

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Trade and Finance



Master's Thesis

**Assessment of the Financial Position and Performance of
Chosen Russian Companies operating in the
Telecommunication Industry**

Anastasiia Sleptcova

CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

DIPLOMA THESIS ASSIGNMENT

Bc. Anastasiia Sleptcova

Economics and Management

Economics and Management

Thesis title

Assessment of the Financial Position and Performance of the Chosen Russian Companies operating in the Telecommunication Industry

Objectives of thesis

The aim of this thesis is to assess and compare the financial position and performance of three chosen Russian companies operating in the telecommunication industry by analyzing the companies' financial statements with focus on the representation and changes of the reported assets, liabilities, expenses and revenues for a chosen period to identify the potential financial problems and the most significant factors influencing the profit from the company and industry point of view.

Methodology

Methodology for the literature overview is based on data collection from the relevant legal framework, specialized publications and other written or online sources. The practical part of the thesis will be based on the information gained from the published annual reports of the chosen companies. Vertical and horizontal analysis and ratio analysis of the financial statements will be used to assess the financial position and performance of the companies and to prepare the practical part of the thesis. The methods of analysis, synthesis, comparison and deduction will be used to formulate the conclusions of the thesis.

The proposed extent of the thesis

60-80

Keywords

financial statements, financial position, balance sheet, assets, liabilities, equity, financial performance, income statement, expenses, revenues, profit, financial analysis, telecommunication industry

Recommended information sources

- ALEXANDER, J. Financial Planning & Analysis and Performance Management. USA : John Wiley & Sons, Inc. Hoboken, 2018, 640 p., ISBN-13: 978-1119491484
- ELLIOTT B. Financial Accounting and Reporting. Harlow UK:Pearson, 2019, 928 p., ISBN-13 : 978-1292255996
- ERNST & YOUNG, LLC. IFRS, US GAAP and RAP. Comparison and basics, Introduction., 2016, p. 56, ISBN N/A, available online
- LANCASTER, H. Russia Telecoms Market Report – Telecoms, Mobile and Broadband – Statistics and Analyses, 2021, available online
- Russian Federation. Ministry of finance. Federal Law on Accounting, dated December 6, 2011, No. 402-ФЗ, as amended
- Russian Federation. Ministry of finance. Order No. 34n of 29.07.1998. Position on accounting and financial statements in the Russian Federation., as amended
- SIVOVA, M. Form 2 of the balance – Income statement. Сивова Марина: Заполнение формы 2 бухгалтерского баланса (образец), 2020, available online
- СОСКАЯ, А. PBU (RAS) 4/99 – accounting statements of the organization (Соцкая Анастасия: ПБУ 4/99 – бухгалтерская отчетность организации), 2020, available online
- WILEY. Interpretation and Application of IFRS Standards (Wiley Regulatory Reporting). UK : John Wiley & Sons, TJ International Ltd., 2018, 1016 p., ISBN-13: 978-1119461500
-

Expected date of thesis defence

2021/22 SS – FEM

The Diploma Thesis Supervisor

Ing. Enikő Lőrinczová, Ph.D.

Supervising department

Department of Trade and Finance

Electronic approval: 16. 2. 2022

prof. Ing. Luboš Smutka, Ph.D.

Head of department

Electronic approval: 21. 2. 2022

doc. Ing. Tomáš Šubrt, Ph.D.

Dean

Prague on 24. 03. 2022

Declaration

I declare that I have worked on my master's thesis titled "Assessment of the Financial Position and Performance of Chosen Russian Companies" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the master's thesis, I declare that the thesis does not break any copyrights.

In Prague on 31.03.2022

Acknowledgement

I would like to thank my supervisor my diploma thesis supervisor Ing. Enikő Lőrinczová, Ph.D. for the professional guidance and helpful advice. I would also like to thank my family and friends for the endless support throughout my whole university study.

Assessment of the Financial Position and Performance of Chosen Russian Companies

Abstract

This diploma thesis entitled "Assessment of the Financial Position and Performance of Chosen Russian Companies" examines the financial position and performance of three leading Russian companies operating in the telecommunications industry: VimpelCom, MobileTelesystems, and MegaFon. The theoretical part describes the accounting legislation in force in Russia and its comparison with IFRS, and characteristics of the two selected statements of financial analysis, which are the balance sheet and income statement. The literature review also deals with characteristics of selected ratio indicators. The practical part of this work deals with the analysis of financial positions based on balance sheets and financial performance based on income statements for five financial years from 2016-2020. These analyzes were carried out using vertical and horizontal methods, in which the emphasis is on the representation and change of reporting assets, liabilities, expenses, revenues, and profit for the selected period to determine the most significant factors affecting the company's profits and describe potential financial problems.

Keywords: financial statements, financial analysis, financial position, balance sheet, assets, liabilities, equity, financial performance, income statement, expenses, revenues, profit, telecommunications industry.

Hodnocení finanční pozice a výkonnosti vybraných ruských společností

Abstrakt

Bakalářskou práci s názvem „Hodnocení finanční pozice a výkonnosti vybraných ruských společností“ zkoumá finanční pozici a výkonnost tří předních ruských společností působících v telekomunikačním sektoru: PJSC VimpelCom, MTS a MegaFon. V teoretické části je popsána účetní legislativa platná v Rusku a její komparace s IFRS, a charakteristika dvou vybraných koeficientů finanční analýzy, kterými jsou rozvaha a výkaz zisků a ztrát. Praktická část této práce se zabývá analýzou finanční pozice na základě rozvah a finanční výkonnosti na základě výkaz zisků a ztrát za pět finančních let 2016-2020. Tyto analýzy byly provedeny pomocí vertikální a horizontální metod, ve kterých je kladen důraz na zobrazení a změnu vykazování majetku, závazků, nákladů, výnosů a zisku za zvolené období s cílem zjistit nejvýznamnější faktory ovlivňující zisky společností a popsat potenciální finanční problémy.

Klíčová slova: finanční výkazy, finanční analýza, finanční situace, rozvaha, aktiva, pasiva, vlastní kapitál, finanční výkonnost, Výkaz zisku a ztráty, náklady, výnosy, zisk, telekomunikační průmysl

Table of Content

1	Introduction.....	12
2	Objectives and Methodology	14
2.1	Objectives.....	14
2.2	Methodology	14
3	Literature Review.....	15
3.1	The Russian System of Regulation of Accounting and Reporting	15
3.2	Financial Statements in Russia	16
3.2.1	The Balance Sheet – Statement of Financial Position	17
3.2.2	The Income Statement – Statement of Financial Results	18
3.3	The Application of International Accounting Standards (IFRS) in Russian Federation.....	18
3.3.1	Financial Statements According to the International Accounting Standards (IFRS)	19
3.4	Comparison of RAS and IFRS.....	20
3.5	Selected Ratios of Financial Analysis.....	22
3.6	Horizontal and Vertical Analysis	24
3.7	Telecommunications Industry in Russian Federation	25
4	Practical part	30
4.1	General Information about MobileTelesystems.....	30
4.2	General Information about VimpelCom	31
4.3	General Information about MegaFon.....	32
4.4	Analysis of Financial Position (MTS)	33
4.4.1	Vertical Analysis of the Balance Sheet Items.....	33
4.4.2	Horizontal Analysis of the Balance Sheet Items	37
4.5	Analysis of Financial Performance (MTS)	41
4.5.1	Vertical Analysis of the Income Statement	41
4.5.2	Horizontal Analysis of the Income Statement	44
4.6	Selected Ratios of Financial Analysis (MTS).....	45
4.7	Analysis of Financial Position (VimpelCOM).....	47
4.7.1	Vertical Analysis of the Balance Sheet Items.....	47
4.7.2	Horizontal Analysis of the Balance Sheet Items	51
4.8	Analysis of Financial Performance (VimpelCOM)	54
4.8.1	Vertical Analysis of the Income Statement	54
4.8.2	Horizontal Analysis of the Income Statement	57
4.9	Selected Ratios of Financial Analysis (VimpelCOM).....	59
4.10	Analysis of Financial Position (MegaFon)	60

4.10.1	Vertical Analysis of the Balance Sheet Items	61
4.10.2	Horizontal Analysis of the Balance Sheet Items.....	63
4.11	Analysis of Financial Performance (MegaFon)	66
4.11.1	Vertical Analysis of the Income Statement.....	66
4.11.2	Horizontal Analysis of the Income Statement	68
4.12	Selected Ratios of Financial Analysis (MegaFon).....	70
5	Results and Discussion.....	72
5.1	Assessment and Comparison of the Financial Position of the Companies	72
5.2	Assessment and Comparison of the Financial Performance of the Companies.....	75
5.3	Factors Influencing the Profit.....	76
5.4	Comparative Assessment of Selected Financial Ratios of the Companies	77
5.5	The Main Possible Problem Areas	79
6	Conclusion.....	81
7	References	83
8	Appendix	86

List of Figures

Figure 1 - Dynamics of the Telecommunications Market of the Russian Federation	27
Figure 2 - Structure of the Telecommunications Market of the Russian Federation, 2020	28
Figure 3 - Regional Structure of the Telecommunications Market, 2020	28

List of Tables

Table 1 - Comparison of IFRS and RAS	20
Table 2 - Market Average of Cash Ratio	23
Table 3 – Market Average of ROE	23
Table 4 - Market Average of ROA	24
Table 5 - Vertical Analysis of MTS's Assets	34
Table 6 - Vertical Analysis of MTS's Equity and Liabilities.....	36
Table 7 - Horizontal Analysis of MTS's Assets.....	38
Table 8 - Horizontal Analysis of MTS's Equity and Liabilities.....	40
Table 9 - Vertical Analysis of MTS's Consolidated Statement of Income	41
Table 10 - Vertical Analysis of MTS's Consolidated Statement of Income	42
Table 11 - Vertical Analysis of MTS's Consolidated Statement of Income	43
Table 12 - Horizontal Analysis of MTS's Consolidated Statement of Income	44
Table 13 – Cash Ratio, MTS.....	46
Table 14 - ROE, MTS.....	46
Table 15 - ROA, MTS.....	47
Table 16 - Vertical Analysis of VimpelCom's Assets	48
Table 17 - Vertical Analysis of VimpelCom's Equity and Liabilities	50
Table 18 - Horizontal Analysis of VimpelCom's Assets	51
Table 19 - Horizontal Analysis of VimpelCom's Equity and Liabilities.....	53

Table 20 – Vertical Analysis of VimpelCom’s Consolidated Statement of Income	54
Table 21 - Vertical Analysis of VimpelCom’s Consolidated Statement of Income.....	55
Table 22 - Vertical Analysis of VimpelCom’s Consolidated Statement of Income.....	56
Table 23 - Horizontal Analysis of VimpelCom’s Consolidated Statement of Income	57
Table 24 – Cash Ratio, VimpelCom	59
Table 25 - ROE, VimpelCom	60
Table 26 - ROA, VimpelCom.....	60
Table 27 - Vertical Analysis of MegaFon's Assets.....	61
Table 28 - Vertical Analysis of MegaFon's Equity and Liabilities	62
Table 29 - Horizontal Analysis of MegaFon's Assets.....	63
Table 30 - Horizontal Analysis of MegaFon's Equity and Liabilities.....	65
Table 31 - Vertical Analysis of MegaFon's Consolidated Statement of Income.....	66
Table 32 - Vertical Analysis of MegaFon's Consolidated Statement of Income.....	67
Table 33 - Vertical Analysis of MegaFon's Consolidated Statement of Income.....	67
Table 34 - Horizontal Analysis of MegaFon's Consolidated Statement of Income	68
Table 35 – Cash Ratio, MegaFon	70
Table 36 - ROE, MegaFon.....	70
Table 37 - ROA, MegaFon	71
Table 38 – Comparison of Cash Ratio, 2016-2020	77
Table 39 - Comparison of ROE, 2016-2020.....	78
Table 40 - Comparison of ROA, 2016-2020	78

List of abbreviations

GAAP – Generally Accepted Accounting Principles
IAS – International Accounting Standards
IFRS – International Financial Reporting Standards
MTS - Mobile TeleSystems
PJSC – Public Joint Stock Company
RAP – Russian Accounting Principles
RAS - Russian Accounting Standards
ROA – Return on Assets
ROE – Return on Equity

1 Introduction

The emergence of the telecommunications market in Russia can be considered from the moment the post office, journalism, then the telegraph, telephone, radio, television, Internet and cellular communications appeared. The large territories inherent in the Russian state, vast distances, served as the basis for the search for key, new methods that ensure the transmission of huge amounts of data over significant distances with the least time and staff. The improvement of the telecommunications market has given rise to the richest culture of use, communication and the development of one of the most unique telecommunications markets in the world. Radical changes in the Russian economy have caused significant changes in telecommunications services. Many clients required modern telecommunication services. Existing telecommunications networks have not been able to support the growing demands. The rapid modernization of the own telecommunications system as a whole was not possible due to the lack of necessary investments. To provide telecommunications services, operators began to build private networks. Until that time, all telecommunications networks were state-owned. Private companies were based on modern telecommunications equipment. Thus, the quality of service was much higher. On the other hand, private networks are relatively small. In addition, in some cases, more than one private network operates within the same city. For these reasons, the rates for services looked unrealistic. In modern terms, telecommunications is one of the most important industries that ensure the functioning of all systems and institutions of the state economy.

The telecommunications services market is a modern, progressive and innovative branch that requires constant monitoring. Specifically, telecommunications represent a major role in the global service delivery sector where the banking, tourism, motor vehicle and information industries depend on the speed and reliability of mass telecommunications. This section is undergoing a revolutionary transformation under the influence of strong trends such as globalization, restructuring, networks with additional offers. These moments have made telecommunications from a mode of communication into the category of systems more related to commerce and trade.

The telecommunications services market makes it possible to bring economic well-being closer, to guarantee the effectiveness of the functioning and consistency of the activities of state systems. Thanks to the information and telecommunications infrastructure, business and mental initiative in the environment increases, the concept of economic

relations is consolidated, and the timeliness of the administration of business processes is strengthened.

2 Objectives and Methodology

2.1 Objectives

The aim of this thesis is to assess and compare the financial position and performance of three chosen Russian companies operating in the telecommunication industry by analyzing the companies' financial statements with focus on the representation and changes of the reported assets, liabilities, expenses and revenues for a chosen period to identify the potential financial problems and the most significant factors influencing the profit from the company and industry point of view.

2.2 Methodology

Methodology for the literature overview is based on data collection from the relevant legal framework, specialized publications and other written or online sources. The practical part of the thesis will be based on the information gained from the published annual reports of the chosen companies. Vertical and horizontal analysis and ratio analysis of the financial statements will be used to assess the financial position and performance of the companies and to prepare the practical part of the thesis. The methods of analysis, synthesis, comparison and deduction will be used to formulate the conclusions of the thesis.

3 Literature Review

Literature review means the theoretical basis of this work, based on the relevant legal framework, specialized publications and other written or official network sources. In this part, the accounting system legal in Russia is considered and the accounting statements of the three selected companies are characterized in accordance with Russian accounting standards. Also, as a basis for the literature review, the selected methods of financial analysis are described and finally the characteristics of the telecommunications industry of the Russian Federation is explained.

3.1 The Russian System of Regulation of Accounting and Reporting

The competence of various state bodies of the Russian Federation, and therefore the range of issues on which certain normative legal acts can be adopted, is determined by the Constitution of the Russian Federation. In accordance with paragraph "p" of Art. 71 of the Constitution, accounting issues are under the jurisdiction of the Russian Federation. It means that the accounting regulation system is unified and must ensure uniform accounting and reporting by all organizations throughout the Russian Federation. That is the constituent entities of the federation cannot adopt regulatory legal acts on accounting (Ministry of Finance, 2019).

The main normative legal act that determines the methodological foundations, the procedure for organizing and maintaining accounting records, the composition and procedure for submitting financial statements in the Russian Federation is the Law No. 402-Φ3 dated on December 6, 2011 (as amended and supplemented, entered into force on 01.01.2020) "On Accounting". This law is a unified legal methodological basis for accounting and preparation of financial statements in which is governed by the Ministry of Finance of the Russian Federation. The subject of this law is accounting, which is defined as "the formation of documented systematized information about the objects provided for by the Federal Law, in accordance with the requirements established by the Federal Law, and the preparation of accounting (financial) statements on its basis". The purpose of the law is to establish uniform accounting requirements and create a legal mechanism for regulating accounting (Ministry of Finance, 2020).

According to the third article, which provides the basic concepts in the federal law "On accounting", accounting (financial) statements - "this is information about the financial

position of an economic entity as of the reporting date, the financial result of its activities and cash flows for the reporting period, systematized in accordance with the requirements established by this Federal Law."

Another most important accounting regulation is Russian Accounting Standards (abbreviated as RAS) adopted by the Ministry of Finance and the Central Bank of the Russian Federation "On forms of financial statements of organizations" dated 02.07.2010 No. 66Н. These are the federal mandatory accounting standards that regulate the procedure for accounting of different assets, liabilities, equity and other events of economic activity, the observance of which is obligatory in the preparation of financial statements and the introduction of accounting registers in Russia. Another words RAS are mandatory documents which must be followed by all companies maintaining accounting records (Ministry of Finance, 2019).

3.2 Financial Statements in Russia

According to article 14 of the federal law of Russia dated 06.12.2011 N 402-Φ3 (as amended on 26.07.2019) "On the Accounting Report" the composition of the annual financial statements must necessarily consist of:

- The balance sheet – statement of financial position;
- The income statement – statement of financial performance;
- Statement of changes in equity, cash-flows and intended use of funds;
- Appendix that includes a statement of changes in equity, a statement of cash flows and notes to the balance sheet and the income statement (small enterprises with simplified reporting and public enterprises not conducting entrepreneurial activity are exempted from compilation).

Article number 15 called "reporting period, reporting date" of the same law states that the annual financial statements must be prepared for the reporting year. Except in cases of creation, reorganization or liquidation of a legal entity, the reporting period of the financial statements begins on the first day of the calendar year (January 1) and ends on the last day (December 31). The first reporting year is the period from the date of state registration of the organization to December 31. If the economic entity was registered after September 30, then the reporting year will be the day from the registration date to December 31 of the next calendar year (Ministry of Finance, 2019).

According to article 13 with the title “general requirements for accounting (financial) statements, financial statements are necessary for users of statements to make economic decisions, therefore, must be truthful and provide reliable information about the financial result of the organization's activities and cash-flow for the reporting period. Each component of the financial statements should contain the following information: the name of the component, the reporting date or reporting period for which the financial report was prepared, the official name of the economic entity, the format for presenting numerical indicators. Reporting must be drawn up in Russian currency and use thousands as a unit (not in millions). Financial statements are considered to be drawn up after signing by the chief accountant and CEO of the economic entity (Ministry of Finance, 2019).

Since 2020, a new rule has been in force, according to which financial statements are submitted only in electronic form. That is, reports are no longer accepted in paper form.

Companies that trade their shares through the Moscow Stock Exchange must report under two financial reporting standards: international (IFRS) and Russian (RAS). IFRS statements are prepared to demonstrate accounting and management information to investors and creditors. Reporting prepared in accordance with the RAS is intended for checking the regulatory authorities of tax documents (Ministry of Finance, 2020).

3.2.1 The Balance Sheet – Statement of Financial Position

According to the RAS the Balance Sheet (also called the Form 1) is a display of financial indicators compiled in a tabular form for a specific date. In the most widely used form in Russia, it includes two equal parts, an asset and a liability. The balance sheet assets display the property of the organization in monetary terms (Sockaja, 2021). There are two sections according to which balance sheet assets are divided:

- Non-current assets (long-term) - property used for more than one year and the accounting of the value of which is deducted in parts when depreciated over its useful life.
- Current assets (short-term) - assets that are used for up to one year and which are constantly in dynamics. Accounting for the cost of a circulating asset is carried out on a one-time basis.

The balance sheet liability shows the source of financing for the acquired asset (Sockaja, 2021). Liabilities are divided into 3 sections:

- Equity - expresses the own funds of the enterprise

- Long-term liabilities - show the organization's debts, the maturity of which exceeds 12 months
- Short-term liabilities - characterize the organization's debt for a period whose repayment does not exceed 12 months

3.2.2 The Income Statement – Statement of Financial Results

The Income Statement (also called Form 2) is a report that contains information about income and expenses for the reporting period from which the financial result of the organization is added (Sokaja, 2021). The legislation stipulates that from 2020 the Form 2 must necessarily display:

- the amount of revenue received for the year
- the cost of sales and/or services for the organization
- administrative and commercial expenses of the organization
- gross profit or loss for the reporting period
- interest received and paid
- other income and expenses for the year
- profit or loss from sales
- total profit or loss before tax
- change for the year in deferred tax assets and liabilities
- net profit or loss
- other reference information

3.3 The Application of International Accounting Standards (IFRS) in Russian Federation

Russian Federation has adopted IFRS standards for its accounting regulations at the end of 2011 and made them mandatory at the beginning of 2012 under the Federal Law. For consolidated financial statements, IFRS standards are required. Separate financial statements for other businesses must be prepared in accordance with Russian Accounting Standards. Corporations that are not members of a group but are recognized as consolidated financial statements under Federal Law 208-Φ3, such as certain publicly traded companies, banks, and insurance companies, must prepare financial statements in accordance with IFRS standards. All domestic and publicly listed Russian enterprises are required to apply IFRS standards in their financial statements, with the exception of banks with a basic license that do not have subsidiaries and are required to utilize Russian Central Bank norms that are close

to IFRS standards. Unconsolidated Financial Statements are not needed to be prepared in accordance with IFRS standards for publicly listed firms that are represented as a single entity in their Financial Statements. For international businesses working in Russia, the situation is nearly same. If a firm is publicly listed and uses consolidated financial statements, it is obligated to use IFRS standards in its preparation. If a foreign corporation follows US GAAP, Japan GAAP, or other internationally recognized accounting standards, the Russian Federation may utilize them. Today, IFRS standards are included into the Russian accounting system by Federal Laws 208-FZ on consolidated financial statements and 402-FZ on accounting. All endorsements or adaptations of new IFRS regulations follow a two-stage process. The first is NOFA's technical examination of the IFRS standards. NOFA is the country's independent agency for accounting and reporting standards. It was established by the Ministry of Finance. The ultimate decision on whether to adopt the new IFRS standards for Russian Federation will be made based on the NOFA report. The second stage is the one of administration. The Russian government provides endorsements of the new IFRS standards developed in collaboration with the Russian Central Bank and the Russian Ministry of Justice (Deloitte, 2016 and Ernst & Young, 2021).

3.3.1 Financial Statements According to the International Accounting Standards (IFRS)

IAS 1 Financial Statements Presentation establishes the general criteria for financial statements, including how they should be arranged and the minimum content requirements. A full set of financial statements that includes a statement of financial position, a statement of financial performance and other comprehensive income, a statement of equity changes, and a statement of cash-flows. IAS 1 makes no specific recommendations on the structure of the statement of financial position. Current assets can be shown first, followed by non-current assets, or vice versa, whereas liabilities and equity can be presented first, followed by non-current assets, or vice versa. It is permissible to portray the balance sheet as a net asset (assets minus liabilities). Expenses should be analyzed in the financial performance statement either by nature (raw materials, labor costs, depreciation, etc.) or by function (cost of sales, selling, administrative, etc.) (IAS 1.99). If an organization categorizes costs by function, further information about the nature of spending – at the very least depreciation, amortization, and employee perks – must be reported (IAS 1.104).

The line items that must appear on the front of the statement of financial position are listed in the Appendix 1 (IAS 1).

3.4 Comparison of RAS and IFRS

There are some aspects that are identical between IFRS and RAS, but there are also a few fundamental distinctions that are noted in Table 1 that are worth mentioning (Ernst & Young, 2021).

Table 1 - Comparison of IFRS and RAS

	IFRS	RAS
Composition of annual reports	An annual report according to IFRS should be composed of statement of financial position, statement of financial performance, statement of comprehensive income, cash-flow statement and explanatory notes to the all statements.	An annual report according to RAS should contain statement of financial position, statement of financial performance and explanatory notes to the all financial statements.
Changes in shareholder's equity	The changes in shareholder equity should be reported separately from other statements	The changes in shareholder equity must be disclosed in the balance sheet's notes.
Required layout for balance sheet and income statements	According to IFRS standards, there are no restrictions for the balance sheet or income statement structure, however there are rules for the minimum number of items on the financial statements	PBU 4/99 "Accounting Reports of an Organization" and Order 66n "Financial Reporting Forms of Organizations" detail all standards for the balance sheet and income statement layouts.

Financial periods	All financial statements should provide comparative information for the prior year.	For the balance sheet, comparative information should be provided for two prior years; for the remainder of the financial statements for one prior year.
Allocation of deferred tax assets and liabilities	Allocated in the balance sheet as a non-current item	Allocated in the balance sheet as a non-current item
Allocation of expenses	The firm could not show expenses by function or by nature in accordance with IFRS criteria. However, if the expense was determined by function, the nature of the expense should be included in the notes.	All expenses must be categorised by function in the financial statements and defined by nature in the explanatory notes, according to the RAS.
Extraordinary items in the income statement	Extraordinary items are not allowed to be included into the income statement	Extraordinary items should be recorded in the income statement as part of other income or other expenses and may be discussed in the notes to the financial statements if they are important.
Third statement of financial position	A third balance sheet is required for early comparative periods, new policies, or reclassifications that affect the financial statements. No notes are required for the third balance sheet.	A third balance sheet must always be included in the financial statements as a comparison to the preceding year's data.

Source: Delloite, 2016 and Ernst & Young, 2021.

3.5 Selected Ratios of Financial Analysis

Financial analysis is used to assess economic trends, determine financial policy, develop long-term business goals, and uncover investment opportunities in projects or firms. This is accomplished by combining financial figures and data. Investors and analysts use ratio analysis to assess a company's financial health by examining both historical and current financial records. Comparative data may be used to illustrate how a business performs through time and to forecast anticipated future performance. Additionally, this data may be used to compare a firm's financial performance to industry norms and to see how a company compares to others in the same sector. (Sekhar, 2019). As Alexander mentioned (2019) The balance sheet, income statement, and cash-flow statement are the three basic financial statements used to analyze a company's financial performance. The financial statements have a severe restriction in that they report past results.

For this work, from the set of financial analysis ratios that are used in the field of measuring the use of assets, measuring operating efficiency, etc., the following ratios were chosen:

- Cash ratio
- Return on equity (net)
- Return on assets

How Sandra Sekhar stated in her work (2019), the cash ratio is a ratio that indicates a company's liquidity. More precisely it is a ratio of total cash and cash equivalents to current liabilities. The indicator quantifies a business's capacity to repay short-term debt using cash or near-cash resources, such as readily marketable securities. Creditors can use this information to determine how much money (if any) they are ready to lend a business. The cash ratio is similar to an indicator of a company's value in the worst-case scenario such as when the business is ready to go bankrupt. It informs creditors and analysts of the value of company's current assets that can be converted into cash quickly and the proportion of current liabilities that these cash and near-cash assets can cover. The formula for calculating the cash ratio is as follows:

$$\text{Cash Ratio} = \frac{\text{Cash and cash equivalents}}{\text{Total currents liabilities}}$$

Jagadish, Raiyani and Bhatasna (2009) recommend keeping the cash ratio between 0.5 and 1 so the short-term liabilities can be covered without selling a lot of assets. Nevertheless, it is always best to compare cash ratios within the companies of the same business field. According to the online service Test Firm that contains all the data from the Federal statistics service Rosstat the Russian telecommunications industry average for Cash ratio in the period 2016-2020 is shown in the Table 2:

Table 2 - Market Average of Cash Ratio

Year	2016	2017	2018	2019	2020
Market average	0,16	0,17	0,19	0,2	0,22

Source: TestFirm, 2016–2020.

The Return on equity (ROE) is a financial performance metric that is calculated by dividing net income by shareholders' equity. Due to the fact that shareholders' equity equals a company's assets minus its debt, Return on equity is referred to as return on net assets. ROE is characterized as a measurement of a company's profitability and efficiency in producing profits. ROE is stated as a percentage and may be computed for any business with a positive net income and equity. ROE can be calculated only when net income and shareholder's equity are both positive numbers and expressed as a percentage (Sekhar, 2019). The formula for calculating the ROE is as follows:

$$ROE = \frac{\text{Net income}}{\text{Equity attributed to the shareholders}}$$

In case of ROE it is always necessary to compare the indicators with the industry average because the usual level of ROE is always contrasting in different industries. Although a decent rule of thumb is to aim for a ROE that is equal to or slightly higher than the industry average for similar businesses (Jagadish, Raiyani and Bhatasna, 2009). The Russian telecommunications industry average for Return on equity in the period 2016-2020 is shown in the Table 3:

Table 3 – Market Average of ROE

Year	2016	2017	2018	2019	2020
Market average	28,4%	24,4%	23,9%	24,1%	23,6%

Source: TestFirm, 2016–2020.

Return on assets (ROA) is a financial ratio that measures a business's profitability in relation to its total assets. The difference of ROA and ROE is that ROA takes into account the company's debt, while return on equity does not. Corporate management, analysts, and investors can use ROA to measure how profitably a business utilizes its assets. The metric is frequently stated as a percentage by dividing net income by average assets of a business. A greater ROA shows that a business is more effective and productive in managing its balance sheet to create profits, whereas a lower ROA suggests that potential for development exists (Sekhar, 2019). The formula for calculating the ROA is as follows:

$$ROA (net) = \frac{Net\ income}{Total\ assets}$$

The higher ROA is better because it means that company uses its assets efficiently and productively to generate its profit (Jagadish, Raiyani and Bhatasna, 2009). However, it is recommended to compare the ROA of firms within the same industry because they have the same asset base to work with in this comparison. The Russian telecommunications industry average for Return on assets in the period 2016-2020 is shown in the Table 4:

Table 4 - Market Average of ROA

Year	2016	2017	2018	2019	2020
Market average	6,6%	6,1%	6,6%	6,6%	7,0%

Source: TestFirm, 2016–2020.

3.6 Horizontal and Vertical Analysis

Vertical analysis of reporting is a technique for analysing financial statements, in which the ratio of a selected indicator with other homogeneous indicators within one reporting period is studied (Kourtis, Kourtis and Curtis, 2019).

Vertical analysis is aimed at studying the structure of property, liabilities, income, and expenses of an organization. For example, vertical analysis of the balance sheet assets gives an idea of the share of fixed assets, intangible assets, stocks, receivables, and other types of property in the total assets of the enterprise (vertical analysis of the balance sheet asset). Having determined the percentage share of each indicator in the total, the analyst has the opportunity to compare the enterprise according to these indicators with other enterprises,

which is impossible if we use absolute values. In terms of balance sheet liabilities, a structural analysis of own and borrowed funds is carried out, as well as the composition of borrowed funds by maturity (long-term and short-term obligations) (Zhdanov, Zhdanov, 2019).

As part of the analysis of the income statement, vertical analysis is used to identify the structure of expenses and profit, determine the share or net profit of expenses in sales proceeds (Kourtis, Kourtis and Curtis, 2019).

Horizontal analysis is a comparative analysis of financial data for a number of periods. This method is also known as "trend analysis". In a horizontal analysis of reporting (for example, a balance sheet), an indicator (line) is taken, and its change is traced over two or more periods. Any identical time intervals can be taken as periods, but usually quarterly analysis or analysis of data by years is used for financial statements. The number of analysed periods may vary depending on the specific task (Zhdanov, Zhdanov, 2019).

In terms of financial statements, the most common horizontal analysis of the balance sheet, income statement; less often - a statement of cash flows, changes in capital. When analysing the balance track the change in the value of certain types of property and equity and liabilities during the period under review. When analysing the income statement, changes in revenue, costs, and financial results are considered (Kourtis, Kourtis and Curtis, 2019).

In horizontal analysis, two approaches are used:

- Comparison changes in absolute values (e.g. Rubles)
- Comparison of changes in relative (percentage) values

Typically, an analyst uses both approaches in a report. At the same time, a more illustrative approach is to analyse the change in percentage to the previous (or first) period (for example, "over the past three months, revenue has grown by 20%") (Zhdanov, Zhdanov, 2019).

3.7 Telecommunications Industry in Russian Federation

In many ways, the Russian cellular communications market is among the world's top five largest and most dynamic markets. A mature and large-scale cellular communications market has developed in Russia due to the country's unique length and area, harsh climate, and extremely unequal population distribution due to its low-income level (Kucherenko,

2006). The list of Top 10 countries with the highest number of mobile-cellular telephone subscriptions are presented in the Appendix 2.

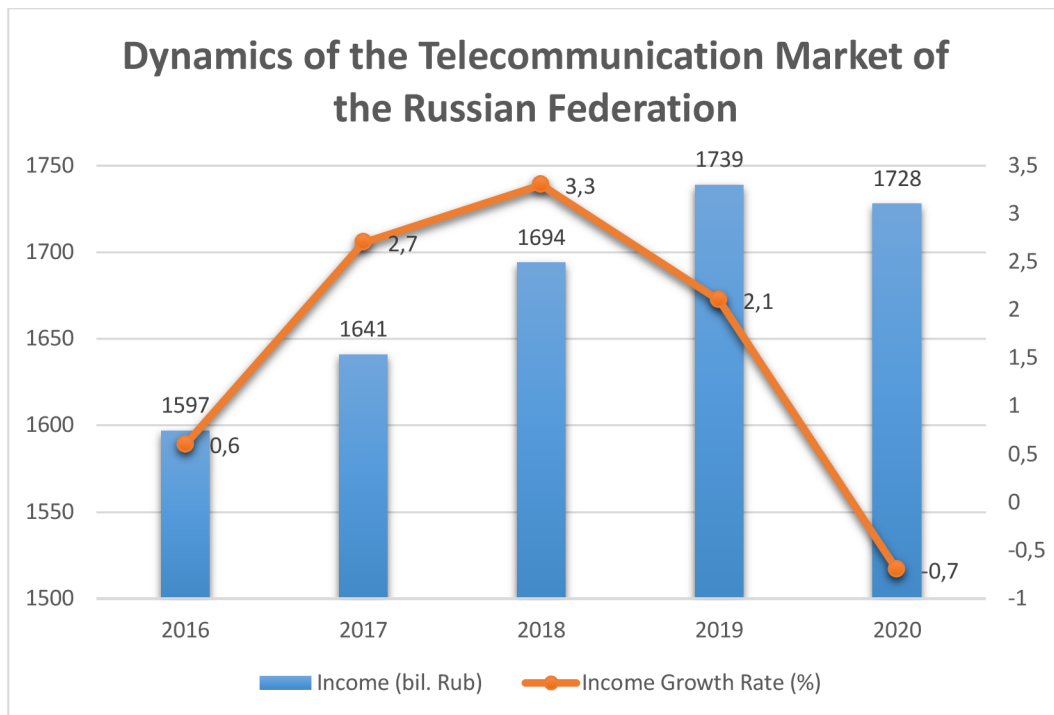
Russia has one of the highest mobile penetration rates in the world - 151 active subscribers per 100 people, which is more than a quarter (120) higher than the level in developed countries, and more than two thirds higher than the level in developing countries (91). Russia has a low density of fixed communication equipment - 27 per 100 inhabitants (in developed countries - 40). Thus, the number of active cellular customers in Russia is currently 1.5 times the population. As a result, this market has effectively depleted its development potential (Shol, 2020).

The Russian telecommunications market is a huge and dynamically growing business that is dominated by three major operators: MTS, MegaFon, and Beeline. These three federal operators form the so-called "Big three", which together account for more than 80% of the Russian telecoms market. In terms of the volume of the subscriber base in the Russian mobile communications market, in 2020, the first place belongs to the MTS operator (78.5 million people), the second - to MegaFon (70.4 million people), the third - to Beeline (49.9 million people). (Tadviser, 2020).

Due to the small number of sellers and the monotonous nature of the services offered, the market is oligopolistic. This indicates that each agent's activities have a considerable effect on the equilibrium market's performance via changes in supply volumes.

The Russian telecoms market has grown moderately in 2020. Thus, according to TMT Consulting (2020), the telecommunications market reached 1.73 trillion rubles in 2020, with an income growth rate of -0.7%, the lowest in the market's history. The income dynamics in the telecoms market are depicted in Figure 1.

Figure 1 - Dynamics of the Telecommunications Market of the Russian Federation

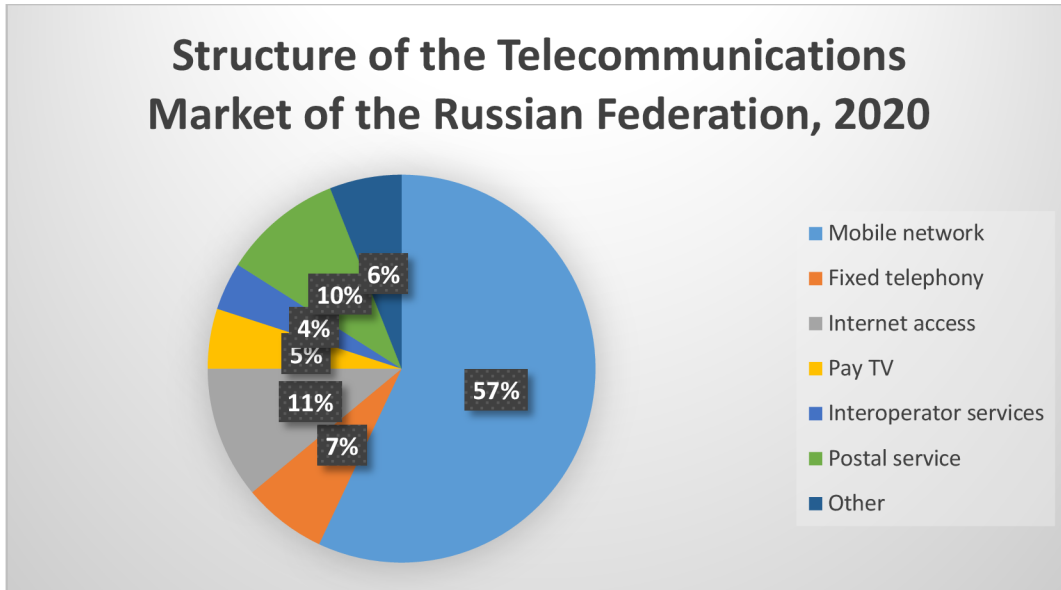


Source: TMT consulting, 2020

The decline in dynamics is mostly attributable to a slowdown in the mobile communications market: accounting for 57% of total revenue, this sector is largely responsible for the communications industry's dynamics. By the end of 2020, Russia's mobile communications subscriber base (active SIM cards) had declined by 1.3 % to 257 million, with a penetration rate of 175 %. The subscriber base declined by 3.5 million in absolute terms. This is a record low dynamic in the market's history. The decline in subscriber base was caused by the self-isolation policy, which reduced subscribers' visits to communication stores (the primary avenue for connecting new subscribers). Another aspect was the closure of borders, which resulted in a decrease in the number of labor migrants entering the country via Russian operators (TMT consulting, 2020).

Additionally, a slowdown in the still-growing pay TV industry, as well as persistently high revenue decrease rates in the fixed-line telephone and inter-operator services industries, were negative factors. Subscribers continue to reject home telephones and reduce the cost of workplace telephone communications. Due to market consolidation and revenue declines in a number of overseas destinations, the inter-operator market is contracting (TMT consulting, 2020). Figure 2 illustrates the market structure for telecommunications services.

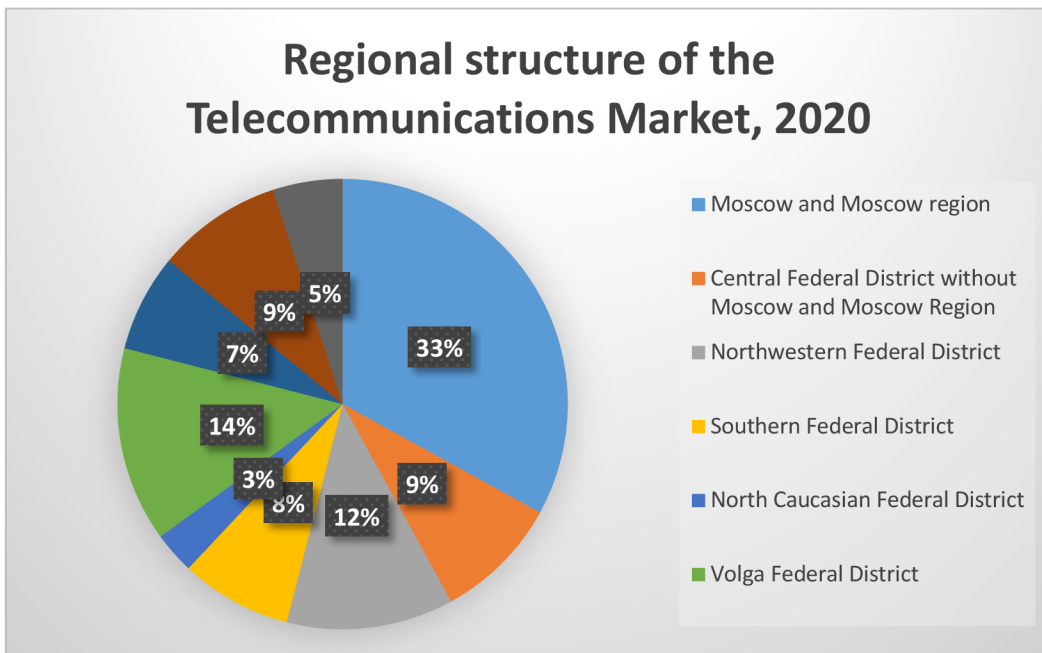
Figure 2 - Structure of the Telecommunications Market of the Russian Federation, 2020.



Source: TMT consulting, 2020

Historically, a portion of the capital has fallen because of the rapid expansion in population in the surrounding districts (the data is shown in Figure 3). Even while this tendency is less obvious at the moment, it is predicted that by 2024, the city of Moscow will lose at least another one percentage point of its market share (TMT consulting, 2020).

Figure 3 - Regional Structure of the Telecommunications Market, 2020



Source: TMT consulting, 2020

More than 2/3 of the Russian telecommunications sector is devoted to the provision of services to private individuals. Individuals are the ones who lead in terms of the number of earnings in the market categories and the number of subscribers: Cellular communication generates 88% of the service's revenue; access to the Internet generates 71%, pay television generates over 98%, and fixed cellular communication generates 52% (Shol, 2020).

The decreasing rate of development of the sector in Russia, the volume of the Russian ICT market on the global market is expected to reach 47.05 billion dollars in 2020. As a consequence, this is the best performance among all nations in Central and Eastern Europe, with an aggregated volume of 136.66 billion dollars. As a result, almost one-third of total investment went into the Russian market (Shol, 2020).

The reason for such a big amount of investment in the telecommunications industry is owing to the fact that middle-class consumers in emerging markets are spending more and more of their money on technology each year, which is driving up the sector's overall size. While novel services are being actively developed, traditional telecommunications services continue to be the primary source of revenue for Russian telecoms providers. The pricing policy of telecommunications companies will have the greatest influence on the market's dynamics. In recent years, the practice has demonstrated that operators have the power to boost the average check on the market by 3–8 %, depending on the service. It is not ruled out that attempts to raise the average check by considerable amounts will be made, but this will be difficult to accomplish in the face of intense competition and government regulation (Shol, 2020).

4 Practical part

In the practical part, some characteristics of the three selected Russian companies MTS, MegaFon and VimpelCom are first given. Further, the analysis of the financial position of companies based on the balance sheet and the analysis of the financial result based on the income statements using vertical and horizontal methods are made. Also, in the practical part, calculations of the selected ratios of financial analysis are made.

4.1 General Information about MobileTelesystems

The MTS company was established on the basis of the Mobile Moscow community and was officially incorporated as a Closed Joint Stock Company in Moscow's register of companies. A number of owners, including the OJSC Moscow City Telephone Network, Deutsche Telekom and Siemens, contributed to the company's formation (MTS, 2021).

The first primary station of the firm was placed into operation in May 1994, and the company began operating in the Moscow region in July of the same year, marking the beginning of its market activities in the region. Since 1997, the organization has been rapidly expanding into other regions of the Russian Federation, and in the spring of 2000, the corporation was renamed MTS OJSC as a result of the merging of two CJSCs - MTS and RTK. The organization's communications service was utilized by individuals in 21 different areas of Russia a year after it was established (Tadviser, 2022).

Since 2002, the firm has been supplying cellular services to the borders of former Soviet Union nations, with Belarus being the first to do so. A year later, Ukraine joined the group, followed by Uzbekistan in 2004 and Turkmenistan in 2005 (Tadviser, 2022).

PJSC Mobile TeleSystems (MTS) is now a major firm in Russia and the CIS nations, as well as one of the world's top 10 cellular carriers in terms of customer base and market value, according to the company's website. Together with its subsidiaries, the firm serves more than 86,5 million customers in Russia, Armenia, Belarus, Ukraine, Uzbekistan, and Turkmenistan, as well as other countries in the region. Cellular and fixed communications, data transmission and Internet access, cable and satellite TV broadcasting, digital services, including fintech and media within ecosystems and mobile applications, and information technology solutions in the fields of communication platforms, automation, monitoring, data processing and cloud computing are all provided by the company. Information security is also provided by the company. MTS has the largest subscriber base in the Russian mobile

business sector, with a total of 78.6 million subscribers. Russian telecommunications company MTS has inaugurated the country's first large-scale 5G user trial networks in Moscow and St. Petersburg, with access rates of up to 1.5 Gbps (Tadviser, 2022).

MTS is ranked among the top five most attractive and largest employers in Russia, according to a survey conducted by the company. More than 58 thousand employees are employed by the MTS Group's enterprises, with around 27 thousand employed by MTS Russia (MTS, 2021).

4.2 General Information about VimpelCom

VympelCommunications (PJSC VimpelCom) is a public joint stock company that specializes in the provision of communications services. PJSC VimpelCom, which operates under the Beeline name, is one of Russia's largest communication service providers and is headquartered in Moscow. Beeline is one of the most well-known brands in the Russian market. Mobile and fixed telephony, international and long-distance communications, data transmission, telematic communication services, and Internet access based on wireless and wired solutions, including fiber optic access technologies, Wi-Fi, and third and fourth generation networks are all provided by PJSC VimpelCom as part of its integrated services. Individuals, small, medium, and big businesses, international firms, and telecommunications service providers are among the clients and partners of PJSC VimpelCom (MegaFon, 2020).

Incorporated as a member of the VEON Ltd Group of Companies, PJSC VimpelCom is an international telecommunications and technology corporation with its headquarters in Amsterdam, dedicated to providing clients with new prospects in the digital world. VEON Ltd., which operates in some of the world's most rapidly expanding markets, delivers voice, data, fixed broadband Internet, digital and data services to more than 200 million customers in over 100 countries. Corporations connected to the VEON Ltd Group of Companies provide services to consumers in 13 countries. These countries include Russia, Italy, Ukraine, Kazakhstan, Uzbekistan, Tajikistan, Armenia, Georgia, Kyrgyzstan, Laos, Algeria, Bangladesh, and Pakistan, as well as the United States. Beeline, Kyivstar, Wind, 3, Jazz, Banglalink, and Djezzy are just a few of the names that VEON Group firms use to market their products and services. On December 31, 2020, the overall number of VEON Ltd. subscribers was at 217 million, according to company records (Tadviser, 2022).

It was PJSC VimpelCom, which was the first Russian business to be listed on the New York Stock Exchange (NYSE), whose shares were denoted by the ticker symbol VIP, that

made history. As a result, PJSC VimpelCom became the first company in Russia to begin following global norms of transparency, corporate governance, and investor rights protection. Following in the footsteps of VimpelCom PJSC, a slew of other Russian firms has gone public on foreign stock markets as a result of its success. The VIP sign was re-registered to VimpelCom Ltd. in April 2010 following the foundation of the holding firm VimpelCom Ltd. (which was renamed to VEON Ltd. on March 30, 2017), which consolidated shares in PJSC VimpelCom and CJSC Kyivstar GSM. VIP is the ticker symbol for shares of VimpelCom Ltd., which is traded on the New York Stock Exchange (NYSE). After September 10, 2013, the shares of VimpelCom Ltd. (which was renamed VEON Ltd. on March 30, 2017) have been traded on the NASDAQ under the symbol VIP (since March 30, 2017, the symbol has been VEON). Because of its focus on high-tech businesses like as Microsoft Corporation, Intel Corporation, and Google Inc., the NASDAQ has been a profitable investment from its founding. In addition, the shares of VEON Ltd. have been listed on the Amsterdam Stock Exchange - Euronext since April 4, 2017, under the ticker code VEON (MegaFon, 2020).

VimpelCom has GSM licenses in the following constituent entities of the Russian Federation located within the Far Eastern consolidated region: Khabarovsk Territory, Amur Region, Kamchatka Territory, Chukotka Autonomous Okrug, Jewish Autonomous Okrug, Republic of Sakha (Yakutia), Magadan Region, Transbaikal Territory, Primorsky Territory, and Sakhalin Region. It is the only expanding territory in Russia that is not completely covered by GSM licenses, and this is the Far East. The company also has a 3G license (IMT-2000/UMTS), which allows it to operate in all areas of the Russian Federation (Tadviser, 2022).

4.3 General Information about MegaFon

PJSC MegaFon is a Russian company operating in the telecommunications market for over 27 years. The company was registered on June 17, 1993, as CJSC "North-West GSM" and began to develop from the north-western region of Russia. In 2002, during the rebranding of North-West GSM CJSC, it was renamed into MegaFon OJSC. During this time, the company gradually gained ground using an innovative approach. The company is the first in Russia to launch automatic roaming, SMS, MMS, free incoming calls and much more. Since 1994, the company has been using the GSM (2G) network. And in 1999 CJSC

"North-West GSM" was the first among mobile operators in Russia to conclude agreements on the provision of roaming services with all European countries (Beeline, 2020).

On October 24, 2007, MegaFon was the first in the Russian market to start providing its subscribers with Internet access in the 3G network. And on April 23, 2012, the company began using fourth-generation mobile communications (4G) (Tadviser, 2022).

On August 31, 2015, MegaFon launched test voice calls in the LTE network. On April 29, 2015, the form of ownership of the company was changed to Public Joint Stock Company MegaFon (PJSC MegaFon) (Tadviser, 2022).

Today MegaFon is one of the leading companies in the telecommunications industry in Russia, providing cellular services (GSM, UMTS, LTE and LTE Advanced), as well as local telephony, broadband Internet access, cable TV and several related services. The company owns a virtual mobile operator Yota, a telecommunications company NetByNet and an online movie theater Start. Belongs to the USM holding. It operates in 83 subjects of the Russian Federation, in Tajikistan, as well as in partially recognized Abkhazia and South Ossetia. The number of mobile subscribers at the end of 2020 amounted to 70.4 million people (Tadviser, 2022).

4.4 Analysis of Financial Position (MTS)

This section examines the financial position of the MobileTelesystems using vertical and horizontal asset, liability, and equity analysis to determine which items have the greatest impact on the total (through vertical analysis) and changes over time (by horizontal analysis).

4.4.1 Vertical Analysis of the Balance Sheet Items

Vertical analysis is a proportionate study of financial statements to determine the importance of specific items relative to the overall. It's handy for comparing proportions and variations in proportions from year to year. It clearly illustrates if a specific item of the balance sheet is increasing or decreasing in proportion of the total assets, equity and liabilities and how this affects the total value. However, a decrease in percentage of one thing does not necessarily imply a loss of money worth in terms of the total; it could indicate a more important change in the total of other items.

Table 5 - Vertical Analysis of MTS's Assets

Consolidated Statement of Financial Position (mil.rubles)										
ASSETS (mil. Rubles)	2016	%	2017	%	2018	%	2019	%	2020	%
NON-CURRENT ASSETS										
Property, plant and equipment	272 841	50,11%	263 063	47,74%	276 443	30,18%	265 479	32,22%	284 804	30,98%
Investment property	336	0,06%	407	0,07%	2 177	0,24%	2 986	0,36%	1 889	0,21%
Right-of-use assets					149 007	16,27%	138 817	16,85%	130 503	14,20%
Goodwill	33 685	6,19%	34 281	6,22%	39 107	4,27%	38 675	4,69%	38 041	4,14%
Other intangible assets	75 128	13,80%	79 397	14,41%	95 962	10,48%	79 729	9,68%	90 103	9,80%
Investments in associates and joint venture	10 551	1,94%	9 452	1,72%	10 735	1,17%	6 450	0,78%	8 555	0,93%
Other investments	36 319	6,67%	1 953	0,35%	16 873	1,84%	11 195	1,36%	9 488	1,03%
Deferred tax assets	6 150	1,13%	5 545	1,01%	11 190	1,22%	9 975	1,21%	8 778	0,95%
Account receivables, related parties	3 693	0,68%	2	0,00%	2 545	0,28%	10 787	1,31%	5 209	0,57%
Trade account receivables					2 600	0,28%	3 556	0,43%	2 163	0,24%
Bank deposit and loans to customers					30 653	3,35%	53 472	6,49%	63 992	6,96%
Other financial assets	13 877	2,55%	8 890	1,61%	4 729	0,52%	3 220	0,39%	7 575	0,82%
Other assets	896	0,16%	2 048	0,37%	5 038	0,55%	4 981	0,60%	5 749	0,63%
Total non-current assets	453 476	83,29%	405 038	73,50%	647 059	70,64%	629 322	76,38%	656 849	71,46%
CURRENT ASSETS										
Inventories	14 330	2,63%	9 995	1,81%	18 654	2,04%	15 515	1,88%	15 204	1,65%
Trade and other receivables	29 805	5,47%	28 017	5,08%	34 543	3,77%	35 595	4,32%	32 868	3,58%
Account receivable, related parties	4 401	0,81%	11 358	2,06%	6 385	0,70%	5 872	0,71%	8 980	0,98%
Bank deposits and loans to customers					32 385	3,54%	39 370	4,78%	52 676	5,73%
Short-term investments	8 657	1,59%	50 757	9,21%	47 863	5,23%	25 618	3,11%	23 434	2,55%
Advanced paid and prepaid expenses	5 749	1,06%	3 894	0,71%	4 208	0,46%	4 107	0,50%	4 288	0,47%
VAT receivable	7 098	1,30%	7 165	1,30%	7 415	0,81%	9 350	1,13%	8 877	0,97%
Income tax assets	1 601	0,29%	2 838	0,51%	3 887	0,42%	4 301	0,52%	4 660	0,51%
Assets held for sale	808	0,15%	1 276	0,23%	2 694	0,29%	497	0,06%	667	0,07%
Cash and cash equivalents	18 470	3,39%	30 586	5,55%	84 075	9,18%	38 070	4,62%	85 405	9,29%
Other financial assets					25 487	2,78%	14 558	1,77%	23 975	2,61%
Other assets	75	0,01%	146	0,03%	1 338	0,15%	1 735	0,21%	1 320	0,14%
Total current assets	90 994	16,71%	146 032	26,50%	268 934	29,36%	194 588	23,62%	262 354	28,54%
TOTAL ASSETS	544 470	100,00%	551 070	100,00%	915 993	100,00%	823 910	100,00%	919 203	100,00%

Source: Own processing based on the Consolidated Statement of Financial Position of MTS FY 2016-2020.

The changes in proportion of total assets from 2016-2020 are clearly shown in Table 5 of PJSC Mobile TeleSystems's Consolidated Statement of Financial Position. The share of non-current assets was 83.29% as of December 31, 2016, and 71.46% as of December 31, 2020. Thus, during the period under review, this indicator decreased by 11.83 percentage points. However, the table shows that non-current assets increased in real value, the decrease in the share due to the increase in the share of current assets. According to the given data, it can be concluded that the company's property is represented mainly by non-current assets.

The non-current item property, plant, and equipment which includes network, base station equipment, land, buildings, office equipment, and vehicles is an example of these changes. This item is stated at cost has a useful life of more than one year, capitalized at historical cost and depreciated on a straight-line basis over its useful lifetime. The estimated useful lifetimes and depreciation method are reviewed at the end of each reporting period,

with the effect of any changes in estimate accounted for on a prospective basis. The gain or loss arising on the disposal of an item is determined as the difference between any sale proceeds and the carrying amount of the asset and is recognized in the consolidated statement of profit or loss.

The item property, plant and equipment also includes construction in progress and equipment held for installation. This item is not depreciated until the constructed or installed asset is ready for its intended use.

Table 5 shows that property, plant, and equipment account for the largest percentages of non-current assets and all assets combined. In 2016, it occupied 50.11% of all assets, in 2017 it slightly decreased and amounted to 47.74%. In 2018, it increased in real value, but in proportion to the newly introduced item right-of-use assets, which was 16.27% in the same year, it fell to 30.18%. Since 2019, it began to grow in real value, but in proportion to other items, it began to fall and fell to 30.98% in 2020.

Right-of-use assets became the company's second most valuable asset in 2018, accounting for 16.27% of total assets. It grew slightly to 16.85% in 2019 before falling to 14.20% in 2020.

The majority of the Group's lease contracts are for cellular sites (i.e., land, space in cell towers, or rooftop surface areas), network infrastructure, retail outlets, and administrative and technical facilities. It can be clearly seen in the Table 5 that leasing has been declining over the course of three years (2018-2020) both in real value and in percentage terms.

With the exception of short-term leases, the Group recognizes a right-of-use asset and a corresponding lease liability for all lease agreements (including sub-lease and lease of intangible assets), which convey the right to control the use of identified assets for a period of time in exchange for consideration (with a lease term of 12 months or less).

Right-of-use assets are initially valued at a cost equal to the initial amount of lease liability, adjusted for any lease payments made at or before the commencement date, plus any direct costs incurred, as well as an estimate of the costs to dismantle, remove, or restore the underlying asset, minus any lease incentives received.

Following that, right-of-use assets are amortized in a straight-line method throughout the estimated lease duration. Except in circumstances where the Group is fairly certain of exercising renewal or termination options, the lease term corresponds to the non-cancellable period of each contract. The Group considers all facts and circumstances that create an

economic incentive for the Group to exercise the option to extend the lease, such as the useful life of the asset located on the leased site, site replacement statistics, technology change sequences, profitability of our retail stores, and costs to terminate or enter into lease contracts, when determining the lease term.

Table 6 - Vertical Analysis of MTS's Equity and Liabilities

Consolidated Statement of Financial Position (mil.rubles)										
EQUITY AND LIABILITIES (mil. Rubles)	2016	%	2017	%	2018	%	2019	%	2020	%
NON-CURRENT LIABILITIES										
Borrowings	237 113	43,55%	239 096	43,39%	365 072	39,86%	271 573	32,96%	395 143	42,99%
Lease obligations					144 740	15,80%	140 080	17,00%	134 637	14,65%
Bank deposits and liabilities					2 633	0,29%	1 805	0,22%	1 883	0,20%
Deferred tax liabilities	26 611	4,89%	23 773	4,31%	24 439	2,67%	17 866	2,17%	19 191	2,09%
Provisions	2 350	0,43%	2 309	0,42%	3 391	0,37%	4 761	0,58%	5 128	0,56%
Contract liabilities					558	0,06%	589	0,07%	717	0,08%
Other non-financial liabilities	4 129	0,76%	3 968	0,72%						
Other financial liabilities	2 774	0,51%	1 048	0,19%	481	0,05%	955	0,12%	14	0,002%
Other liabilities					1 643	0,18%	1 430	0,17%	1 186	0,13%
Total non-current liabilities	272 977	50,14%	270 194	49,03%	542 957	59,28%	439 059	53,29%	557 899	60,69%
CURRENT LIABILITIES										
Trade and other payables	41 473	7,62%	47 314	8,59%	53 623	5,85%	71 808	8,72%	56 017	6,09%
Account payables, related parties	1 014	0,19%	1 102	0,20%	1 301	0,14%	558	0,07%	3 146	0,34%
Subscriber prepayments and other advances	15 460	2,84%	17 878	3,24%						
Contract liabilities					21 597	2,36%	20 718	2,51%	21 125	2,30%
Borrowings	47 207	8,67%	64 474	11,70%	3 063	0,33%	71 746	8,71%	34 125	3,71%
Lease obligations					15 812	1,73%	15 228	1,85%	16 177	1,76%
Bank deposits and liabilities					108 821	11,88%	136 147	16,52%	165 794	18,04%
Income tax liabilities	962	0,18%	1 150	0,21%	1 792	0,20%	784	0,10%	753	0,08%
Provisions	8 075	1,48%	9 852	1,79%	70 911	7,74%	11 526	1,40%	13 460	1,46%
Other non-financial liabilities	10 305	1,89%	11 865	2,15%						
Other financial liabilities	3 049	0,56%	3 036	0,55%	4 648	0,51%	1 424	0,17%	1 109	0,12%
Other liabilities					13 903	1,52%	18 518	2,25%	16 908	1,84%
Total current liabilities	127 545	23,43%	156 671	28,43%	295 471	32,26%	348 457	42,29%	328 614	35,75%
TOTAL LIABILITIES	400 522	73,56%	426 865	77,46%	838 428	91,53%	787 516	95,58%	886 513	96,44%
EQUITY										
Common stock	200	0,04%	200	0,04%	200	0,02%	200	0,02%	200	0,02%
Treasure stock	- 748	-0,14%	- 22 644	-4,11%	- 44 808	-4,89%	- 59 748	-7,25%	- 74 990	-8,16%
Additional paid-in capital	191	0,04%	381	0,07%					89	0,01%
Retained earnings	145 622	26,75%	151 043	27,41%	110 946	12,11%	85 249	10,35%	94 391	10,27%
Accumulated other comprehensive income	- 6 030	-1,11%	- 8 854	-1,61%	- 1 064	-0,12%	7 367	0,89%	9 010	0,98%
Equity attributed to owners of the Company	139 235	25,57%	120 126	21,80%	65 274	7,13%	33 068	4,01%	28 700	3,12%
Non-controlling interests	4 713	0,87%	4 079	0,74%	12 291	1,34%	3 326	0,40%	3 990	0,43%
Total equity	143 948	26,44%	124 205	22,54%	77 565	8,47%	36 394	4,42%	32 690	3,56%
TOTAL EQUITY AND LIABILITIES	544 470	100,00%	551 070	100,00%	915 993	100,00%	823 910	100,00%	919 203	100,00%

Source: Own processing based on the Consolidated Statement of Financial Position of MTS FY2016-2020.

Liabilities and equity are shown in Table 6 using a vertical analysis. The majority of total non-current liabilities is comprised of borrowings in the categories listed under "non-current liabilities". In 2016, the company had a large amount of borrowings in the amount of 237.113 million rubles, which is 43.55% of the total share of liabilities and equity. As can be seen from Table 6, long-term debt was decreasing until 2019 as a percentage of total liabilities and equity. However, decrease in percentage does not imply a decrease in the amount of borrowings worth in terms of the total as it indicates an important change in the

total of other items like lease obligations in 2018. Therefore, we can say that the company's debt obligations are growing in real value until 2018, (365.072 million rubles), in 2019 they are reduced to 271.573 million rubles. and in 2019 increase by a record amount for five years 395.143 million rubles.

Group's borrowings represent interest-bearing bank loans and bonds issued in the capital markets. Borrowings are initially recorded at fair value plus transaction costs that are directly attributable to the issue of the financial liability and subsequently measured at amortized cost, using the effective interest rate method.

In 2018, MTS took out a lease worth 144.740 million rubles, which reduced the percentage of borrowed funds from the total cost to 39.86%. The leased assets included satellite transponders used to provide satellite television services, network equipment and vehicles. Transponder lease term is twelve years. The lease term for network equipment is fifteen years. The average car rental period is three years. The company has an obligation to buy back cars at the end of the lease term in accordance with the terms of the agreements.

The share of equity in the balance sheet structure as of 2020 was only 3.56%. At the same time, the value of this indicator in the period from 2016 to 2020 decreased by 77.29%. More than half of the organization's liabilities are non-current liabilities. For 2020, the organization attracted a larger number of both non-current and current borrowed liabilities (60.69% and 35.75%, respectively).

In accordance with the main standard of financial stability, at least 50% of the company's property must be formed from its own sources. During the analyzed period, this standard was not fulfilled on any reporting date. Consequently, during the analyzed period, the company was in a state of financial instability.

4.4.2 Horizontal Analysis of the Balance Sheet Items

Horizontal analysis, often known as trend analysis, is a technique for displaying and comparing historical data. We can use one specific year as the base year in this study, or we can use the prior year as the base year and compare two years to examine how a specific item varies from year to year. The chain technique was chosen in this study; therefore, the comparison is always made with the previous year. This technique demonstrates how particular items have evolved over time and how this has influenced the company's growth, operations, and revenues.

Table 7 - Horizontal Analysis of MTS's Assets

Consolidated Statement of Financial Position (mil.rubles)									
ASSETS (mil. Rubles)	2016	2017/16 (%)	2017	2018/17 (%)	2018	2019/18 (%)	2019	2020/19 (%)	2020
NON-CURRENT ASSETS									
Property, plant and equipment	272 841	-3,58%	263 063	5,09%	276 443	-3,97%	265 479	7,28%	284 804
Investment property	336	21,13%	407	434,89%	2 177	37,16%	2 986	-36,74%	1 889
Right-of-use assets				100,00%	149 007	-6,84%	138 817	-5,99%	130 503
Goodwill	33 685	1,77%	34 281	14,08%	39 107	-1,10%	38 675	-1,64%	38 041
Other intangible assets	75 128	5,68%	79 397	20,86%	95 962	-16,92%	79 729	13,01%	90 103
Investments in associates and joint venture	10 551	-10,42%	9 452	13,57%	10 735	-39,92%	6 450	32,64%	8 555
Other investments	36 319	-94,62%	1 953	763,95%	16 873	-33,65%	11 195	-15,25%	9 488
Deffered tax assets	6 150	-9,84%	5 545	101,80%	11 190	-10,86%	9 975	-12,00%	8 778
Account receivables, related parties	3 693	-99,95%	2	127150,00%	2 545	323,85%	10 787	-51,71%	5 209
Trade account receivables				100,00%	2 600	36,77%	3 556	-39,17%	2 163
Bank deposit and loans to customers				100,00%	30 653	74,44%	53 472	19,67%	63 992
Other financial assets	13 877	-35,94%	8 890	-46,81%	4 729	-31,91%	3 220	135,25%	7 575
Other assets	896	128,57%	2 048	146,00%	5 038	-1,13%	4 981	15,42%	5 749
Total non-current assets	453 476	-10,68%	405 038	59,75%	647 059	-2,74%	629 322	4,37%	656 849
CURRENT ASSETS									
Inventories	14 330	-30,25%	9 995	86,63%	18 654	-16,83%	15 515	-2,00%	15 204
Trade and other receivables	29 805	-6,00%	28 017	23,29%	34 543	3,05%	35 595	-7,66%	32 868
Account receivable, related parties	4 401	158,08%	11 358	-43,78%	6 385	-8,03%	5 872	52,93%	8 980
Bank deposits and loans to customers				100,00%	32 385	21,57%	39 370	33,80%	52 676
Short-term investments	8 657	486,31%	50 757	-5,70%	47 863	-46,48%	25 618	-8,53%	23 434
Advanced paid and prepaid expenses	5 749	-32,27%	3 894	8,06%	4 208	-2,40%	4 107	4,41%	4 288
VAT receivable	7 098	0,94%	7 165	3,49%	7 415	26,10%	9 350	-5,06%	8 877
Income tax assets	1 601	77,26%	2 838	36,96%	3 887	10,65%	4 301	8,35%	4 660
Assets held for sale	808	57,92%	1 276	111,13%	2 694	-81,55%	497	34,21%	667
Cash and cash equivalents	18 470	65,60%	30 586	174,88%	84 075	-54,72%	38 070	124,34%	85 405
Other financial assets				100,00%	25 487	-42,88%	14 558	64,69%	23 975
Other assets	75	94,67%	146	816,44%	1 338	29,67%	1 735	-23,92%	1 320
Total current assets	90 994	60,49%	146 032	84,16%	268 934	-27,64%	194 588	34,83%	262 354
TOTAL ASSETS	544 470	1,21%	551 070	66,22%	915 993	-10,05%	823 910	11,57%	919 203

Source: Own processing based on the Consolidated Statement of Financial Position of MTS FY 2016-2020.

Table 7 shows a horizontal analysis of a company's assets. Based on the data obtained, we can conclude that the total value of the property (assets) in the period 2016-2020 increased by 374.733 mil. rub. or 68.95%. However, significant fluctuations were observed during this period. In 2017, the growth of the currency was only 1.21%, and in 2018 it was already 66.22%. In 2019, compared to 2017 and 2018, it decreased by 10.05%. And already in 2020, growth is again observed, which allowed us to slightly increase the indicators of 2019.

Non-current and current assets affected balance sheet changes in different ways. The cost of non-current assets during the period under review had a generally growth trend. In general, for 2016–2020 their value increased by 203.373 mil. Rub. in relative terms, this amounted to 50.7%. Current assets also had a positive trend. Their total amount in 2020

increased by 171.360 mil. Rub. (151.84%). In 2018, they grew by 144.65%, in 2019 they fell slightly by -27.64%, and in 2020 they grew again by 34.84%, but they were not able to reach the results of 2018 again.

In this case, there is a faster growth of non-current assets compared with the growth of current assets. However, current assets still have positive dynamics, which means that the company's assets are becoming more mobile. The more mobile assets a company has, the higher their liquidity, therefore, the less risk associated with this company.

From 2016 to 2017, there was a decrease in property plant and equipment item by -3.58%, which means that in 2017 MTS reduced its contributions to network equipment and base stations and invested more on its short-term investments, which grew by 486.31%. However, in the following years after 2017, there has been a decline in the company's short-term investments.

In 2018, the company introduced three new non-current assets as right-of-use assets, trade account receivables, and bank deposits and loans to customers, so the table shows a 100% increase in the above items. As can be seen from Table 7, right-of-use assets fell peacefully from 2019 (-6.84%) to 2020 (-5.99%).

In 2017, 2018 and 2020, there was a increase in cash and cash equivalents. The growth was especially high in 2018 (174.88%). In 2019, there was a negative change in 54.72%. Cash includes cash on hand and on demand deposits with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to only an insignificant risk of changes in value.

In 2018 MTS also introduced two new current assets as bank deposits and loans to customers and other financial assets. This is the reason of the 100% increase in above mentioned items.

Table 8 - Horizontal Analysis of MTS's Equity and Liabilities

Consolidated Statement of Financial Position (mil.rubles)									
EQUITY AND LIABILITIES (mil. Rubles)	2016	2017/16 (%)	2017	2018/17 (%)	2018	2019/18 (%)	2019	2020/19 (%)	2020
NON-CURRENT LIABILITIES									
Borrowings	237 113	0,84%	239 096	52,69%	365 072	-25,61%	271 573	45,50%	395 143
Lease obligations				100,00%	144 740	-3,22%	140 080	-3,89%	134 637
Bank deposits and liabilities				100,00%	2 633	-31,45%	1 805	4,32%	1883
Deferred tax liabilities	26 611	-10,66%	23 773	2,80%	24 439	-26,90%	17 866	7,42%	19 191
Provisions	2 350	-1,74%	2 309	46,86%	3 391	40,40%	4 761	7,71%	5 128
Contract liabilities				100,00%	558	5,56%	589	21,73%	717
Other non-financial liabilities	4 129	-3,90%	3 968	-100,00%					
Other financial liabilities	2 774	-62,22%	1 048	-54,10%	481	98,54%	955	-98,53%	14
Other liabilities				100,00%	1 643	-12,96%	1 430	-17,06%	1 186
Total non-current liabilities	272 977	-1,02%	270 194	100,95%	542 957	-19,14%	439 059	27,07%	557 899
CURRENT LIABILITIES									
Trade and other payables	41 473	14,08%	47 314	13,33%	53 623	33,91%	71 808	-21,99%	56 017
Account payables, related parties	1 014	8,68%	1 102	18,06%	1 301	-57,11%	558	463,80%	3 146
Subscriber prepayments and other advances	15 460	15,64%	17 878	-100,00%					
Contract liabilities				100,00%	21 597	-4,07%	20 718	1,96%	21 125
Borrowings	47 207	36,58%	64 474	-95,25%	3 063	2242,34%	71 746	-52,44%	34 125
Lease obligations				100,00%	15 812	-3,69%	15 228	6,23%	16 177
Bank deposits and liabilities				100,00%	108 821	25,11%	136 147	21,78%	165 794
Income tax liabilities	962	19,54%	1 150	55,83%	1 792	-56,25%	784	-3,95%	753
Provisions	8 075	22,01%	9 852	619,76%	70 911	-83,75%	11 526	16,78%	13 460
Other non-financial liabilities	10 305	15,14%	11 865	-100,00%					
Other financial liabilities	3 049	-0,43%	3 036	53,10%	4 648	-69,36%	1 424	-22,12%	1 109
Other liabilities				100,00%	13 903	33,19%	18 518	-8,69%	16 908
Total current liabilities	127 545	22,84%	156 671	88,59%	295 471	17,93%	348 457	-5,69%	328 614
TOTAL LIABILITIES	400 522	6,58%	426 865	96,42%	838 428	-6,07%	787 516	12,57%	886 513
EQUITY									
Common stock	200	0,00%	200	0,00%	200	0,00%	200	0,00%	200
Treasure stock	- 748	2927,27%	- 22 644	97,88%	- 44 808	33,34%	- 59 748	25,51%	- 74 990
Additional paid-in capital	191	99,48%	381	-100,00%				100,00%	89
Retained earnings	145 622	3,72%	151 043	-26,55%	110 946	-23,16%	85 249	10,72%	94 391
Accumulated other comprehensive income	- 6 030	46,83%	- 8 854	-87,98%	- 1 064	-792,39%	7 367	22,30%	9 010
Equity attributed to owners of the Company	139 235	-13,72%	120 126	-45,66%	65 274	-49,34%	33 068	-13,21%	28 700
Non-controlling interests	4 713	-13,45%	4 079	201,32%	12 291	-72,94%	3 326	19,96%	3 990
Total equity	143 948	-13,72%	124 205	-37,55%	77 565	-53,08%	36 394	-10,18%	32 690
TOTAL EQUITY AND LIABILITIES	544 470	1,21%	551 070	66,22%	915 993	-10,05%	823 910	11,57%	919 203

Source: Own processing based on the Consolidated Statement of Financial Position of MTS FY2016-2020.

The horizontal analysis of Liabilities and Equity is shown in table 8. The sum of sources of assets (liabilities and equity), as well as the value of assets, increased by 374.733 mil. rub. The amount of equity of MTS PJSC for the period 2016-2020 decreased by 111.258 mil. rub. which in relative terms is -114.53 %. However, it is worth to mention that every year the company's equity becomes less and less, while liabilities grow. The borrowed capital of the company is represented by both non-current (long-term) and current (short-term) liabilities. The amount of long-term liabilities of MTS PJSC for the period 2016–2020 increased by 203.373 mil. rub., and the amount of short-term also increased 201.064 million. rub. In order for the company's financial stability to remain at an acceptable level, it is necessary that the company's equity increase faster than liabilities. In this case, the amount of equity decreased, and the amount of borrowed capital increased. Consequently, during the period under review, the level of financial stability of the company decreased.

In the items which are under non-current liabilities the biggest part of total non-current liabilities takes an item Borrowings which includes interest-bearing bank loans and bonds issued. As it was said before in 2016 the company had a big long-term debt in amount 237.113 mil. rub. which has been increasing for five years, except for 2019 when the amount of borrowed funds fell by 25.61%. The peak growth of long-term debts was in 2018 (52.69%), and the peak amount of debts is observed in 2020 (395.153 million rubles). The reason is that MTS took a loan of 30 billion rubles from the East Pacific Bank to refinance the debt, which expired in 2020.

The present part of long-term lease liabilities is also included in Table 8. As seen in the data, MTS began leasing in 2018 and lowered their lease by 3.22% and by 3.89% in 2020th. There are several reasons why the firm began using it. To begin, leasing requires less investment, which means the business spends less money on certain assets by paying them monthly, as opposed to purchasing them. Moreover, leasing allows assets to pay that amount on their own. Depending on the type of leasing firm used, it may also provide certain tax benefits.

4.5 Analysis of Financial Performance (MTS)

The analysis of the financial performance of an enterprise implies a vertical and horizontal analysis of income statement items: revenues and expenses, in order to identify the most significant items (vertical analysis method) and changes by years (horizontal analysis).

4.5.1 Vertical Analysis of the Income Statement

Table 9 - Vertical Analysis of MTS's Consolidated Statement of Income

Consolidated Statement of Financial Performance (mil.rubles)										
REVENUES	2016	%	2017	%	2018	%	2019	%	2020	%
Service revenue	386 486	88,71%	390 761	88,23%	410 890	85,55%	406 478	86,37%	425 448	85,96%
Sales of good	49 206	11,29%	52 150	11,77%	69 403	14,45%	64 127	13,63%	69 478	14,04%
Total revenue	435 692	100,00%	442 911	100,00%	480 293	100,00%	470 605	100,00%	494 926	100,00%

Source: Own processing based on the Consolidated Statement of Financial Perfomace of MTS FY2016-2020.

As shown in Table 9, MTS's revenue is comprised of only two items, the bulk of which are generated from the selling of services. Over the five years of analysis, revenue from services exceeded 85%, reaching 85.96% in 2020. This item includes revenue from the provision of mobile and fixed communication services (connection services, voice and video

communications, messaging, interconnect, broadband access and mobile Internet, provision of TV and music content, roaming services), financial services, integration services, cloud services and ticketing services. Revenue from the sale of goods has a much smaller impact than revenue from services, accounting for less than 15% of total revenue for the entire analyzed period. However, it has an increasing momentum, starting from 11.29% in 2016 and ending at 14.04% in 2020.

Table 10 - Vertical Analysis of MTS's Consolidated Statement of Income

Consolidated Statement of Financial Performance (mil.rubles)										
OPERATING EXPENSES	2016	%	2017	%	2018	%	2019	%	2020	%
Cost of services	130 158	37,40%	123 779	35,69%	112 401	30,87%	114 057	32,13%	121 943	31,92%
Cost of goods	45 574	13,10%	45 623	13,16%	63 869	17,54%	58 872	16,58%	63 482	16,62%
Selling, general and administrative expenses	94 046	27,02%	95 186	27,45%	87 946	24,15%	89 933	25,33%	87 983	23,03%
Depreciation and amortization	81 582	23,44%	79 912	23,04%	104 588	28,72%	96 195	27,10%	100 234	26,24%
Operating share of the profit of associates	- 3 115	-0,90%	- 3 210	-0,93%	- 3 799	-1,04%	- 4 583	-1,29%	- 5 048	-1,32%
Impairment of non-current assets			3 775	1,09%	149	0,04%	148	-0,04%	2 023	0,53%
Impairment of financial assets	2 698	0,78%	2 923	0,84%	3 694	1,01%	7 723	2,18%	11 912	3,12%
Other (income)/expenses	- 2 920	-0,84%	- 1 177	-0,34%	- 4 740	-1,30%	- 7 021	-1,98%	- 496	-0,13%
Total operating expenses	348 023	100,00%	346 811	100,00%	364 108	100,00%	355 028	100,00%	382 033	100,00%

Source: Own processing based on the Consolidated Statement of Financial Performance of MTS FY2016-2020.

The company has presented its incomes as negative and the expenses as positive. However, the net effect correctly presents the financial performance during the respective years. This does not impact the results of the vertical and horizontal analysis done as it is consistently prepared in the same manner over the years.

As can be seen from Table 10, for the period 2016-2020, the cost of services makes up the largest share of a percent of total operating expenses (about 30%), which is not surprising, since the revenue from the sale of services makes up the largest part of total income. The second most important expense before 2017 was selling, general and administrative expenses, the percentage share of which was more than 27%, but since 2018 it has decreased, although the real value of the item has increased. The reason is that the cost of depreciation and amortization has increased dramatically since 2018, taking a share of the total operating expenses.

A vertical analysis of the company's balance sheet showed that the largest share of total assets is made up of property, plant and equipment (see Table 5), which are depreciated on a straight-line basis, with the exception of construction in progress and equipment intended for installation, which is not depreciated until the construction, or the installed asset will not be ready for its intended use.

According to the company's reports selling, general and administrative expenses include salaries and social contribution, advertising and marketing expenses, general and administrative expenses, taxes other than income, cash collection commission, universal service fund, dealers commission, utilities and maintenance, consulting expenses, billing and data processing and other.

Table 11 - Vertical Analysis of MTS's Consolidated Statement of Income

Consolidated Statement of Financial Performance (mil.rubles)										
Finance income (expense)	2016	%	2017	%	2018	%	2019	%	2020	%
Finance income	- 5 273	-26,29%	- 5 548	-27,02%	- 5 981	-18,50%	- 4 352	-9,19%	- 3 437	-9,73%
Finance expenses	27 136	135,27%	26 064	126,94%	38 165	118,03%	47 366	100,06%	42 084	119,18%
Currency exchange loss/(gain)	- 3 241	-16,16%	- 1 301	-6,34%	3 594	11,12%				
Non-operating share of the loss of associates	1 287	6,42%	436	2,12%	909	2,81%	3 496	-7,39%	273	-0,77%
Change in fair value of financial instruments	- 166	-0,83%	110	-0,54%	- 5 384	-16,65%				
Other non-operating (income) expenses	317	1,58%	992	4,83%	1 031	3,19%	7 821	16,52%	- 3 064	-8,68%
Total finance income (expense)	20 060	100,00%	20 533	100,00%	32 334	100,00%	47 339	100,00%	35 310	100,00%

Source: Own processing based on the Consolidated Statement of Financial Performance of MTS FY 2016-2020.

Financial results have an effect on the company's overall profit. The largest contribution comes from financial expenses connected to long-term borrowings, which have been mainly growing between 2016 and 2020. Financial expenses exceeded 100% of total finance revenue (expenses).

Finance income, which is created by transitory surplus cash invested in short-term assets and marketable securities, makes the second largest contribution. In 2016 financial income made -26.29%, -27.02% in 2017, -18.50% in 2018, -9.19 in 2019 and -9.74% in 2020 of total financial income (expenses).

4.5.2 Horizontal Analysis of the Income Statement

Table 12 - Horizontal Analysis of MTS's Consolidated Statement of Income

Consolidated Statement of Financial Performance (mil.rubles)									
	2016	2017/16 (%)	2017	2018/17 (%)	2018	2019/18 (%)	2019	2020/19 (%)	2020
REVENUES									
Service revenue	386 486	1,11%	390 761	5,15%	410 890	-1,07%	406 478	4,67%	425 448
Sales of good	49 206	5,98%	52 150	33,08%	69 403	-7,60%	64 127	8,34%	69 478
Total revenues	435 692	1,66%	442 911	8,44%	480 293	-2,02%	470 605	5,17%	494 926
OPERATING EXPENSES (income)									
Cost of services	130 158	-4,90%	123 779	-9,19%	112 401	1,47%	114 057	6,91%	121 943
Cost of goods	45 574	0,11%	45 623	39,99%	63 869	-7,82%	58 872	7,83%	63 482
Selling, general and administrative expenses	94 046	1,21%	95 186	-7,61%	87 946	2,26%	89 933	-2,17%	87 983
Depreciation and amortization	81 582	-2,05%	79 912	30,88%	104 588	-8,02%	96 195	4,20%	100 234
Operating share of the profit of associates	- 3 115	3,05%	- 3 210	18,35%	- 3 799	20,64%	- 4 583	10,15%	- 5 048
Impairment of non-current assets	-	100,00%	3 775	-96,05%	149	-199,33%	- 148	-1466,89%	2 023
Impairment of financial assets	2 698	8,34%	2 923	26,38%	3 694	109,07%	7 723	54,24%	11 912
Other (income)/expenses	- 2 920	-59,69%	- 1 177	302,72%	- 4 740	48,12%	- 7 021	-92,94%	- 496
Total operating expenses	348 023	-0,35%	346 811	4,99%	364 108	-2,49%	355 028	7,61%	382 033
OPERATING PROFIT	87 669	9,62%	96 100	20,90%	116 185	-0,52%	115 577	-2,32%	112 893
Finance income (expense)									
Finance income	- 5 273	5,22%	- 5 548	7,80%	- 5 981	-27,24%	- 4 352	-21,02%	- 3 437
Finance costs	27 136	-3,95%	26 064	46,43%	38 165	24,11%	47 366	-11,15%	42 084
Currency exchange loss/(gain)	- 3 241	-59,86%	- 1 301	-376,25%	3 594	-100,00%	-	-	-
Non-operating share of the loss of associates	1 287	-66,12%	436	108,49%	909	-484,60%	- 3 496	-92,19%	- 273
Change in fair value of financial instruments	- 166	-33,73%	- 110	4794,55%	- 5 384	-100,00%	-	-	-
Other non-operating income (expenses)	317	212,93%	992	3,93%	1 031	658,58%	7 821	-139,18%	- 3 064
Total finance income (expense)	20 060	2,36%	20 533	57,47%	32 334	46,41%	47 339	-25,41%	35 310
Profit before tax	67 609	11,77%	75 567	10,96%	83 851	-18,62%	68 238	13,69%	77 583
Income tax expense	15 138	25,36%	18 977	-10,58%	16 969	-7,67%	15 667	2,93%	16 126
Profit for the year from continuing operations	52 471	7,85%	56 590	18,19%	66 882	-21,40%	52 571	16,90%	61 457
Loss/(gain) from discontinued operations	4 021	-100,00%	-	100,00%	59 050	-104,28%	- 2 528	-75,63%	- 616
Profit for the year	48 450	22,99%	59 590	-86,86%	7 832	603,51%	55 099	12,66%	62 073
Profit/(loss) for the year attributed to:									
Owners of the company	48 474	15,61%	56 042	-87,78%	6 848	692,07%	54 241	13,22%	61 412
Non-controlling interests	- 24	-2383,33%	548	79,56%	984	-12,80%	858	-22,96%	661

Source: Own processing based on the Consolidated Statement of Financial Performance of MTS FY2016-2020.

Table 12 shows how profit has changed in the period from 2016 to 2020, and which items influenced it the most. To assess the increase or decrease in profits, it is necessary to analyze several totals from the income statement.

In terms of total revenues, Table 12 shows that revenues have risen marginally for almost all of these five years. In 2017, they increased by 1.66%, in 2018 by 5.15%, in 2019 they decreased by 2.02% and in 2020 they increased again by 4.67%, which made it possible to come to a result slightly higher than in 2018.

A record increase in revenue over five years is observed in 2020 (494 926 million rubles), which is 5.17% more than a year earlier. The company explained the growth in revenue by the dynamics of consumption of basic telecommunications services and the development of new business segments.

As it was mentioned earlier the item revenue from the sale of services is the most significant item in the total revenue and the main changes in the total revenue during the entire analyzed period depend on it. For example, in 2018, revenue from the sale of goods

increased by 33.08%, but this slightly affected the percentage increase in total revenue (8.44%) due to a small amount compared to sales of services.

The dynamics of the company's operating expenses is insignificantly unstable. In 2017, there is a slight decline of 0.35%, in 2018 expenses rise by 4.99%, in 2019 expenses fall again by 2.49%, and in 2020 they increase again by 7.61%. Thus, from 2016–2020. there is an increase in operating expenses in the amount of 34.010 mil. rub. The largest part of operating expenses is occupied by the cost of services. Table 12 shows that the cost of services fell until 2018 and then began to grow slightly from 2019 but did not reach the original cost.

For the period 2016-2020 MTS PJSC has undergone some changes in a number of indicators in the statement of financial results. The company managed to increase its operating revenues by 13.6% while also increasing the main expenses by 5.52% attributable to operating expenses – the cost of services decreased by 6.31% and the cost of sales increased by 38.89%. Thus, the company managed to increase the marginality of the sale of services by 10.08%, while simultaneously increasing revenues from the sale of services and reducing the costs of their provision.

In 2017, MTS increased operating profit by 9.26%, in 2018 it increased even more by 20.90%, in 2019 it decreased by 0.52%, and in 2020 it again decreased by 2.32%. Table 12 shows that in the total financial income (expenses) the company has a positive value in all analyzed years. It means, the company has income from these items, which increased by 2.36% in 2017, then increased by another 57.47% and in 2018 again increased by 46.41% and in 2020 it falls by 25.41%. But despite this, MTS still has a positive income of 35.310 mil. Rub.

Of all, it can be said that in 2018 MTS PJSC had the weakest results in 2018, this is due to a decrease in the MTS subscriber base. By the end of 2017, it measured 106.5 mil. customers, and a year later - 105.3 mil. In Russia, the number of subscribers during this time decreased by 0.4% to 78 million. This recession in the company was explained by reduction of sales of SIM-cards.

4.6 Selected Ratios of Financial Analysis (MTS)

The cash ratio, return on equity, and return on assets of MobileTelesystems PJSC based on its financial statements were calculated in the following tables covering years 2016-2020.

Table 13 – Cash Ratio, MTS

Year	2016	2017	2018	2019	2020
Cash and cash equivalents (mil. Rub.)	18 470	30 586	84 075	38 070	85 405
Current liabilities (mil. Rub.)	127 545	156 671	295 471	348 457	328 614
Cash ratio (mil. Rub.)	0,14	0,20	0,28	0,11	0,26

Source: Own processing based on the MTS's financial statements, FY 2016-2020

Table 13 shows the cash ratio of MTS for the period 2016-2020, as well as the amounts from the company's balance sheet used for calculation. The recommended value of the cash ratio is from 0.5 to 1, so the table shows that throughout the entire analyzed period, the cash ratio of MTS was below the norm. However, it is worth comparing it to the industry average as well, as the normal value may vary by industry and country (see Table 2). As can be seen from the table, in 2016 the cash ratio amounted to 0.14 million rubles, which is less than the average market indicator (0.16) by 0.2 million rubles. This means that in 2016 MTS would not be able to repay its short-term debts in the worst case. In 2017, the cash ratio was 0.20, and in 2018 it was 0.28, with average market ratios of 0.17 and 0.19. So, in those years, MTS was much safer for creditors. The following year, the cash ratio fell to 0.11, while the market average rose to 0.20. This means that the company would have problems paying its debt in 2019. In 2020, the value of the cash ratio was higher than the industry average by 0.04, which means that MTS would be better paying its debts than most companies in the telecommunications industry in the Russian Federation.

Table 14 - ROE, MTS

Year	2016	2017	2018	2019	2020
Net income (mil. Rub.)	48 450	59 590	7 832	55 099	62 073
Shareholders' equity (mil. Rub.)	139 235	120 126	65 274	33 068	28 700
ROE (%)	34,80%	49,61%	12,00%	166,62%	216,28%

Source: Own processing based on the MTS's financial statements, FY 2016-2020

Table 14 represents MTS's calculated return on equity using the items from the company's balance sheet and income statement for the period 2016-2020. Because the average ROE is constantly varied in different business segments, it is always required to compare the results of this indicator for companies in the same industry (see Table 3). For example, MTS's ROE in 2020 was 216.28%, compared to the market average of 23.6% in the Russian telecommunications industry. Thus, the findings indicate that the company has had an extraordinarily high ROE in the market in 2020, as seen by the fact that it was 12%

in the year 2018th. This indicates that every 1 ruble invested will yield 0.12 rubles, which is not a good indicator because market average ROE was 23.9% in 2018. According to the data in the table, MTS's ROE has been increasing year after year except for 2018, when the company's net income declined significantly.

Table 15 - ROA, MTS

Year	2016	2017	2018	2019	2020
Net income (mil. Rub.)	48 450	59 590	7 832	55 099	62 073
Total assets (mil. Rub.)	544 470	551 070	915 993	823 910	919 203
ROA (%)	8,90%	10,81%	0,86%	6,69%	6,75%

Source: Own processing based on the MTS's financial statements, FY 2016-2020

The calculated ROA of MTS PJSC by balance sheet and income statement items is shown in Table 15. In the case of ROA, the higher value is better, but it is always necessary to compare value indicators with industry averages (see Table 4), since companies in the same field of activity have the same asset base for work. From the data presented in the table, it can be said that the company's ROA did not reach the average market level only in 2018, when net profit dropped sharply to RUB 7.832 million, and total asset value increased sharply to 915,993 million rubles, resulting in ROA 0.86%. The highest ROA was calculated in 2017 (10.81%), when the company managed to generate an income of 59.590 million rubles by investing 551.070 million rubles in its assets and exceed the market average by 4.71%.

4.7 Analysis of Financial Position (VimpelCOM)

Analysis of the company's financial position deals with the vertical and horizontal analysis of assets, equity, and liabilities.

4.7.1 Vertical Analysis of the Balance Sheet Items

Vertical analysis is used to proportionally analyze the financial statements of individual items from the total, in order to say about their significance. This is useful for viewing the balance of proportions and the change in proportions from year to year.

Table 16 - Vertical Analysis of VimpelCom's Assets

Consolidated Statement of Financial Position (mil.rubles)										
ASSETS (mil. Rubles)	2016	%	2017	%	2018	%	2019	%	2020	%
NON-CURRENT ASSETS										
Property, plant and equipment	237 011	42,69%	204 661	41,96%	193 895	42,36%	278 147	52,43%	298 938	56,17%
Intangible assets	35 565	6,41%	31 249	6,41%	28 557	6,24%	120 031	22,63%	115 774	21,75%
Goodwill	106 617	19,20%	100 814	20,67%	97 729	21,35%				
Investments in joint ventures	7 641	1,38%								
Deffered tax assets	2 299	0,41%	5 304	1,09%	1 824	0,40%	1 169	0,22%	817	0,15%
Other non-current financial assets	58 027	10,45%	2 255	0,46%	1 148	0,25%	868	0,16%	27 121	5,10%
Other non-current assets	919	0,17%	555	0,11%	1 126	0,25%	1 888	0,36%	2 128	0,40%
Total non-current assets	448 079	80,70%	344 838	70,70%	324 279	70,85%	402 103	75,80%	444 778	83,58%
CURRENT ASSETS										
Inventories	6 170	1,11%	3 301	0,68%	9 040	1,98%	9 756	1,84%	7 318	1,38%
Trade and other receivables	27 868	5,02%	23 641	4,85%	23 049	5,04%	23 634	4,46%	20 860	3,92%
Other current non-financial assets	12 714	2,29%	11 695	2,40%	11 436	2,50%	11 146	2,10%	12 067	2,27%
Current income tax assets	2 589	0,47%	5 669	1,16%	3 607	0,79%	558	0,11%	1 135	0,21%
Other current financial assets	10 303	1,86%	72 379	14,84%	56 845	12,42%	51 786	9,76%	33 720	6,34%
Cash and cash equivalents	47 510	8,56%	24 963	5,12%	29 420	6,43%	31 498	5,94%	12 302	2,31%
Total current assets	107 154	19,30%	141 648	29,04%	133 397	29,15%	128 378	24,20%	87 402	16,42%
Assets held for sale			1 296	0,27%	23	0,01%	22	0,004%		
TOTAL ASSETS	555 233	100,00%	487 782	100,00%	457 699	100,00%	530 503	100,00%	532 180	100,00%

Source: Own processing based on the Consolidated Statement of Financial Position of VimpelCom FY2016-2020.

Table 16 represents outputs from the vertical analysis of statement of financial position of VimpelCom PJSC. The table shows the change in the percentage share of asset items by year. These changes can be observed in items such as non-current asset property, plant and equipment which includes telecommunications equipment, land, buildings and structures, office and measuring equipment, equipment for installation and construction in progress and other equipment. From the given data of this table, it is also clearly seen that the company's property is represented mainly by non-current assets.

From Table 16 we see that fixed assets represented by the item property, plant and equipment make up the largest percentage of non-current assets and of all assets in general. Until 2018, this item was approximately the same percentage of the total assets (slightly more than 40%), in 2019 it increased to 52.43% and in the next year 2020 it still increased to 56.17%.

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation of property, plant and equipment is accrued on a straight-line basis over the estimated useful lives of the assets.

The second most significant asset from 2016-2018 is goodwill. It has been declining in real value over the course of three years but has been rising in a percentage rate due to the decline in the value of the underlying asset item property, plant and

equipment. In 2016 it occupied 19.20% of total assets, and in 2017 it fell in real value but increased in percentage ratio to 20.67% due to the fact that the company stopped investing in joint ventures. In 2018, the amount of this item again falls in real value but grows in portion terms to 21.35% due to the decline in the property, plant and equipment item.

From 2019–2020 The second most significant asset is intangible assets. Until 2018, it occupied about 6% and from 2019 it rises sharply to 22.63% and in 2020 it falls a little and occupies 21.75%. Intangible assets until 2018 included licenses for the provision of communication services and frequencies of permission, software and other intangible assets. Since 2019, this item also includes goodwill, among other things, which explains the sharp increase in the item both in real value and in percentage terms.

Intangible assets acquired separately are initially measured at cost and subsequently stated at cost less accumulated amortization and accumulated impairment losses. Intangible assets with limited useful lives are usually amortized on a straight-line basis over the estimated useful life of the intangible asset. The terms and procedure for amortization of intangible assets with a limited useful life are analyzed annually.

Goodwill is recognized for the future economic benefits arising from the net assets acquired in a business combination that are not identified and separately recognized. Goodwill is not amortized and is tested for impairment annually and as necessary when circumstances indicate that its carrying amount may be impaired.

Table 17 - Vertical Analysis of VimpelCom's Equity and Liabilities

Consolidated Statement of Financial Position (mil.rubles)										
EQUITY AND LIABILITIES (mil. Rubles)	2016	%	2017	%	2018	%	2019	%	2020	%
NON-CURRENT LIABILITIES										
Trade and other payables							728	0,14%	2 059	0,39%
Financial liabilities	146 848	26,45%	208 427	42,73%	206 160	45,04%	247 280	46,61%	223 008	41,90%
Provisions	2 655	0,48%	2 771	0,57%	2 978	0,65%	4 556	0,86%	3 685	0,69%
Other non-current non-financial liabilities	791	0,14%	1 304	0,27%	7 981	1,74%	5 269	0,99%	4 549	0,85%
Deferred tax liabilities	13 775	2,48%	10 877	2,23%	653	0,14%	647	0,12%	486	0,09%
Total non-current liabilities	164 069	29,55%	223 379	45,79%	217 772	47,58%	258 480	48,72%	233 787	43,93%
CURRENT LIABILITIES										
Trade and other payables	56 720	10,22%	51 712	10,60%	63 408	13,85%	77 069	14,53%	86 100	16,18%
Dividends payable			25	0,01%						
Other current non-financial liabilities	22 422	4,04%	24 161	4,95%	10 228	2,23%	41 383	7,80%	38 341	7,20%
Other current financial liabilities	71 796	12,93%	24 701	5,06%	3 877	0,85%	1 021	0,19%	2 042	0,38%
Current income tax debt	1 931	0,35%	196	0,04%	564	0,12%	1 769	0,33%	835	0,16%
Provisions	3 149	0,57%	3 988	0,82%	25 034	5,47%	12 717	2,40%	13 758	2,59%
Total current liabilities	156 018	28,10%	104 783	21,48%	103 111	22,53%	133 959	25,25%	141 076	26,51%
Liabilities directly related to assets held for sale			2 364	0,48%						
TOTAL LIABILITIES	320 087	57,65%	330 526	67,76%	320 883	70,11%	392 439	73,97%	374 863	70,44%
EQUITY										
Equity attributable to owners of the Company	225 845	40,68%	151 706	31,10%	133 763	29,23%	138 330	26,08%	119 082	22,38%
Non-controlling interests	9 301	1,68%	5 550	1,14%	3 053	0,67%	266	-0,05%	38 235	7,18%
Total equity	235 146	42,35%	157 256	32,24%	136 816	29,89%	138 064	26,03%	157 317	29,56%
TOTAL EQUITY AND LIABILITIES	555 233	100,00%	487 782	100,00%	457 699	100,00%	530 503	100,00%	532 180	100,00%

Source: Own processing based on the Consolidated Statement of Financial Position of VimpelCom FY2016-2020.

Table 17 represents a vertical analysis of liabilities and equity of VimpelCom PJSC. The majority of total long-term liabilities are loans in the categories specified in the financial liabilities section. Financial liabilities include bonds, loans from related parties, bank loans, lease liabilities, unamortized fees and other borrowings.

In 2016, the company had financial liabilities in the amount of 146.848 mil. Rub. which is 26.45% of total liabilities and equity. As can be seen from Table 17, the percentage of long-term debt grew until 2019 and amounted to 46.61%, and in 2020 fell to 41.90%.

The share of equity in the balance sheet structure for 2016 was 42.35%. The value of this indicator over the period of four years gradually decreased and in 2019 amounted to 26.03%. In 2020, it increased slightly and amounted to 29.56%.

Most of the organization's liabilities during the entire analyzed period are occupied by non-current liabilities. For 2020, the organization attracted a larger number of both long-term and short-term debt obligations (43.93% and 26.51%, respectively).

The company's assets must be produced from its own sources at least 50% of the time in order to meet the fundamental criteria of financial stability. During the time period under

consideration, this criteria was not satisfied on any of the reporting dates. As a result, the firm was in a condition of financial instability during the analyzed period.

Thus, the vertical analysis of VimpelCom PJSC indicates that there are a number of problems in the financial position of this company.

4.7.2 Horizontal Analysis of the Balance Sheet Items

Table 18 - Horizontal Analysis of VimpelCom's Assets

Consolidated Statement of Financial Position (mil.rubles)									
ASSETS (mil. Rubles)	2016	2017/16 (%)	2017	2018/17 (%)	2018	2019/18 (%)	2019	2020/19 (%)	2020
NON-CURRENT ASSETS									
Property, plant and equipment	237 011	-13,65%	204 661	-5,26%	193 895	43,45%	278 147	7,47%	298 938
Intangible assets	35 565	-12,14%	31 249	-8,61%	28 557	320,32%	120 031	-3,55%	115 774
Goodwill	106 617	-5,44%	100 814	-3,06%	97 729	-100,00%			
Investments in joint ventures	7 641	-100,00%							
Deffered tax assets	2 299	130,71%	5 304	-65,61%	1 824	-35,91%	1 169	-30,11%	817
Other non-current financial assets	58 027	-96,11%	2 255	-49,09%	1 148	-24,39%	868	3024,54%	27 121
Other non-current assets	919	-39,61%	555	102,88%	1 126	67,67%	1 888	12,71%	2 128
Total non-current assets	448 079	-23,04%	344 838	-5,96%	324 279	24,00%	402 103	10,61%	444 778
CURRENT ASSETS									
Inventories	6 170	-46,50%	3 301	173,86%	9 040	7,92%	9 756	-24,99%	7 318
Trade and other receivables	27 868	-15,17%	23 641	-2,50%	23 049	2,54%	23 634	-11,74%	20 860
Other current non-financial assets	12 714	-8,01%	11 695	-2,21%	11 436	-2,54%	11 146	8,26%	12 067
Current income tax assets	2 589	118,96%	5 669	-36,37%	3 607	-84,53%	558	103,41%	1 135
Other current financial assets	10 303	602,50%	72 379	-21,46%	56 845	-8,90%	51 786	-34,89%	33 720
Cash and cash equivalents	47 510	-47,46%	24 963	17,85%	29 420	7,06%	31 498	-60,94%	12 302
Total current assets	107 154	32,19%	141 648	-5,83%	133 397	-3,76%	128 378	-31,92%	87 402
Assets held for sale		100,00%	1 296	-98,23%	23	-4,35%	22	-100,00%	
TOTAL ASSETS	555 233	-12,15%	487 782	-6,17%	457 699	15,91%	530 503	0,32%	532 180

Source: Own processing based on the Consolidated Statement of Financial Position of VimpelCom FY2016-2020.

Based on the data obtained, it can be concluded that the total value of property (assets) for the period 2016-2020 fell by 23.053 million rubles or 4.15%. However, significant fluctuations were observed during this period. In 2017 there is a decline of 12.15%, and in 2018 6.17%. Since in 2019 there has been an increase of 15.91%, in 2020 there is again a very small increase of only 0.32%, which did not help to outperform the results of 2016.

Both non-current and current assets negatively affected the change in the balance sheet. The cost of non-current assets during the period under review had a generally downward trend. In general, for 2016–2020, their amounts decreased by 3.301 million rubles. that in relative terms it was -0.74%. Growth in non-current assets is observed in 2019

(+24%) and 2020 (+10.61%) which helped a little to increase the total amount of assets. Current assets also had a negative trend. Their total amount in 2020 fell by 19.752 million rub. (-18.43%). An increase in current assets is observed only in 2017 by 32.19%.

From 2016 to 2018, there was a decrease in property, plant and equipment by 18.91% in total, which means that in 2017 VimpelCom reduced its contribution to network equipment and base stations. However, in 2018 there is an increase of 43.45% in this article, which allowed the company to overtake the result of 2016 and in 2020 it grew by another 7.47%.

Dynamics of cash and cash equivalents in the period from 2016 to 2020 is unstable and generally negative. In 2016, the amount of the article was 47 510 million rubles. In 2017 and 2020, one can see a strong decline in these items (-47.46% and -60.94%). Between these years in 2018 and 2019, there is some increase (+17.85% and +7.06%), but it is quite insignificant. As a result, during the analyzed period, the amount of cash and cash equivalents fell by 35.208 mil. rub. and in 2020 amounted to 12.302 mil. Rub.

Cash and cash equivalents are held to meet short-term cash obligations and not for investment or other purposes. Cash and cash equivalents in the consolidated statement of financial position include cash in banks and on hand and highly liquid investments with maturities of less than three months that are readily convertible into certain amounts of cash and are only subject to insignificant risk of changes in value.

Table 19 - Horizontal Analysis of VimpelCom's Equity and Liabilities

Consolidated Statement of Financial Position (mil.rubles)									
EQUITY AND LIABILITIES (mil. Rubles)	2016	2017/16 (%)	2017	2018/17 (%)	2018	2019/18 (%)	2019	2020/19 (%)	2020
NON-CURRENT LIABILITIES									
Trade and other payables						100,00%	728	182,83%	2 059
Financial liabilities	146 848	41,93%	208 427	-1,09%	206 160	19,95%	247 280	-9,82%	223 008
Provisions	2 655	4,37%	2 771	7,47%	2 978	52,99%	4 556	-19,12%	3 685
Other non-current non-financial liabilities	791	64,85%	1 304	512,04%	7 981	-33,98%	5 269	-13,66%	4 549
Deferred tax liabilities	13 775	-21,04%	10 877	-94,00%	653	-0,92%	647	-24,88%	486
Total non-current liabilities	164 069	36,15%	223 379	-2,51%	217 772	18,69%	258 480	-9,55%	233 787
CURRENT LIABILITIES									
Trade and other payables	56 720	-8,83%	51 712	22,62%	63 408	21,54%	77 069	11,72%	86 100
Dividends payable		100,00%	25	-100,00%					
Other current non-financial liabilities	22 422	7,76%	24 161	-57,67%	10 228	304,61%	41 383	-7,35%	38 341
Other current financial liabilities	71 796	-65,60%	24 701	-84,30%	3 877	-73,67%	1 021	100,00%	2 042
Current income tax debt	1 931	-89,85%	196	187,76%	564	213,65%	1 769	-52,80%	835
Provisions	3 149	26,64%	3 988	527,73%	25 034	-49,20%	12 717	8,19%	13 758
Total current liabilities	156 018	-32,84%	104 783	-1,60%	103 111	29,92%	133 959	5,31%	141 076
Liabilities directly related to assets held for sale		100,00%	2 364	-100,00%					
TOTAL LIABILITIES	320 087	3,26%	330 526	-2,92%	320 883	22,30%	392 439	-4,48%	374 863
EQUITY									
Equity attributable to owners of the Company	225 845	-32,83%	151 706	-11,83%	133 763	3,41%	138 330	-13,91%	119 082
Non-controlling interests	9 301	-40,33%	5 550	-44,99%	3 053	-108,71%	266	-14474,06%	38 235
Total equity	235 146	-33,12%	157 256	-13,00%	136 816	0,91%	138 064	13,94%	157 317
TOTAL EQUITY AND LIABILITIES	555 233	-12,15%	487 782	-6,17%	457 699	15,91%	530 503	0,32%	532 180

Source: Own processing based on the Consolidated Statement of Financial Position of VimpelCom FY2016-2020.

The horizontal analysis of Liabilities and Equity of VimpelCom PJSC is shown in table 19. The table shows that the amount of both the company's liabilities is mainly growing, while the amount of the company's equity capital is falling. In 2016, the company had non-current liabilities of 164.069 million. rub., in 2017 it increased by 36.15%, in 2018 it fell by 2.51%, in 2019 it grew again by 18.69% and in 2020 it fell by 9.55%. As a result, in 2020, the amount of total long-term liabilities amounted to 233.787 million rubles which means that in five years it has increased by 69.718 million rubles or 41.49%.

In long-term liabilities, the largest share of total non-current liabilities is occupied by financial liabilities, which includes bonds, loans from related parties, bank loans, lease liabilities, unamortized payments and other borrowings. The dynamics of long-term liabilities depends mainly on the dynamics of this particular item. In 2016, the company had

long-term financial liabilities in the amount of 146.848 million rubles, which rose and fell in subsequent years and in 2020 amounted to 223.008 million rub. That is, in general, over five years, the company's long-term debt increased by 76.160 million rubles, or 51.86%.

As for short-term liabilities, in 2016, VimpelCom had total current liabilities in the amount of 156.018 mil. rub. which decreased until 2018, then began to increase and in 2020 amounted to 141.076 million rubles. That is, over five years, long-term debt decreased by 14.942 million rubles, or 9.58%.

During the analyzed period, the amount of sources of assets (liabilities and equity), as well as the value of assets, decreased by 23.053 million rubles. The equity of PJSC VimpelCom for the period 2016-2020 decreased by 77.829 million rubles, which in relative terms is -33.09%. The borrowed capital of the company is represented by both long-term and current liabilities. The amount of long-term liabilities of PJSC VimpelCom for the period 2016–2020 increased by 69.718 million rubles. rubles, and the amount of short-term also decreased by 14.942 million rubles. Since long-term assets have a greater weight in the volume of the total amount of liabilities, their amount has increased over five years. To maintain an appropriate degree of financial stability, the company's equity must grow faster than its liabilities. In this situation, equity declined while liabilities soared. As a result, the company's financial stability weakened over the time under study.

4.8 Analysis of Financial Performance (VimpelCOM)

In this part, a vertical and horizontal analysis of the financial position of PJSC VimpelCom are made.

4.8.1 Vertical Analysis of the Income Statement

Table 20 – Vertical Analysis of VimpelCom’s Consolidated Statement of Income

Consolidated Statement of Financial Performance (mil.rubles)										
	2016	%	2017	%	2018	%	2019	%	2020	%
REVENUES										
Service revenue	344 233	96,74%	327 517	95,93%	322 070	92,09%	314 061	90,40%	299 366	91,22%
Sale of equipment and accessories	11 016	3,10%	12 411	3,64%	26 147	7,48%	29 457	8,48%	27 232	8,30%
Other revenues	601	0,17%	1 494	0,44%	1 524	0,44%	3 898	1,12%	1 570	0,48%
Total revenue	355 850	100,00%	341 422	100,00%	349 741	100,00%	347 416	100,00%	328 168	100,00%

Source: Own processing based on the Consolidated Statement of Financial Perfomace of VimpelCom FY2016-2020.

Table 20 shows that VimpelCom has 3 line items that form the company's total revenue. Most of the total revenue is revenue from services by item, which is typical for

companies operating in the telecommunications sector. This item includes revenue from the provision of voice, data and other telecommunications services through a wide range of wireless and broadband Internet services. For 2016-2020, it covers more than 90% of all revenue, which affects the dynamics the most. Other income has a insignificant impact on total revenue, as sales of equipment and accessories account for less than 9% of the total, and other revenues is even less.

Table 21 - Vertical Analysis of VimpelCom's Consolidated Statement of Income

Consolidated Statement of Financial Performance (mil.rubles)										
OPERATING EXPENSES	2016	%	2017	%	2018	%	2019	%	2020	%
Other operating income									301	-0,10%
Cost of services	- 93 292	30,99%	- 83 713	28,31%	- 77 327	25,05%	- 71 565	24,65%	- 76 305	26,38%
Cost of equipment and accessories	- 12 413	4,12%	- 13 113	4,43%	- 25 158	8,15%	- 29 887	10,30%	- 26 265	9,08%
Selling, general and administrative expenses	- 119 901	39,83%	- 126 928	42,93%	- 126 249	40,90%	- 97 659	33,64%	- 99 436	34,38%
Depreciation of fixed assets	- 56 754	18,85%	- 55 397	18,74%	- 53 686	17,39%	- 71 177	24,52%	- 71 746	24,81%
Depreciation of intangible assets	- 11 057	3,67%	- 11 369	3,85%	- 11 489	3,72%	- 10 617	3,66%	- 12 232	4,23%
Impairment loss	- 6 140	2,04%	- 3 898	1,32%	- 14 053	4,55%	- 6 768	2,33%	- 9 951	3,44%
Loss from the disposal of non-current assets	- 1 497	0,50%	- 1 258	0,43%	- 1 912	0,62%	- 2 618	0,90%	- 2 200	0,76%
Income from the sale of subsidiaries					1 231	-0,40%			8 628	-2,98%
Total operating expenses	- 301 054	100,00%	- 295 676	100,00%	- 308 643	100,00%	- 290 291	100,00%	- 289 206	100,00%

Source: Own processing based on the Consolidated Statement of Financial Perfomace of VimpelCom FY2016-2020.

Table 21 shows that for the analyzed period Selling, general and administrative expenses take the biggest percentage share from the total amount of operating exepnses (around 40% until 2018 and over 30 from 2019). This item includes customer related costs, personnel costs, information technology and network support costs, rental and other rental costs, taxes other than income tax, professional and advisory services, loss on accounts receivable and other administrative expenses. expenses. The second place is occupied by the item cost of services, which takes about 25% during the analyzed period. Since the main source of the company's income is the provision of voice, data and other telecommunications services through a wide range of wireless and broadband Internet services, this item includes the costs associated with the provision of the above listed services.

Table 22 - Vertical Analysis of VimpelCom's Consolidated Statement of Income

Consolidated Statement of Financial Performance (mil.rubles)										
Finance income (expense)	2016	%	2017	%	2018	%	2019	%	2020	%
Financial expenses	- 24 815	105,13%	- 23 764	65,56%	- 22 148	107,79%	- 28 331	100,23%	- 23 388	85,10%
Financial income	6 356	-26,93%	2 708	-7,47%	3 763	-18,31%	3 652	-12,92%	2 767	-10,07%
Net positive/(negative) foreign exchange differences	8 088	-34,26%	- 879	2,42%	- 5 013	24,40%	228	-0,81%	- 8 593	31,27%
Other non-operating income (expenses), (net)	- 6 356	26,93%	- 6 674	18,41%	2 850	-13,87%	- 3 816	13,50%	1 730	-6,29%
Share of (loss)/profit of joint ventures accounted for using the equity method	- 885	3,75%	- 1 231	3,40%						
Impairment of investments in joint ventures accounted for using equity method	- 5 993	25,39%	- 6 410	17,68%						
Total finance income (expense)	- 23 605	100,00%	- 36 250	100,00%	- 20 548	100,00%	- 28 267	100,00%	- 27 484	100,00%

Source: Own processing based on the Consolidated Statement of Financial Performance of VimpelCom FY2016-2020.

Financial results have an effect on the company's overall profit. The highest contribution is made by Financial expenses which makes over 100% of total financial income (expense) except for 2017 when it contributed 65.56%.

The next highest contribution is made by Other non-operating income (expenses) which includes expenses related to long-term repayment of debt, change in the fair value of hedging derivatives, net (loss) / gain on the sale of foreign currency, other income (net).

4.8.2 Horizontal Analysis of the Income Statement

Table 23 - Horizontal Analysis of VimpelCom's Consolidated Statement of Income

Consolidated Statement of Financial Performance (mil.rubles)									
	2016	2017/16 (%)	2017	2018/17 (%)	2018	2019/18 (%)	2019	2020/19 (%)	2020
REVENUES									
Service revenue	344 233	-4,86%	327 517	-1,66%	322 070	-2,49%	314 061	-4,68%	299 366
Sale of equipment and accessories	11 016	12,66%	12 411	110,68%	26 147	12,66%	29 457	-7,55%	27 232
Other revenues	601	148,59%	1 494	2,01%	1 524	155,77%	3 898	-59,72%	1 570
Total revenue	355 850	-4,05%	341 422	2,44%	349 741	-0,66%	347 416	-5,54%	328 168
Operating income (expenses)									
Other operating income								100,00%	301
Cost of services	- 93 292	-10,27%	- 83 713	-7,63%	- 77 327	-7,45%	- 71 565	6,62%	- 76 305
Cost of equipment and accessories	- 12 413	5,64%	- 13 113	91,86%	- 25 158	18,80%	- 29 887	-12,12%	- 26 265
Selling, general and administrative expenses	- 119 901	5,86%	- 126 928	-0,53%	- 126 249	-22,65%	- 97 659	1,82%	- 99 436
Depreciation of fixed assets	- 56 754	-2,39%	- 55 397	-3,09%	- 53 686	32,58%	- 71 177	0,80%	- 71 746
Depreciation of intangible assets	- 11 057	2,82%	- 11 369	1,06%	- 11 489	-7,59%	- 10 617	15,21%	- 12 232
Impairment loss	- 6 140	-36,51%	- 3 898	260,52%	- 14 053	-51,84%	- 6 768	47,03%	- 9 951
Loss from the disposal of non-current assets	- 1 497	-15,97%	- 1 258	51,99%	- 1 912	36,92%	- 2 618	-15,97%	- 2 200
Income from the sale of subsidiaries	-		-	100,00%	1 231	-100,00%	-	100,00%	8 628
Total operating expenses	- 301 054	-1,79%	- 295 676	4,39%	- 308 643	-5,95%	- 290 291	-0,37%	- 289 206
OPERATING PROFIT (loss)	54 796	-16,52%	45 746	-10,16%	41 098	39,00%	57 125	-31,80%	38 962
Finance income (expense)									
Financial expenses	- 24 815	-4,24%	- 23 764	-6,80%	- 22 148	27,92%	- 28 331	-17,45%	- 23 388
Financial income	6 356	-57,39%	2 708	38,96%	3 763	-2,95%	3 652	-24,23%	2 767
Net positive/(negative) foreign exchange differences	8 088	-110,87%	- 879	470,31%	- 5 013	-104,55%	228	-3868,86%	- 8 593
Other non-operating expenses (net)	- 6 356	5,00%	- 6 674	-142,70%	2 850	-233,89%	- 3 816	-145,34%	1 730
Share of (loss)/profit of joint ventures accounted for using the equity method	- 885	39,10%	- 1 231	-100,00%					
Impairment of investments in joint ventures accounted for using equity method	- 5 993	6,96%	- 6 410	-100,00%					
Total finance income (expense)	- 23 605	53,57%	- 36 250	-43,32%	- 20 548	37,57%	- 28 267	-2,77%	- 27 484
Profit/loss before tax	31 191	-69,56%	9 496	116,41%	20 550	40,43%	28 858	-60,23%	11 478
Income tax expense	- 18 459	-93,00%	- 1 293	766,13%	- 11 199	2,00%	- 11 423	-50,55%	- 5 649
Profit for the year attributed to:	12 732	-35,57%	8 203	13,99%	9 351	86,45%	17 435	-66,57%	5 829
Owners of the Company	16 445	-53,51%	7 646	57,96%	12 078	61,20%	19 470	-48,77%	9 974
Non-controlling interests	- 3 713	-115,00%	557	-589,59%	- 2 727	-25,38%	- 2 035	103,69%	- 4 145

Source: Own processing based on the Consolidated Statement of Financial Performance of VimpelCom FY2016-2020.

The profit of the company is shown in Table 23 for the period 2016–2020 and which factors had the most impact on it. To determine if profits have increased or decreased, multiple totals from the income statement must be analyzed.

In terms of total revenue, Table 23 shows that revenue has changed little for almost all five years. At the beginning of the analyzed period, the total revenue was 355.850 million rubles. In 2017 it decreased by 4.05%, in 2018 it slightly increased by 1.66%, in 2019 it fell by 0.66% and in 2020 it fell again by 5.54%, which resulted in a total revenue of 328.168 million rubles. According to the company's materials, the weakening of the ruble and the COVID-19 coronavirus pandemic, which caused travel restrictions, had a negative impact on the indicators. This, in turn, led to a decrease in revenue from highly profitable roaming, as well as a drop in income from migrant subscribers.

Thus, revenue growth over five years is observed only in 2018 (+ 2.44%). The main growth drivers of the indicator were the successful completion of the integration of Euroset stores and the positive dynamics of ARPU (average revenue per user).

As it was mentioned in the vertical analysis of the company's revenues service revenue is the most significant item in the total revenue and the main changes in the total revenue for the entire analyzed period depend on it. For example, in 2017 and 2019 sales of goods increased by 12.66%, but this did not cause a percentage increase in total revenue due to the small amount compared to the sale of services.

The dynamics of the VimpelCom's total operating income (expenses) is mainly declining. In 2017, there is a slight decrease of 1.79%, in 2018 expenses grow by 4.39%, in 2019 they fall again by 5.95%, and in 2020 they again fall slightly by 0.37%. Thus, from 2016–2020 there was a decrease in operating expenses in the amount of 11.848 million rubles. The largest part of operating income (expenses) is occupied by selling, general and other administrative expenses. This item includes expenses such as personnel costs, customer-related costs, information technology and network support costs, taxes other than income tax, service costs and a variable part of other lease payments (operating lease costs and other costs related to rent, professional and consulting services, loss on receivables and other administrative expenses. Table 23 shows that the dynamics of the value of this item is not stable. In 2016, it amounted to 119.901 million rubles, and in 2017 it increased by 5.86%, the following year it fell by 0.53%, then again it fell only by a large amount (-22.63%), and in 2020 it slightly increased by 1.82%. As a result, in 2020 the cost of the item selling, general and other administrative expenses was 99.426 million rubles.

Thus, the company's revenue declined, as did the main expenses attributable to operating expenses - the cost of services and administrative expenses. From 2016 to 2020, it appears as though the corporation focused on the selling of goods, since both expenses and revenues for this activity have been increasing.

The operating profit of the firm declined by 1.79% in 2017, increased by 4.39% in 2018, decreased by 5.95 % in 2019, and decreased again by 0.37% in 2020. According to Table 23, the company's overall financial income (expenses) is negative in all the years reviewed. This suggests that the corporation is losing money on these things, which increased by 53.57% in 2017, reduced by 43.32% in 2018, increased by 37.57% again in

2018, and will decline by 2.77% in 2020. Thus, the corporation will incur a loss of 27.484 million rubles in 2020.

From everything we can say that the results of PJSC VimpelCom leave much to be desired. The campaign showed the highest result during the analyzed period in 2018. As stated earlier, this was due to the growth in revenue, which offset the negative impact on the indicator from the integration of Euroset stores and the increase in annual fees for the use of frequencies in 2018.

4.9 Selected Ratios of Financial Analysis (VimpelCOM)

The cash ratio, return on equity, and return on assets of VimpelCom PJSC based on its financial statements were calculated in the following tables covering years 2016-2020.

Table 24 – Cash Ratio, VimpelCom

Year	2016	2017	2018	2019	2020
Cash and cash equivalents (mil. Rub.)	47 510	24 963	29 420	31 498	12 302
Current liabilities (mil. Rub.)	156 018	104 783	103 111	133 959	141 076
Cash ratio (mil. Rub.)	0,30	0,24	0,29	0,24	0,09

Source: Own processing based on the VimpelCom's financial statements, FY 2016-2020

Table 24 represents VimpelCom's cash ratio calculated using items from the company's balance sheet for the period 2016-2020. As it was mentioned earlier, the recommended value for the cash ratio is between 0.5 and 1, but it may vary by industry and country (see Table 2). In 2016, the cash ratio was 0.30, which is less than 0.5, but still higher than the average market value by 0.14. The table shows that in 2017 the value of cash and cash equivalents, as well as short-term liabilities, decreased sharply, and therefore the value of the cash ratio also decreased. In 2018, the company's cash ratio rose to 0.29 as the value of cash and cash equivalents also increased. In 2019, it fell again to 0.24 due to an increase in MTS's current liquidity. Until 2020, the company's cash ratio was higher than the average for the Russian telecommunications industry, so the value was appropriate. The worst year for VimpelCom in terms of cash was 2020, when it was only 0.09. As such, the company was far from meeting its short-term debt without selling or liquidating other assets in 2020.

Table 25 - ROE, VimpelCom

Year	2016	2017	2018	2019	2020
Net income (mil. Rub.)	12 732	8 203	9 351	17 435	5 829
Shareholders' equity (mil. Rub.)	225 845	151 706	133 763	138 330	119 082
ROE (%)	5,64%	5,41%	6,99%	12,60%	4,89%

Source: Own processing based on the VimpelCom's financial statements, FY 2016-2020

Calculated ROE of VimpelCom PJSC using the company's financial statements for the period 2016-2020 is shown in the table 25. In case of VimpelCom the poor ROE results are distinctly visible from the table. In none of the years of the analyzed period did the company reach the industry average (see Table 3). Thus, for an investor who would like to get the maximum profit from his portfolio, it would be a huge risk to invest his money in VimpelCom due to the low ROE.

Table 26 - ROA, VimpelCom

Year	2016	2017	2018	2019	2020
Net income (mil. Rub.)	12 732	8 203	9 351	17 435	5 829
Total assets (mil. Rub.)	555 233	487 782	457 699	530 503	532 180
ROA (%)	2,29%	1,68%	2,04%	3,29%	1,10%

Source: Own processing based on the VimpelCom's financial statements, FY 2016-2020

The results of PJSC VimpelCom's ROA calculations are presented in Table 26. Just like ROE, it is clear at first glance that the company's results leave much to be desired. The company did not achieve the industry average in any of the analysed years (see Table 4). This means that VimpelCom's management is inefficiently using its assets to make a profit. Although the table shows that a fair amount of money was invested in the assets, this did not help to generate higher returns, which led to poor ROA.

4.10 Analysis of Financial Position (MegaFon)

The vertical and horizontal assessment of MegaFon's assets, equity, and liabilities are part of the financial position analysis.

4.10.1 Vertical Analysis of the Balance Sheet Items

Table 27 - Vertical Analysis of MegaFon's Assets

Consolidated Statement of Financial Position (mil.rubles)										
ASSETS (mil. Rubles)	2016	%	2017	%	2018	%	2019	%	2020	%
NON-CURRENT ASSETS										
Property, plant and equipment	237 155	51,36%	220 705	39,29%	224 666	44,05%	288 408	41,61%	292 283	37,78%
Right-of-use assets							85 485	12,33%	74 114	9,58%
Intangible assets other than goodwill	61 295	13,27%	128 140	22,81%	81 026	15,89%	80 845	11,66%	75 346	9,74%
Goodwill	30 549	6,62%	73 218	13,03%	30 549	5,99%	30 549	4,41%	30 578	3,95%
Investments in associate and joint ventures	45 234	9,80%	28 567	5,09%	73 265	14,37%	68 385	9,87%	66 914	8,65%
Non-current financial assets	4 799	1,04%	3 585	0,64%	3 829	0,75%	15 239	2,20%	129 277	16,71%
Non-current non-financial assets	3 039	0,66%	4 558	0,81%	7 531	1,48%	9 092	1,31%	9 096	1,18%
Deffered tax assets	1 199	0,26%	3 829	0,68%	2 064	0,40%	848	0,12%	1 309	0,17%
Total non-current assets	383 270	83,00%	462 602	82,35%	422 930	82,93%	578 851	83,51%	678 917	87,76%
CURRENT ASSETS										
Inventories	9 354	2,03%	10 045	1,79%	9 885	1,94%	10 257	1,48%	9 659	1,25%
Current non-financial assets	5 051	1,09%	7 446	1,33%	7 766	1,52%	7 432	1,07%	9 065	1,17%
Income tax prepayment	1 992	0,43%	2 586	0,46%	4 275	0,84%	3 908	0,56%	1 102	0,14%
Trade and other receivables	19 352	4,19%	26 520	4,72%	29 137	5,71%	37 104	5,35%	28 008	3,62%
Other current financial assets	10 842	2,35%	16 097	2,87%	7 955	1,56%	2 898	0,42%	12 201	1,58%
Cash and cash equivalents	31 922	6,91%	36 147	6,43%	27 214	5,34%	52 706	7,60%	34 614	4,47%
Assets held for sale			284	0,05%	847	0,17%				
Total current assets	78 513	17,00%	99 125	17,65%	87 079	17,07%	114 305	16,49%	94 649	12,24%
TOTAL ASSETS	461 783	100,00%	561 727	100,00%	510 009	100,00%	693 156	100,00%	773 566	100,00%

Source: Own processing based on the Consolidated Statement of Financial Position of MegaFon FY2016-2020.

Table 27 shows a vertical analysis of the asset structure of PJSC MegaFon. An analysis of this table shows that the item relating to non-current assets property, plant and equipment has the largest share of all asset items in general in the period 2016-2020. This item includes telecommunications network, wired communication channels, buildings and structures, vehicles, office and other equipment and construction in progress. Depreciation of property, plant and equipment is charged on a straight-line basis over the estimated useful life of the asset. It can be seen from the table that this item increased in real value over the course of five years, but mostly fell as a percentage of total assets. This is due to an increase in the percentage of other non-current assets, such as intangible assets other than goodwill, goodwill, and right-of-use assets. So, in 2016, property, plant and equipment accounted for 51.36% of the total value of assets, and in 2020 it fell to 37.78%.

The second largest share of revenue is occupied by the item of non-current assets, intangible assets other than goodwill, which includes operating licenses, customer base,

patents and trademarks, other software, and other intangible assets except goodwill. This item in 2016 amounted to 61.295 million rubles (13.27%) and in 2017 increased sharply both in percentage terms (22.81%) and in real value to 128.140 million rubles. Starting from 2018, the cost of an article begins to fall in real value and percentage, and in 2020 it is 75.346 million rubles (9.74%).

The useful lifetime of intangible assets is set as definite or indefinite. The Group does not have intangible assets with indefinite useful lives other than goodwill. All intangible assets are amortized on a straight-line basis over their expected useful lives.

Table 28 - Vertical Analysis of MegaFon's Equity and Liabilities

Consolidated Statement of Financial Position (mil.rubles)										
EQUITY AND LIABILITIES (mil. Rubles)	2016	2017/16 (%)	2017	2018/17 (%)	2018	2019/18 (%)	2019	2020/19 (%)	2020	%
NON-CURRENT LIABILITIES										
Loans and borrowings	195 724	42,38%	212 097	37,76%	288 262	56,52%	350 066	50,50%	272 675	35,25%
Other long-term financial liabilities	6 653	1,44%	4 540	0,81%	4 713	0,92%	2 552	0,37%	667	0,09%
Long-term non-financial liabilities	2 605	0,56%	10 181	1,81%	3 895	0,76%	4 000	0,58%	3 968	0,51%
Long-term lease liabilities							77 315	11,15%	65 979	8,53%
Inventories	3 888	0,84%	4 378	0,78%	5 117	1,00%	6 380	0,92%	7 715	1,00%
Deferred tax liabilities	20 812	4,51%	28 792	5,13%	26 016	5,10%	34 601	4,99%	33 572	4,34%
Total non-current liabilities	229 682	49,74%	259 988	46,28%	328 003	64,31%	474 914	68,51%	384 576	49,71%
CURRENT LIABILITIES										
Trade and other payables	43 581	9,44%	50 535	9,00%	53 235	10,44%	54 607	7,88%	44 171	5,71%
Loans and borrowings	39 389	8,53%	52 013	9,26%	39 232	7,69%	25 692	3,71%	73 862	9,55%
Dividends payable	2 839	0,61%								
Other current financial liabilities	3 538	0,77%	3 853	0,69%	145	0,03%	251	0,04%	209	0,03%
Short-term non-financial liabilities	18 186	3,94%	29 186	5,20%	17 661	3,46%	18 264	2,63%	21 054	2,72%
Current lease liabilities							13 584	1,96%	16 296	2,11%
Income tax debt	445	0,10%	843	0,15%	1 330	0,26%	1 195	0,17%	374	0,05%
Total current liabilities	107 978	23,38%	136 430	24,29%	111 603	21,88%	113 593	16,39%	155 966	20,16%
TOTAL LIABILITIES	337 660	73,12%	396 418	70,57%	439 606	86,20%	588 507	84,90%	540 542	69,88%
EQUITY										
Equity attributable to owners of the Company	124 166	26,89%	109 773	19,54%	70 667	13,86%	104 956	15,14%	233 548	30,19%
Non-controlling interests	- 43	-0,01%	55 536	9,89%	264	-0,05%	307	-0,04%	524	-0,07%
Total equity	124 123	26,88%	165 309	29,43%	70 403	13,80%	104 649	15,10%	233 024	30,12%
TOTAL EQUITY AND LIABILITIES	461 783	100,00%	561 727	100,00%	510 009	100,00%	693 156	100,00%	773 566	100,00%

Source: Own processing based on the Consolidated Statement of Financial Position of MegaFon FY2016-2020.

Table 28 represents a vertical analysis of equity and liabilities of MegaFon PJSC for 2016–2020. The table shows that most of the total long-term liabilities are loans and borrowings. In 2016, the company had borrowed funds in the amount of 195.724 million rub., which accounted for 42.38% of total liabilities and equity. The volume of long-term loans and borrowings increased until 2019 both in real value and in percentage terms and

amounted to 350.066 million rubles (50.50%). Since 2019, the volume of this item began to fall and in 2020 amounted to 272.675 million rubles (35.25%).

In the period 2016–2020 the second place in terms of total liabilities and equity of the company is equity attributed to the owners of the company. in 2016 it amounted to 124.166 million rubles (26.89%), until 2018 it fell and in 2019 it began to grow again and already in 2020 amounted to 233.548 million rubles (30.19%).

The dynamics of total equity, as can be seen from the table, mainly depends on the dynamics of the share of equity owned by the owners of the company, since the percentage of both is almost the same. With the exception of 2017, when the real equity value of an owner-owned company fell, but the value of total equity increased due to the growth of non-controlling interests. The table also shows that in the period 2016-2020. the percentage of borrowed capital exceeds the share of own sources, which indicates that the company is in a state of instability.

4.10.2 Horizontal Analysis of the Balance Sheet Items

Table 29 - Horizontal Analysis of MegaFon's Assets

Consolidated Statement of Financial Position (mil.rubles)									
ASSETS (mil. Rubles)	2016	2017/16 (%)	2017	2018/17 (%)	2018	2019/18 (%)	2019	2020/19 (%)	2020
NON-CURRENT ASSETS									
Property, plant and equipment	237 155	-6,94%	220 705	1,79%	224 666	28,37%	288 408	1,34%	292 283
Right-of-use assets						100,00%	85 485	-13,30%	74 114
Intangible assets other than goodwill	61 295	109,05%	128 140	-36,77%	81 026	-0,22%	80 845	-6,80%	75 346
Goodwill	30 549	139,67%	73 218	-58,28%	30 549	0,00%	30 549	0,09%	30 578
Investments in associate and joint ventures	45 234	-36,85%	28 567	156,47%	73 265	-6,66%	68 385	-2,15%	66 914
Non-current financial assets	4 799	-25,30%	3 585	6,81%	3 829	297,99%	15 239	748,33%	129 277
Non-current non-financial assets	3 039	49,98%	4 558	65,23%	7 531	20,73%	9 092	0,04%	9 096
Deffered tax assets	1 199	219,35%	3 829	-46,10%	2 064	-58,91%	848	54,36%	1 309
Total non-current assets	383 270	20,70%	462 602	-8,58%	422 930	36,87%	578 851	17,29%	678 917
CURRENT ASSETS									
Inventories	9 354	7,39%	10 045	-1,59%	9 885	3,76%	10 257	-5,83%	9 659
Current non-financial assets	5 051	47,42%	7 446	4,30%	7 766	-4,30%	7 432	21,97%	9 065
Income tax prepayment	1 992	29,82%	2586	65,31%	4 275	-8,58%	3 908	-71,80%	1 102
Trade and other receivables	19 352	37,04%	26 520	9,87%	29 137	27,34%	37 104	-24,51%	28 008
Other current financial assets	10 842	48,47%	16 097	-50,58%	7 955	-63,57%	2 898	321,01%	12 201
Cash and cash equivalents	31 922	13,24%	36 147	-24,71%	27 214	93,67%	52 706	-34,33%	34 614
Assets held for sale		100,00%	284	198,24%	847	-100,00%			
Total current assets	78 513	26,25%	99 125	-12,15%	87 079	31,27%	114 305	-17,20%	94 649
TOTAL ASSETS	461 783	21,64%	561 727	-9,21%	510 009	35,91%	693 156	11,60%	773 566

Source: Own processing based on the Consolidated Statement of Financial Performance of MegaFon FY2016-2020.

Table 29 shows a horizontal analysis of the company's assets. Based on the data obtained, it can be concluded that the total value of property for the period 2016–2020. increased by 311.783 million rubles or 67.52%. Moreover, the amount of assets has been growing for almost the entire analyzed period, except for 2018, when it fell by 9.21%. If you look closely at the table, this is due to a decrease in both current (-12.15%) and non-current assets (-8.58%) in 2018.

Both non-current and current assets had a positive impact on the change in the balance sheet since both of them had a growth trend (except for 2018). In general, for 2016-2020, the amount of non-current assets increased by 295.647 million rubles, which in relative terms amounted to 77.14%. The total amount of current assets in the period 2016–2020 increased by 16.136 million rubles or 20.55%.

Non-current assets are growing at a greater rate than current assets in this situation. Current assets, on the other hand, continue to expand, indicating that the company's assets are becoming more mobile. The more mobile assets a firm has, the more liquid it is, and hence the smaller the risk connected with it.

Property, plant, and equipment decreased by 6.94 % to 2017, indicating that MTS reduced its contributions to network equipment and base stations in 2017 and invested more in intangible assets other than goodwill, which increased by 109.05% and goodwill, which increased by 139.67%.

Table 30 - Horizontal Analysis of MegaFon's Equity and Liabilities

EQUITY AND LIABILITIES (mil. Rubles)	2016	2017/16 (%)	2017	2018/17 (%)	2018	2019/18 (%)	2019	2020/19 (%)	2020
NON-CURRENT LIABILITIES									
Loans and borrowings	195 724	8,37%	212 097	26,42%	288 262	21,44%	350 066	-22,11%	272 675
Other long-term financial liabilities	6 653	-31,76%	4 540	3,67%	4 713	-45,85%	2 552	-73,86%	667
Long-term non-financial liabilities	2 605	290,83%	10 181	-161,39%	3 895	2,70%	4 000	-0,80%	3 968
Long-term lease liabilities						100,00%	77 315	-14,66%	65 979
Inventories	3 888	12,60%	4 378	14,44%	5 117	24,68%	6 380	20,92%	7 715
Deferred tax liabilities	20 812	38,34%	28 792	-10,67%	26 016	33,00%	34 601	-2,97%	33 572
Total non-current liabilities	229 682	13,19%	259 988	20,74%	328 003	44,79%	474 914	-19,02%	384 576
CURRENT LIABILITIES									
Trade and other payables	43 581	15,96%	50 535	5,07%	53 235	2,58%	54 607	-19,11%	44 171
Loans and borrowings	39 389	32,05%	52 013	-32,58%	39 232	-34,51%	25 692	187,49%	73 862
Dividends payable	2 839	-100,00%							
Other current financial liabilities	3 538	8,90%	3 853	-2557,24%	145	73,10%	251	-16,73%	209
Short-term non-financial liabilities	18 186	60,49%	29 186	-65,26%	17 661	3,41%	18 264	15,28%	21 054
Current lease liabilities						100,00%	13 584	19,96%	16 296
Income tax debt	445	89,44%	843	36,62%	1 330	-10,15%	1 195	-68,70%	374
Total current liabilities	107 978	26,35%	136 430	-22,25%	111 603	1,78%	113 593	37,30%	155 966
TOTAL LIABILITIES	337 660	17,40%	396 418	9,82%	439 606	33,87%	588 507	-8,15%	540 542
EQUITY									
Equity attributable to owners of the Company	124 166	-11,59%	109 773	-55,34%	70 667	48,52%	104 956	122,52%	233 548
Non-controlling interests	- 43	-129253,49%	55 536	21136,36%	- 264	16,29%	- 307	70,68%	- 524
Total equity	124 123	33,18%	165 309	-134,80%	70 403	48,64%	104 649	122,67%	233 024
TOTAL EQUITY AND LIABILITIES	461 783	21,64%	561 727	-10,14%	510 009	35,91%	693 156	11,60%	773 566

Source: Own processing based on the Consolidated Statement of Financial Performance of MegaFon FY2016-2020.

Horizontal analysis of PJSC MegaFon's liabilities and equity is presented in Table 26. In the period 2016–2020, the value of asset sources increased by 311.783 million rubles (40.99%). The amount of own sources of asset financing increased by 108.901 million rubles, which in relative terms is +87.74%. Throughout the analyzed period, with the exception of 2018, the dynamics of the company's equity has a positive trend. The borrowed capital of the company is represented by both non-current (long-term) and current (short-term) liabilities.

The amount of long-term liabilities of PJSC MegaFon for the period 2016–2020 increased by 84.894 (+28.33%) million rubles. rubles, and the amount of short-term also increased by 47.988 million rubles. (44.44%). Thus, the total amount of liabilities in the period 2016-2020 increased by 202.882 million rubles, or by 60.08%.

In order for the company's financial stability to stay acceptable, its equity must grow faster than its liabilities. As a result, we can infer that the company's financial stability has improved throughout the time under consideration.

In items related to long-term liabilities, the largest share in the total amount of long-term liabilities is occupied by the item loans and borrowings. In 2016, the company had long-term borrowings in the amount of 195.724 million rubles, which grew in value until 2019 and amounted to 450.066 million rubles, and in 2020 decreased by 22.11% and amounted to 272.675 million rubles.

The current portion of short-term liabilities is also included in Table 30. The majority of current liabilities are trade and other payables. In 2016, it amounted to 43.581 million rubles and grew over the course of four years and in 2019 amounted to 54.607 million rubles. In 2020, it decreased by 19.11% and amounted to 44.171 million rubles.

4.11 Analysis of Financial Performance (MegaFon)

The analysis of the financial performance of MegaFon PJSC implies a vertical and horizontal analysis of income statement items: revenues and expenses). The vertical analysis method used in order to identify the most significant items while the horizontal analysis is made to determine changes in the period 2016-2020. The company has presented the incomes as negative and the expenses as positive in the operating expenses section. However, the net effect correctly presents the financial performance during the respective years. This does not impact the results of the vertical and horizontal analysis done as it is consistently prepared in the same manner over the years.

4.11.1 Vertical Analysis of the Income Statement

Table 31 - Vertical Analysis of MegaFon's Consolidated Statement of Income

Consolidated Statement of Financial Performance (mil.rubles)										
	2016	%	2017	%	2018	%	2019	%	2020	%
REVENUES										
Service revenue	289 306	91,47%	293 111	91,08%	307 017	91,50%	310 806	89,07%	303 033	91,51%
Sales of good	26 969	8,53%	28 699	8,92%	28 524	8,50%	38 155	10,93%	28 126	8,49%
Total revenue	316 275	100,00%	321 810	100,00%	335 541	100,00%	348 961	100,00%	331 159	100,00%

Source: Own processing based on the Consolidated Statement of Financial Performance of MegaFon FY 2016-2020.

The vertical analysis of MegaFon's revenues is shown in the table 31. Over the entire analyzed period the bulk of the total revenue is occupied by the item service revenue. In four out of five analyzed years the value of the service revenue takes more than 90%. Only in 2019 it was slightly less than 90% (89.07) because of the increase in percentage share of the

of revenues from sale of goods to 10.93%. As for the revenue from the sale of goods, in all the analyzed years the amount was less than 9% (except for 2019), which indicates that the company is more focused on the sale of services.

Table 32 - Vertical Analysis of MegaFon's Consolidated Statement of Income

Consolidated Statement of Financial Performance (mil.rubles)										
OPERATING EXPENSES	2016	%	2017	%	2018	%	2019	%	2020	%
Cost of services	95 157	36,71%	96 283	36,51%	100 696	36,34%	109 158	38,12%	97 836	37,81%
Selling expenses	19 254	7,43%	19 911	7,55%	19 574	7,06%	20 193	7,05%	18 877	7,30%
General and administrative expenses	80 725	31,14%	83 697	31,74%	91 114	32,88%	67 992	23,74%	67 660	26,15%
Depreciation of fixed assets	51 925	20,03%	55 282	20,96%	49 254	17,78%	68 050	23,76%	51 726	19,99%
Amortization of intangible assets	7 881	3,04%	8 071	3,06%	16 116	5,82%	20 340	7,10%	21 941	8,48%
Impairment of goodwill	3 400	1,31%								
Loss on disposal of non-current assets	849	0,33%	484	0,18%	337	0,12%	623	0,22%	684	0,26%
Total operating expenses	259 191	100,00%	263 728	100,00%	277 091	100,00%	286 356	100,00%	258 724	100,00%

Source: Own processing based on the Consolidated Statement of Financial Performance of MegaFon FY 2016-2020.

Table 32 shows that for the year 2016-2020, cost of services have the biggest share of percentage from total operating expenses (around 40%). The company's selling, general and administrative expenses include employee benefits and related social security contributions and operating leases. The second place in terms of percentage share of the total operating expenses is taken by the item general and administrative expenses (around 30%). The company's general and administrative expenses include employee benefits and related social security contributions and operating leases.

Table 33 - Vertical Analysis of MegaFon's Consolidated Statement of Income

Consolidated Statement of Financial Performance (mil.rubles)										
Finance income (expense)	2016	%	2017	%	2018	%	2019	%	2020	%
Finance expenses	- 19 094	89,84%	- 24 306	52,29%	- 25 927	88,32%	- 45 195	89,74%	- 38 300	100,38%
Finance income	1 810	-8,52%	1 724	-3,71%	1 634	-5,57%	2 097	-4,16%	8 937	-23,42%
Share of loss of associates and joint ventures	- 2 651	12,47%	- 1 947	4,19%	- 2 829	9,64%	- 5 277	10,48%	- 5 169	13,55%
Impairment loss on investment in "Euroset"			- 15 917	34,24%				0,00%		
Other non-operating expenses	- 2 906	13,67%	- 1 583	3,41%	- 1 677	5,71%	- 2 087	4,14%	- 3 237	8,48%
Profit/(loss) on financial instruments, net	- 235	1,11%			713	-2,43%	- 1 982	3,94%	2 741	-7,18%
Foreign exchange gain/(loss), net	1 822	-8,57%	- 4 451	9,58%	- 1 271	4,33%	2 084	-4,14%	- 3 126	8,19%
Total finance income (expense)	- 21 254	100,00%	- 46 480	100,00%	- 29 357	100,00%	- 50 360	100,00%	- 38 154	100,00%

Source: Own processing based on the Consolidated Statement of Financial Performance of MegaFon FY 2016-2020.

Table 33 shows that the highest contribution of total financial income (expenses) is made by finance expenses which 89.84% in 2016, 52.29% in 2017, 88.32% in 2018, 89.74% in 2019 and 100.38% in 2020.

The next highest contribution in 2017 comes from Impairment loss on investment in Euroset which made 34.24%. MegaFon acquired a 50% stake in Euroset from PJSC VimpelCom and thus increased its ownership to 100%.

Except for the impairment loss on investments in Euroset in 2017, the second most significant share is share of loss of associates and joint ventures which made 12.47% in 2016, 4.19 in 2017, 9.64% in 2018, 10.48% in 2019 and 13.55% in 2020.

4.11.2 Horizontal Analysis of the Income Statement

Table 34 - Horizontal Analysis of MegaFon's Consolidated Statement of Income

Consolidated Statement of Financial Performance (mil.Rubles)									
	2016	2017/16 (%)	2017	2018/17 (%)	2018	2019/18 (%)	2019	2020/19 (%)	2020
REVENUES									
Service revenue	289 306	1,32%	293 111	4,74%	307 017	1,23%	310 806	-2,50%	303 033
Sales of good	26 969	6,41%	28 699	-0,61%	28 524	33,76%	38 155	-26,28%	28 126
TOTAL REVENUE	316 275	1,75%	321 810	4,27%	335 541	4,00%	348 961	-4,81%	332 159
OPERATING EXPENSES									
Cost of services	95 157	1,18%	96 283	4,58%	100 696	8,40%	109 158	-10,37%	97 836
Cost of goods	19 254	3,41%	19 911	-1,69%	19 574	3,16%	20 193	-6,52%	18 877
General and administrative expenses	80 725	3,68%	83 697	8,86%	91 114	-25,38%	67 992	-0,49%	67 660
Depreciation of fixed assets	51 925	6,47%	55 282	-10,90%	49 254	38,16%	68 050	-23,99%	51 726
Amortization of intangible assets	7 881	2,41%	8 071	99,68%	16 116	26,21%	20 340	7,87%	21 941
Impairment of goodwill	3 400	-100,00%							
Loss on disposal of non-current assets	849	-42,99%	484	-30,37%	337	84,87%	623	9,79%	684
Total operating expenses	259 191	1,75%	263 728	5,07%	277 091	3,34%	286 356	-9,65%	258 724
OPERATING PROFIT	57 084	1,75%	58 082	0,63%	58 450	7,11%	62 605	17,30%	73 435
Finance income (expense)									
Finance expenses	- 19 094	27,30%	- 24 306	6,67%	- 25 927	74,32%	- 45 195	-15,26%	- 38 300
Finance income	1 810	-4,75%	1 724	-5,22%	1 634	28,34%	2 097	326,18%	8 937
Share of loss of associates and joint ventures	- 2 651	-26,56%	- 1 947	45,30%	- 2 829	86,53%	- 5 277	-2,05%	- 5 169
Impairment loss on investment in "Euroset"		100,00%	- 15 917	-100,00%					
Other non-operating expenses	- 2 906	-45,53%	- 1 583	5,94%	- 1 677	24,45%	- 2 087	55,10%	- 3 237
Profit/(loss) on financial instruments, net	- 235	-100,00%		100,00%	713	-377,98%	- 1 982	-238,29%	2 741
Foreign exchange gain/(loss), net	1 822	-344,29%	- 4 451	-71,44%	- 1 271	-263,97%	2 084	-250,00%	- 3 126
Total finance income (expense)	- 21 254	118,69%	- 46 480	-36,84%	- 29 357	71,54%	- 50 360	-24,24%	- 38 154
Profit from continuing operations before tax	35 830	-67,62%	11 602	150,76%	29 093	-57,91%	12 245	188,13%	35 281
Income tax expense	10 241	-34,52%	6 706	16,66%	7 823	-48,03%	4 066	109,27%	8 509
Profit from continuing operations after tax	- 2 671	-283,30%	4 896	334,44%	21 270	-61,55%	8 179	227,33%	26 772
Profit from discontinued operations, net of taxes		100,00%	442	2520,81%	11 584	-100,00%			
Profit for the year	25 589	-79,14%	5 338	515,47%	32 854	-75,11%	8 179	227,33%	26 772
Attributable to the owners of the	25 496	-82,15%	4 551	672,80%	35 170	-77,01%	8 087	229,24%	26 626
Attributable to non-controlling interests	93	732,26%	774	-399,22%	- 2 316	-103,97%	92	58,70%	146

Source: Own processing based on the Consolidated Statement of Financial Performance of MegaFon FY 2016-2020.

Table 34 represents a horizontal analysis of PJSC MegaFon's income statement for 2016–2020. The table shows how the company's profit has changed during the analyzed period of time and which items have affected it the most.

The company's total revenue in 2016 was 316.275 million rubles and grew over the four years until 2019. In 2020, MegaFon's revenue fell by 4.81% to 331.159 mil. rub. The highest revenue growth is observed in 2018 (4.27%). The company associated this rise with

the growth in revenue from the development of the infrastructure of the World Cup, the supply of goods and services as part of the Digital Economy projects, including the Safe City series of projects. Segment revenue was also impacted by the recognition of significant revenue from a large long-term government contract and revenue from additional services provided in 2017 during the final draw of the World Cup.

The company completed 2020 with a revenue of 332.159 million rubles. Compared to 2019, the indicator decreased by 4.81%. The main turnover of the company falls on telecommunications services - the company earned 303,033 million rubles from them in 2020, which is 2.5% less than a year earlier. Sales of equipment (smartphones, routers, etc.) and accessories decreased by 26.28% to 28.126 million rubles.

Among the negative factors that affect financial performance, MegaFon attributed:

- reduction of income from international roaming;
- the outflow of labor migrants due to restrictions on movement between countries;
- changing consumer behavior;
- reducing activity, optimizing spending on communications and additional services during the COVID-19 coronavirus pandemic.

The dynamics of operating expenses in the period 2016–2020 is mainly on an upward trend. In 2016, operating expenses amounted to 259.191 million rubles and gradually increased until 2019. However, in 2020, expenses fell by 9.65% and amounted to 258.724 million rubles, which is even less than in 2016.

The largest part of operating expenses is the cost of services, which is not surprising, since revenue from the sale of services makes up the largest part of total revenue. The dynamics of the company's total operating expenses mainly depends on the dynamics of the cost of services. Table 34 shows that the cost of services, as well as the total cost of operating expenses, grew until 2019 and fell in 2020.

Thus, in the period 2016-2020. MegaFon PJSC has undergone some changes in several indicators in the income statement. The company managed to increase revenue by 4.74% while slightly reducing its operating expenses by 0.18%.

Table 34 shows that in all the analyzed years, the operating profit of the company grew and had a positive value. This means that the company has income from these items, which grew by 28.64% in 2016-2020. From everything, it can be concluded that the company had the highest financial result in 2018, and the weakest result in 2020 for the above reasons.

4.12 Selected Ratios of Financial Analysis (MegaFon)

The cash ratio, return on equity, and return on assets of MegaFon PJSC were estimated using its financial statements for the years 2016-2020.

Table 35 – Cash Ratio, MegaFon

Year	2016	2017	2018	2019	2020
Cash and cash equivalents (mil. Rub.)	31 922	36 147	27 214	52 706	34 614
Current liabilities (mil. Rub.)	78 513	99 125	87 079	114 305	94 649
Cash ratio (mil. Rub.)	0,41	0,36	0,31	0,46	0,37

Source: Own processing based on the MegaFon's financial statements, FY 2016-2020

Table 35 represents MegaFon's cash ratio using the amounts from the company's balance sheet for the period 2016-2020. Throughout the analyzed period, MegaFon's cash ratio was below the recommended value, but above the market average (see Table 2). In 2016, MegaFon's cash ratio was 0.41, which dropped to 0.36 in 2017 as the company's short-term debt increased by 20.612 million rubles. In 2017, the cash ratio fell again to 0.31, but this time the reason was a decrease in the company's cash and cash equivalents by 8.933 million rubles. 2019 was the best year for the company in terms of repayment of current debts, as the value of the cash ratio was close to 0.5 (0.46). In 2020, liquidity fell again to 0.37 due to the fact that the amount of the company's cash decreased by 18.092 million rubles.

Table 36 - ROE, MegaFon

Year	2016	2017	2018	2019	2020
Net income (mil. Rub.)	25 589	5 325	32 854	8 179	26 772
Shareholders' equity (mil. Rub.)	124 166	109 773	70 667	104 956	233 548
ROE (%)	20,61%	4,85%	46,49%	7,79%	11,46%

Source: Own processing based on the MegaFon's financial statements, FY 2016-2020

Calculated ROE of MegaFon PJSC for the period 2016-2020 is represented in the table 36. From the data obtained from the table we can say that MegaFon reached the Russian telecommunications market average (see Table 3) only in 2018 when ROE was 46.49% while the markets ROE was 23.9%. The results of other years leave much to be desired, mainly due to the low net income of the company in the analyzed period. The lowest

indicator was detected in 2017 when ROE was only 4.85% while the industry average was 24.4%. This means that for each 1 ruble invested, 0.0485 rubles would be returned, which is undoubtedly a very weak indicator.

Table 37 - ROA, MegaFon

Year	2016	2017	2018	2019	2020
Net income (mil. Rub.)	25 589	5 325	32 854	8 179	26 772
Total assets (mil. Rub.)	461 783	561 727	510 009	693 156	773 566
ROA (%)	5,54%	0,95%	6,44%	1,18%	3,46%

Source: Own processing based on the MegaFon's financial statements, FY 2016-2020

Estimated return on assets of MegaFon PJSC using the company's financial results are shown in Table 37. The table clearly demonstrates that the company had poor results in generating income from the money invested in its assets. In none of the analysed years did MegaFon reach the average for the telecommunications industry in Russia (see Table 4). This means that the company has not been able to generate sufficient returns on the money invested in its assets. The lowest ROA was recorded in 2017 (0.95%), when out of the invested 561.727 million rubles, the company received only 5.325 million rubles, which, of course, is an unsatisfactory result. Highest ROA in 2016-2020 was in 2018 (6.44%), when out of the invested 510.009 million rubles, 32.854 million rubles were returned, which, unfortunately, cannot yet be considered a good outcome.

5 Results and Discussion

Based on the results of the practical part of the thesis, the financial position and performance of companies are assessed. Balance sheet data is used to examine the financial position of companies, while income statement data is used to evaluate the financial performance of companies. Profit of the companies is affected by both internal and external factors. Internal factors include the revenues and expenses of the companies. External ones may include, for example, legal regulations and changes in the exchange rate of the national currency.

5.1 Assessment and Comparison of the Financial Position of the Companies

The balance sheets of 3 selected companies were analysed using vertical and horizontal methods to determine the financial position of the companies and compare them with each other. Vertical analysis shows which balance sheet items are the most significant for each company, and horizontal analysis demonstrates what are the most significant changes in items during the analysed period.

The item property, plant and equipment constitutes roughly 47% of total assets, followed by right-of-use assets, which takes over 14% of total assets starting from 2018. Despite their downward tendency, both items were the most significant over the studied time. MTS's assets are funded by about 40% long-term borrowings, over 15% long-term lease liabilities (from 2018) and retained earnings which financed over 26% of the company's assets until 2017, but subsequently reduced to 10% in 2020.

Property, plant and equipment accounts about half of VimpelCom's total assets (see Table 16). Goodwill (about 20%) is second in significance, followed by Intangible assets (as from 2019 intangible assets include goodwill). The company funds its assets through long-term financial liabilities (about 40%), short-term trade and other payables (over 10%), and own sources (approximately 30%). The bulk of the company's equity is owned by the company's owners.

During the studied period, MegaFon's property, plant and equipment accounted for around 40% of total assets (see Table 27). Intangible assets other than goodwill are the company's second most significant asset, accounting for about 13% of total assets. Long-term loans and borrowings account for over 40% of the company's total assets. Further, the company finances assets through equity from its shareholders (about 30%).

Thus, vertical analysis showed that all three companies have non-current assets occupy a large percentage of the total assets. The most significant asset for all 3 companies is a non-current asset item property, plant and equipment. Companies' assets are financed mainly through long-term loans and borrowings and, to a lesser extent, from their own sources.

Non-current assets like receivables, related parties, and other assets changed the most in MTS's statement of financial position (see Table 6). Cash and cash equivalents, assets held for sale, and other financial assets changed the most in current assets. Although the above assets changed the most, a vertical analysis revealed their relative insignificance in total assets. In 2018, a new item right-of-use assets was released; hence this item rose by 100%.

During 2016-2020, the MTS's non-current liabilities such as other financial liabilities, provisions, and borrowings changed the most (see Table 8). The most significant MTS liabilities are long-term borrowings and, commencing in 2018, long-term lease liabilities. Long-term loans have increased dramatically since 2017. The lease obligations did not vary much except for a 100% rise in 2018 due to the new addition to the income statement.

In terms of changes in equity, common stock has not changed over the years. Retained earnings (the most significant item of equity) had an unstable dynamic but it decreased as a result. Own shares (treasury shares repurchased by the company from shareholders) increased (this item is shown in the balance sheet as part of equity with a minus). Additional capital has also undergone major changes, but the value of the item is insignificant.

In the case of VimpelCom, the largest changes in assets were found in non-current assets such as Intangible assets, deferred tax assets, other non-current financial assets, and other non-current assets (see Table 18) as well as current assets such as Inventories, current income tax assets, and other current financial assets. However, according to the vertical analysis of the balance sheet, the most valuable assets of a company are non-current assets such as property, plant and equipment, goodwill, and intangible assets. Of the listed companies, the item Intangible assets underwent the most changes in 2019, as it began to include Goodwill.

The dynamics of the company's long-term financial liabilities is volatile, but in the years of their growth (2017 and 2019) it showed a more significant change than in the years of decline (see Table 19). Thus, in the end of the analyzed period the value has increased significantly. The amount of trade and other payables also showed mainly a positive dynamic increasing by 52% in the end of the analyzed period. Although the biggest changes were

found in the non-current liabilities such as other non-current non-financial liabilities and deferred tax liabilities and in current liabilities like other current non-financial liabilities, other current financial liabilities and provisions, the value of these items is insignificant. As for VimpelCom's equity it shows mainly negative dynamic significantly decreasing in the beginning and insignificantly increasing in the end of the analyzed period.

According to the results of the vertical analysis, MegaFon's most important assets are non-current assets such as property, plant and equipment, followed by intangible assets other than goodwill. There are no significant changes in the item property, plant and equipment, which cannot be said about intangible assets other than goodwill, which has undergone major changes at the beginning of the analyzed period. Although the biggest changes were found in non-current assets such as investments in associates and joint ventures, non-current financial assets and deferred tax assets, as well as current assets such as other current financial assets, cash and cash equivalents and assets held for sale, the value of these assets, in contrast, is insignificant.

The most significant changes in MegaFon's liabilities were identified in such items as long-term non-financial liabilities, other current financial liabilities, and income tax debt. However, the value of these items is insignificant compared to the value of items such as loans and borrowings, trade and other payables. The largest change in credits and loans was found after 2018, which led to an increase in the item by 76.950 million rubles for the last analyzed year. Trade and other payables also underwent slight changes, as a result of which their size remained almost the same as at the beginning of the analyzed period. As for the company's own sources of financing, during 2016-2020 equity has changed significantly, resulting in a doubling of the amount compared to 2016.

A horizontal analysis of the balance sheets revealed that non-current assets like deferred tax assets and non-current financial assets had changed significantly in all three organizations, as well as current assets like other current financial assets and assets held for sale. For the period 2016-2020, all three firms' property, plant and equipment values increased.

The most common liability items which undergone major changes in all 3 companies are current liabilities such as other financial liabilities and Provisions. All three companies' long-term borrowings are increasing. Out of the 3 companies, only MegaFon's equity grew.

5.2 Assessment and Comparison of the Financial Performance of the Companies

The financial performance of the companies was analysed using the vertical and horizontal analysis of the income statements.

A vertical analysis of profit and loss reports showed that for all 3 companies, revenue is generated mainly through the sale of services, which is typical for companies operating in the telecommunications industry. Horizontal analysis showed that MTS and MegaFon increased their revenue over the five years, while VimpelCom's revenue declined.

A vertical analysis of the companies' operating expenses showed that for MTS and MegaFon, the most significant operating expenses are the cost of services, followed by selling, general and administrative expenses. For VimpelCom, on the contrary, in the first place are selling, general and administrative expenses, and then the cost of services.

A vertical analysis of financial income (expenses) of companies showed that for all 3 companies, financial expenses make the largest contribution, therefore, as a result, companies still have an expense. For MTS and VimpelCom, the second largest contributor is financial Income, while for MegaFon it is share of loss of associates and joint ventures.

Horizontal analysis of the income statement of MTS showed that the largest changes in operating expenses occurred in such items as Impairment of non-current assets, other income (expenses) and impairment of financial assets. The largest changes in financial income (expenses) were identified under the item non-operating share of the loss of associated.

A horizontal analysis of VimpelCom's income statement showed that the largest changes were found in operating income (expense) items such as impairment loss and income from sale of a subsidiary in 2018 and 2020. The largest changes in financial income (expenses) occurred in the items net positive/(negative) foreign exchange differences and other non-operating expenses.

Horizontal analysis of MegaFon's income statement showed that the largest percentage changes in value were recorded under the item of operating expenses amortization of intangible assets. The largest changes in financial income (expenses) were found in such items as financial income, net gain/(loss) on financial instruments and net foreign exchange gain/(loss).

Thus, from a horizontal analysis of the financial performance of the companies, we can conclude that the most common item of operating income (expenses), which has

undergone significant changes out of all 3 companies, is an impairment loss. The most common item of financial income (expenses) is profit (loss) from exchange rate differences.

5.3 Factors Influencing the Profit

All 3 companies achieved profit in all analysed years. Factors influencing the profit can be internal and external. It is also critical to consider industry characteristics. The Russian telecommunication market can be considered as an oligopolistic due to the small number of sellers and the monotonous nature of the services offered by the “Big three”. It means that each company’s activities have a considerable effect on the equilibrium market's performance via changes in supply volumes.

The profit of the companies is affected by the development of revenues and expenses. The revenues of all 3 companies are primarily gained from selling services like provision of mobile and fixed communication. Between 2016-2020 the revenues of MTS and MegaFon showed a positive dynamic while the dynamics of VimpelCom’s revenue was negative. The dynamic of revenues of the companies are results of acquisition of fixed and intangible assets. The advantage of MTS and MegaFon is the volume of the client base.

From the third quarter of 2018 to the fourth quarter of 2020, the company was losing ground significantly. according to company statistics, in 2020 the customer base was 49.9 million people, while MTS has 78.5 million people and MegaFon has 70.4 million people. According to survey results, the main reasons for porting numbers in the networks of other operators are poor quality service. The telecommunications company forcibly transferred many subscribers from old archival tariffs to new more expensive ones, increased the cost of replacing the old tariff with a new one many times over, and at the same time, in addition, took many other steps that do not reflect well on this proposal. VimpelCom started raising tariffs after its revenue decreased by 4.5% in 2016. However, according to the results of the horizontal analysis, this policy had negative consequences, which led to a further decrease in the company's subscribers and revenue.

The most significant operating expenses influencing the profit of companies are cost of services and selling, general and administrative expenses. The cost of services is a valuation of the resources, materials, energy, fixed assets, labor resources used in the process of selling services, as well as other costs for their implementation. Selling, general and administrative expenses include customer related costs. Commissions to dealers for connecting new subscribers, which represent incremental costs of entering a contract with a

customer, are deferred and recognized as selling expenses over the expected term of the contract. Other dealer commissions are expensed as incurred. According to the deputy head of the ministry, talk that operator have benefited significantly during the pandemic is nothing more than a legend. The segment of international and domestic roaming failed, the sale of goods in mobile retail dipped, the costs of maintaining the network increased due to high loads.

5.4 Comparative Assessment of Selected Financial Ratios of the Companies

The financial ratios as Cash ratio, Return on Equity and Return on Assets were calculated using the financial statements of companies.

Table 38 – Comparison of Cash Ratio, 2016-2020

Year	2016	2017	2018	2019	2020
Industry average	0,16	0,17	0,19	0,20	0,22
MTS	0,14	0,20	0,28	0,11	0,26
VimpelCom	0,30	0,24	0,29	0,24	0,09
MegaFon	0,41	0,36	0,31	0,46	0,37

Source: Own processing based on the companies' financial statements

The Cash ratio shows if the companies have adequate amount of cash to pay their short-term debts. It is used to assess a companies' liquidity. It is recommended to keep the Cash ratio between 0.5 and 1 so the short-term liabilities can be covered without selling a lot of assets (if any). It is also recommended to compare the values with the industry average values to make rational judgments.

Table 38 shows that MegaFon holds the largest amount of cash, which is above the industry and other companies averages for the entire period under review. Until 2019, VimpelCom occupies the second place. VimpelCom does not exceed the market average in 2020 alone. MTS holds the lowest amount of cash until 2019 and does not exceed the industry average in 2016 and 2019. In 2020, MTS managed to outperform VimpelCom by 0.17. The table also shows that none of the companies managed to keep their cash within 0.5 and 1, which means that in the worst case, the companies would have to sell part of their assets to pay off their current debts.

Table 39 - Comparison of ROE, 2016-2020

Year	2016	2017	2018	2019	2020
Industry average	28,4%	24,4%	23,9%	24,1%	23,6%
MTS	34,80%	49,61%	12,00%	166,62%	216,28%
VimpelCom	5,64%	5,41%	6,99%	12,60%	4,89%
MegaFon	20,61%	4,85%	46,49%	7,79%	11,46%

Source: Own processing based on the companies' financial statements

Return on equity (ROE) is a financial ratio that measures of the companies' profitability in relation to its equity. In case of ROE, it is always necessary to compare the indicators with the industry average because the usual level of ROE is always contrasting in different industries.

Table 39 shows that MTS's ROE performance is ahead of the industry average and performance of other companies, except for 2018. In 2018, the company failed to exceed both industry average and MegaFon's figures. MegaFon has the second-best ROE. However, MegaFon outperforms market averages and other companies only in 2018. In 2017 and 2019, the company is inferior to VimpelCom in terms of its results. In the last place is VimpelCom, which has never reached the industry average during 2016-2020. Thus, it can be concluded that MTS's management is making good decisions to generate income for shareholders.

Table 40 - Comparison of ROA, 2016-2020

Year	2016	2017	2018	2019	2020
Industry average	6,6%	6,1%	6,6%	6,6%	7,0%
MTS	8,90%	10,81%	0,86%	6,69%	6,75%
VimpelCom	2,29%	1,68%	2,04%	3,29%	1,10%
MegaFon	5,54%	0,95%	6,44%	1,18%	3,46%

Source: Own processing based on the companies' financial statements

Return on assets (ROA) is a financial ratio that measures companies' profitability in relation to its total assets. It says how many Rubles the companies generate with each invested Ruble spent in assets. However, it is recommended to compare the ROA of firms within the same industry because they have the same asset base to work with in this comparison.

Table 40 shows that, like ROE, MTS had the highest ROA throughout the entire analyzed period, except for 2018. In 2018, the company achieved neither the market average nor the indicators of VimpelCom and MegaFon. Second place goes to MegaFon, outperforming VimpelCom in 2016, 2018 and 2020. However, in none of the years the company reaches industry indicators. VimpelCom showed the worst performance in 3 out of 5 years and in none of the years did not reach the market average. Thus, MTS receives the highest income from investments in its assets.

5.5 The Main Possible Problem Areas

There are several potential sources of risk that might affect a companies' performance. As the companies registered in Russian Federation the companies face economic and geopolitical risks specific to the country as a whole, and in particular the risks associated with the sanctions regime from the US, the EU and other countries against certain Russian companies. There is a risk of introducing new sanctions or expanding the circle of persons to whom they may apply. Also, additional sanctions may be imposed on the supply of equipment, software and services from the EU and the USA. The companies are dependent on a large number of international suppliers to carry out its business and develop its complex infrastructure. If the companies are unable to realize its development plans due to interruptions in supply, it may experience delays in infrastructure development and increased costs.

Weakening of the national currency may have a negative impact on the state of the Russian economy. In addition, in the context of the pandemic caused by the spread of coronavirus infection, there has been a weakening of business activity in the country, a reduction in real disposable incomes of the population and, as a result, a decrease in the level of consumption in most sectors of the economy. Restoring the economy to the levels of 2019, according to experts, will take one to two years. Taken together, macroeconomic trends could adversely affect the companies' revenues and investment programs.

In the process of determining the cost of services, companies use market pricing methods. There are several factors that can have a significant impact on the formation of tariffs.

- Antimonopoly legislation. The limited number of participants in the telecommunications market suggests that any actions of operators in the field of tariff policy are under close scrutiny of the regulator.

- Regulation in the field of socially significant services.
- Dynamics of inflation in Russia.

The network of companies has a wide scope, which involves the management of a huge complex of base stations, fiber optic networks, data centers and other assets. The constant growth of the subscriber base, network coverage area and Internet speed, coupled with an increase in the deterioration of the infrastructure used, predetermine the threat of reaching the limit in the use of available network resources.

The exposure of companies to the risks of changes in foreign exchange rates relates mainly to the financial and investment activities of companies. A significant share of capital expenditures, expenses and liabilities of companies is denominated in foreign currencies, mainly in US dollars and euros. If the ruble weakens against the US dollar and/or euro, companies may find it difficult to pay and refinance foreign currency-denominated debt and maintain sufficient levels of capital investment. Thus, the weakening of the ruble may increase the investment and financial costs of companies in ruble terms, which will lead to a decrease in net profit.

Companies monitor the risk of shortage of funds using current liquidity planning tools. The challenge for companies is to maintain a balance between funding continuity and flexibility through the use of bonds, bank overdrafts, loans and leases.

It is also worth to mention that MTS and MegaFon have a significant problem area in their liquidity. Liquidity risk is the risk of insufficient amount of cash. Raising funds is carried out centrally with a combination of long-term and short-term lending instruments. These borrowings, together with cash from operating activities, are used to meet anticipated funding needs.

6 Conclusion

The aim of this thesis was to assess the financial position and performance of a chosen Russian company by analyzing the companies' financial statements with a focus on the reported assets, liabilities, expenses, and revenues for a chosen period and to identify the potential financial problems and the most significant factors influencing the profit. The companies monitored in the thesis are MTS, VimpelCom and MegaFon operating in the telecommunications industry.

By comparing the companies' financial position, the most significant asset is property, plant and equipment. A horizontal analysis of the balance sheets revealed that non-current assets like deferred tax assets and non-current financial assets had changed significantly in all three organizations, as well as current assets like other current financial assets and Assets held for sale.

The most significant liabilities for all 3 companies are non-current loans and borrowings followed by intangible assets and goodwill. The liabilities which undergone the most changes during the analyzed period are different for each company; however, the most common items are current liabilities such as other financial liabilities and provisions.

By comparing the companies' financial performance, for all 3 companies, revenue is generated mainly through the sale of services. The most significant operating expenses are cost of services and selling, general and administrative expenses followed by depreciation and amortization. The most common item of operating income (expenses), which has undergone significant changes out of all 3 companies, is an impairment loss.

For all 3 companies, financial expenses make bigger contribution than financial income, therefore, as a result, companies have an expense. The finance income (expense) items which undergone the biggest changes during the analyzed period are different for each company; however, the most common item is profit (loss) from exchange rate differences.

Comparing the selected financial ratios, MegaFon is the best in cash ratio out of 3 companies during the whole analyzed period. MTS has the best indicators of ROE and ROA except for the year 2018 when the MegaFon's indicators of profitability were higher. VimpelCom was not the best in any of the indicators.

All 3 companies achieved profits for all analyzed years. MTS achieved the highest profit in the period 2016-2020. The company's revenue showed positive dynamics, as did operating and financial expenses. The company also has the highest volume of both long-

term and short-term loans and borrowings. Associated with this are potential problems for the company, such as liquidity risk and credit risk. Liquidity risk is the risk of insufficient cash to cover a company's short-term debt. Credit risk is the risk of financial loss associated with a counterparty's inability to meet its obligations under financial instruments.

The worst performer was VimpelCom, which showed the lowest profit on a revenue and expense basis. The company's revenues are decreasing, while loans are increasing. In addition, the liquidity ratio of the company is insignificant. The disadvantage of VimpelCom is the number of subscribers, which is getting smaller every year.

The main Industry challenges include geopolitical risks (US and EU sanctions), macroeconomic (weakening of the national currency), price risks (legislation, regulation, inflation) and infrastructure risks (threat of reaching the limit in the use of available network resources).

7 References

1. ALEXANDER, Jack, 2018. *Financial Planning & Analysis and Performance Management*. USA: John Wiley & Sons, Inc. Hoboken, ISBN-13: 978-1119491484.
2. Beeline, 2020. *About VimpelCom MTS* [online]. [cit. 2022-01-23]. Available from: <https://moskva.beeline.ru/about/about-beeline/beeline-history/>.
3. Deloitte, 2016. *IAS 1 – Presentation of Financial Statements* [online]. [cit. 2022-01-02]. Available from: <https://www.iasplus.com/en/standards/ias/ias1>.
4. ERNEST & YOUNG, LLC, 2021. *IFRS, US GAAP and RAP. Comparison and basics* [online]. [cit. 2022-02-5]. Available at: [file:///Users/Nastyia/Downloads/ey-ifs11560-211us-01-14-2021%20\(1\).pdf](file:///Users/Nastyia/Downloads/ey-ifs11560-211us-01-14-2021%20(1).pdf)
5. Finance Ministry, 2020. *Federal accounting standards* [online]. [cit. 2022-01-07]. Available from: https://minfin.gov.ru/ru/performance/accounting/accounting/legislation/positions/?id_39=2260-polozhenie_po_bukhgalterskomu_uchetu_uchetnaya_politika_organizatsii_pbu_12008_s_izmeneniem_vnesennym_prikazom_minfina_rossii_ot.
6. JAGADISH, R., RAIYAMI, BHATASNA, R. B., 2009. *Financial Ratios and Financial Statements Analysis*. New Delhi: Vedams Books Ltd. ISBN: 9788177082678.
7. KOURTIS, E., KOURTIS, G., CURTIS, P., 2019. *An Integrated Financial Ratio Analysis as a Navigation Compass through the Fraudulent Reporting Conundrum: A Case Study*. *International Journal of Finance, Insurance and Risk Management* [online]. [cit. 2022-02-07]. Available from: https://www.researchgate.net/profile/Panayiotis-Curtis/publication/342550691_An_Integrated_Financial_Ratio_Analysis_as_a_Navigation_Compass_through_the_Fraudulent_Reporting_Conundrum_A_Case_Study/links/5efb063a299bf18816f3798a/An-Integrated-Financial-Ratio-Analysis-as-a-Navigation-Compass-through-the-Fraudulent-Reporting-Conundrum-A-Case-Study.pdf.

8. KUCHERENKO, Yurii, 2006. *Telecommunications markets in the global economy and prospects for their development in Russia*. Moscow: Научная книга. ISBN: 5949350898.
9. MegaFon PJSC, 2020. *Annual reports of PJSC MegaFon* [online]. [cit. 2022-02-12]. Available from:
https://corp.megafon.ru/investoram/shareholder/year_report/.
10. MegaFon, 2020. *About MegaFon* [online]. [cit. 2022-01-23]. Available from:
<https://corp.megafon.ru/about/history/>.
11. MobileTelesystems PJSC, 2020. *Annual reports of PJSC MobileTelesystems* [online]. [cit. 2022-02-10]. Available from: <https://ir.mts.ru/investors/financial-center/financial-results/default.aspx>.
12. MTS, 2021. *About MTS* [online]. [cit. 2022-01-21]. Available from:
<https://moskva.mts.ru/about/informaciya-o-mts/mts-v-rossii-i-v-mire/istoriya-mts/istoriya-mts-2021-god>.
13. SEKHAR, Chandra, 2019. *Financial Ratio Analysis: 45 ratios with theory & interpretation of financial statements to evaluate any business*. Independently published. ISBN: 978-1980571964.
14. SHOL, Svetlana, 2020. *Current State and Basic Trends of Development of the Russian Telecommunications Service Market* [online]. [cit. 2022-01-16]. Available from: <https://cyberleninka.ru/article/n/tekushee-sostoyanie-i-osnovnye-tendentsii-razvitiya-rossiyskogo-rynka-telekommunikatsionnyh-uslug/viewer>.
15. SOCKAJA, Anastasia, 2021. *Accounting Statements of the Organization* [online]. [cit. 2021-12-7]. Available at: https://nalog-nalog.ru/buhgalterskaya_otchetnost/sostavlenie_buhgalterskoj_otchetnosti/pbu_499_buhgalterskaya_otchetnost_organizacii_nyuansy/.
16. Statista, 2020. *Countries with the highest number of mobile-cellular telephone subscriptions in 2020* [online]. [cit. 2022-03-12]. Available from:
<https://www.statista.com/statistics/268232/top-10-countries-by-number-of-mobile-cellular-subscriptions/>.
17. Tadviser, 2021. *Telecommunications (Russian Market)* [online]. [cit. 2022-02-13]. Available from:
<https://www.tadviser.ru/index.php/%D0%A1%D1%82%D0%B0%D1%82%D1>

[%8C%D1%8F:%D0%A1%D0%B2%D1%8F%D0%B7%D1%8C_\(%D1%80%D1%8B%D0%BD%D0%BE%D0%BA_%D0%A0%D0%BE%D1%81%D1%81%D0%B8%D0%B8\)](https://www.tadviser.ru/index.php/%D0%A1%D0%B2%D1%8F%D0%B7%D1%8C_(%D1%80%D1%8B%D0%BD%D0%BE%D0%BA_%D0%A0%D0%BE%D1%81%D1%81%D0%B8%D0%B8)).

18. Tadviser, 2022. *History of MegaFon* [online]. [cit. 2022-01-23]. Available from:

https://www.tadviser.ru/index.php/%D0%A1%D1%82%D0%B0%D1%82%D1%8C%D1%8F:%D0%98%D1%81%D1%82%D0%BE%D1%80%D0%B8%D1%8F_%D0%9C%D0%B5%D0%B3%D0%B0%D0%A4%D0%BE%D0%BD.%

19. Tadviser, 2022. *Mobile Telesystems, MTS* [online]. [cit. 2022-01-20]. Available from:

[https://www.tadviser.ru/index.php/%D0%9A%D0%BE%D0%BC%D0%BF%D0%B0%D0%BD%D0%B8%D1%8F:%D0%9C%D0%BE%D0%B1%D0%B8%D0%BB%D1%8C%D0%BD%D1%8B%D0%B5_%D0%A2%D0%B5%D0%BB%D0%B5%D0%A1%D0%B8%D1%81%D1%82%D0%B5%D0%BC%D1%8B_\(%D0%9C%D0%A2%D0%A1\)](https://www.tadviser.ru/index.php/%D0%9A%D0%BE%D0%BC%D0%BF%D0%B0%D0%BD%D0%B8%D1%8F:%D0%9C%D0%BE%D0%B1%D0%B8%D0%BB%D1%8C%D0%BD%D1%8B%D0%B5_%D0%A2%D0%B5%D0%BB%D0%B5%D0%A1%D0%B8%D1%81%D1%82%D0%B5%D0%BC%D1%8B_(%D0%9C%D0%A2%D0%A1)).

20. Tadviser, 2022. VimpelCom (brand Beeline) online]. [cit. 2022-01-19].

Available from:

https://www.tadviser.ru/index.php/%D0%9A%D0%BE%D0%BC%D0%BF%D0%B0%D0%BD%D0%B8%D1%8F:%D0%92%D1%8B%D0%BC%D0%BF%D0%B5%D0%BB%D0%9A%D0%BE%D0%BC_%D0%9F%D0%90%D0%9E.

21. Test Firm, 2020. *Financial Indicators in the Field of Telecommunications* [online]. [cit. 2022-03-09]. Available from: <https://www.testfirm.ru/otrasli/61/>.

22. TMT Consulting, 2020. *TMT Rating "Russian Telecommunications Market - 2020" Telecommunications* [online]. [cit. 2022-02-09]. Available from: <http://tmt-consulting.ru/napravleniya/telekommunikacii/tmt-rejting-rossijskij-rynok-telekommunikacij-2020/>.

23. VimpeCom PJSC, 2020. *Annual reports of PJSC VimpelCom* [online]. [cit. 2022-02-09]. Available from: <https://moskva.beeline.ru/about/about-beeline/disclosure/annual-reports/>.

24. ZDANOV, V.U., ZDANOV I.U., 2018. *Financial analysis of the enterprise with the help of coefficients and models. Tutorial*. Moscow, Проспект. ISBN: 9785392281572.

8 Appendix

Appendix 1 – Presentation of the Financial Statements According to IFRS

Statement of Financial Position

The following are the line items that must appear on the front of the statement of financial position: [IAS 1.54]

- (a) property, plant and equipment
- (b) investment property
- (c) intangible assets
- (d) financial assets (excluding amounts shown under (e), (h), and (i))
- (e) investments accounted for using the equity method
- (f) biological assets
- (g) inventories
- (h) trade and other receivables
- (i) cash and cash equivalents
- (j) assets held for sale
- (k) trade and other payables
- (l) provisions
- (m) financial liabilities (excluding amounts shown under (k) and (l))
- (n) current tax liabilities and current tax assets, as defined in IAS 12
- (o) deferred tax liabilities and deferred tax assets, as defined in IAS 12
- (p) liabilities included in disposal groups
- (q) non-controlling interests, presented within equity
- (r) issued capital and reserves attributable to owners of the parent.

Additional line items, headers, and subtotals may be required to depict the financial position of the entity properly. [IAS 1.55]

Statement of Financial Performance

The profit or loss section (or separate profit or loss statement, if given) must have the following minimum line items: 1 [IAS 1.82-82A]

Revenue gains and losses on financial asset derecognition assessed at amortized cost finance expenses share of profits or losses from associates and joint ventures that are accounted for using the equity method certain gains or losses related with the reclassification of financial assets tax expense a single sum for all discontinued items

Appendix 2 - Top 10 countries with the highest number of mobile-cellular telephone subscriptions, 2020

	Country	Number of subscriptions (in millions)
1	China	1 696,36
2	India	1 153,71
3	Indonesia	355,75
4	Russian Federation	238,73
5	Brazil	205,83
6	Nigeris	204,23
7	Japan	192,28
8	Pakistan	175,62
8	Bangladesh	170,14
10	Viet Nam	138,93

Source: own processing based on the data from statista.com

Appendix 3 – MTS’s Consolidated Statement of Financial Position at 31 December, 2019-2020

PJSC MOBILE TELESYSTEMS AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020 AND 2019
(Amounts in millions of Russian Rubles)**

	Notes	December 31, 2020	December 31, 2019
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	21	284,804	265,479
Investment property		1,889	2,986
Right-of-use assets	26	130,503	138,817
Goodwill	22	38,041	38,675
Other intangible assets	24	90,103	79,729
Investments in associates and joint ventures	17	8,555	6,450
Other investments	18	9,488	11,195
Deferred tax assets	13	8,778	9,975
Accounts receivable, related parties	32	5,209	10,787
Trade accounts receivable	19	2,163	3,556
Bank deposits and loans to customers	31	63,992	53,472
Other financial assets	29	7,575	3,220
Other assets		5,749	4,981
Total non-current assets		656,849	629,322
CURRENT ASSETS:			
Inventories	20	15,204	15,515
Trade and other receivables	19	32,868	35,595
Accounts receivable, related parties	32	8,980	5,872
Bank deposits and loans to customers	31	52,676	39,370
Short-term investments	16	23,434	25,618
Advances paid and prepaid expenses		4,288	4,107
VAT receivable		8,877	9,350
Income tax assets		4,660	4,301
Assets held for sale		667	497
Cash and cash equivalents	15	85,405	38,070
Other financial assets	29	23,975	14,558
Other assets		1,320	1,735
Total current assets		262,354	194,588
TOTAL ASSETS		919,203	823,910

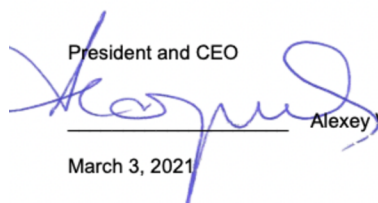
Appendix 4 – MTS’s Consolidated Statement of Financial Position at 31 December, 2019-2020

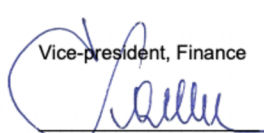
PJSC MOBILE TELESYSTEMS AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020 AND 2019 (CONTINUED)
(Amounts in millions of Russian Rubles)**

	Notes	December 31, 2020	December 31, 2019
EQUITY AND LIABILITIES			
EQUITY:			
Common stock	33	200	200
Treasury stock	33	(74,990)	(59,748)
Additional paid-in capital		89	-
Retained earnings		94,391	85,249
Accumulated other comprehensive income	33	9,010	7,367
Equity attributable to owners of the Company		28,700	33,068
Non-controlling interests		3,990	3,326
Total equity		32,690	36,394
NON-CURRENT LIABILITIES:			
Borrowings	25	395,143	271,573
Lease obligations	26	134,637	140,080
Bank deposits and liabilities	31	1,883	1,805
Deferred tax liabilities	13	19,191	17,866
Provisions	28	5,128	4,761
Contract liabilities	7	717	589
Other financial liabilities	29	14	955
Other liabilities		1,186	1,430
Total non-current liabilities		557,899	439,059
CURRENT LIABILITIES:			
Trade and other payables		56,017	71,808
Accounts payable, related parties	32	3,146	558
Contract liabilities	7	21,125	20,718
Borrowings	25	34,125	71,746
Lease obligations	26	16,177	15,228
Bank deposits and liabilities	31	165,794	136,147
Income tax liabilities		753	784
Provisions	28	13,460	11,526
Other financial liabilities	29	1,109	1,424
Other liabilities		16,908	18,518
Total current liabilities		328,614	348,457
TOTAL EQUITY AND LIABILITIES		919,203	823,910

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

President and CEO

 Alexey V. Kornya
 March 3, 2021

Vice-president, Finance

 Andrey M. Kamensky

Appendix 5 - MTS's Consolidated Statement of Financial Performance at 31 December, 2018-2020

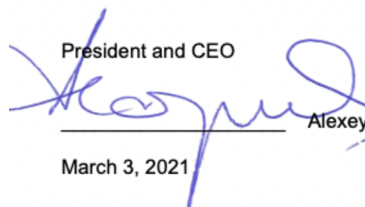
PJSC MOBILE TELESYSTEMS AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018
(Amounts in millions of Russian Rubles, except per share amounts)**

	Notes	2020	2019	2018
Service revenue		425,448	406,478	382,387
Sales of goods		69,478	64,127	63,851
Revenue	6,7	494,926	470,605	446,238
Cost of services		121,943	114,057	104,143
Cost of goods	20	63,482	58,872	58,669
Selling, general and administrative expenses	8	87,983	89,933	82,482
Depreciation and amortization	6	100,234	96,195	95,316
Operating share of the profit of associates and joint ventures	17	(5,048)	(4,583)	(3,799)
Impairment of non-current assets	23	2,023	(148)	149
Impairment of financial assets		11,912	7,723	3,671
Other operating income		(496)	(7,021)	(4,637)
Operating profit	6	112,893	115,577	110,244
Finance income	9	(3,437)	(4,352)	(5,579)
Finance costs	9	42,084	47,366	36,985
Non-operating share of the profit of associates and joint ventures	17	(273)	(3,496)	909
Other non-operating (income)/expenses	10	(3,064)	7,821	(425)
Profit before tax		77,583	68,238	78,354
Income tax expense	13	16,126	15,667	15,345
Profit for the year from continuing operations		61,457	52,571	63,009
(Profit) / loss from discontinued operations	12, 35	(616)	(2,528)	55,177
Profit for the year		62,073	55,099	7,832
Profit for the year attributable to:				
Owners of the Company		61,412	54,241	6,848
Non-controlling interests		661	858	984
Earnings per share from continuing operations (basic and diluted), Russian Rubles:	14	34.53 and 34.51	29.04 and 28.99	33.11 and 33.07
Earnings per share from discontinued operations (basic and diluted), Russian Rubles:	14	0.35 and 0.35	1.42 and 1.42	(29.45) and (29.42)

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

President and CEO


Alexey V. Kornya

March 3, 2021

Vice-president, Finance


Andrey M. Kamensky

Appendix 6 - MTS's Consolidated Statement of Financial Position at 31 December, 2017-2018

PJSC MOBILE TELESYSTEMS AND SUBSIDIARIES

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018**

(Amounts in millions of Russian Rubles)

	Notes	December 31, 2018	December 31, 2017
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	20	276,443	263,063
Investment property		2,177	407
Right-of-use assets	25	149,007	-
Goodwill	21	39,107	34,281
Other intangible assets	23	95,962	79,397
Investments in associates	16	10,735	9,452
Other investments	17	16,873	1,953
Deferred tax assets	12	11,190	5,545
Accounts receivable, related parties	31	2,545	2
Trade accounts receivable	18	2,600	-
Bank deposits and loans to customers	29	30,653	-
Other financial assets	28	4,729	8,890
Other non-financial assets		5,038	2,048
Total non-current assets		647,059	405,038
CURRENT ASSETS:			
Inventories	19	18,654	9,995
Trade and other receivables	18	34,543	28,017
Accounts receivable, related parties	31	6,385	11,358
Bank deposits and loans to customers	29	32,385	-
Short-term investments	15	47,863	50,757
Advances paid and prepaid expenses		4,208	3,894
VAT receivable		7,415	7,165
Income tax assets		3,887	2,838
Assets held for sale		2,694	1,276
Cash and cash equivalents	14	84,075	30,586
Other financial assets	28	25,487	146
Other non financial assets		1,338	-
Total current assets		268,934	146,032
TOTAL ASSETS		915,993	551,070

Appendix 7 - MTS's Consolidated Statement of Financial Position at 31 December, 2017-2018


PJSC MOBILE TELESYSTEMS AND SUBSIDIARIES

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018 (CONTINUED)
(Amounts in millions of Russian Rubles)**

	Notes	December 31, 2018	December 31, 2017
EQUITY AND LIABILITIES			
EQUITY:			
Common stock	32	200	200
Treasury stock	32	(44,808)	(22,644)
Additional paid-in capital		-	381
Retained earnings		110,946	151,043
Accumulated other comprehensive loss	32	(1,064)	(8,854)
Equity attributable to owners of the Company		65,274	120,126
Non-controlling interests		12,291	4,079
Total equity		77,565	124,205
NON-CURRENT LIABILITIES:			
Borrowings	24	365,072	228,040
Lease obligations	25	144,740	11,056
Bank deposits and liabilities	29	2,633	-
Deferred tax liabilities	12	24,439	23,773
Provisions	27	3,391	2,309
Contract liabilities	7	558	765
Other non-financial liabilities		1,643	3,203
Other financial liabilities	28	481	1,048
Total non-current liabilities		542,957	270,194
CURRENT LIABILITIES:			
Trade and other payables		53,623	47,314
Accounts payable, related parties	31	1,301	1,102
Contract liabilities	7	21,597	17,696
Borrowings	24	3,063	63,673
Lease obligations	25	15,812	801
Bank deposits and liabilities	29	108,821	-
Income tax liabilities		1,792	1,150
Provisions	27	70,911	9,852
Other non-financial liabilities		13,903	12,047
Other financial liabilities	28	4,648	3,036
Total current liabilities		295,471	156,671
TOTAL EQUITY AND LIABILITIES		915,993	551,070

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

President and CEO


Alexey V. Komya

March 27, 2019

Appendix 8 - MTS's Consolidated Statement of Financial Performance at 31 December, 2016-2018

PJSC MOBILE TELESYSTEMS AND SUBSIDIARIES

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Amounts in millions of Russian Rubles, except per share amounts)**

	Notes	2018	2017	2016
Service revenue		410,890	390,761	386,486
Sales of goods		69,403	52,150	49,206
Revenue	6, 7	480,293	442,911	435,692
Cost of services		112,401	123,779	130,158
Cost of goods	19	63,869	45,623	45,574
Selling, general and administrative expenses	8	87,946	95,186	94,046
Depreciation and amortization	6	104,588	79,912	81,582
Operating share of the profit of associates	16	(3,799)	(3,210)	(3,115)
Impairment of non-current assets	22	149	3,775	-
Impairment of financial assets		3,694	2,923	2,698
Other income		(4,740)	(1,177)	(2,920)
Operating profit	6	116,185	96,100	87,669
Finance income	9	(5,981)	(5,548)	(5,273)
Finance costs	9	38,165	26,064	27,136
Currency exchange loss / (gain)		3,594	(1,301)	(3,241)
Non-operating share of the loss of associates	16	909	436	1,287
Change in fair value of financial instruments		(5,384)	(110)	(166)
Other expenses		1,031	992	317
Profit before tax		83,851	75,567	67,609
Income tax expense	12	16,969	18,977	15,138
Profit for the year from continuing operations		66,882	56,590	52,471
Loss / (gain) from discontinued operations	10, 34	59,050	-	(4,021)
Profit for the year		7,832	56,590	48,450
Profit / (loss) for the year attributable to:				
Owners of the Company		6,848	56,042	48,474
Non-controlling interests		984	548	(24)
Earnings per share from continuing operations (basic and diluted), Russian Rubles:	13	35.17 and 35.13	28.68 and 28.66	26.06 and 26.04
Earnings per share from discontinued operations (basic and diluted), Russian Rubles:	13	(31.52) and (31.48)	-	(1.69) and (1.69)

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

President and CEO


Alexey V. Komya

March 27, 2019

Appendix 9 - MTS's Consolidated Statement of Financial Position at 31 December, 2016-2017

PJSC MOBILE TELESYSTEMS AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017 AND 2016
(Amounts in millions of Russian Rubles)**

	Notes	December 31, 2017	December 31, 2016
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	11	263,063	272,841
Investment property		407	336
Goodwill	12	34,281	33,685
Other intangible assets	14	79,397	75,128
Investments in associates	7	9,452	10,551
Other investments	8	1,953	36,319
Deferred tax assets	20	5,545	6,150
Accounts receivable, related parties	22	2	3,693
Other financial assets	18	8,890	13,877
Other non-financial assets		2,048	896
Total non-current assets		405,038	453,476
CURRENT ASSETS:			
Inventories	10	9,995	14,330
Trade and other receivables	9	28,017	29,805
Accounts receivable, related parties	22	11,358	4,401
Short-term investments	6	50,757	8,657
Advances paid and prepaid expenses		3,894	5,749
VAT receivable		7,165	7,098
Income tax assets		2,838	1,601
Assets held for sale		1,276	808
Cash and cash equivalents	5	30,586	18,470
Other assets		146	75
Total current assets		146,032	90,994
TOTAL ASSETS		551,070	544,470

Appendix 10 - MTS's Consolidated Statement of Financial Position at 31 December, 2016-2017

PJSC MOBILE TELESYSTEMS AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017 AND 2016 (CONTINUED)
(Amounts in millions of Russian Rubles)**

	Notes	December 31, 2017	December 31, 2016
EQUITY AND LIABILITIES			
EQUITY:			
Common stock	23	200	200
Treasury stock	23	(22,644)	(748)
Additional paid-in capital		381	191
Retained earnings		151,043	145,622
Accumulated other comprehensive loss	23	(8,854)	(6,030)
Equity attributable to owners of the Company		120,126	139,235
Non-controlling interests		4,079	4,713
Total equity		124,205	143,948
NON-CURRENT LIABILITIES:			
Borrowings	15	239,096	237,113
Deferred tax liabilities	20	23,773	26,611
Provisions	17	2,309	2,350
Other non-financial liabilities		3,968	4,129
Other financial liabilities	18	1,048	2,774
Total non-current liabilities		270,194	272,977
CURRENT LIABILITIES:			
Trade and other payables		47,314	41,473
Accounts payable, related parties	22	1,102	1,014
Subscriber prepayments and other advances		17,878	15,460
Borrowings	15	64,474	47,207
Income tax liabilities		1,150	962
Provisions	17	9,852	8,075
Other non-financial liabilities		11,865	10,305
Other financial liabilities	18	3,036	3,049
Total current liabilities		156,671	127,545
TOTAL EQUITY AND LIABILITIES		551,070	544,470

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

Appendix 11 - MTS's Consolidated Statement of Financial Performance at 31 December, 2016-2017

PJSC MOBILE TELESYSTEMS AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015
(Amounts in millions of Russian Rubles, except per share amounts)**

	Notes	Year ended December 31, 2017	Year ended December 31, 2016	Year ended December 31, 2015
Service revenue		390,761	386,486	386,159
Sales of goods		52,150	49,206	40,480
Revenue	26	442,911	435,692	426,639
Cost of services		123,779	130,158	126,805
Cost of goods	10	45,623	45,574	36,555
Selling, general and administrative expenses	24	95,186	94,046	87,340
Depreciation and amortization	26	79,912	81,582	77,843
Operating share of the profit of associates	7	(3,210)	(3,115)	(3,456)
Provision for investments in distressed Ukrainian banks	30	-	-	1,698
Impairment of non-current assets	13	3,775	-	3,516
Other expenses / (income)		1,746	(222)	2,415
Operating profit		96,100	87,669	93,923
Finance income	25	(5,548)	(5,273)	(8,368)
Finance costs	25	26,064	27,136	26,422
Currency exchange (gain) / loss		(1,301)	(3,241)	6,154
Non-operating share of the loss of associates	7	436	1,287	3,780
Change in fair value of financial instruments		(110)	(166)	(1,014)
Other expenses / (income)		992	317	(54)
Profit before tax		75,567	67,609	67,003
Income tax expense	20	18,977	15,138	13,931
Profit for the year from continuing operations		56,590	52,471	53,072
Loss from discontinued operations	27	-	(4,021)	(5,668)
Profit for the year		56,590	48,450	47,404
Profit / (loss) for the year attributable to:				
Owners of the Company		56,042	48,474	49,489
Non-controlling interests		548	(24)	(2,085)
Earnings per share (basic and diluted), Russian Rubles:	21	28.68 and 28.66	24.37 and 24.35	24.88 and 24.87

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

Appendix 12 - VimpelCom's Consolidated Statement of Financial Position, 2019-2020

Публичное акционерное общество «Вымпел-Коммуникации»

Консолидированный отчет о финансовом положении
по состоянию на 31 декабря 2020 г.
(все суммы приведены в миллионах рублей)

	Прим.	На 31 декабря 2020 г.	На 31 декабря 2019 г.
Активы			
Внеоборотные активы			
Основные средства	12	298 938	278 147
Нематериальные активы	13	115 774	120 031
Отложенные налоговые активы	10	817	1 169
Займы, производные инструменты и прочие финансовые активы	15,20	27 121	868
Прочие внеоборотные активы	8	2 128	1 888
Итого внеоборотные активы		444 778	402 103
Оборотные активы			
Запасы	7	7 318	9 756
Торговая и прочая дебиторская задолженность	6	20 860	23 634
Прочие оборотные активы	8	12 067	11 146
Текущие активы по налогу на прибыль	10	1 135	558
Займы, производные инструменты и прочие финансовые активы	15,20	33 720	51 786
Денежные средства и их эквиваленты	16	12 302	31 498
Итого оборотные активы		87 402	128 378
Активы, классифицированные как предназначенные для продажи		–	22
Итого активы		532 180	530 503
Капитал и обязательства			
Капитал			
Капитал, приходящийся на собственников Компании	18	119 082	138 330
Неконтролирующие доли участия	14	38 235	(266)
Итого капитал		157 317	138 064
Долгосрочные обязательства			
Торговая и прочая кредиторская задолженность		2 059	728
Займы, производные инструменты и прочие финансовые обязательства	15,20	223 008	247 280
Резервы	9	3 685	4 556
Отложенные налоговые обязательства	10	4 549	5 269
Прочие долгосрочные обязательства	8	486	647
Итого долгосрочные обязательства		233 787	258 480
Краткосрочные обязательства			
Торговая и прочая кредиторская задолженность		86 100	77 069
Займы, производные инструменты и прочие финансовые обязательства	15,20	38 341	41 383
Резервы	9	2 042	1 021
Текущая задолженность по налогу на прибыль	10	835	1 769
Прочие краткосрочные обязательства	8	13 758	12 717
Итого краткосрочные обязательства		141 076	133 959
Итого капитал и обязательства		532 180	530 503

Генеральный директор _____



Александр Торбахов

29 марта 2021 г.

Appendix 13 - VimpelCom's Consolidated Statement of Financial Performance, 2019-2020

Публичное акционерное общество «Вымпел-Коммуникации»

Консолидированный отчет о прибылях и убытках

за год, закончившийся 31 декабря 2020 г.

(все суммы приведены в миллионах рублей)

	Прим.	За годы, закончившиеся 31 декабря	
		2020 г.	2019 г.
Выручка от продажи услуг		299 366	314 061
Выручка от продажи оборудования и принадлежностей		27 232	29 457
Прочая выручка		1 570	3 898
Итого выручка по операционной деятельности	2,3	328 168	347 416
Прочие операционные доходы		301	–
Себестоимость услуг		(76 305)	(71 565)
Себестоимость оборудования и принадлежностей		(26 265)	(29 887)
Коммерческие, общехозяйственные и административные расходы (включая убыток от обесценения финансовых активов в размере 2 937 рублей за 2020 год и 2 645 рублей за 2019 год)	4	(99 436)	(97 659)
Износ основных средств	12	(71 746)	(71 177)
Амортизация нематериальных активов	13	(12 232)	(10 617)
Убыток от обесценения	11	(9 951)	(6 768)
Убыток от выбытия внеоборотных активов		(2 200)	(2 618)
Доход от продажи дочерней организации	14	8 628	–
Прибыль по операционной деятельности		38 962	57 125
Финансовые расходы		(23 388)	(28 331)
Финансовые доходы		2 767	3 652
Чистые (отрицательные) / положительные курсовые разницы		(8 593)	228
Прочие внеоперационные доходы / (расходы) (нетто)	5	1 730	(3 816)
Прибыль до налогообложения		11 478	28 858
Расходы по налогу на прибыль	10	(5 649)	(11 423)
Прибыль за период		5 829	17 435
Прибыль за период, приходящаяся на:			
Собственников Компании		9 974	19 470
Неконтролирующие доли участия	14	(4 145)	(2 035)
		5 829	17 435

Appendix 14 - VimpelCom's Consolidated Statement of Financial Position, 2017-2018

Публичное акционерное общество «Вымпел-Коммуникации»
(дочерняя компания, полностью принадлежащая «VEON Ltd.»)

Консолидированный отчет о финансовом положении
по состоянию на 31 декабря 2017 г.
(все суммы приведены в миллионах рублей)

	Прим.	На 31 декабря 2017 г.	На 31 декабря 2016 г.
Активы			
Внеоборотные активы			
Основные средства	13	204 661	237 011
Нематериальные активы	14	31 249	35 565
Гудвил	9	100 814	106 617
Инвестиции в совместные предприятия	12	–	7 641
Отложенные налоговые активы	11	5 304	2 299
Прочие финансовые активы	15	2 255	58 027
Прочие внеоборотные активы	16	555	919
Итого внеоборотные активы		344 838	448 079
Оборотные активы			
Запасы	17	3 301	6 170
Торговая и прочая дебиторская задолженность	18	23 641	27 868
Прочие оборотные активы	16	11 695	12 714
Текущий актив по налогу на прибыль	11	5 669	2 589
Прочие оборотные финансовые активы	15	72 379	10 303
Денежные средства и их эквиваленты	19	24 963	47 510
Итого оборотные активы		141 648	107 154
Активы, классифицированные как предназначенные для продажи	5	1 296	–
Итого активы		487 782	555 233
Капитал и обязательства			
Капитал			
Капитал, приходящийся на собственников Компании	20	151 706	225 845
Неконтролирующие доли участия	12	5 550	9 301
Итого капитал		157 256	235 146
Долгосрочные обязательства			
Финансовые обязательства	15	208 427	146 848
Резервы	22	2 771	2 655
Прочие долгосрочные обязательства	16	1 304	791
Отложенные налоговые обязательства	11	10 877	13 775
Итого долгосрочные обязательства		223 379	164 069
Краткосрочные обязательства			
Торговая и прочая кредиторская задолженность		51 712	56 720
Дивиденды к выплате	21	25	–
Прочие финансовые обязательства	15	24 161	71 796
Прочие краткосрочные обязательства	16	24 701	22 422
Текущая задолженность по налогу на прибыль	11	196	1 931
Резервы	22	3 988	3 149
Итого краткосрочные обязательства		104 783	156 018
Обязательства, непосредственно связанные с активами, классифицированными как предназначенные для продажи	5	2 364	–
Итого капитал и обязательства		487 782	555 233

Генеральный директор _____



Василь Лацанич
30 марта 2018 г.

Appendix 15- VimpelCom's Consolidated Statement of Financial Position, 2017–2019

Публичное акционерное общество «Вымпел-Коммуникации»

Консолидированный отчет о финансовом положении

по состоянию на 31 декабря 2018 г.

(все суммы приведены в миллионах рублей)

	Прим.	На 31 декабря 2018 г.	На 31 декабря 2017 г.
Активы			
Внеоборотные активы			
Основные средства	13	193 895	204 661
Нематериальные активы	14	28 557	31 249
Гудвил	15	97 729	100 814
Отложенные налоговые активы	10	1 824	5 304
Прочие внеоборотные финансовые активы	17	1 148	2 255
Прочие внеоборотные активы	8	1 126	555
Итого внеоборотные активы		324 279	344 838
Оборотные активы			
Запасы	7	9 040	3 301
Торговая и прочая дебиторская задолженность	6	23 049	23 641
Прочие оборотные активы	8	11 436	11 695
Текущие активы по налогу на прибыль	10	3 607	5 669
Прочие оборотные финансовые активы	17	56 845	72 379
Денежные средства и их эквиваленты	18	29 420	24 963
Итого оборотные активы		133 397	141 648
Активы, классифицированные как предназначенные для продажи	16	23	1 296
Итого активы		457 699	487 782
Капитал и обязательства			
Капитал			
Капитал, приходящийся на собственников Компании	20	133 763	151 706
Неконтролирующие доли участия	16	3 053	5 550
Итого капитал		136 816	157 256
Долгосрочные обязательства			
Долгосрочные финансовые обязательства	17	206 160	208 427
Резервы	9	2 978	2 771
Отложенные налоговые обязательства	10	7 981	10 877
Прочие долгосрочные обязательства	8	653	1 304
Итого долгосрочные обязательства		217 772	223 379
Краткосрочные обязательства			
Торговая и прочая кредиторская задолженность		63 408	51 737
Прочие краткосрочные финансовые обязательства	17	10 228	24 161
Резервы	9	3 877	3 988
Текущая задолженность по налогу на прибыль	10	564	196
Прочие краткосрочные обязательства	8	25 034	24 701
Итого краткосрочные обязательства		103 111	104 783
Обязательства, непосредственно связанные с активами, классифицированными как предназначенные для продажи	16	–	2 364
Итого капитал и обязательства		457 699	487 782

Генеральный директор _____



Василь Лацанич

29 марта 2019 г.

Appendix 16 - VimpelCom's Consolidated Statement of Financial Performance, 2017-2018

Публичное акционерное общество «Вымпел-Коммуникации»

Консолидированный отчет о прибылях и убытках
за год, закончившийся 31 декабря 2018 г.

(все суммы приведены в миллионах рублей)

	Прим.	За годы, закончившиеся 31 декабря	
		2018 г.	2017 г.
Выручка от продажи услуг		322 070	327 517
Выручка от продажи оборудования и принадлежностей		26 147	12 411
Прочая выручка		1 524	1 494
Итого выручка по операционной деятельности	2,3	349 741	341 422
Себестоимость услуг		(77 327)	(83 713)
Себестоимость оборудования и принадлежностей		(25 158)	(13 113)
Коммерческие, общехозяйственные и административные расходы (включая убыток от обесценения финансовых активов в размере 2 801 руб. за 2018 г. и 2 602 руб. за 2017 г.)	4	(126 249)	(126 928)
Износ основных средств	13	(53 686)	(55 397)
Амортизация нематериальных активов	14	(11 489)	(11 369)
Убыток от обесценения	12	(14 053)	(3 898)
Убыток от выбытия внеоборотных активов		(1 912)	(1 258)
Доход от продажи дочерних организаций	16	1 231	–
Итого операционные расходы (нетто)		(308 643)	(295 676)
Прибыль по операционной деятельности		41 098	45 746
Финансовые расходы		(22 148)	(23 764)
Финансовые доходы		3 763	2 708
Чистые отрицательные курсовые разницы		(5 013)	(879)
Прочие внеоперационные доходы / (расходы) (нетто)	5	2 850	(6 674)
Доля в убытке совместных предприятий, учитываемых по методу долевого участия	11	–	(1 231)
Обесценение инвестиций в совместные предприятия, учитываемые по методу долевого участия	11	–	(6 410)
Прибыль до налогообложения		20 550	9 496
Расход по налогу на прибыль	10	(11 199)	(1 293)
Прибыль за год		9 351	8 203
Приходящаяся на:			
Собственников Компании		12 078	7 646
Неконтролирующие доли участия	16	(2 727)	557
		9 351	8 203

Appendix 17 - VimpelCom's Consolidated Statement of Financial Position, 2016-2017

Публичное акционерное общество «Вымпел-Коммуникации»
(дочерняя компания, полностью принадлежащая «VEON Ltd.»)

Консолидированный отчет о финансовом положении
по состоянию на 31 декабря 2017 г.
(все суммы приведены в миллионах рублей)

	Прим.	На 31 декабря 2017 г.	На 31 декабря 2016 г.
Активы			
Внеоборотные активы			
Основные средства	13	204 661	237 011
Нематериальные активы	14	31 249	35 565
Гудвил	9	100 814	106 617
Инвестиции в совместные предприятия	12	–	7 641
Отложенные налоговые активы	11	5 304	2 299
Прочие финансовые активы	15	2 255	58 027
Прочие внеоборотные активы	16	555	919
Итого внеоборотные активы		344 838	448 079
Оборотные активы			
Запасы	17	3 301	6 170
Торговая и прочая дебиторская задолженность	18	23 641	27 868
Прочие оборотные активы	16	11 695	12 714
Текущий актив по налогу на прибыль	11	5 669	2 589
Прочие оборотные финансовые активы	15	72 379	10 303
Денежные средства и их эквиваленты	19	24 963	47 510
Итого оборотные активы		141 648	107 154
Активы, классифицированные как предназначенные для продажи	5	1 296	–
Итого активы		487 782	555 233
Капитал и обязательства			
Капитал			
Капитал, приходящийся на собственников Компании	20	151 706	225 845
Неконтролирующие доли участия	12	5 550	9 301
Итого капитал		157 256	235 146
Долгосрочные обязательства			
Финансовые обязательства	15	208 427	146 848
Резервы	22	2 771	2 655
Прочие долгосрочные обязательства	16	1 304	791
Отложенные налоговые обязательства	11	10 877	13 775
Итого долгосрочные обязательства		223 379	164 069
Краткосрочные обязательства			
Торговая и прочая кредиторская задолженность		51 712	56 720
Дивиденды к выплате	21	25	–
Прочие финансовые обязательства	15	24 161	71 796
Прочие краткосрочные обязательства	16	24 701	22 422
Текущая задолженность по налогу на прибыль	11	196	1 931
Резервы	22	3 988	3 149
Итого краткосрочные обязательства		104 783	156 018
Обязательства, непосредственно связанные с активами, классифицированными как предназначенные для продажи	5	2 364	–
Итого капитал и обязательства		487 782	555 233

Генеральный директор _____



Василь Лацнич
30 марта 2018 г.

Appendix 18- VimpelCom's Consolidated Statement of Financial Performance, 2016–2017

Публичное акционерное общество «Вымпел-Коммуникации»
(дочерняя компания, полностью принадлежащая «VEON Ltd.»)

Консолидированный отчет о прибылях и убытках
за год, закончившийся 31 декабря 2017 г.
(все суммы приведены в миллионах рублей)

	Прим.	За годы, закончившиеся 31 декабря	
		2017 г.	2016 г.
Выручка от реализации услуг		327 517	344 233
Реализация оборудования и принадлежностей		12 411	11 016
Прочая выручка		1 494	601
Итого выручка по операционной деятельности	6,7	341 422	355 850
Операционные расходы			
Себестоимость услуг		(83 713)	(93 292)
Себестоимость оборудования и принадлежностей		(13 113)	(12 413)
Коммерческие, общехозяйственные и административные расходы	8	(126 928)	(119 901)
Износ основных средств	13	(55 397)	(56 754)
Амортизация нематериальных активов	14	(11 369)	(11 057)
Убыток от обесценения	9, 13, 14	(3 898)	(6 140)
Убыток от выбытия внеоборотных активов		(1 258)	(1 497)
Итого операционные расходы		(295 676)	(301 054)
Прибыль по операционной деятельности		45 746	54 796
Финансовые расходы			
Финансовые расходы		(23 764)	(24 815)
Финансовые доходы		2 708	6 356
Чистые (отрицательные) / положительные курсовые разницы*		(879)	8 088
Прочие внеоперационные расходы (нетто)	10	(6 674)	(6 356)
Доля в убытке совместных предприятий, учитываемых по методу долевого участия	12	(1 231)	(885)
Обесценение инвестиций в совместные предприятия, учитываемые по методу долевого участия	12	(6 410)	(5 993)
Прибыль до налогообложения		9 496	31 191
Расход по налогу на прибыль	11	(1 293)	(18 459)
Прибыль за год		8 203	12 732
Приходящаяся на:			
Собственников Компании		7 646	16 445
Неконтролирующие доли участия	12	557	(3 713)
		8 203	12 732

* Либерализация валютного рынка в Узбекистане оказала существенное влияние на пересчет операций в Узбекистане в иностранную валюту, см. Примечание 2 для дополнительной информации.

Консолидированный отчет о финансовом положении

(в миллионах рублей)

	Прим.	31 декабря	
		2020	2019
Активы			
Внеоборотные активы			
Основные средства	3.1	292 283	288 408
Активы в форме права пользования	3.2	74 114	85 485
Нематериальные активы, за исключением гудвила	3.3.1	75 346	80 845
Гудвил	3.3.2	30 578	30 549
Инвестиции в ассоциированные и совместные предприятия	3.4	66 914	68 385
Внеоборотные финансовые активы	3.5	129 277	15 239
Внеоборотные нефинансовые активы	3.8	9 096	9 092
Отложенные налоговые активы	2.4	1 309	848
Итого внеоборотные активы		678 917	578 851
Оборотные активы			
Запасы	3.7	9 659	10 257
Оборотные нефинансовые активы	3.8	9 065	7 432
Предоплата по налогу на прибыль	2.4	1 102	3 908
Торговая и прочая дебиторская задолженность	3.6	28 008	37 104
Прочие оборотные финансовые активы	3.5	12 201	2 898
Денежные средства и их эквиваленты	3.5.1	34 614	52 706
Итого оборотные активы		94 649	114 305
Итого активы		773 566	693 156

Appendix 20- MegaFon's Consolidated Statement of Financial Position, 2019-2020

	Прим.	31 декабря	
		2020	2019
Капитал и обязательства			
Капитал			
Капитал, приходящийся на собственников Компании	4	233 548	104 956
Неконтролирующие доли участия		(524)	(307)
Итого капитал		233 024	104 649
Долгосрочные обязательства			
Кредиты и займы	3.5	272 675	350 066
Прочие долгосрочные финансовые обязательства	3.5	667	2 552
Долгосрочные нефинансовые обязательства	3.8	3 968	4 000
Долгосрочные обязательства по аренде	3.5	65 979	77 315
Резервы	3.9	7 715	6 380
Отложенные налоговые обязательства	2.4	33 572	34 601
Итого долгосрочные обязательства		384 576	474 914
Краткосрочные обязательства			
Торговая и прочая кредиторская задолженность	3.5	44 171	54 607
Кредиты и займы	3.5	73 862	25 692
Прочие краткосрочные финансовые обязательства	3.5	209	251
Краткосрочные нефинансовые обязательства	3.8	21 054	18 264
Краткосрочные обязательства по аренде	3.5	16 296	13 584
Задолженность по налогу на прибыль	2.4	374	1 195
Итого краткосрочные обязательства		155 966	113 593
Итого капитал и обязательства		773 566	693 156

Генеральный директор
Г.А. Вермишян



Главный бухгалтер
Г.А. Григорян



24 марта 2021 г.

Консолидированный отчет о прибылях и убытках

(в миллионах рублей)

	Прим.	За годы по 31 декабря	
		2020	2019
Выручка	2.1	332 159	348 961
Операционные расходы			
Себестоимость		97 836	109 158
Коммерческие расходы	2.2	18 877	20 193
Общие и административные расходы	2.3	67 660	67 992
Амортизация основных средств и АФПП	3.1, 3.2	51 726	68 050
Амортизация нематериальных активов	3.3.1	21 941	20 340
Убыток от выбытия внеоборотных активов		684	623
Итого операционные расходы		258 724	286 356
Операционная прибыль		73 435	62 605
Финансовые расходы		(38 300)	(45 195)
Финансовые доходы		8 937	2 097
Доля в убытке ассоциированных и совместных предприятий	3.4	(5 169)	(5 277)
Прочие неоперационные расходы		(3 237)	(2 087)
Прибыль/(убыток) по финансовым инструментам, нетто	3.5.4	2 741	(1 982)
(Убыток)/прибыль по курсовым разницам, нетто		(3 126)	2 084
Прибыль до налогообложения		35 281	12 245
Расход по налогу на прибыль	2.4	8 509	4 066
Прибыль за год		26 772	8 179
приходящаяся на собственников Компании		26 626	8 087
приходящаяся на неконтролирующие доли участия		146	92
		26 772	8 179

Консолидированный отчет о финансовом положении

(в миллионах рублей)

	Прим.	31 декабря	
		2019	2018
Активы			
Внеоборотные активы			
Основные средства	3.1	288 408	224 666
Активы в форме права пользования	3.2	85 485	—
Нематериальные активы за исключением гудвила	3.3.1	80 845	81 026
Гудвил	3.3.2	30 549	30 549
Инвестиции в ассоциированные и совместные предприятия	3.4, 5.1	68 385	73 265
Внеоборотные финансовые активы	3.5	15 239	3 829
Внеоборотные нефинансовые активы	3.8	9 092	7 531
Отложенные налоговые активы	2.4	848	2 064
Итого внеоборотные активы		578 851	422 930
Оборотные активы			
Запасы	3.7	10 257	9 885
Оборотные нефинансовые активы	3.8	7 432	7 766
Предоплата по налогу на прибыль	2.4	3 908	4 275
Торговая и прочая дебиторская задолженность	3.6	37 104	29 137
Прочие оборотные финансовые активы	3.5	2 898	7 955
Денежные средства и их эквиваленты	3.5.1	52 706	27 214
Активы, предназначенные для продажи	3.9	—	847
Итого оборотные активы		114 305	87 079
Итого активы		693 156	510 009

Appendix 23 - MegaFon's Consolidated Statement of Financial Position, 2018-2019

	Прим.	31 декабря	
		2019	2018
Капитал и обязательства			
Капитал			
Капитал, приходящийся на собственников Компании	4	104 956	70 667
Неконтролирующие доли участия	5.1	(307)	(264)
Итого капитал		104 649	70 403
Долгосрочные обязательства			
Кредиты и займы	3.5	350 066	288 262
Прочие долгосрочные финансовые обязательства	3.5	2 552	509
Долгосрочные нефинансовые обязательства	3.8	4 000	3 895
Долгосрочные обязательства по аренде	3.5	77 315	4 204
Резервы	3.10	6 380	5 117
Отложенные налоговые обязательства	2.4	34 601	26 016
Итого долгосрочные обязательства		474 914	328 003
Краткосрочные обязательства			
Торговая и прочая кредиторская задолженность	3.5	54 607	53 235
Кредиты и займы	3.5	25 692	39 232
Прочие краткосрочные финансовые обязательства	3.5	251	84
Краткосрочные нефинансовые обязательства	3.8	18 264	17 661
Краткосрочные обязательства по аренде	3.5	13 584	61
Задолженность по налогу на прибыль	2.4	1 195	1 330
Итого краткосрочные обязательства		113 593	111 603
Итого капитал и обязательства		693 156	510 009

Генеральный директор



Г. А. Вермилян

Главный бухгалтер



Л. Н. Стрелкина

24 марта 2020 г.

Консолидированный отчет о прибылях и убытках

(в миллионах рублей)

	Прим.	За годы по 31 декабря	
		2019	2018
Продолжающаяся деятельность			
Выручка	2.1	348 961	335 541
Операционные расходы			
Себестоимость		109 158	100 696
Коммерческие расходы	2.2	20 193	19 574
Общие и административные расходы	2.3	67 992	91 114
Амортизация основных средств и АФПП	3.1, 3.2	68 050	49 254
Амортизация нематериальных активов	3.3.1	20 340	16 116
Убыток от выбытия внеоборотных активов		623	337
Итого операционные расходы		286 356	277 091
Операционная прибыль		62 605	58 450
Финансовые расходы		(45 195)	(25 927)
Финансовые доходы		2 097	1 634
Доля в убытке ассоциированных и совместных предприятий и убыток от обесценения инвестиции	3.4	(5 277)	(2 829)
Прочие неоперационные расходы	5.3	(2 087)	(1 677)
(Убыток)/прибыль по финансовым инструментам, нетто	3.5.4	(1 982)	713
Прибыль/(убыток) по курсовым разницам, нетто		2 084	(1 271)
Прибыль от продолжающейся деятельности до налогообложения		12 245	29 093
Расход по налогу на прибыль	2.4	4 066	7 823
Прибыль от продолжающейся деятельности		8 179	21 270
Прекращенная деятельность			
Прибыль от прекращенной деятельности за вычетом налога	5.1	—	11 584
Прибыль за год		8 179	32 854
приходящаяся на собственников Компании		8 087	35 170
приходящаяся на неконтролирующие доли участия		92	(2 316)
		8 179	32 854

Консолидированный отчет о финансовом положении

(в миллионах рублей)

	ПРИМ.	ЗА ГОДЫ ПО 31 ДЕКАБРЯ	
		2017	2016
Активы			
Внеоборотные активы			
Основные средства	3.1	220 705	237 155
Нематериальные активы за исключением гудвила	3.2.1	128 140	61 295
Гудвил	3.2.2	73 218	30 549
Инвестиции в ассоциированные и совместные предприятия	3.3	28 567	45 234
Внеоборотные финансовые активы	3.4	3 585	4 799
Внеоборотные нефинансовые активы	3.7	4 558	3 039
Отложенные налоговые активы	2.4	3 829	1 199
Итого внеоборотные активы		462 602	383 270
Оборотные активы			
Запасы	3.6	10 045	9 354
Оборотные нефинансовые активы	3.7	7 446	5 051
Предоплата по налогу на прибыль	2.4	2 586	1 992
Торговая и прочая дебиторская задолженность	3.5	26 520	19 352
Прочие оборотные финансовые активы	3.4	16 097	10 842
Денежные средства и их эквиваленты	3.4.1	36 147	31 922
Активы, предназначенные для продажи	3.1	284	—
Итого оборотные активы		99 125	78 513
Итого активы		561 727	461 783
Капитал и обязательства			
Капитал			
Капитал, приходящийся на собственников Компании	4	109 773	124 166
Неконтролирующие доли участия	5.7	55 536	(43)
Итого капитал		165 309	124 123

Appendix 26 - MegaFon's Consolidated Statement of Financial Position, 2016-2017

ЗА ГОДЫ ПО 31 ДЕКАБРЯ			
	ПРИМ.	2017	2016
Долгосрочные обязательства			
Кредиты и займы	3.4	212 097	195 724
Прочие долгосрочные финансовые обязательства	3.4	4 540	6 653
Долгосрочные нефинансовые обязательства	3.7	10 181	2 605
Резервы	3.8	4 378	3 888
Отложенные налоговые обязательства	2.4	28 792	20 812
Итого долгосрочные обязательства		259 988	229 682
Краткосрочные обязательства			
Торговая и прочая кредиторская задолженность	3.4	50 535	43 581
Кредиты и займы	3.4	52 013	39 389
Дивиденды к уплате	4	—	2 839
Прочие краткосрочные финансовые обязательства	3.4	3 853	3 538
Краткосрочные нефинансовые обязательства	3.7	29 186	18 186
Задолженность по налогу на прибыль	2.4	843	445
Итого краткосрочные обязательства		136 430	107 978
Итого капитал и обязательства		561 727	461 783

Генеральный директор
С.В. Солдатенков



Главный бухгалтер
Л.Н. Стрелкина



14 марта 2018 года

Прилагаемые примечания являются неотъемлемой частью настоящей консолидированной финансовой отчетности

Консолидированный отчет о прибылях и убытках

(в миллионах рублей, кроме сумм в расчете на акцию)

	ПРИМ.	ЗА ГОДЫ ПО 31 ДЕКАБРЯ	
		2017	2016
Выручка	2.1	373 297	316 275
Операционные расходы			
Себестоимость		109 196	95 157
Коммерческие расходы	2.2	28 561	19 254
Общие и административные расходы	2.3	100 298	80 725
Амортизация основных средств	3.1, 3.8	57 341	51 925
Амортизация нематериальных активов	3.2.1	17 642	7 881
Обесценение гудвила	3.2.3	—	3 400
Убыток от выбытия внеоборотных активов		491	849
Итого операционные расходы		313 529	259 191
Операционная прибыль		59 768	57 084
Финансовые расходы		(24 321)	(19 094)
Финансовые доходы		2 235	1 810
Доля в убытке ассоциированных и совместных предприятий	3.3	(2 205)	(2 651)
Убыток от обесценения инвестиции в «Евросеть»	3.3	(15 917)	—
Прочие внеоперационные расходы	5.2	(1 639)	(2 906)
Убыток по финансовым инструментам, нетто	3.4.4	(30)	(235)
(Убыток)/прибыль по курсовым разницам, нетто		(3 722)	1 822
Прибыль до налогообложения		14 169	35 830
Расход по налогу на прибыль	2.4	8 844	10 241
Прибыль за год		5 325	25 589
Прибыль за год			
приходящаяся на собственников Компании		4 551	25 496
приходящаяся на неконтролирующие доли участия		774	93
		5 325	25 589
Прибыль на акцию, рубли			
Базовая и разводненная прибыль за год, приходящаяся на собственников Компании	2.5	8	43