in Tolyatti with a bridge over the Volga in the Europe – Western China International Transit Corridor project. The acquisition costs were included in the contract asset.

16 Cash and cash equivalents

'000 000 RUB	31 December 2020	31 December 2019
Cash	1 657	287
Deposits from third-party banks with maturities of three months or less from the acquisition date	197	60
Cash and cash equivalents in the consolidated statement of financial position	1 854	347

As at 31 December 2020 cash in special accounts of RUB 21 798 million (31 December 2019: RUB 13 717 million) represents cash balances with restrictions imposed by state-owned customers and banks. Under the terms of the related government contracts, the cash balances can only be used to finance construction of certain projects under treasury or bank support, or to service or repay the related loan obligations.

17 Capital and reserves

(a) Share capital

All shares in the Company with the total nominal value of RUB 10 thousand are owned by the Group's beneficial owner.

(b) Dividends

In accordance with the Russian legislation the Company's distributable reserves are determined based on the Company's statutory financial statements prepared in accordance with Russian Accounting Principles.

In 2020 and 2019 dividends of RUB 133 million and RUB 131 million, respectively, were accrued, approved and paid to the Group's shareholder.

In 2020 and 2019, dividends related to non-controlling interests of RUB 55 million and RUB 101 million, respectively, were accrued and approved.

Dividends paid per 1 share amounted to RUB 13 300 in 2020 and RUB 13 200 in 2019.

18 Loans and borrowings

'000 000 RUB	31 December 2020	31 December 2019
Non-current liabilities		
Secured loans and borrowings received under Public-private partnership agreements	52 451	36 435
Loans secured by the owner's guarantee received under Public-private partnership agreements	5 864	1 302
Secured bond loans	2 102	8 145
Unsecured bank loans	1 010	2 244
Lease liabilities	453	544
Other financial liabilities	1 242	-
	63 122	**48 670**
Current liabilities		
Current portion of non-current secured loans and borrowings	3 209	2 534
Secured bond loans	5 790	111
Notes payable	38	579
Secured loans and borrowings	886	704
Loans secured by the owner's guarantee	3	5 116
Unsecured loans and borrowings	-	14
Lease liabilities	654	603
Other financial liabilities	88	-
	10 668	9 661

Other financial liabilities represent a debt under a factoring agreement.

(a) Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

Terms and debt repayment schedule '000 000 RUB	Nominal interest rate	Year of maturity	31 December 2020 Carrying amount	31 December 2019 Carrying amount
Secured loans in RUB				
	9%	2036	19 194	-
	7.25-9.25%	2033	31 361	34 886
	4.25-8%	2025	3 783	3 400
	8.2-13%	2021-2023	1 171	1 297
Loans in RUB secured by the owner's guarantee				
	10.3-12%	2023-2043	3 028	4 315
	7.77-9.33%	2039	1 851	912
	7.5-10.85%	2021-2022	1 988	1 281
Total secured loans in RUB			**62 376**	**46 091**
Secured borrowings from third-party companies in RUB				
	11.7%	2039	37	-
Total secured borrowings from third-party companies in RUB			**37**	**0**
Secured bond loans	7.95-11%	2021-2024	2 981	3 256
Secured bond loans secured by the owner's guarantee	7.2-9.95%	2022-2024	4 911	5 000
Total secured bond loans in RUB			**7 892**	**8 256**
Unsecured loans in RUB	8.77-11.7%	2043	1 002	2 244
Total unsecured loans in RUB			**1 002**	**2 244**
Notes payable				
	8-12%	2021	38	579
Total notes payable in RUB			**38**	**579**
Unsecured borrowings				
	0-11%	2021	8	14
Total unsecured borrowings			**8**	**14**
Lease liabilities				
	1.45%-29.1%	2021-2022	1 107	1 147
Total lease liabilities			**1 107**	**1 147**
Other financial liabilities	9.67%	2021-2030	1 330	-
Total other financial liabilities			**1 330**	-
Total liabilities			**73 790**	**58 331**

The present value does not materially differ from the carrying amount of the liabilities.

(h) Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities			
'000 000 RUB	Loans and borrowings	Bond	Lease	Total
Balance at 1 January 2020	48 928	8 256	1 147	58 331
Changes from operating cash flows				
Interest paid	(4 810)	(945)	(145)	(5 900)
Total changes from operating cash flows	(4 810)	(945)	(145)	(5 900)
Changes from financing cash flows				
Proceeds from borrowings	50 092	51	818	50 961
Repayment of borrowings	(32 228)	(389)	(858)	(33 475)
Total changes from financing cash flows	17 864	(338)	(40)	17 486
Other changes				
Interest expense	5 472	897	145	6 514
Capitalization of interest on loans and borrowings	199	-	-	199
Offsetting	(2 115)	-	-	(2 115)
Other	(747)	22	-	(725)
Total other changes	2 809	919	145	3 873
Balance at 31 December 2020	64 791	7 892	1 107	73 790

	Liabilities			
'000 000 RUB	Loans and borrowings	Bond	Lease	Total
Balance at 1 January 2019	30 176	3 849	1 262	35 289
Changes from operating cash flows				
Interest paid	(4 438)	(358)	(155)	(4 951)
Total changes from operating cash flows	(4 438)	(358)	(155)	(4 951)
Changes from financing cash flows				
Proceeds from borrowings	40 997	6 967	503	48 467
Repayment of borrowings	(22 158)	(2 621)	(618)	(25 397)
Total changes from financing cash flows	18 839	4 346	(115)	23 070
Other changes				
Interest expense	4 656	402	157	5 215
Fees for unused credit limit	(43)	-	-	(43)
Other	(264)	17	(2)	(249)
Total other changes	4 349	419	155	4 923
Balance at 31 December 2019	48 928	8 256	1 147	58 331

(c) Security

The bank loans at 31 December 2020 are secured by cash in special accounts of RUB 4 282 million (31 December 2019: RUB 3 586 million), 100% shares in LLC Dorozhnaya koncessiya, 75% shares in LLC ASK. The long-term deposit of RUB 3 044 million secures bank guarantees received by the Group (31 December 2019: RUB 1 295 million). The 50.01% shares of LLC YVM is pledged as a security for customer advances. Additional information on security is disclosed in Notes 21 and 24.

19 Trade and other payables

Current trade and other payables include:

'000 000 RUB	31 December 2020	31 December 2019
Non-current trade and other payables		
Contract liabilities	597	147
Other payables	414	370
	1 011	517
Current trade and other payables		
Payables under construction activity	4 505	9 808
Payables for other services	8 008	2 297
VAT payable	3 322	193
Obligation to buyout own share	329	-
Other payables	2 425	1 032
	18 589	13 330

The Group's exposure to liquidity risk related to trade and other payables is disclosed in Note 21.

(a) Put option

The partnershipObkhod Tolyatti Concession Company, has issued a put option which requires the entity to purchase its non-controlling interest . The fair value of the option is RUB 329 million. The Group recognized the option at the present value of the exercise price as a liability.

20 Employee benefits

'000 000 RUB	2020	2019
Present value of obligations	988	823
Recognized benefit obligations	988	823

The Group contributes to the defined benefit plan, the purpose of which is to raise pension and other payments to employees.

(a) Actuarial assumptions

The following were the principal actuarial assumptions used to measure obligations at the reporting date

	31 December 2020	31 December 2019
Discount rate	5,90%	6,30%
Inflation rate	4,00%	4,00%
Future salary growth	6,00%	6,00%

21 Fair values and risk management

(a) Measurement of fair values

The following methods were used in calculating of the fair value of financial assets:

- Contract assets, short-term trade and other receivables, cash and cash equivalents, short-term loans and borrowings, short-term trade and other payables: the fair value does not materially differ from the carrying amount.
- Long-term receivables and payables, long-term loans and borrowings, other non-current liabilities: the fair value was determined by the present value of expected cash flows.

(b) Review of main approaches

The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk;
- market risk.

This note provides information about the Group's exposure to each of the risks shown, the Group's objectives, policy and procedures for assessing and managing these risks and the Group's approaches to capital management. Additional quantitative information is disclosed throughout these consolidated financial statements.

Risk management framework

(c) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and loans issued. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group provides collateral in respect of trade and other receivables and investments, which is an estimate of expected credit losses.

(i) *Exposure to credit risk*

The carrying amounts of financial assets and contract assets represent the maximum credit exposure. The maximum level of credit risk at reporting date was:

'000 000 RUB	31 December 2020	31 December 2019
Interest-bearing bank promissory notes – at amortised cost	1 808	5 668
Contract assets and receivables under construction contracts	85 345	51 366
Restricted cash (in special bank accounts)	21 798	15 717
Cash and cash equivalents	1 854	347
Long-term deposits	3 044	1 395
Other financial assets	2 255	5 303
	116 104	79 797

A significant share of revenue was earned from services delivered to the State Company Russian Highways (73% of revenue in 2020 and 82% in 2019). Moreover, the majority of trade receivables and contract assets comprise of balances from state-owned companies or organizations, which represents a concentration of credit risk. When monitoring the customers' credit risk the Group's customers are analyzed by the following categories:

- Federal customers. This category includes institutions of the Ministry of Transport of the Russian Federation, mainly the Federal Road Agency (Rosavtodor).
- State-owned corporations and companies with government shares. This category includes state-owned companies, mainly the State Company Russian Highways.
- Regional governments. This category includes local governments such as local government offices or agencies.
- Municipal governments and other customers.

As at 31 December 2020 the share of receivables and contract assets from the State Company Russian Highways accounts for 40% (as at 31 December 2019: 86%) in the total balance.

Group's contracts normally provide for annual downpayments from customers of up to 30% of the work planned to be completed during the year. The Group uses these funds to purchase materials, consumables and fuel and pay workers. However, the Group is usually required to provide its customers with a bank guarantee to secure the downpayment for failure to meet its contractual obligations. Most contracts provide for monthly payments for work performed. The Group invoices customers in accordance with the contract terms, which normally must be paid within 30 days of invoicing. In order to timely collect receivables and minimize the occurrence of bad debts, the Group has implemented the management control system and established procedures for monitoring and investigating the collection of receivables and contract assets management. The executives regularly monitor the status of receivable and work in progress and seek to manage the risk of non-payment or delay in payment. The Group creates an allowance for impairment, which reflects its estimate of losses in relation to contract assets, trade and other receivables. The Group first estimates the allowance based on the losses already incurred and then an extra allowance for expected additional credit losses in the future.

(ii) Contract assets and other receivables

Impairment losses

The following table provides information about the exposure to credit risk and expected credit losses for trade receivables and contract assets as at 31 December 2020. Information estimates made from historical data of credit risks according to credit rating agencies.

Trade and other receivables		31 December 2020	
'000 000 RUB	Credit rating	Gross carrying amount	Impairment loss allowance
Low risk	BBB- to AAA	79 558	(140)
Fair risk	BB- to BB+	8 994	(166)
Substandard	B- to CCC-	123	(44)
		88 675	(350)

Trade and other receivables		31 December 2019	
'000 000 RUB	Credit rating	Gross carrying amount	Impairment loss allowance
Low risk	BBB- to AAA	42 986	(251)
Fair risk	BB- to BB+	3 156	(146)
Substandard	B- to CCC-	1 940	(125)
		48 082	(522)

The total allowance, based on losses already incurred on an individual basis against the balances of trade and other receivables, and contract assets, additionally recognised as at 31 December 2020, amounted to RUB 2 053 million. This amount has been determined based on the professional judgment of the Group's executives in accordance with the Group's accounting policies. Based on all available information regarding these projects and negotiations with customers, the executives believe that recording the receivables from these projects as fully recoverable as at 31 December 2020 does not convey significant project execution uncertainty and credit risk, and therefore the corresponding allowance has been accrued.

The changes in the allowance for impairment in respect of trade and other receivables and receivables under construction contracts during the year was as follows:

Movements in the allowance for impairment*

'000 000 RUB	2020	2019
Balance at 1 January	(2 321)	(1 079)
Increase in allowance, recognised in profit or loss	(121)	(1 533)
Outstanding amount written off against the allowance	40	291
Balance at 31 December	(2 402)	(2 321)

** The increase in the allowance for prepayments amounted to RUB 30 million in 2020 (decrease in the allowance of RUB 25 million in 2019).*

The allocation of trade and other receivables by the aging at the reporting date was as follows:

	31 December 2020			31 December 2019		
'000 000 RUB	Gross carrying amount	Impairment loss allowance	Carrying amount	Gross carrying amount	Impairment loss allowance	Carrying amount
Current (not past due)	86 604	(790)	85 814	55 551	(429)	55 122
1-30 past due	243	(7)	236	251	(50)	201
31-90 days past due	236	(5)	231	352	(19)	333
91-120 days past due	76	(2)	75	119	(6)	113
More than 120 days past due	1 516	(955)	561	2 271	(1 817)	454
	88 675	(1 759)	86 917	58 544	(2 321)	56 223

(iii) Cash and cash equivalents

The Group's balance of cash and cash equivalents amounted to RUB 1 854 million at 31 December 2020 (2019: RUB 347 million).

The Group also held cash in special bank accounts of RUB 21 798 million at 31 December 2020 (2019: RUB 15 717 million).

The share of cash in current, special and deposit accounts of three largest banks, which provide financial services to the Group, amounted to 99% of the total balance on 31 December 2020 (98% of total balance on 31 December 2019).

Fitch rating equivalent*	31 December 2020	31 December 2019
BBB- to AAA	23 485	16 031
BB- to BB+	167	33
Total	23 652	16 064

All bank balances and term bank deposits are not past due or impaired.

(iv) Investments and guarantees

The following table provides information about the exposure to credit risk and expected credit losses for investments as at 31 December 2020. Information estimates made from historical data of credit risks according to credit rating agencies.

		31 December 2020		31 December 2019	
'000 000 RUB	Credit rating	Gross carrying amount	Impairment loss allowance	Gross carrying amount	Impairment loss allowance
Low risk	BBB- to AAA	4 793	2	7 073	2
Fair risk	BB- to BB+	361	34	382	36
Substandard	B- to CCC-	213	153	53	22
		5 367	189	7 508	60

At 31 December 2020 the balance of guarantees provided to secure liabilities of third parties amounted to RUB 111 million (As at 31 December 2019: RUB 50 million).

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements. Cash flows included in the maturity analysis are not expected to arise significantly earlier in time or in the amounts that differ significantly.

31 December 2020 '000 000 RUB	Carrying amount	Contractual cash flows	0-6 mths	6-12 mths	1-2 years	2-5 years and over
Secured bank loans and borrowings	56 546	105 935	4 985	5 281	9 735	84 934
Unsecured bank loans and borrowings	1 030	2 091	-	-	-	2 091
Secured bonds	7 892	12 549	3 277	223	5 320	3 729
Loans secured by the owner's guarantee	5 867	14 309	458	334	2 617	11 027
Notes payable	38	38	38	-	-	-
Lease liabilities	1 107	939	261	200	-	478
Other financial liabilities	1 326	2 083	69	148	217	1 649
Trade and other payables	33 897	34 008	16 461	16 425	139	983
Fee for providing bank guarantee	-	747	165	133	182	256
Guarantees provided to third-parties	-	111	111	-	-	-
	107 687	172 106	25 824	22 875	18 201	105 197

31 December 2019 '000 000 RUB	Carrying amount	Contractual cash flows	0-6 mths	6-12 mths	1-2 years	2-5 years and over
Secured bank loans and borrowings	39 673	67 101	1 657	1 171	6 326	55 047
Unsecured bank loans and borrowings	2 258	2 263	14	3	-	2 246
Secured bond loans	8 256	11 575	102	4	6 468	5 001
Loans secured by the owner's guarantee	6 418	6 394	2 690	2 391	390	923
Notes payable	579	566	565	-	-	1
Lease liabilities	1 147	835	288	211	194	142
Trade and other payables	14 735	14 773	11 238	3 018	119	398
Fee for providing bank guarantee	-	523	166	96	192	69
Guarantees provided to third-parties	-	50	50	-	-	-
	73 066	104 383	16 770	9 897	13 889	63 827

The unused credit limit under credit facility agreements as at 31 December 2020 amounted to RUB 27 516 million.

(e) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(f) Currency risk

The Group is not exposed to currency risk due to the absence of transactions in currencies other than functional.

(g) Interest rate risk

Exposure to interest rate risk

	Carrying amount	
'000 000 RUB	31 December 2020	31 December 2019
Fixed rate instruments		
Financial assets	30 760	28 430
Financial liabilities	56 019	22 054
Variable rate instruments		
Financial assets	85 344	51 367
Financial liabilities	46 357	50 136

Changes in interest rates impact primarily receivables under concession agreement, loans and borrowings by changing either their fair value (fixed rate debt) or their future cash flows (variable rate debt). Management does not have a formal policy of determining how much of the Group's exposure should be to fixed or variable rates. However, at the time of raising new loans or borrowings management uses its judgement to decide whether it believes that a fixed or variable rate would be more favourable to the Group over the expected period until maturity.

22 Contingencies

(a) Taxation contingencies

The taxation system in the Russian Federation continues to evolve and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes contradictory and subject to varying interpretation by different tax authorities.

The tax authorities have the power to impose fines and penalties for tax arrears. A tax year is generally open for review by the tax authorities during three subsequent calendar years. Currently the tax authorities are taking a more assertive and substance-based approach to their interpretation and enforcement of tax legislation.

All these circumstances may create tax risks in the Russian Federation that are substantially more significant than in other countries. Management believes that it has provided adequately for the tax liabilities based on its interpretations of applicable Russian tax legislation, official pronouncements and court decisions. However, the interpretations of the tax authorities and courts could differ and, if the tax authorities are successful in enforcing their interpretations, the amount of additional charges would not exceed RUB 5 950 million.

23 Significant subsidiaries

Name	31 December 2020	31 December 2019
JSC DSK AVTOBAN	99,93%	99,9320%
OJSC Khanty-Mansiyskdorstroy	72,27%	72,27%
OJSC SU-920	65,51%	65,51%
OJSC SU-909	79,23%	79,23%
LLC SU-926	72,27%	72,27%
LLC A-Most	99,93%	99,93%
JSC Avtoban-Finance	94,94%	94,94%
LLC SU 910	99,93%	99,93%
LLC SU 911	99,93%	99,93%
LLC SU 925	99,93%	99,93%
LLC ASK	74,95%	74,95%
LLC Dorozhnaya kontsessiya	72,27%	72,3%
LLC SU №905	72,27%	72,3%
LLC SU №967	72,27%	72,3%
LLC KSK №1	99,93%	99,9320%
LLC Yugo-vostochnaya magistral	49,98%	49,98%

At 31 December 2020 and 31 December 2019 the Group pledged its shares in LLC ASK, LLC Dorozhnaya kontsessiya and LLC Yugo-vostochnaya magistral as a collateral for guarantees issued by certain banks to secure the Group' obligations.

(a) Non-controlling interests (NCI)

'000 000 RUB	OJSC Khanty-Mansiyskdorstroy	
	31 December 2020	31 December 2019
NCI percentage	27,7289%	27,73%
Non-current assets	6 968	6 960
Current assets	11 463	10 139
Non-current liabilities	(5 468)	(1 852)
Current liabilities	(8 718)	(11 762)
Net assets	4 245	3 485
Carrying amount of NCI	**1 177**	**966**
Revenue	12 812	7 730
Other comprehensive income for the reporting period	760	232
Other comprehensive income for the reporting period allocated to NCI	**211**	**64**
Dividends to NCI	**-**	**(9)**
Net cash flows from operating activities	2 073	1 573
Net cash flows used in investment activities	1 194	(572)
Net cash flows used in financing activities	(2 366)	(58)
Net change in cash and cash equivalents	**901**	**943**

Reconciliation with the consolidated statement of financial position:

'000 000 RUB	31 December 2020	31 December 2019
OJSC Khanty Mansiyskdorstrey	1 177	966
Indirect minority interest of OJSC KHMDS in subsidiaries of OJSC KHMDS	(675)	(449)
Other subsidiaries	(527)	(278)
NCI in the consolidated statement of financial position	**(25)**	**239**

Reconciliation with the consolidated statement of changes in equity:

'000 000 RUB	31 December 2020	31 December 2019
OJSC Khanty Mansiyskdorstrey	211	50
Indirect minority interest of OJSC KHMDS in subsidiaries of OJSC KHMDS	(219)	182
Other subsidiaries	(208)	145
NCI comprehensive income in the consolidated statement of changes in equity	**(216)**	**377**

As at 31 December 2020 the share of non-controlling interest in the net assets of subsidiaries with limited liabilities amounted to RUB 208 million (2019: RUB 196 million) and was included in non-current liabilities.

The non-controlling interest in subsidiaries with limited liabilities charged to other comprehensive income amounted to RUB 12 million (2019: RUB 196 million).

24 Transactions with related parties

(a) Ultimate controlling party

The Group's ultimate beneficial owner and the Company's sole shareholder is Mr. Andreev A.V.

Related parties, transactions for which are disclosed below, consist of senior management personnel of the company, associates and other related parties.

(i) Key management remuneration

Key management includes Chief executive officers and the Groups' directors. Key management received the following remuneration during the year, which is included in employee benefit expenses (Note 9):

'000 000 RUB	Transaction value 2020	Transaction value 2019
Salaries and bonuses	926	699
Contributions to State pension fund	151	101
Contributions to defined benefit plan (non-state pension insurance)	6	3
	1 083	803

(b) Other related party transactions

(i) Other revenue

'000 000 RUB	Transaction value 2020	Transaction value 2019
Other revenue	55	11
	55	11

(ii) Finance income and costs

'000 000 RUB	Transaction value 2020	Transaction value 2019
Interest income on loan issued	10	9
Interest income on notes	5	-
Discount of long-term payables and loans received from related parties	115	20
	130	29

(iii) Purchases

'000 000 RUB	Transaction value 2020	Transaction value 2019
Services	350	191
Loss from sale of receivable	828	-
	1 178	191

(iv) *Outstanding balances*

'000 000 RUB	Outstanding balances 2020	Outstanding balances 2019
Non-current assets		
Loans issued	4	184
Other account receivables	-	267
	4	451
Current assets		
Other trade account receivables	15	26
Advances issued	70	93
Loans issued	52	12
	137	131

'000 000 RUB	Outstanding balances 2020	Outstanding balances 2019
Non-current liabilities		
Trade accounts payables	(4)	(18)
Long-term bank loans and borrowings	(8)	-
	(12)	(18)
Current liabilities		
Trade accounts payables	(39)	(63)
Other accounts payables	(338)	(258)
Short-term bank loans and borrowings	-	(11)
	(377)	(332)

(v) *Guarantees*

As at 31 December 2020 and 2019 the Group's bank loans and borrowings amounted to RUB 10 778 million and RUB 11 388 million respectively were secured by guarantees provided by the ultimate beneficial

25 Subsequent events

(a) Loans, borrowings and other financing sources

After 31 December 2020 the companies of the Group received bank loans of RUB 10 617 million.

(b) Bonds

In March 2021 JSC Avtoban-Finance purchased 1 358 237 bonds of BO-P02 series with a par value of RUB 1 thousand at 100% of their par value.

(c) Legal issues

After the reporting date the Group has become a defendant in a number of claims with the total value of RUB 399 million.

26 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date:

Items	Measurement bases
Non-derivatives financial instruments at FVTPL	Fair value
Financial assets at FVOCI	Fair value
Net defined benefit (asset) liability	Fair value of plan assets less the present value of the defined benefit obligation.

27 Significant accounting policies

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

(a) Basis of consolidation

(i) Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(iii) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as measured at FVOCI financial asset depending on the level of influence retained.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairments.

(h) Revenue

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

(i) Construction contracts

The Group has determined that under construction contracts, customers control all assets generated during the construction process that takes place on the customer's site. Moreover, construction under these contracts is carried out on the basis of the customer's project documentation, therefore the assets have no alternative use. If customers terminate the contract early, the Group is entitled to reimbursement of costs incurred prior to the termination date, including the reasonable margin. Therefore, revenue from these contracts and related costs are recognized over time using the cost-ratio method. To determine the percentage of completion, the costs actually incurred at the balance sheet date are compared against the total planned contract costs. Contract costs are recognised in profit or loss when incurred. The amount of advances received is included in the contract obligations.

Costs are expensed as incurred.

If it is highly probable that the total cost of the contract will exceed the revenue of the contract, the amount of the expected loss under the contract is recognized as an expense in the period. The expected losses are determined based on the most recent estimates of the amounts of revenue, costs and the result of the contract. For more detailed accounting policies for onerous contracts refer to Note 27 (k).

Under the terms of some construction contracts, the Group is liable for construction defects discovered by the customer after the construction site was put into operation. The average period of such warranty obligations validity is 13-15 years from the date of commissioning of the facility. In order to ensure that the Group fulfills its warranty obligations, the customer will normally withhold 5% of the contract amount until the warranty period expires.

(ii) Concession agreements

The Group enters into long-term investment and concession agreements to build and operate toll roads. Under such agreements, the Group shall build or upgrade and further operate motorways over the long-term periods of up to 30 years. The operation of the motorways normally includes maintenance and repairs, and heavy maintenance. The Group shall also transfer the motorways to the Government at the end of the contracts in due quality.

The Group identifies two performance obligations under such agreements:

1. Construction services

2. Providing accessibility of the motorways to the roadusers, including maintenance, repairs and heavy maintenance, collection of tolls throughout the period of operation, and others.

Revenue from the sale of services under the concession agreements is recognized in accordance with the provisions of IFRS 15 *Contracts with Customers* and IFRIC 12 *Concession Agreements*. Based on the analysis of the provisions of IFRIC 12, the Group has concluded that the terms of its concession agreements fall within the definition of the financial asset model.

The customer payments under the agreements normally separate the cash flows for operation of tollroads and construction services. The services to operate the tollroads are normally payable when the services are delivered, i.e over the operational period of the contracts. In determining the transaction price, the Group uses the following assumptions:

- operational services are paid over the periods when the services are delivered. A significant financing component is not part of the contract price for such services.

- construction services are partially paid during the construction phase (in the form of capital grants), and over the the period of operation (investment payments) and include, inter alia, compensation for time value of money. Therefore, the contract price for this performance obligation includes both the transaction price and the significant financing component.

(iii) Classification of contract assets into short-term and long-term

The Group's normal operating cycle is the period of time from the commencement of services under the contracts with a customer till they are exchanged for cash or cash equivalents after the completion of the facility. Normally, the construction of motorways takes 2 to 4 years. Customers are required to make progress payments over the construction period where some of the consideration may be made in 2 to 6 months after the services are completed. Therefore, assets and liabilities, as well as receivables under such contracts, are classified as current.

For long-term investment and concession agreements where part of the consideration is payable over the period of up to 30 years and also includes compensation of time value of money, contract assets will be classified as current in the amount of consideration receivable over the construction period plus 6 months. The remainder is classified as non-current. When calculating the current part, the Group reduces the expected-to-maturity payments by the amount of interest income, which will be accrued before the end of the operating cycle (for accounts receivable - within 12 months). The operating cycle for the classification of contract assets into short-term and long-term is analyzed each reporting period on individual basis.

(iv) Other revenue

Revenue from other operations is measured based on the consideration specified in a contract with a customer and reduced by expected refunds, discounts and other similar bonuses. The Group recognises revenue when it transfers control over a good or service to a customer.

(e) Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- the net gain or loss on financial assets at FVTPL;
- the foreign currency gain or loss on financial assets and financial liabilities;
- impairment losses (and reversals) on investments in debt securities carried at amortised cost or FVOCI;

Interest income or expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(d) Employee benefits

(i) Short-term employee benefits

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

(ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Obligations for contributions to defined contribution pension plans, including Russia's State pension fund, are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

(iii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(e) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from dividends.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

In accordance with the tax legislation of the Russian Federation, tax losses and current tax assets of a company in the Group may not be set off against taxable profits and current tax liabilities of other Group companies. In addition, the tax base is determined separately for each of the Group's main activities and, therefore, tax losses and taxable profits related to different activities cannot be

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes, penalties and late-payment interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact the tax expense in the period that such a determination is made.

(f) Inventories

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

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(g) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income/other expenses in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

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

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

– buildings	40-50 years;
– plant and equipment	5-12 years;
– fixtures and fittings	5-10 years.

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

(h) Financial instruments

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction prices.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at:

- amortised cost;
- FVOCI – debt investment;
- FVOCI – equity investment; or
- FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets.
- how the performance of the portfolio is evaluated and reported to the Group's management.
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest (SPPI criterion), the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The Group has fixed rate bank loans for which the banks have the option to revise the interest rate following the change of key rate set by the CBR. The Group have an option to either accept the revised rate or redeem the loan at par without penalty. The Group considers these loans as in essence floating rate loans.

In accordance with the Federal Law "On Limited Liability Companies" №14-FZ dated 8 February 1998, each member of the company has the right to withdraw from the company and receive the the actual value of his shares determined on the basis of the company's accounts, if such a possibility has been provided for by the company's charter. These rights are recognized as a puttable debt instrument and therefore any gain or loss attributable to minorities is recognized in finance costs.

(iii) Modification of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different (referred to as 'substantial modification'), then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

The Group performs a quantitative and qualitative evaluation of whether the modification is substantial, i.e. whether the cash flows of the original financial asset and the modified or replaced financial asset are substantially different. The Group assesses whether the modification is substantial based on quantitative and qualitative factors in the following order: qualitative factors, quantitative factors, combined effect of qualitative and quantitative factors. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset deemed to have expired. In making this evaluation the Group analogizes to the guidance on the derecognition of financial liabilities.

The Group concludes that the modification is substantial as a result of the following qualitative factors:

– change the currency of the financial asset;
– change in collateral or other credit enhancement;
– change of terms of financial asset that lead to non-compliance with SPPI criterion.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. The gross carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

Financial liabilities

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

If a modification (or exchange) does not result in the derecognition of the financial liability the Group applies accounting policy consistent with the requirements for adjusting the gross carrying amount of a financial asset when a modification does not result in the derecognition of the financial asset, i.e. the Group recognises any adjustment to the amortised cost of the financial liability arising from such a modification (or exchange) in profit or loss at the date of the modification (or exchange).

Changes in cash flows on existing financial liabilities are not considered as modification, if they result from existing contractual terms, e.g. changes in fixed interest rates initiated by banks due to changes in the CBR key rate, if the loan contract entitles banks to do so and the Group have an option to either accept the revised rate or redeem the loan at par without penalty. The Group treats the modification of an interest rate to a current market rate using the guidance on floating-rate financial instruments. This means that the effective interest rate is adjusted prospectively.

The Group performs a quantitative and qualitative evaluation of whether the modification is substantial considering qualitative factors, quantitative factors and combined effect of qualitative and quantitative factors. The Group concludes that the modification is substantial as a result of the following qualitative factors:

- change the currency of the financial liability;
- change in collateral or other credit enhancement;
- inclusion of conversion option;
- change in the subordination of the financial liability.

For the quantitative assessment the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

(iv) ***Derecognition***

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(i) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(j) Impairment

(i) Financial instruments and contract assets

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Group measures loss allowances for trade receivables and contract assets without a significant financing component at an amount equal to lifetime ECLs.

The Group measure loss allowances for trade receivables and contract assets with a significant financing compo-nent at an amount equal to 12-month ECLs after the reporting date unless there is a significant increase in credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 180 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the global-ly understood definition of 'investment grade'. The Group considers this to be BBB- or higher per Fitch.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

If customers have credit ratings assigned by the rating agency ECLs of financial assets are calculated based on the actual data of credit risks. International rating agencies have the advantages when choosing a credit rating.

The level of losses is calculated using the "refinancing rate" method based on the probability of the amount of receivables moving from one level of credit risk to another through stages of delinquency to write-off.

When determing ECLs of financial assets which are not in default but there are justified facts indicating that these assets are non-recoverable, the Group estimate ECLs based on all the facts and circumstances known for each specific project taking into account the legal issues of project execution in a particular legal framework.

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

For customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(i) Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(iii) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

(l) Leases

(i) Policy

At inception of a contract, the Group assesses whether a contract is, or contains, a lease.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the consolidated statement of financial position.

In accordance with IFRS 16 variable payments which do not depend on index or rate, e.g. which do not reflect changes in market rental rates, should not be included in the measurement of lease liability. In respect of municipal or federal land leases where lease payments are based on cadastral value of the land plot and do not change until the next revision of that value or the applicable rates (or both) by the authorities, the Group has determined that, under the current revision mechanism, the land lease payments cannot be considered as either variable that depend on index or rate or in-substance fixed, and therefore these payments are not included in the measurement of the lease liability.

28 New standards and interpretations not yet adopted

A number of new standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements:

- *COVID-19-Related Rent Concessions (Amendment to IFRS 16).*
- *Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).*
- *Reference to Conceptual Framework (Amendments to IFRS 3).*
- *Classification of Liabilities as Current or Non-current (Amendments to IAS 1).*
- *IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.*

Independent Auditors' Report

To the Shareholders of Joint-Stock Company SOYUZDORSTROY

Opinion

We have audited the consolidated financial statements of Joint-Stock Company SOYUZDORSTROY (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated 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.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the independence requirements that are relevant to our audit of the consolidated financial statements in the Russian Federation and with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants, including International Independence Standards (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the requirements in the Russian Federation 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 Consolidated Financial Statements

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

— Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

We communicate with 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.

The engagement partner on the audit resulting in this independent auditors' report is:

Samarin M.V.

JSC "KPMG"

Moscow, Russia

15 April 2021