APPROVED BY

General Director

Unipro PJSC

_______________ M. G. Shirokov

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1. REFERENCES

1.1 Federal Law No. 402-FZ “On Accounting” dated 06 December 2011
1.2 Order of the Ministry of Finance of the Russian Federation No. 34n dated 29 July 1998 “On Approval of the Regulations for Accounting and Reporting in the Russian Federation”
1.3 Order of the Ministry of Finance of the Russian Federation No. 94n dated 31 October 2000 “On Approval of the Chart of Accounts for the Accounting of Financial and Business Operations of Organizations and the Instructions for its Application”.
1.4 RAS 1/2008 “Accounting Policy of an Organization”, Order of the Ministry of Finance of the Russian Federation No. 106n dated 06 October 2008
1.5 RAS 2/2008 “Accounting for Construction Contracts”, Order of the Ministry of Finance of the Russian Federation No. 116n dated 24 October 2008
1.6 RAS 3/2006 “Accounting for Assets and Liabilities which Value is Denominated in Foreign Currency”, Order of the Ministry of Finance of the Russian Federation No. 154n dated 27 November 2006
1.7 RAS 4/99 “Accounting Reporting of an Organization”, Order of the Ministry of Finance of the Russian Federation No. 43n dated 06 July 1999
1.8 RAS 5/01 “Accounting for Inventories”, Order of the Ministry of Finance of the Russian Federation No. 44n dated 09 June 2001
1.9 RAS 6/01 “Accounting for Fixed Assets”, Order of the Ministry of Finance of the Russian Federation No. 26n dated 30 March 2001
1.10 RAS 7/98 “Events after the Reporting Date”, Order of the Ministry of Finance of the Russian Federation No. 56n dated 25 November 1998
1.11 RAS 8/2010 “Estimated Liabilities, Contingent Liabilities and Contingent Assets”, Order of the Ministry of Finance of the Russian Federation No. 167n dated 13 December 2010
1.12 RAS 9/99 “Revenues of an Organization”, Order of the Ministry of Finance of the Russian Federation No. 32n dated 06 May 1999
1.13 RAS 10/99 “Expenses of an Organization”, Order of the Ministry of Finance of the Russian Federation No. 33n dated 06 May 1999
1.14 RAS 11/2008 “Information on Related Parties”, Order of the Ministry of Finance of the Russian Federation No. 48n dated 29 April 2008
1.15 RAS 12/2010 “Information on Segments”, Order of the Ministry of Finance of the Russian Federation No. 143n dated 08 November 2010

1.16 RAS 13/2000 “Government Assistance Accounting”, Order of the Ministry of Finance of the Russian Federation No. 92n dated 16 October 2000
1.17 RAS 14/2007 “Accounting for Intangible Assets”, Order of the Ministry of Finance of the Russian Federation No. 153n dated 27 December 2007
1.18 RAS 15/2008 “Accounting for Expenses on Loans and Credits”, Order of the Ministry of Finance of the Russian Federation No. 107n dated 06 October 2008
1.19 RAS 18/02 “Accounting for Corporate Profit Tax Settlements”, Order of the Ministry of Finance of the Russian Federation No. 114n dated 19 November 2002
1.20 RAS 19/02 “Accounting for Financial Investments”, Order of the Ministry of Finance of the Russian Federation No. 126n dated 10 December 2002
1.21 RAS 20/03 “Information on Involvement in Joint Efforts”, Order of the Ministry of Finance of the Russian Federation No. 105n dated 24 November 2003
1.22 RAS 21/2008 “Changes in the Estimates”, Order of the Ministry of Finance of the Russian Federation No. 106n dated 06 October 2008
1.23 RAS 22/2010 “Correction of Errors in Accounting and Reporting”,Order of the Ministry of Finance of the Russian Federation No. 63n dated 28 June 2010
1.24 RAS 23/2011 “Cash Flow Statement”, Order of the Ministry of Finance of the Russian Federation No. 11n dated 02 February 2011
1.25 RAS 24/2011 “Accounting for Costs of Natural Resources Development”, Order of the Ministry of Finance of the Russian Federation No. 125n dated 06 October 2011
1.26 FAS 25/2018 “Accounting for Lease”,Order of the Ministry of Finance of the Russian Federation No. 208n dated 16 October 2018

2. TERMS AND ABBREVIATIONS

In this Accounting Policy, the following abbreviations shall be used:
“CN” shall mean “of civil nature”.
“FP” shall mean Functioning Production.
“HCF” shall mean Housing and Community Facilities.
“HQ” shall mean Headquarters of the Company.
“CA” shall mean a Concession Agreement.
“AO” shall mean an Accountable Officer.
“Inv.” — shall mean Inventories.
“IFRS” shall mean International Financial Reporting Standards.
“VAT” shall mean Value Added Tax.
“IA” shall mean Intangible Assets.
“NP” shall mean New Production.
“RFESU” shall mean Reliability, Fire and Environmental Safety Unit.
“FA” shall mean Fixed Asset.
“RAS” shall mean Russian Accounting Standards.
“SW” shall mean Software.

“PF RF” shall mean Pension Fund of the Russian Federation.
“UL” shall mean Useful Life.
“IDN” shall mean Integrated Delivery Note.
“FAS” shall mean Federal Accounting Standard.
“SIF RF” shall mean Social Insurance Fund of the Russian Federation.
“CMIF RF” shall mean Compulsory Medical Insurance Fund of the Russian Federation.
“Computer” shall mean Electronic Computer.
“EDS” shall mean Electronic Digital Signature.

3. General Provisions

3.1 This Accounting Policy has been developed in accordance with the law of the Russian Federation and determines the accounting and reporting rules in Unipro PJSC (hereinafter referred to as “Unipro PJSC” or the “Company”). All the documents making part of the accounting policy system that disclose the peculiarities of its use make an integral part hereof and are binding upon the Company employees.
3.2 This Accounting Policy shall apply to Unipro PJSC, its branches, representative offices, and subsidiaries after it has been approved by the subsidiary’s competent management body.

The term “Headquarters” used in this Accounting Policy means a standalone business unit of the Company in charge of the administrative, financial and economic, methodological, and supervisory functions with respect to all business units and branches. The location address of the Headquarters shall be the location address of the Company’s Representative Office in Moscow.
3.3 The Company’s core activities are as follows:
- Generation of electric power;
- Generation of heat in hot water and steam;
- Transportation of heat;
- Other activities.

3.4 If the Company chooses to engage in any other types of business operations, while the accounting methods for such activities have not been specified in the accounting policy, or in case of revisions of accounting laws, such changes shall be documented in writing as an Addendum to this Accounting Policy that shall not be viewed as an updated version hereof and shall apply starting from the approval date. Revisions of the accounting associated with the commissioning of new software products shall also be deemed an addendum to this accounting policy that shall not be viewed as an updated version hereof and shall apply starting from the approval date. The accounting guidelines and clarifications duly approved by the Company shall not represent revisions of the Accounting Policy but instead will serve as addendum hereto.
3.5 The right to sign financial settlement documents shall be exercised by the persons duly authorised to do so under the Articles of Association and/or power of attorney.

4. Accounting Department Management

4.1 The accounting records shall be maintained by the Company's designated business units charged with accounting and supervisory and methodological functions.
4.2 The accounting records shall be made using the source accounting records serving as evidence of a business transaction.

The list of source accounting records is set forth in the appendix to the order approving this document. The forms of source accounting records shall be approved by the Company as appendices hereto as may be required.

Source accounting records shall be drawn up in hard copy. If the law or a contract with a counterparty provide for submission of the source accounting records on an electronic medium, the source accounting records shall be drawn up electronically using an electronic digital signature when necessary. The bank statements retrieved from the online banking system shall be kept electronically strictly subject to backing up.

The source accounting records made in foreign languages must be translated into Russian line-by-line.

The original source accounting and other records on business transactions made by the branches shall be entered into the books at the branches' locations. The original documents shall be kept at the locations where they have been received by the Company. The Director and Chief Accountant of the branch shall be responsible for the security of accounting records.

The source accounting records serving as evidence of the Company's business operations drawn up and approved by third parties and relating to the Company's activities shall be entered into the books only if said records conform to the requirements of applicable regulations governing the accounting process.

Timely and qualified preparation of the source accounting records, their timely submission for booking, as well as the accuracy of the data included therein shall be ensured by the persons responsible for documenting a business operation. Pursuant to Federal Law No. 402-FZ dated 06 December 2011 "On Accounting", the person responsible for maintaining the accounting records shall not be liable for the correspondence of the source accounting records drawn up by other persons to the business operations that took place.

The deadlines for submitting and processing the records shall be governed by the record calendar to be approved by Company order.

The retention period for the source accounting records shall be approved by Company order. The order shall be issued as long as there is a need to update the relevant information.
4.3 The current chart of accounts has been developed for accounting in the uniform automated control system on the Microsoft Dynamics Ax platform and contain the ledger control and sub-ledger accounts required to maintain accounting records in accordance with completeness and timeliness requirements applicable to accounting and reporting. The current chart of accounts is set forth in the appendix to the order approving this document.
The Chief Accountant of the Company may introduce, adjust, and cancel the accounts and sub-accounts to ledger control accounts and create supplementary sub-accounting systems over the course of a calendar year as may be required. Any changes in the current chart of accounts during a calendar year shall be made by sending an email to all the parties involved on behalf of the Chief Accountant of

the Company. All and any changes in the current chart of accounts shall be approved simultaneously by Order of Unipro PJSC General Director at the end of the year when approving the accounting policy for the next year.

4.4 The Company's accounting registers shall be drawn up electronically in the format provided for by the software used to maintain the Company's accounting records. The list of accounting registers and the frequency of drawing them up are set forth in the Appendix to the Order approving this document.

If the law of the Russian Federation or a contract require disclosure of accounting registers to another party or to a state authority in hard copy, a hard copy of the register shall be made at request.

5. Valuation of Assets and Liabilities

5.1 Assets, liabilities, and other accounting items shall be subject to valuation in money terms for accounting and reporting purposes.

Assets, liabilities, and business transactions shall be accounted in roubles and kopecks without rounding.

5.2 The asset valuation procedures for accounting purposes shall be as follows:

- if the assets have been acquired for a fee, they shall be valued at actual acquisition cost;
- if the assets have been acquired free of charge, they shall be valued at market value as of the date of entry into the books;
- the assets remaining after a withdrawal of fixed assets or other assets shall be valued at market value as of the date of entry into the books.

5.3 The market value shall be determined on the basis of the local regulation of the Company

6. Internal Control System

6.1 The company may vest internal control duties in the Audit Commission, Internal Audit Department, and/or Internal Control Department.

The core components of internal control management used by the Company subject to certain peculiarities of operations are as follows:

4.1.1. Separating the actual financial and business functions from the accounting function.
4.1.2. Dividing the accounting functions.
4.1.3. Determining the responsibilities of each company employee.
4.1.4. Implementing a system of internal rules and regulations.
4.1.5. Using the source records approved hereby.
4.1.6. Arranging for the safekeeping of valuables.
4.1.7. Providing the security.
4.1.8. Ensuring an ongoing evaluation of controls and revision thereof as may be necessary.
4.1.9. Ensuring systematic staff training.

7. Accounting Statements.

7.1 The reporting period shall be a calendar year from 01 January to 31 December.
7.2 The interim period for submitting interim statements to the parties involved shall be a quarter. The interim statements shall include the balance sheet and the income statement.
7.3 The accounting statements shall be made in thousand roubles. Ledger control accounting and sub-accounting records shall be maintained in roubles and kopecks.
Unipro PJSC annual accounting statements shall be considered and approved by the General Meeting of Shareholders.
The disclosure dates for accounting statements in 2020 are:
for 2019 – 19 March 2020;
for Q1 2020 – 28 April 2020;
for Q2 2020 – 28 July 2020;
for Q3 2020 – 27 October 2020.
In order to disclose the information on the accounting forms, the Company shall prepare the notes as per the appendix to the order approving this Accounting Policy of the Company.

8. Recognition of Accounting and Reporting Errors

8.1 The Company shall view inaccurate recognition (non-recognition) of business operations in the Company's accounting records and/or accounting statements as accounting errors (hereinafter referred to as the "error"). The reasons causing an error may be as follows (without limitation):
- Incorrect application of accounting laws of the Russian Federation and/or regulatory legal acts on accounting;
- Incorrect application of the Company's accounting policy;
- Calculation errors;
- Incorrect classification or assessment of business operations;
- Incorrect use of the information available as of the date of signing the accounting statements;
- Unethical practices on the part of Company employees.

8.2 Inaccuracies or omissions in the business operations as recognised in the Company's accounting records and/or accounting statements identified after obtaining new information that was not available to the Company at the time of recognising (failing to recognise) such business operations shall not be treated as errors. Specifically, delayed recognition of counterparties' reports that were not recognised in a timely manner due to delayed submission of such reports by the counterparty shall not be treated as an error. Such reports shall be entered into the books as expenses of the current period under relevant accounts.
8.3 An error shall be viewed as a major error if the amount of the error exceeds RUB 350 mln or if the amount in the relevant balance sheet line changes by over 50% as compared to the initial amount in the relevant balance sheet line after the error is corrected.

8.4 Major and minor errors of the reporting year shall be corrected by entries in the relevant accounts in the month when the error was identified. The errors of the reporting year identified after the end of the reporting year but prior to the date of signing the accounting statements shall be corrected by entries in the relevant accounts dated December of the reporting year. The errors of the reporting year identified after the accounting statements have been signed but prior to the date of approval by the shareholders shall be corrected by entries in the relevant accounts dated December of the reporting period subject to making relevant corrections in the statements.
A major error of the previous reporting periods identified after the date the statements have been approved by the shareholders shall be corrected in the assets and liabilities accounts in correspondence with Account 84 “Retained Earnings (Uncovered Loss)”. An error of the previous reporting period that is not major shall be corrected in the assets and liabilities accounts in correspondence with the accounts of other income and expenses. Meanwhile, when correcting errors, the Company shall deem correct any correspondence of accounts, even if said correspondence has not been established by the orders of the Ministry of Finance of the Russian Federation concerning utilisation of the chart of accounts.
8.5 If a major error of the previous reporting periods is identified, all comparative indicators in the report forms must be recalculated. If it is impossible to establish the effect of a major error on a single or multiple previous reporting periods reflected in the accounting statements, the Company shall adjust the beginning balance under the relevant assets, liabilities, and capital lines as at the beginning of the earliest period that can be recalculated.

9. INVENTORY AUDIT OF ASSETS AND LIABILITIES

All assets, including the property regardless of location, and liabilities of the Company shall be subject to inventory audit. Furthermore, inventories and other types of property that are not owned by the Company but are accounted on the balance sheet and off-balance sheet accounts (including those in safe custody, on lease, subject to processing), as well as the property items that have not been accounted for various reasons.
The procedures and number of inventory audits during the reporting year, their dates, list of assets and/or liabilities subject to audit shall be determined by the Head of the Company or Company branch in accordance with a local regulation of the Company in effect as of the inventory audit date.

10. ACCOUNTING OF FIXED ASSETS

10.1 The Company recognises assets as fixed assets provided that the following conditions are concurrently met:
- The asset is intended for the Company’s operations, including administrative needs, or to be provided by the Company for temporary possession and use or for temporary use for a fee;
- The asset is intended for use during a period exceeding 12 months;
- The Company is not intending to resell the asset in the future;
- The asset is capable of bringing economic benefits (income) to the company in the future.

The assets meeting the fixed asset recognition criteria with a value of RUB 40,000 per unit at the most shall be reflected as inventories for accounting and reporting purposes. To ensure the security of the assets with a value under RUB 40,000 and over RUB 5,000 during the production process and during operation, their flow shall be monitored in the off-balance sheet account. Meanwhile, the flow shall be documented by the source records used to account the inventories. The assets meeting the fixed asset recognition criteria with a value under RUB 5,000 per unit shall not be reflected in the off-balance sheet account. A tentative list of such assets is set forth in the appendix to the order approving this document. The assets not intended for the Company's operations directly, including administrative needs, meeting all other fixed asset recognition criteria (Christmas Trees, etc.) shall be accounted in a manner similar to assets under RUB 40,000. Such assets shall be written off as they are issued from the warehouse and shall be reflected in off-balance sheet accounts in terms of quantity by a group of homogeneous assets.

10.2 The accounting unit for fixed assets is an inventory item. The Company recognises the following assets as fixed asset inventory items:

- Asset operating independently with all fixtures and accessories that are not significant with respect to the historic value of the fixed asset and/or fixtures and accessories whose useful life cannot be reliably established;
- Standalone structurally separate asset not intended for specific independent functions with a historic value over RUB 1.5 mln if its useful life can be assessed and materially differs from the useful life of the entire fixed asset;
- Set of structurally articulated assets including the components that are not significant with respect to the historic value of the fixed asset and/or if the useful life of the component cannot be reliably established;
- Cost of capitalised repairs;
- Common share in the fixed asset.

10.3 Fixed assets shall be entered into the books at historic value. The historic value of fixed assets acquired for a fee shall be the amount of actual acquisition, construction, and manufacturing costs, except for the value added tax and other refundable taxes (except as required otherwise by the law of the Russian Federation). The historic value of an investment fixed asset (investment asset) shall also include the interest on credits or loans used for the construction of the said asset. The expenses incurred by the Company after the fixed asset is commissioned shall be included in other expenses and are accounted for in account 91.

The software shall be included in the value of the fixed asset subject to the following conditions:

- it is acquired at the same time with that fixed asset;
- that fixed asset cannot operate without that software.

In this case, the software shall be a component part of the fixed asset and be accounted for as a single item.

The costs of the business units responsible for capital construction, reconstruction, and technical refurbishment shall be covered at the expense of the funds intended for capital construction, reconstruction, and technical refurbishment and shall be included in the inventory value of capital construction, reconstruction, and technical refurbishment items.

The costs of the business units responsible for the planning and control of capital investments, control and engineering supervision over the construction progress shall be divided among the capital construction items in proportion to the hours devoted to such items by the employees of said business units.

Expenses for the restoration of natural resources which the Company expects to incur in the course of dismantling, retirement, disposal of the fixed asset shall not be included in the historic value of the fixed assets, but shall be allocated to a separate group of “Reclamation” and accounted for on Sub-account 01.11 “Reclamation Sites”.

An asset requiring a long time (over 12 months) and major acquisition, construction, and/or manufacturing costs to be prepared for intended use shall be recognised as an investment asset. Investment assets shall include work-in-progress and construction-in-progress items to be ultimately entered into the books as fixed assets (including land plots), intangible assets or other non-current assets.

10.4 The fixed assets – if title to such assets is subject to state registration in accordance with the law of the Russian Federation, capital investments under such assets have been completed, relevant source accounting records for delivery and acceptance have been submitted for state registration, and such assets are actually operated – shall be recognised as fixed assets and shall be included in depreciable assets for accounting purposes at the time when the item is actually put into service.

10.5 The assets acquired free of charge shall be recognised as other income. The market value of the assets acquired free of charge shall be reflected on the credit side of Account 98 “Deferred Income” in correspondence with Account 08. The amounts reflected in Account 98 shall be written off to the credit side of Account 91 as far as depreciation is charged.

10.6 The Company shall not revaluate its fixed assets.

10.7 The Company may lease out (sublet) the fixed assets owned thereby or the fixed assets taken by the Company on lease subject to their owner’s authorisation.

The rental income from fixed assets shall be recognised as income from core activities in Account 90 and shall be reflected as the Company’s revenue.

10.8 The Company shall set the useful life of its fixed assets based on:

- technical certificates for the fixed assets or other similar documentation;
- the Company’s experience in using similar assets;
- professional judgment of the Company’s technicians.

10.9 The value of fixed assets shall be cleared off by charging depreciation.

Fixed assets are not subject to depreciation if their consumer properties do not change over time (land plots; natural resources sites; etc.)

Fixed assets shall not be depreciated in the following cases:

- If such fixed assets have been preserved for over three months over the period from the month following the month of preservation to the month of de-preservation inclusive;
- during the recovery of the asset in excess of 12 months for the period from the month following the month when the facility was taken down for recovery up to the month when recovery was completed.

Fixed assets shall be depreciated irrespective of the Company’s performance during the reporting period.

Fixed assets that are in operation or in stock shall be depreciated according to the straight-line method. Meanwhile, the historic (replacement) value of a fixed asset (including motor vehicles) shall be depreciated evenly through the entire useful life of the asset.
Fixed assets undergoing state registration shall be depreciated according to the standard procedure starting from the month following the month when the asset was commissioned.
10.10 Inventory cards for fixed assets shall be kept in the accounting system in electronic form and shall be printed out as necessary at request.
10.11 In the event that an error is identified in the forming of the historic value of the fixed asset after it is recognised, the value of the fixed asset and the amount of depreciation charged earlier shall be adjusted. In this case, the error shall be corrected in accordance with the procedure set forth in section 6 Recognition of Accounting and Reporting Errors of this Accounting Policy.
10.12 A specific accounting procedure for fixed assets is set out in the Company's local regulation.

11. INTANGIBLE ASSETS

11.1 The Company recognises assets as intangible assets provided that the following conditions are concurrently met:
- The asset is capable of bringing economic benefits in the future, i.e. the asset is intended for the performance of works, provision of services or for administrative needs;
- The Company is entitled to the economic benefits that the asset can bring in the future. I.e. the Company possesses all duly executed documentary proofs of the asset itself and of the Company's title to intellectual property or intellectual property designations – patents, certificates, other copyright protection documents, alienation agreement for exclusive right to intellectual property, and when other parties' access to such economic benefits is restricted;
- The asset can be separated (identified) from other assets;
- The asset is intended for a long-term use, i.e. for the duration of useful life exceeding 12 months;
- The Company is not intending to sell the asset within 12 months from the time of recognising the intangible asset;
- The actual value of the asset can be reliably established;
- The asset has no tangible physical form.

11.2 The Company classifies the following assets as intangible assets:
- Works of science;
- Computer programmes, subscriptions, licences for the right to use software, etc., as well as software upgrades;
- Inventions;
- Know-how;
- Trademarks;
- Business reputation arising from the acquisition of a business as a property complex (in full or in part);
- licences shall mean licences with a defined duration granted to carry out activities subject to licencing.

The Company shall not recognise the expenses associated with incorporation (establishment costs), intellectual and business aptitudes of Company employees, and their qualifications and ability to work as intangible assets.
The expenses associated with the procurement of lifetime licences for specific types of activities shall not constitute intangible assets and shall be entered in the records according to the standard procedure.
11.3 The accounting unit for intangible assets is an inventory item.
An inventory item of intangible assets shall be a combination of rights arising under a single patent, certificate, alienation agreement for exclusive right to intellectual property or intellectual property designations or as otherwise provided for by the law, intended for specific independent functions. A compound asset that includes multiple protected intellectual property items may also be recognised as an inventory item of intangible assets.
11.4 An intangible asset shall be recognised at actual (historic) value determined as of the date of entering such assets into the books. Intangible assets acquired for a fee shall be valued in the amount of their acquisition costs net of refundable taxes (VAT).
The intangible assets created by the Company shall be valued at the actual cost of their creation net of general business expenses and excluding refundable taxes on materials used and third parties' services.
Expenses on procured loans shall not be deemed acquisition/creation costs of intangible assets, except when the asset whose actual (historic) value is to be reflected is classified as an investment asset.
The Company does not revaluate its intangible assets and does not test its intangible assets for impairment.
11.5 The value of intangible assets shall be cleared off by charging depreciation. Intangible assets shall be depreciated according to straight-line method based on the useful life of intangible assets. The intangible assets whose useful life cannot be established shall not be depreciated.
The Company shall charge depreciation starting from the first day of the month following the month of entering a relevant asset into the books until clearing off the full value of such asset or writing it off from the books.
If the documents do not specify the period of use of the software, the licence for the right to use the software, the subscription, the period of use for such items shall be set as equal to 36 months.
Assessment of depreciation charges shall not be interrupted throughout the entire useful life of intangible assets.
Depreciation of intangible assets shall be discontinued on the first day of the month following the month of clearing off the full value of the assets or writing them off from the books.
11.6 Depreciation of intangible assets shall be reflected in the books by accumulation in Account 05 "Depreciation of Intangible Assets".

12. "ACCOUNTING FOR FINANCIAL INVESTMENTS",

12.1 The assets acquired by the Company to earn income by reselling them, operating income in the form of interests, dividends, etc. or other economic benefits shall be recognised as financial investments.

12.2 All financial investments shall be recognised at historic value.
The historic value of financial investments shall be the amount of actual acquisition costs, except for VAT and other refundable taxes (except as required otherwise by the Russian Federation law on taxes and levies).
Sub-accounting records on the financial investments account shall be maintained by financial investment types and by assets, in which such investments were made (corporate sellers of securities, other companies in which the Company participates, corporate borrowers, etc.). Deposit interests shall be accrued subject to the terms laid down in the contract, on a monthly basis and on the last day of the deposit, when the company is entitled to receive such interests.
Financial investments shall also include bank bills received as payment for the goods, services, and works delivered earlier that do not provide for receiving any income from the buyer or the intermediary.
12.3 Financial investments whose mark-to-market value can be determined in due order shall be reflected in the accounting statements as of the end of the reporting period at mark-to-market value.
The market value of said financial investments shall be adjusted on a monthly basis.
The difference between the valuation of financial investments at mark-to-market value as of the reporting date and the previous valuation of financial investments shall be recognised as the Company's profit or loss (as part of other income and expenses).
The mark-to-market value of the securities listed at the stock exchange shall be determined using the market prices set at the Moscow Exchange (www.moex.com).
If the financial investments whose mark-to-market value is to be determined are withdrawn, their value shall be determined as of the withdrawal date.
12.4 Financial investments whose mark-to-market value cannot be determined shall be reflected in the accounting statements as of the end of the reporting period at historic value.
Financial investments whose mark-to-market value is not determined on a yearly basis at the end of the reporting year shall be tested for impairment.
If the impairment test attests to a persistent impairment of financial investments (in excess of 5% of the historic value), an impairment provision for financial investments shall be created in the amount of the difference between the carrying value and the estimated value of such financial investments.
If the financial investments whose mark-to-market value is not determined are withdrawn, their value shall be determined based on the historic value of each unit.
12.5 Deposit interests shall be accrued subject to the terms laid down in the contract, on a monthly basis as of the last day of the month and on the last day of the deposit, when the company is entitled to receive such interests. Interest shall be accounted for on Account 76 “Settlements with other Debtors and Creditors”.
12.6 Contributions to authorised (share) capitals of other companies shall be recognised as the company's financial investments and shall be booked as the amount of the investor's actual costs, i.e. at the cost of contributed assets, at which they were reflected in the Company's balance sheet.
12.7 The Company shall not estimate issued loans at discounted value.
12.8 All the costs directly associated with the acquisition of assets as financial investments regardless of the amount, shall be included in the historic value of financial investments.

13. ACCOUNTING OF INVENTORIES

13.1 The accounting unit for materials is a stock item assigned an individual stock number.
Tools, instruments, and maintenance accessories with a useful life less than a year, as well as any other items worth up to RUB 40,000 at the most and with the useful life of over a year shall be recorded as inventories in Account 10 “Materials”. To ensure the security of such assets during the production process and operation, the accountable persons shall arrange for the monitoring of their flows. Assets up to RUB 5,000 at the most (except for special tools and measuring instruments, fire extinguishers, furniture items, office appliances, telephones, automobile tyres, bomb shelter inventories, etc.) shall not be subject to said monitoring. A tentative list of such items is set forth in the appendix to the order approving this document.
The value of printed publications (brochures, collected books, technical literature, periodicals, etc.) acquired and immediately transferred for use to the units of the Company without assigning to the warehouse shall not be accounted for on Account 10 “Materials”, but shall be reflected as part of expenses for ordinary activities.
13.2 Inventories shall be accounted at actual cost. The actual cost of inventories shall include the Company’s costs of delivering and storing such inventories and of making them fit for use.
The Company’s overheads shall be allocated using one of the three methods as follows:
- On a pro-rata basis to the net amount: overheads shall be allocated on a pro-rata basis to the net amounts of the lines in the document (to be used if the quantity of delivered inventories is heterogeneous and the measurement units for such inventories vary);
- on a pro-rata basis to the quantity: overheads shall be allocated on a pro-rata basis to the quantities in the lines of the document (to be used if the measurement units for such inventories are the same);
- allocated evenly among the lines: overheads shall be allocated evenly throughout all individual lines of the document (if the inventories are homogeneous, but there are significant deviations between the unit prices).

13.3 The peculiarities of accounting individual types of materials are set out in the local regulations.
When inventories are released to production or withdrawn otherwise, they shall be valued at average cost for each stock number broken down by the Company’s warehouses by way of determining the actual cost of the material at the time of release (rolling valuation). Meanwhile, the calculation of the average cost shall include the quantity and cost of materials as of the beginning of the month and all receipts up to the time of release for each warehouse individually.
Inventories that do not conform to the requirements of Clause 2 RAS 5/01 shall be written off simultaneously as general business expenses at the time of release to operation (such expenses include the inventories acquired to create a mobilisation reserve and intended for civil defence and emergencies in accordance with legal requirements).
Non-stockpile gas used by the branches of the Company shall be issued to be used in production at the time of receipt.
13.4 Inventories that are not owned by the Company but are available thereto for use or disposal under contractual terms shall be recognised at the value set out in the contract and shall be reflected in the off-balance sheet accounts.

13.5 Tools, instruments, maintenance accessories, and overalls shall be recognised as inventories in Account 10 “Materials” and in the relevant sub-accounts.
Overalls shall be recognised as inventories in Account 10 “Materials” in separate Sub-account 10.10.00 “Overalls and Special Gear”.
The value of overalls up to RUB 40,000 per unit shall be simultaneously written off to costs at the time they are issued to operation regardless of the period of use.
The useful lives of overalls are set forth in the Company’s local regulation.
13.6 Special tools, special stock shall be accounted for on account 10.01.10 “Materials, Spare Parts, Tools, Maintenance Accessories for Operational Needs and Minor Repairs”. When they are issued to operation, their value shall be written off to current expenses in full. The special tools and stock shall be further accounted for on off-balance sheet accounts in terms of quantity by a group of homogeneous assets.
13.7 Prefabricated structures shall be accounted for on Account 10.01.10 “Materials, Spare Parts, Tools, Maintenance Accessories for Operational Needs and Minor Repairs” as materials for prefabricated structures. When used for the first time, the value of the individual elements forming the prefabricated structure shall be written off as expenses in full. Prefabricated structures shall be further accounted for on off-balance sheet accounts as separate items in terms of quantity and value.
13.8 Due to the peculiarities of the Company’s business processes and a short life (up to 12 months or ‘till wear out’), overalls shall not include the following types of personal protective equipment:
- Protective goggles;
- Bags for overalls;
- Earplugs;
- Respirators;
- Protective gloves;
- Mittens;
- Respirator cartridges;
- Non-reusable suits from nonwovens.

The items of personal protective equipment mentioned above shall be accounted in accordance with the rules for accounting inventories in Account 10 “Materials”, Sub-account 10.01.10.These inventories shall be written off as expense on a nonrecurring basis at the time of release to operation.
13.9 Inventories purchased to perform capital works shall be accounted for as part of construction-in-progress on Account 07 “Equipment to be Installed”.
13.10 Purchased goods, including electric power and capacity for resale, shall be recognised in Account 41 “Goods”.
The Company shall enter finished products in the books at actual manufacturing cost (at actual factory cost). The output of finished products is accounted without using Account 40 “Output of Products (works, services)”.
13.11 Inventories may be reclassified from one type to another as may be required in the following instances:
- When the same type of assets is reclassified from capital investment assets to operating assets and vice versa;

- When the assets received during disposal / partial write-off of fixed assets are reflected as "Used materials" due to the fact that the estimate of further use potential for such asset is unavailable. After the estimate becomes available, the asset should be reclassified either as inventories or scrap;
- When correcting errors in the units of measurement made in the process of recognising the inventories;
- If the asset was assigned to the warehouse as a single stock item after receipt. As this stock item was used, it became necessary to break down the set into several stock numbers. In this case, the stock number shall be closed and receipt of multiple stock items shall be recorded.

Inventories shall be reclassified from one type to another pursuant to a memorandum using Account 10.98.00 "Transit Account for Reclassification of Inventories" or 07.98.00 "Transit Account".

By results of the annual inventory audit, the balances of inventories not used for investment projects shall be transferred to Account 10 "Materials" as the assets intended for day-to-day operations.

13.12 Inventories produced by disassembling an item of fixed assets or a different piece of property to be disposed of that are fit for further use by the Company shall be reflected in the accounting records at mark-to-market value to be determined in the manner established by the Company using the other income account.

Inventories produced by replacement when repairing fixed assets and other property items that are fit for further use by the Company shall be entered into records from cost accounts 2*.

A specific procedure for accounting recyclable waste is set out in the Company's local regulation.

13.13 To ensure comparability of incomes and expenses, the Company shall create an inventory provision for the inventories whose market price has depreciated during the reporting year or if they have become obsolete or lost their quality fully or in part.

The inventory provision shall be created for each individual item of inventories on the books. The procedure for creating the provision is set out in the local regulations.

14. Accounting of Money Documents

Money documents include recreation and vacation packages, coupons for petrochemicals, entire tickets and travel cards purchased in advance and other money documents.

15. Deferred Expenses

The expenses incurred in the reporting period but relating to the future reporting periods shall be recognised in Account 97 "Deferred Expenses".

15.1 Deferred expenses include the following types of costs:

- software (licences acquired under a licence (sub-licence) agreement or copies of a computer programmes, with the term of the right to use the computer programmes set in the licence (sub-licence) agreement, of not more than 12 months;
- services for technical support of computer programmes (or acquisition of access to those services (certificates/access keys to the technical support of the computer programmes), service packages

(services for updating the acquired computer programmes, technical and/or consulting support, etc.) with a set term for the provision of those services of no more than 12 months,
- services for the issue of an EDS with an electronic certificate term of no more than 12 months.
- Expenses in the form of payments for the connection of the Company's power receivers (power units) to power grids; the write-off dates shall be established by commission;
- Other expenses relating to future reporting periods.

15.2 Expenses associated with the following types of costs:

- Accreditation of laboratories;
- Industrial safety expert review involving certification and certification testing for conformity to industrial safety requirements;

shall not be reflected in Account 97, but instead shall be written off as expense on a nonrecurring basis subject to using the budgetary classification code:

- 3079071603 – "Laboratory accreditation and certification services, etc"'
- 3034080702 – "Testing, expert review, technical diagnostics, research services";

15.3 Deferred expenses shall be written off to cost accounts depending on the type of activities covered by such expenses. Deferred expenses on voluntary and compulsory insurance of employees are classified as general business expenses.

15.4 Deferred expenses are presented in the statements, in terms of writing-off as expenses in 12 or more months, as other non-current assets, and in terms of short-term assets – as other current assets.

16. SETTLEMENTS, OTHER ASSETS AND LIABILITIES

16.1 Settlements with other debtors and creditors shall be reflected on the basis of contractual prices for accounting and reporting purposes.

Indebtedness shall be classified as short-term if the payback period does not exceed 12 months from the reporting date. Other indebtedness shall be classified as long-term. Meanwhile, the calculation of the term shall start on the first day of the calendar month following the reporting month.

16.2 The Company shall create a Bad Debt Provision (hereinafter referred to as the "Provision") in the amount of accounts receivable declared doubtful as of the end of each quarter. The amount of the provision shall be determined subject to the financial standing of the debtor and the estimated probability that the debt may be repaid in full or in part.

As regards settlements with the population, if there are accounts receivable outstanding for more than 3 months, the provision shall be created for the entire amount of outstanding debt with a due date of more than 3 months.

The receivables and payables with expired limitation periods shall be written off on a twice a year basis pursuant to the Company's local regulation from the source specified in such regulation. To secure the Company's right of claim, written-off debt shall be charged on off-balance accounts for 5 years following the write-off period.

The payables with expired limitation periods shall also be written off on a twice a year basis pursuant to the Company's local regulation.

16.3 A payment received by the Company during the same reporting period when the goods were actually sold or works and services were actually delivered shall not be recognised as advance payment. The advance payment amount shall be determined as of the end of the reporting period for each contract and counterparty separately by comparing the payments received and shipments made during the month. The amount by which the payment amount exceeds the cost of the services actually delivered during the reporting period shall represent the advance payment on account of onward deliveries of the future periods. A period shall be understood as one calendar month for the purposes of said clause.

16.4 Assignment agreements for intermediary's claims at the value of the future claim to the counterparty with respect to the sale of electric power, capacity, heat, and other core activities represent a debtor replacement transaction. Meanwhile, the following entries shall be made in the records:

- According to the intermediary counterparty's code: Debit 76 Credit 62 reclassification of accounts receivable under an intermediary agreement to an assignment agreement in the amount laid down therein;
- Debit 62 (intermediary debtor's code) Credit 76 (intermediary counterparty's code) reclassification of receivables under an assignment agreement to the relevant purchase agreement for electric power, capacity, heat, etc. in the amount specified in the assignment agreement.

16.5 The amounts of insurance premium under compulsory and voluntary insurance contracts shall be included in expenses on a straight-line basis during the insurance period.

17. CONCESSION AGREEMENT

17.1 Objects of the concession agreement shall be accounted for on separate balance sheet Account 01 "Objects of the Concession Agreement" at the cost determined by the grantor. If no value of the transferred fixed assets is established in the agreement, the Company shall measure them independently.

The amount of concession facilities amortization shall be charged to separate Account 02 "Depreciation of Concession Agreement Objects" during the period of use established by the agreement.

The useful life of the transferred property shall be established as:

- equal to the term of the agreement in case the useful life of the property is longer;
- equal to the useful life of the property, if the term of the concession agreement is longer.

17.2 Expenses for the refurbishment of the transferred facilities and for the creation of new facilities included in the concession agreement shall be accounted for as investment in non-current assets.

17.3 If the acquisition, building or construction of new fixed assets is required to maintain the transferred facilities in working order or to operate in accordance with the concession agreement, such assets will be accounted for as fixed assets and depreciated over the term established by the Company.

17.4 The Company shall account for expenses for the concession activities separately on Account 23.

17.5 Revenues from the concession activities, as well as assets and liabilities related to the concession, shall be accounted for by the Company on separate accounts.

17.6 Settlements under lease agreements entered into under the concession agreement shall be made in accordance with the accounting rules established by section 16 “Lease Accounting” of this Accounting Policy.

18. LEASE ACCOUNTING

18.1 The Company has decided to apply FAS 25/2018 “Lease” early, starting from the annual period of 2020.
18.2 The Company shall qualify its agreements as lease agreements if an identified asset exists and under that agreement the right is transferred to control the use of the identified asset for a long period (over 12 months) on a fee basis.
18.3 Assets in the form of the right to use shall be initially measured at historic value and depreciated until the end of the lease term. The historic value of the asset in the form of the right to use shall include the amount of the initial measurement of the lease liability, rental payments made before or at the date the lease commences and initial direct costs. After recognition the right-of-use assets are recorded at cost less accumulated amortisation.
18.4 The lease liability is initially estimated at the present value of lease payments that have not been made at inception of the lease, and is subsequently estimated at amortised cost, with interest expenses recognised as part of other expenses. The present value of future lease payments shall be determined by discounting their nominal values. Discounting shall be performed using a rate at which the present value of future lease payments and the non-guaranteed liquidation value of the leased item becomes equal to the fair value of the leased item.
18.5 The fair value shall be determined in accordance with International Financial Reporting Standard (IFRS) 16 “Lease” and other International Financial Reporting Standards.
18.6 After recognition the lease liability is increased by accrued interest and decreased by lease payments actually paid. Interest shall be accrued on the lease liability on a monthly basis.
18.7 The lease term shall be calculated based on the terms and conditions set out in the lease agreement, the Company's expectations and intentions. Where the term of agreement is 12 months, but there is reasonable assurance of its renewal, such an agreement shall be considered concluded for a long term.
18.8 The right to use the leased item shall be reflected on the designated Account 01 “Right to Lease”. Sub-account 76 “Lease Liabilities” has been designated for the purposes of recognition of the lease liability. Payments under lease agreements shall be reflected on Account 60.08 “Payments to Lease Suppliers”.
18.9 In accordance with the transitional provisions of Federal Accounting Standard 25/2018 “Lease”, the Company has decided to recognise the right to use the asset and the lease liability simultaneously, with the difference being attributed to retained earnings.

19. CREDITS AND LOANS

19.1 Accounts payable on the credits and loans received shall be recognised and reflected in the statements including the interests due at the end of the reporting period. The interests charged shall be recorded separately.
19.2 Interests on the loans and credits received shall be recognised as other expenses of the period when they were incurred, except for the part thereof that is to be included in the value of the investment asset to be determined evenly in accordance herewith.
19.3 Additional expenses associated with securing credits and loans shall be included in the other expenses at the time of incurrence thereof except for capitalised expenses in accordance herewith.
19.4 Long-term payables on the loans and credits received shall be reclassified as short-term if pursuant to the loan and/or credit agreement, the remaining time until the principal payback date equals 365 (366) days.
19.5 Property received as security under loan agreements shall be reflected on the off-balance sheet Account 00.08.00 “Received Securities for Liabilities”.

20. ESTIMATED LIABILITIES

A liability shall be recognised by the Company as an estimated liability, if it arose:
- Out of the provisions of laws and other regulatory legal acts, court rulings or contracts;
- Out of deeds of charge;
- Out of the company’s actions indicating that the company is making certain commitments.

20.1 The Company shall recognise estimated liabilities if the following conditions are concurrently met:
- There is a liability arising out of the previous events that the Company cannot evade. In case of doubts regarding the existence of such liability, the Company shall recognise an estimated liability, if an examination of all circumstances and conditions, including experts’ opinions, indicates that the liability is more likely to exist than not;
- A decrease of the Company’s economic benefits required to discharge the estimated liability is very likely;
- The amount of the estimated liability may reasonably be determined.

20.2 An estimated liability shall be created on a biannual basis.
- on a monthly basis for the purposes of vacations, bonuses and mandatory insurance contributions, as well as for special bonus programmes;
- on a monthly basis for the purposes of reclaimed sites;
- on a quarterly basis on legal disputes.
- upon receiving the information about the expenses incurred/expeected under contracts for settlements with suppliers;
- regarding the expenses that are not documented and relate to the commissioning of a fixed asset, estimated liabilities shall be created upon completion of creation of the fixed asset, or reconstruction, modernisation, or capitalised repair of the fixed asset.

20.3 The creation/increase of liabilities under this provision shall be reflected on the Debit of cost accounts depending on the liability in correspondence with the credit of Account 96** “Provision for Future Expenses”.

20.4 In case of excessive estimated liabilities, or termination of the conditions for recognition of the estimated liability, the unused amount can be written off from the Debit of Account 96 “Provision for future Expenses” in correspondence with Account 91 “Other Income and Expenses”.
20.5 Regarding the estimated liabilities recognised under contracts for settlements with suppliers, for the purpose of reliable reporting, the Company considers it possible to cancel the liability accrued under the contract in full upon receipt of primary documents.
20.6 The long-term part of the liability (with a payback period over 12 months counted from the reporting date) shall be discounted and reflected as long-term liabilities. The discounting costs shall be reflected as financial expenses.
20.7 If the event covered by the provision occurs, the expenses on this event shall be reflected as utilisation of the provision as the debit of Account 96 Credit of debtors’ and creditors’ accounts.
20.8 Estimated liabilities under financial business contracts within the Group shall be reflected separately.
20.9 Contingent assets and contingent liabilities shall not be recognised in the accounting records, information on such assets and liabilities shall be disclosed in the Company’s explanatory note.
20.10 Creation of Estimated Liabilities on Legal Disputes
20.10.1 The Company shall create an estimated liability on legal disputes when it becomes a party to judicial proceedings or out-of-court settlement of the matters associated with legal disputes with counterparties on the business contracts made therewith, as well as on potential disputes with respect to taxes and levies. An estimated liability shall be created if the Company estimates its chances of securing a favourable resolution under 50% and the amount of estimated expenses exceeds RUB 15 mln.
20.10.2 An estimated liability shall be created on a quarterly basis.
20.10.3 Creation/increase of liabilities under this provision shall be reflected in the Debit of Account 91 (99 with regard to the income tax) in correspondence with the Credit of Account 96.
20.10.4 The long-term part of the liability (with a payback period over 12 months counted from the reporting date) shall be discounted and reflected as long-term liabilities. The discounting costs shall be reflected as financial expenses.
20.10.5 If the event covered by the provision occurs, the expenses on this event shall be reflected as utilisation of the provision as the Debit of Account 96 Credit of other debtors’ and creditors’ accounts /taxes and levies.
20.11 Creation of Estimated Liabilities for Vacations and Bonuses
20.11.1 In order to ensure an even distribution of expenses, the Company shall create estimated liabilities as follows:
- For vacation allowances;
- For quarterly bonuses;
- For annual bonuses;

20.11.2 Estimated liabilities shall be created on a monthly basis for the total amount of all expected expenses on vacation allowances, quarterly, and annual bonuses and shall be composed of three parts for each type:
- Amounts of estimated liabilities for payments to employees;

- Amounts of estimated liabilities for insurance contributions to extra-budgetary funds to be charged on the liability to pay to employees;
- Amounts of estimated liabilities for contributions to the Social Insurance Fund of the Russian Federation for workplace injuries and work-related illnesses charged on the liability to pay to employees.
The Company shall reflect future expenses on estimated liabilities as:
- Provisions for vacation allowances, insurance contributions charged on the amounts of the provisions for future vacations in Account 96.02.00 “Estimated Liabilities for Unused Vacations”;
- Provisions for quarterly bonuses, insurance contributions charged on the amounts of the provisions for quarterly bonuses in Account 96.04.00 “Estimated Liabilities for the Branches’ Quarterly Bonuses”;
- Provisions for annual bonuses, insurance contributions charged on the amounts of the provisions for annual bonuses in Account 96.03.00 “Estimated Liabilities for Annual Bonuses”.

20.11.3 The methodological aspects of accounting estimated liabilities for vacations and bonuses are set out in the local regulation.

20.12 Creation of Estimated Liabilities on Reclaimed Sites

20.12.1 The Company shall create estimated liabilities in the amount of estimated costs that might be incurred in the future upon liquidation, dismantling, disposal of fixed assets and restoration of natural resources. The amount of the estimated liability shall be determined on the basis of estimated calculations, contracts for reclamation, the period of use of the fixed assets (intended operation, development, etc.), etc.

20.12.2 The creation of a provision for reclaimed sites shall be reflected in the Debit of Account 08.05.02 “Capital Investments in New Production Facilities” / 08.06.02 “Capital Investments in Existing Production Facilities” in correspondence with the Credit of Account 96.07.00 “Estimated Liabilities on Reclaimed Sites”. Entries shall be made at the branch where the fixed asset for which the provision has been created is accounted.

20.12.3 The Company discounts the created estimated liabilities on reclaimed sites on a monthly basis. Discounting entries shall be made at the branch where the fixed asset for which the provision has been created is accounted.

20.13 Creation of Estimated Liabilities on Special Bonus Programmes

20.13.1 The Company creates an estimated liability on long-term bonuses based on performance for more than one year provided that the following conditions are met:
- such payments are fixed in employment or collective agreements;
- if, based on the existing past practices or statements made, employees have reason to believe that the Company assumes obligations for the corresponding payments, and also has the resources to fulfill such obligations.
The estimated liability shall be created quarterly and reflected on Accounts 96.08.00 “Short-term Estimated Liabilities on Special Bonus Programmes” and 96.08.01 “Long-term Estimated Liabilities on Special Bonus Programmes” in the Company’s Headquarters.

20.14 Creation of Other Estimated Liabilities

20.14.1 If the Company has the information concerning:
- Expenses incurred under financial business contracts, but the Company is unable to enter such expenses into the books for various reasons;

- Future expenses under which the Company has liabilities, but no documented expenses;
- Other similar liabilities when the Company is certain of asset outflow / decrease in the Company's benefit, but the Company is unable to reflect the expense at the time of preparing the statements, the Company shall create an estimated liability.

The Company shall create an estimated liability when the Company is certain of asset outflow with a likelihood over 50% and when the estimate of potential expenses exceeds RUB 1 mln.

21. COMPANY'S INCOME

The Company divides income into income from core activities and other income.

21.1 Income from core activities (in case of sale of goods and products, delivery of works and services) shall be reflected in balance sheet Account 90.

Income from core activities includes:

- Income from sale of electric power at existing production facilities;
- Income from sale of electric power at new production facilities;
- Income from sale of heat (water);
- Income from sale of heat (steam);
- Income from sale of heat in the grids;
- Income from transfer of the heat carrier "chemically purified water";
- Income from sale of potable water;
- Income from sale of process water;
- Income from sale of water disposal services (effluent discharge);
- Income from sale of discharge treatment services;
- Income from sale of demineralised water;
- Income from sale of services for connection to the heat supply system;
- Rental income;
- Income from other types of works and services.

21.2 Other income includes:

- Income from shareholdings in other companies;
- Income from sale of fixed assets and other assets;
- Interests received for provision of funds for use, as well as interests received for the use of funds on the account by the bank;
- Income from container operations;
- Income from provision of rights to intellectual property and equivalent intellectual property designations;
- Income from reassignment of claims;
- Revenues from the sale of bills reflected in financial investments;
- Income under forward contracts;
- Income under option transactions;
- Income under futures contracts;

- Penalties, fines, and forfeits for breach of contracts;
- Assets acquired by the Company free of charge;
- Profit of past years;
- Write-down of accounts payable;
- Foreign exchange differences;
- Results of asset inventory audit;
- Value of inventories received from write-off of fixed assets;
- Indemnification;
- Income from recovery of estimated liabilities;
- Receipts resulting from force majeure (natural disasters, fires, accidents, etc.) value of inventories remaining after write-off of assets that cannot be restored and are unfit for further use, etc.;
- Income from liquidation of fixed assets and capital construction in progress;
- Overcharged taxes for previous years;
- Budget refund for heat;
- etc.

21.3 Income from sale of goods (works, services) shall be recognised on the date of titling the goods to the buyers and titling the deliverables of completed works and paid services to customers in accordance with the contracts made therewith. Title to electricity and heat shall be transferred at the time it is released to the consumer.
21.4 Budget refunds that are allocated as lost revenue from the sale of heat at a regulated tariff (when the difference between the base price (tariff) and the actual sales price is compensated) are recorded as revenue on the date of such refund receipt.
21.5 Income from the sale of real estate shall be recognised on the date of the acceptance certificate, regardless of whether documents for state registration of rights are filed or not.
21.6 Income from delivery of works and services, sale of long-lead products shall be recognised as far as the works, services, and products are available for use. Availability shall be determined based on the ratio of the expenses actually incurred as of the reporting date based on the report presented by the project manager and approved by the General Director.
The stage of completion of works under contract shall be determined based on the ratio of the work scope competed as of the reporting date in the full work scope under contract. The estimated value of the work scope shall be determined by expert assessment of the scope of completed works or by calculating the ratio.
21.7 Income in the form of penalties, fines, and other sanctions under economic agreements, civil law contracts shall be accepted at the effective date of the court decision. In case of pre-trial settlement, penalties, fines, and forfeits for breach of contract shall be recorded at the date of recognition as a debtor. Recognition shall be confirmed by:

- a written notice of the debtor that it recognises the amount of penalties;
- signing of a reconciliation statement with the debtor;
- payment (full or partial) of the amounts of penalties by the debtor;
- other contractual conditions (for example, using to guarantee deductions).

21.8 Income in the form of penalties, fines on taxes and fees, as well as their reduction for previous reporting periods, shall be recorded on Account 99 “Profits and Losses”.
21.9 If the goods are sold through a commission agent, the income from sale shall be reflected as of the date of sale specified in the commission agent’s sales report.
21.10 The Company shall allocate other income as income associated with regulated types of activities on a monthly basis reflecting the information on off-balance sheet accounts. Allocation shall be made in accordance with the procedure established by the local regulatory act.

22. COMPANY’S EXPENSES

The Company shall recognise the costs separately with regard to the types of activities using accounts and sub-accounts for accounting purposes, as well as supplementary sub-accounting systems.

22.1 Production costs shall be booked in the reporting period when they were incurred.
22.2 General business expenses shall be recognised as the cost of core business products (services), as well as the secondary business works and services delivered to third parties broken down by cost centres. General business expenses on secondary business services intended for in-house use by the branches and nonindustrial products shall not be allocated. For the purposes of efficient accounting, the Company shall determine the proportion of general economic expenses directly related to the creation of fixed assets, based on the expenses incurred for current activities and expenses related to the creation of fixed assets.
At the end of the month, the balances in Account 26.00.00 “General Business Expenses” at the branches shall be allocated to the following sub-accounts:
20.01.00 – “Electric Power Generation” – broken down by “Facility – Unit” analytics;
20.02.01 - “Generation of Heat (Water)”;
20.02.02 - “Generation of Heat (Steam)”;
20.04.00 – “Transportation of Heat”;
20.05.00 – “Other Production” – broken down by “Tax Accounting” analytics characterising the activity type on a pro-rata basis to the shop cost.
23.20.00 - “Capital Construction Expenses”
Property tax shall be charged on a monthly basis on the cost accounts where the fixed asset is depreciated.
General business expenses of Unipro PJSC Headquarters at the end of the month shall be allocated to the following sub-accounts:
- 20.01.00 – “Electric Power Generation” – broken down by “Facility – Unit” analytics;
- 20.02.01 - “Generation of Heat (Water)”;
- 20.02.02 - “Generation of Heat (Steam)”;
- 20.05.00 – “Other Production” in case of costs under this account in the Headquarters’ records.

The expenses shall be allocated on pro-rata basis to the branches’ actual costs under such types of activities broken down by each individual branch and unit (analytics – department).

23.20.00 - “Capital Construction Expenses” – in proportion to the cost of branches broken down by New Build Projects

The cost by activity types recognised in Account 20* shall be closed to the following accounts:
43 – “Finished Products (Electric Power), New Production”
43 – “Finished Products (Electric Power), Existing Production”
43 – “Finished Products (Heat (Water))”
43 – “Finished Products (Heat (Steam))”
43 – “Finished Products (Transportation of Heat)”
43 – “Finished Industrial Products for a Different Type of Product”
90.02.05 – “Cost of Sales (Other Commercial Sales)” – in the part of other services.
08 – “Investments in Non-current Assets”.
Expenses related to the activities under a concession agreement shall be reflected on Account 20 “Concession Activities”.
Non-industrial objects booked on the balance sheet of the Company, carrying the activities not directly related to the main production, but providing the services to the third parties (the Zvezda Kateka Hotel and the swimming pool at the Berezovskaya GRES branch; the apartment/guest room at the Smolenskaya GRES branch) are not the facilities of servicing industries and businesses, but are the structural functions of the Company. The cost of maintaining these facilities shall be reflected on Account 20.05.00 “Other Production”.
The costs associated with adverse environmental impacts shall be calculated monthly based on actual emissions of the current period recorded in a certificate signed by the head of RFESU (Reliability, Fire and Environmental Safety Unit)and the head of the Environmental Task Force. Advance payments for adverse environmental impacts shall be made within the limits, which are accepted as temporary standards.
The service fees paid to the company organising business trips of the Company’s employees shall be reflected on Account 26.00.00 “General Business Expenses”, regardless of the purpose of the trip.
If one branch provides core and secondary production services to another branch, the expenses incurred (on business trips, salaries, etc. for business trip days) are not subject to transfer, and are included in the expenses of the branch where the seconded employee is registered. Except for the accommodations in the Zvezda Kateka Hotel, the organisation unit of Berezovskaya GRES branch; the apartment/guest room in the organisation unit of the Smolenskaya GRES branch incurred by other branches’ employees seconded for the purposes of operating activities, settlement of management problems.

22.3 Other expenses include:

- Expenses from sale of fixed assets and capital construction in progress;
- Expenses on the sale of inventories;
- Expenses on the sale of intangible assets;
- Expenses on the conversion of securities;
- Expenses from decommissioning and gratuitous transfer of fixed assets and capital construction in progress;

- Expenses on the sale of apartments;
- Expenses on the sale of securities;
- Expenses on the sale of bills recognised in the Company's financial investments;
- Expenses under forward contracts;
- Expenses under option transactions;
- Expenses under futures contracts;
- Expenses on shareholdings in other companies;
- Expenses under claim assignment agreements;
- Maintenance of preserved production facilities;
- Interest paid under credit, loan agreements (except for those included in the value of an investment asset), bank account;
- Interest paid under bills;
- Services of credit institutions;
- Penalties, fines, and forfeits for breach of contracts, civil law contracts;
- Damages paid to third parties;
- Losses of past years;
- Uncollectable accounts receivable;
- Foreign exchange differences;
- Social payments;
- Compensation payments related to job quotas;
- Expenses incurred as a result of force majeure (natural disasters, fire, accident, etc.);
- Costs of creating estimated liabilities;
- VAT not refunded from the budget;
- etc.

Foreign exchange differences arising under foreign exchange transactions and currency units shall be reflected separately as income under positive foreign exchange differences, as expenses under negative foreign exchange differences. In accordance with the accounting data, income and expenses shall be reflected in the Company's statements.

22.4 The subsidiaries shall recognise costs in accordance with local regulations approved by such entities.

22.5 Expenses in the form of penalties, fines and other sanctions to be transferred to the budget (to state non-budgetary funds), as well as to be collected by state institutions authorised in accordance with the applicable laws of the Russian Federation to impose these sanctions, including both those to be paid independently and by court decision, shall be recorded on Account 99 "Profits and Losses".

22.6 Expenses in the form of state fees paid for legal proceedings in courts shall be recorded at the date when the court decides to accept the case for production.

Expenses in the form of state fees paid for legal proceedings initiated in courts on claims against individuals shall bee reflected in the month in which they were paid.

22.7 Fines, penalties and forfeits for breaches of contracts, as well as compensation for losses caused by the Company shall be accepted in the amounts awarded by a court decision or recognised by the Company.
22.8 The Company shall allocate other expenses as expenses associated with regulated types of activities on a monthly basis reflecting the information on off-balance sheet accounts. Allocation shall be made in accordance with the procedure established by the local regulatory act.
22.9 Expenses accumulated on Account 23.20.00 “Capital Construction Expenses” are debited monthly to Account 08.10.00 “Total Capex under New Build Projects" broken down by investment projects.

23. IN-HOUSE SETTLEMENTS

23.1 The branches’ financial business relations shall be governed by the Branch Regulation. The branches maintain the records of their transactions independently. To ensure the accuracy of in-house settlements accounting, the information shall be exchanged between the branches and/or the Company Headquarters and its branches by processing an aviso for the entry of the data on the flows of assets and liabilities and profit or loss in the accounting records of the relevant company branch. In case of in-house settlements between the Company branches, an aviso for the branch shall be processed in correspondence with Account 79.02.01 “In-house Settlements with HQ”. Meanwhile, the Headquarters shall make entry Debit of Account 79 Credit of Account 79 of the relevant branches.
When the Headquarters make payments for the branches, the branch shall reflect the payment with entry Debit 60, 76, 71, 73, etc. Credit of Accounts 79.02.01 specifying the analytics Cost Centre 790214 (payment transferred to the branch). Meanwhile, the Headquarters shall make entry Debit of Account 79 of the relevant branches specifying the analytics Cost Centre 790214 (payment transferred to the branch) Credit of Account 51.
Transfer of money between the checking accounts of the Headquarters and the branches shall be reflected by an entry between Accounts 79 of the relevant branch specifying the analytics Cost Centre 790205 (current transactions) in correspondence with Account 51 depending on the type of the transaction (receipt, transfer)
23.2 Accommodation expenses of the Company's employees incurred in the organisation units providing housing and utilities services (Zvezda Kateka Hotel - at the Berezovskaya GRES branch; the apartment/guest room at the Smolenskaya GRES branch) shall be recognised as follows:

- if a seconded employee performs work that is included in the costs of the receiving branch as having a capital nature, the cost of his / her accommodation is entered to Account 08*, or 23* of such branch;
- if an employee is seconded for the purposes of operating activities, settlement of management problems, his/her accommodation shall be included in the expenses of the branch where the seconded employee is registered.

Expenses associated with movements of materials and equipment between the branches shall be regarded general expenses of the branch that organises transportation, and do not increase the cost of materials and equipment being moved.

23.3 The profits and losses of the branches shall be communicated to the Headquarters on a monthly basis through the in-house settlements Account 79 "In-house Settlements" in order to recognise the profits/losses for the Company as a whole.

24. EVENTS AFTER THE REPORTING DATE

24.1 The Company's accounting statements shall reflect the events after the reporting date that affected or may potentially affect the Company's financial situation, cash flows or profit or loss and that took place in the period between the reporting date and the date of signing the accounting statements for the reporting year.

24.2 The events after the reporting date include:

- Events attesting to the business environment as of the reporting date in which the Company carried out its activities;
- Events attesting to the business environment after the reporting date in which the Company is carrying out its activities.

24.3 A relevant event after the reporting date must be reflected in the accounting statements for the reporting year regardless of whether it is a favourable or an unfavourable event for the Company.

An event after the reporting date shall be viewed as a relevant event if it is impossible for the users of the accounting statements to reliably determine the Company's financial situation, cash flows or profit or loss without awareness thereof.

An amount shall be deemed a significant amount if the ratio of such amount to the bottom line of the relevant data for the reporting year is equal to or above 15 per cent.

24.4 Events after the reporting date shall be reflected in the accounting statements after adjusting the data on the Company's relevant assets, liabilities, capital, income, and expenses, or by disclosing the relevant information in the explanatory note.

25. RELATED PARTY INFORMATION

25.1 The Company shall disclose information on related parties exclusively in the explanatory note serving as an appendix to the annual report.

Meanwhile, the Company treat a legal entity and/or a private individual to be a related party if such entity or individual:

1. Is controlled by or under a material influence of a legal entity and/or a private individual;
2. The Company controls or exerts material influence on a legal entity;

25.2 The list of related parties whose information is to be disclosed in the Company's accounting statements shall be determined on an annual basis at the end of the year subject to the substance-over-form requirement.

26. INFORMATION BY SEGMENTS

The Company's activities constitute a single operating and geographical segment.
The Company's core business is generation of electric power, heat, and capacity (the sales of these commodities definitely predominate in the Company's revenue mix), as well as the processes that are interdependent in terms of production and are exposed to similar risk factors. Furthermore, the Company carries out other activities that are not significant and do not form any separate reporting segments whether jointly or individually. This is why information on operating segments shall not be disclosed.
The Company's activities are limited to the territory of the Russian Federation and the Company has no geographic segments, as the sources and nature of risks are more or less the same throughout the entire Russian Federation.

27. ACCOUNTING OF TAX LIABILITIES.

This accounting policy considers solely those accounting peculiarities that differ from standard rules and/or are not regulated by the laws on accounting and tax liabilities. The assessment of taxes is examined in detail in the accounting policy for tax accounting purposes.

27.1 VAT Accounting

27.1.1 When receiving advances (pre-payments) on the delivery of goods, products, other valuables or on delivery of works (services), the whole amount specified in the documents for the advances (pre-payments) received shall be reflected in the debit of cash accounts and credit of Sub-Account 62* "Settlements for Advances Received …".

27.1.2 In the meantime, the value added tax amount assessed at the statutory rate pursuant to the documents on advances (payments) received under other sales shall be entered in the books to the debit of Account 76.06.02 "VAT on Advances Received from Customers" and credit of Sub-account 68.02.02 "VAT Settlements".

27.1.3 In case of advances received from core activities, the value added tax amount shall be allocated at the end of the month to the balance of the credit of Sub-account 62* "Settlements for Advances Received …" and shall be entered in the books to the debit of Account 76.06.02 "VAT on Advances Received from Customers" and credit of Sub-account 68.02.02 "VAT Settlements".

27.1.4 When paying advances to a supplier/contractor pursuant to the terms of the contract and receiving the counterparty's VAT-invoice for the advance received, the amount of VAT shall be refunded from the budget concurrently reflecting accounts payable on Account 76.06.03 "VAT on Advances Paid to Suppliers".

27.1.5 To ensure the calculation accuracy and timeline of VAT deductions, the Company maintains the following sub-accounts on Account 19:

19.01.00	"VAT on the Acquisition of Fixed Assets"
19.02.00	"VAT on Acquired Intangible Assets"
19.03.00	"VAT on Acquired Inventories and Services and Equipment to be Installed"
19.04.00	"VAT on In-house Construction"
19.05.00	"VAT on Facilities to Be Commissioned"

19.06.00	“VAT on Imported Goods Payable to Tax Authorities”
19.07.00	“Non-refundable VAT”

The Company shall reflect VAT on purchased goods (works, services) related to general business expenses to be separated into taxable and tax-exempt activities in Account 19** “Value Added Tax on Acquired Valuables”.

27.1.6 The Company shall start separating input VAT in the quarter when the event mandating separate accounting of VAT takes place for tax purposes according to the accounting policy. Once this event takes place (exceeding the 5% threshold for the period (quarter), the Company shall separate VAT, accumulated in Account 19** “Value Added Tax on Acquired Valuables” at the end of the same quarter in compliance with the rules laid down in the accounting policy for tax purposes. Meanwhile, non-refundable VAT shall be reflected in other expenses as the expenses on VAT-exempt activities.

27.2 Accounting of Assessed Insurance Contributions to the Pension Fund of the Russian Federation, Social Insurance Fund of the Russian Federation, Compulsory Medical Insurance Fund

27.2.1 The Company shall recognises the liabilities on of assessed insurance contributions to the Pension Fund of the Russian Federation, Social Insurance Fund of the Russian Federation, Compulsory Medical Insurance Fund of the Russian Federation the Company in Account 69* “Social Insurance and Welfare Settlements” and in the sub-accounts thereto.

27.2.2 The Company shall single out the contributions assessed prior to 2017 and after 01 January 2017 by breaking down payables by the counterparty – funds / tax authorities.

27.2.3 The amounts of assessed insurance contributions relating to the amounts of vacation allowances assessed to the employees shall be carried over to the utilisation of the vacation provision created.

27.2.4 The amounts of assessed contributions accrued on payments to employees that are not accepted for the purpose of income tax base reduction shall be reflected in the production costs and shall be recognised as acceptable expenses for income tax purposes.

27.3 Income Tax Accounting

27.3.1 The Company shall maintain the records of income tax settlements in compliance with the requirements of RAS 18/02 “Income Tax Accounting”.

This section depicts the income tax settlement procedure that makes it possible to reflect the differences in recognising accounting profit (loss) and taxable profit (loss) in the accounting records and accounting statements.

27.3.2 Accounting profit (loss) is an indicator reflecting the profit (loss) assessed according to the procedure established by the regulatory legal acts of the Russian Federation on accounting.

Taxable profit (loss) is the income tax base for the reporting period calculated according to the procedure established by the laws of the Russian Federation on taxes and levies.

27.3.3 Permanent and temporary differences

The difference between the accounting profit (loss) and the taxable profit (loss) of the reporting period, resulting from the application of various rules for recognizing income and expenses, which are

established in the regulatory legal acts on accounting and the legislation of the Russian Federation on taxes and fees, consists of permanent and temporary differences.
Permanent differences shall be understood as income and expenses:
- Generating the accounting profit (loss) of the reporting period, but not recognised for the purposes of the income tax base of either the reporting period or the future reporting periods;
- Recognised for the purposes of the income tax base of the reporting period, but not recognised for accounting purposes as income and expenses of either the reporting period or the future reporting periods.

Permanent differences may arise in the following case (without limitation):
- If actual expenses (income) recognised for the purpose of accounting profit (loss) exceed the expenses (income) accepted for tax purposes that involve expense limits, including:
- If the expenses associated with the free transfer of assets (goods, works, services) are not recognised for tax purposes in the value of the assets (goods, works, services) alongside with the expenses associated with said transfer;
- If a loss carried forward is incurred and, after a certain period of time, according to the applicable laws of the Russian Federation on taxes and fees, can no longer be accepted for tax purposes, both in the reporting period and in subsequent reporting periods;
- In case of other similar differences.

Temporary differences are income and expenses that form the accounting profit (loss) in one reporting period, and the tax base for profit tax in another or in other reporting periods, as well as the results of operations that are not included in the accounting profit (loss), but form the tax base for profit tax in another or in other reporting periods.
The temporary difference as of the reporting date shall be defined as the difference between the book value of an asset (liability) and its taxable value.
Depending on their nature and impact on the taxable profit (loss), temporary differences shall be divided into:
- Deductible temporary differences;
- Taxable temporary differences.

Deductible temporary differences result in deferred income tax supposed to result in the decrease of the income tax amount payable to the budget in the period following the reporting period or in the future reporting periods.
Taxable temporary differences result in deferred income tax supposed to result in the increase of the income tax amount payable to the budget in the period following the reporting period or in the future reporting periods.
Temporary differences are generated as a result of:
- the use of different rules for estimating the original cost and amortisation of non-current assets for accounting and tax purposes;
- application of different methods of formation of the cost of sold products, goods, works, services for accounting and tax purposes;
- application of different recognition rules for the purposes of accounting and taxation of income and expenses associated with the sale of fixed assets;

- revaluation of assets at market value for accounting purposes;
- recognition of impairment of financial investments for which their current market value is not determined, of inventories and other assets in the records;
- application of different rules for creating provisions for doubtful debts and other similar provisions for accounting and tax purposes;
- recognition of estimated liabilities in the records;
- application of different rules for recognition of the interest paid by the company for cash (credits, loans) granted to it for accounting and tax purposes;
- In case of the loss carry forward that has not been used to reduce the income tax base in the reporting period, but that will be recognised for tax purposes in the future reporting periods;

In case of other similar differences.

The information on the permanent and temporary differences shall be reflected in the accounting records based on the source accounting records directly for the accounts. Meanwhile, the accounting records shall reflect permanent and temporary differences shall be reflected separately. Sub-accounting records shall reflect temporary differences broken down by types of assets and liabilities whose estimates give rise to a temporary difference.

27.3.4 Recognition of a permanent tax expense (income)

A permanent tax liability (asset) shall be understood as a tax amount resulting in the increase (decrease) in income tax payments in the reporting period.

The company shall recognise a permanent tax expense (income) in the reporting period when such temporary difference occurs.

A permanent tax liability (asset) is equal to the value calculated as the product of the temporary difference occurring in the reporting period by the income tax rate established by the law of the Russian Federation on taxes and levies and effective as of the reporting date.

The permanent tax expense (income) shall be reflected on Account 99 “Profits and Losses”, Sub-account 99.02.03 “Permanent Tax Expense” (“Permanent Tax Income”) in correspondence with the relevant sub-account of Account 68.

27.3.5 Recognition of Deferred Tax Liabilities (Assets)

A deferred tax asset shall be understood as a part of the deferred income tax supposed to result in the decrease of the income tax amount payable to the budget in the period following the reporting period or in the future reporting periods.

Deferred tax assets shall be recognised in the reporting period when deductible temporary differences arise, provided that it is probable that taxable profit will be generated in subsequent reporting periods.

Deferred tax assets are equal to the value calculated as the product of deductible temporary differences occurring in the reporting period by the income tax rate established by the law of the Russian Federation on taxes and levies and effective as of the reporting date.

The accounting records shall reflect deferred tax assets in Account 09. Meanwhile, sub-accounting records shall reflect deferred tax assets separately (by types of assets).

Deferred tax liability shall be understood as a part of the deferred income tax supposed to result in the increase of the income tax amount payable to the budget in the period following the reporting period or in the future reporting periods.

Deferred tax liabilities are recognized in the reporting period in which taxable temporary differences occur.

Deferred tax liabilities are equal to the value calculated as the product of taxable differences occurring in the reporting period by the income tax rate established by the law of the Russian Federation on taxes and levies and effective as of the reporting date.

The accounting records shall reflect deferred tax liabilities in Account 77. Meanwhile, sub-accounting records shall reflect deferred tax liabilities separately (by types of liabilities).

27.3.6 Withdrawal of Deferred Tax Liabilities (Assets)

In case of withdrawing an asset and/or a type of liabilities, on which deferred tax liabilities (assets) have been accrued, the balance of such deferred tax liabilities (assets) recognised in Accounts 09 and/or 77 shall be written off.

If the period for recognising the previously recognised losses in the tax records expires, the amounts of the previously created deferred tax assets must be written off on the expiration date to the relevant Account 99 “Profits and Losses”).

27.3.7 Income Tax Accounting

The amount of the income tax to be determined based on the accounting profit (loss) and reflected in the accounting records regardless of the taxable profit (loss) amount shall represent contingent income tax expense (income).

Contingent expense (contingent income) shall be equal to the value calculated as the product of the accounting profit generated in the reporting period by the income tax rate established by the law of the Russian Federation on taxes and levies and effective as of the reporting date.

Income tax expense (income) is the amount of income tax recognised in the statement of financial results as an amount that reduces (increases) profit (loss) before tax when calculating net profit (loss) for the reporting period.

The income tax expense (income) is defined as the sum of current income tax and deferred income tax. At the same time, deferred income tax for the reporting period shall be defined as the total change in deferred tax assets and deferred tax liabilities for this period, except for the results of operations that are not included in accounting profit (loss).

The current income tax is recognised as income tax for tax purposes, determined in accordance with the applicable laws of the Russian Federation on taxes and fees.

The Company shall determine the amount of the current income tax on a monthly basis using the data reflected in the accounting records.

The amount of additional payment (overpayment) of income tax due to errors (misstatements) in the previous reporting (tax) periods not affecting the current income tax for the reporting period shall be reflected in a separate line of the statement of financial results.

If pursuant to regional law, a reduced income tax rate applies in the region of a Company representative office’s / branch’s operations, the Headquarters shall assess a permanent tax receipt with regard to income tax savings on a monthly basis following the calculation of tax allocation among the regions.

The information on the amount of the current income tax with due regard to the effect of permanent tax liabilities, deferred tax assets (liabilities) shall be reflecting in the relevant Account 68. Upon the end of the reporting quarter, subject to the developed tax returns, the tax amount for the quarter shall be transferred to the relevant accounts "Income Tax (Budget Settlements)" of Account 68 depending on the recipient's budget.

The budget's debt to the Company in terms of income tax shall be reflected in the Debit of Account 68.03.01 "Payment of Income Tax to the Budget".

27.3.8 Disclosure of Income Tax Accounting Information in the Accounting Statements

The balance sheet shall reflect the amount of deferred tax assets and deferred tax liabilities separately. Meanwhile:

- The balance of deferred tax assets shall be reflected as non-current assets in the group 'Deferred tax assets';
- The balance of deferred tax assets shall be reflected as long-term liabilities in the group 'Deferred tax liabilities'.

Furthermore, the balance sheet shall reflect:

- current income tax payable or overpayments in the amount of the unpaid amount shall be recorded as a short-term liability in the unpaid amount of tax or receivables in the amount of the overpayment and/or over-collected amount of tax;
- Overpayment with respect to the current income tax in the amount of the overpaid and/or overcharged tax amount as part of the line "Other debtors".

The Statement of Financial Results shows income tax expense (income) subdivided into deferred income tax and current income tax as an item that reduces the profit (loss) before tax when forming net profit (loss) for the reporting period.

The income tax related to transactions that are not recognised as part of accounting profit (loss) shall be recorded in the Statement of Financial Results as an item that reduces (increases) the net profit (loss) when forming the total financial result of the period.

Notes to the Balance Sheet and Profit and Loss Statement for 2019

a) deferred income tax due to:

occurrence (repayment) of temporary differences in the reporting period;

changes in tax rules, changes in applicable tax rates;

recognition (write-off) of deferred tax assets due to changes in the probability that the company will receive taxable profit in subsequent reporting periods;

b) values showing the relationship between income tax expense (income) and profit (loss) before tax, including:

the applicable tax rates, including calculation of the effective tax rate;

Contingent expense (contingent income) on income tax

permanent tax expense (income);

c) other information that users need to understand the nature of indicators related to corporate income tax.

27.4 Property Tax Accounting

The taxable item is:

- real estate (including property transferred for temporary possession, use, disposal, trust management, entered into joint activities or received under a concession agreement), recorded on the balance sheet of the company as fixed assets in the manner prescribed for accounting, if the tax base for such property is determined as the average annual value.
- real estate located in the Russian Federation and owned by companies on the right of ownership or economic management, as well as received under a concession agreement, if the tax base for such property is determined based on the cadastral value.

When determining the tax base as the average annual value of property recognised as an object of taxation, such property is accounted for at its residual value.
The calculation shall not include the fixed assets associated with the land plots and assets exempt from the corporate property tax (depreciation groups 01 and 02).
The tax base for individual real estate items is defined as their cadastral value entered in the Uniform State Register of Real Estate and subject to application from 01 January of the year of the taxation period.
Property tax shall be assessed on a monthly basis to the debit of those cost accounts that reflect the depreciation of inventory fixed assets. If the asset is amortised to Accounts 08 or 91.02, the property tax is calculated on the cost accounts, with consideration to their use in production.