

**Czech University of Life Sciences Prague**

**Faculty of Economics and Management**

**Department of Trade and Finance**



## **Bachelor Thesis**

**Assessment of the financial position and performance of  
a chosen Russian company operating in the construction  
industry**

**Kulikova Diana**

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# **BACHELOR THESIS ASSIGNMENT**

Diana Kulikova

Business Administration

Thesis title

**Assessment of the Financial Position and Performance of a Chosen Russian Company Operating in the Construction Industry**

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## **Objectives of thesis**

The aim of this thesis is to assess the financial position and performance of a chosen Russian company operating in the construction industry by analyzing the company's financial statements with focus on the representation and changes of the reported assets, liabilities, expenses, revenues, profit and cash flow 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 company. Vertical and horizontal analysis and ratio analysis of the financial statements will be used to assess the financial position and performance of the company 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

40-50

## Keywords

financial statements, financial position, balance sheet, assets, liabilities, equity, financial performance, income statement, expenses, revenues, profit, financial analysis, cash-flow, construction industry

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## **Declaration**

I declare that I have worked on my bachelor thesis titled " Assessment of the financial position and performance of a chosen Russian company operating in the construction industry " by myself and I have used only the sources mentioned at the end of the thesis. As the author of the bachelor thesis, I declare that the thesis does not break any copyrights.

In Prague on 15.03.2023

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### **Acknowledgement**

I would like to thank Ing. Enikő Lőrinczová, Ph. D for her support and valuable guidance.

I would like to thank my parents for believe in me and my achievements.

# **Assessment of the financial position and performance of a chosen Russian company operating in the construction industry**

## **Abstract**

This study evaluates the PJSC "PIK-specialized homebuilder's" financial position and performance in accordance with its Annual Report. Assessment of the Company's health is measured through the analysis of the Financial Statements and Financial Ratios. The entire evaluation consists of three sections: the Literature Review, the Practical Part, and a discussion of the results. Literature Review consists of theoretical knowledge regarding accounting legislation in Russia, Financial Statements included in Annual Report of the companies and the components of each financial statement, as well as a detailed description of the company's industry of specialization. The next chapter focuses on the company's characteristics, interpretation of horizontal and vertical analysis of financial position and performance statements, as shown in the Balance Sheet and Income Statement. Analysis of Financial Ratios, including ROA, ROE, Current Ratio, and Debt-to-Equity Ratio. In the Results and Discussion section, all of the results from the analysis conducted in the practical section are clarified.

**Keywords:** financial statements, financial position, balance sheet, assets, liabilities, equity, financial performance, income statement, expenses, revenues, profit, financial analysis, cash-flow, construction industry

# Zhodnocení finanční situace a výkonnosti vybrané společnosti v Rusku působící ve stavebnictví

## Abstrakt

Tato studie hodnotí finanční situaci a výkonnost společnosti "Pik-specialized homebuilder", která vychází z její výroční zprávy. Posouzení zdravotního stavu společnosti se měří analýzou účetní závěrky a finančních ukazatelů. Celé hodnocení se skládá ze tří částí: přehledu literatury, praktické části a diskuse o výsledcích. Přehled literatury se skládá z teoretických znalostí týkajících se účetní legislativy v Rusku, účetní závěrky obsažené ve výroční zprávě společnosti a složek každé účetní závěrky, jakož i podrobného popisu specializačního odvětví společnosti. Další kapitola se zaměřuje na charakteristiku společnosti, interpretaci horizontální a vertikální analýzy finanční situace a výkazů výkonnosti, jak je uvedeno v rozvaze a výsledovce. Analýza finančních ukazatelů, včetně Návratnosti aktiv, Návratnosti vlastního kapitálu, aktuálního poměru a poměru dluhu k vlastnímu kapitálu. V sekci Výsledky a diskuse jsou objasněny všechny výsledky z analýzy provedené v praktické části.

**Klíčová slova:** účetní závěrka, finanční situace, rozvaha, aktiva, pasiva, vlastní kapitál, finanční výkonnost, výkaz zisku a ztráty, náklady, výnosy, zisk, finanční analýza, cash-flow, stavebnictví.

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## **List of abbreviations**

PJSC – Public Joint Stock Company

IASB – International Accounting Standards Board

IFRS – International Financial Reporting Systems

COGS – Cost of Goods Sold

ROA – Return on Assets

ROE – Return on Equity

P P&E – Plant, Property and Equipment

EPS – Earnings per Share

RUB – Russian Rubble

## **1. Introduction**

A company's financial health relates to its ability to make profit, enhance the worth of capital investments, as well as effectively pay off its short- and long-term obligations. Different methods of financial analysis are the main foundation on which assessments of financial performance are built. The objective of assessment is to provide with a complex analysis of the company and its effectiveness. (Myšková and Hájek, 2017) The assessment of the company's financial position and performance is an essential instrument for determining the company's overall financial health, keeping track of the company's weakness and any potential financial risks, gaining an understanding of any necessary improvements, and taking the most beneficial decision possible regarding the company's future course of action. It would be impractical to run the business without conducting an evaluation of its financial component.

This work is intended to provide a financial assessment of a construction sector company. Construction is one of the greatest sectors in the world and one of the most influential industries in Russia's economic growth. PJSC "PIK-Specialized homebuilder" was selected since it has been a leader in the Russian construction business for many years. This is a public company that releases reports in both Russian and English with open access.

## **2. Objectives and Methodology**

### **2.1 Objectives**

The aim of this thesis is to assess the financial position and performance of a Russian company PJSC “PIK-Specialised homebuilder” operating in the construction industry by analysing its financial statements with focus on the representation and changes of the reported assets, liabilities, equity, expenses, and revenues for a four year period to identify the potential financial problems and the most significant factors influencing the profit from the company and industry point of view. To get an insights of the company’s financial health during the period of 2018-2021 reporting years and identify the potential weaknesses, and strengths.

### **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 company. Vertical and horizontal analysis and ratio analysis of the financial statements will be used to assess the financial position and performance of the company 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**

The literature review is a component of the bachelor's thesis that reveals the theoretical foundations for the analysis of the selected company's financial statements. The literature review always precedes the practical section. In order to properly analyse the data, it is necessary to understand its structure and operation, as well as the meaning of each value.

#### **3.1 Accounting legislation in Russian Federation**

##### **3.1.1 Accounting in general**

“Accountancy is the art of communicating financial information about a business entity to users such as shareholders and managers. The communication is generally in the form of financial statements that show in money terms the economic resources under the control of the management. The art lies in selecting the information that is relevant to the user and is reliable”. (Elliott, 2019)

Accounting constitutes one of the most essential business functions. Accounting is the process of recording a company's financial transactions. This involves analysing and reporting all the transactions into one summarized system to meet interested parties' needs. Gerasimova (2012) defines accounting reporting is a “link in the interaction process between organizations and society and acts as a tool for enterprise management”.

##### **3.1.2 Federal Law**

Federal law establishes all the requirements and regulations for accounting, including accounting statements.

The consolidated financial statements of an organization are prepared along with the accounting (financial) statements of this organization, compiled in accordance with Federal Law No. 402-FZ of December 6, 2011 "On Accounting". (Ministry of Finance of the Russian Federation, 2011)

According to Federal Law No. 208-FZ dated July 27, 2010 "On Consolidated Financial Statements”, for the preparation of consolidated financial statements, it is required to use IFRS issued by IASB, translated to Russian, and approved by the Ministry of Finance along with Central Bank.

Federal Law requires performing recordings in Russian, where all values represented in the official currency of the Russian Federation, the ruble. Official reporting period

recognised by this Federal Law is the calendar year that starts from January 1 and ends on December 31.

**“This Federal Law applies:**

- 1) credit institutions;
- 2) to insurance organizations (with the exception of insurance medical organizations operating exclusively in the field of compulsory medical insurance);
- 3) to non-state pension funds;
- 4) management companies of investment funds, mutual investment funds and non-state pension funds;
- 5) to clearing organizations;
- 6) to federal state unitary enterprises, the list of which is approved by the Government of the Russian Federation;
- 7) to joint-stock companies, the shares of which are in federal ownership and the list of which is approved by the Government of the Russian Federation;
- 8) to other organizations whose securities are admitted to organized trading by including them in the quotation list, with the exception of specialized companies and mortgage agents”. (Ministry of Finance of the Russian Federation, 2010)

### **3.1.3 Submission of Consolidated Financial Statements**

The Ministry of Finance of the Russian Federation sets the publication deadlines for consolidated financial statements as 120 days for annual and 60 days for interim financial statements. Additionally, it is noted that if the last day for reporting falls on a Russian Federation holiday, the next business day will serve as the deadline. (Ministry of Finance of the Russian Federation, 2010)

### **3.1.4 Audit of Consolidated Financial Statements**

The purpose of an audit is to verify the accuracy of preparation of financial report, taking into consideration all applicable regulations and standards; evaluate the company's financial risks; and warn of possible issues. The annual consolidation of financial accounts is subject to mandatory audit. Audit of consolidated financial statements conforms to all of the rules and regulations outlined in Federal Law No. 307 – FZ, dated December 30, 2008, “On Auditing”. (Ministry of Finance of the Russian Federation, 2010)

### **3.1.5 Disclosure of Consolidated Financial Statements**

According to the definition provided by the Ministry of Finance of the Russian Federation, disclosed consolidated financial statements are those that have been officially published in the public domain and are therefore accessible to a wide variety of individuals with an interest in the topic. (Ministry of Finance of the Russian Federation, 2010)

In addition to the financial accounts, a public auditor's report must also be available. In line with federal law, financial statements are revealed within 30 days of their submission date; however, other federal laws may define the date.

“If the last day of the period for disclosure of consolidated financial statements falls on a day recognized in accordance with the legislation of the Russian Federation as a day off or non-working holiday, the last day of the period for disclosure of consolidated financial statements is the first business day following it”. (Ministry of Finance of the Russian Federation, 2010)

Thus, the official disclosure of the financial report enables open access to officially structured information, prepared in accordance with all applicable requirements and standards, and permits interested parties to do an analysis of the company from the financial point of view.

### **3.2 Basic characteristics of Financial Statements**

The major mechanism through which a company provides its financial information to external stakeholders, such as shareholders, creditors, and regulators, are the accounting statements that are prepared by the company. (Riahi, 2004)

Financial statement is a report containing all the summarized financial data of a company for a certain period of time, which provides transparency about company's business activities and financial performances and draw conclusions. Preparation of financial statement is always based on a set of consistent and reasonable accounting rules and methodologies. Companies use Income statement, Balance sheet, Statement to Changes in Equity and Cash-Flow statement. All three financial statements are interconnected and used as a set. Which is why it is very important to learn all them, therefore it is possible to create different views and more accurately and correctly draw conclusions about the financial activities of the company and its current financial condition.

“However, the financial statements provide only limited insight into a company’s performance and must be combined with key financial ratios and ultimately an

understanding of the company's market, competitive position, and strategy, before evaluating a company's current performance and value. A significant limitation of financial statements is that they present historical results – that is, the past. Other measures and mechanisms must be utilized to see what is happening in the present and to predict and manage future outcomes". (Alexander, 2018)

Accounting reports include the set of all financial statements plus Notes to financial statements. Notes to financial statements are always required because they provide disclosure of information given in results of operations that are not entirely obvious or are not shown in financial statements.

The following are some examples of fundamental characteristics that should serve as the foundation for financial statements:

- **Relevance.** At the time of the official publication of the report, the information that is included in the financial reports needs to be up to date in order to provide an opportunity for evaluation, the creation of future projections, and the identification of strengths and weaknesses.

- **Reliability.** The aspect of information contained in financial statements that is considered to be the most significant. Information must be accessible and transparent, reliable and dependable, and it must not serve to further the interests of any of the parties involved. Reliable information allows you to accurately evaluate and analyze financial statements.

- **Comparability.** The comparability of information makes it possible to compare the financial accounts of one or more companies during different periods, which makes it possible to determine whether or not there has been progress or a weakness. (Godfrey, Hodgson, Tarca, Hamilton, and Holmen, 2010)

### **3.3 Balance Sheet – Statement of Financial Position**

The Statement of Financial Position is the primary form of accounting reporting for a company in any jurisdiction, and it represents a summary of accounts. The ability to read the Statement of Financial Position allows to evaluate all the valuables and draw specific conclusions. (Lakhtionova, Muranova, Bugaiiov, Ozeran, and Kalabukhova, 2021)



It is also called as statement of financial position. It always refers to a specific date, so the data displayed there is accurate to that date. Balance sheet shows three entities: Assets, Liabilities and Shareholder's equity as of the reported date. It provides the company owners with clear information about financial worth of the company. In other words, it is used to understand the situation with its resources, what company owes to other parties and what company owns.

The rule is that assets are on the right-hand side, liabilities and shareholder's equity on the left-hand side, when in fact companies record starting with assets, which can go on the left side, then liabilities, and at the end in the bottom shareholder's equity.

Balance sheet consists of three main components: Assets, Liabilities and Shareholder's equity.

A properly drafted Balance sheet should follow this equation:  $\text{Assets} = \text{Liabilities} + \text{Shareholder's equity}$

This implies that a firm's financial liabilities, combined with the equity investment made into the company and its retained earnings, balance its assets.

### **Assets**

All items of value that are owned by the corporation are referred to as assets. The assets may be classified into two groups: current and non-current.

#### **Current asset**

This type of asset is called short-term for a reason, all because their lifespan is rather short. It can be one year or less and they can be readily converted into money. It includes cash, cash equivalents, inventory, animal and receivables to clients.

Cash and cash equivalents are cash itself and bank accounts they are the safest assets.

Inventories consist of raw materials, goods and work-in-progress.

Young animals include only those animals that are used once, for example cows for meat.

Receivables to customers. This asset means a short-term obligation of company's customers to its owner.

Depreciation is calculated and deducted from most of these assets, which represents the economic cost of the asset over its useful life.

### **Fixed / Non-current asset**

Unlike short-term assets, long-term assets have a duration of more than a year, that is, they are used for a long time and are not immediately converted into money. It is divided by intangible and tangible assets.

### **Intangible assets**

Penman (2009) distinguishes intangible assets from tangible assets based on their lack of physical form and inability to be identified so that supply contracts can be placed on them.

Copyrights that show the value of a company's name and its products  
Software

### **Tangible assets**

This type of non-current assets imply the presence of physical form and has a monetary value. Common examples of them include:

Machinery

Materials

Buildings and land

Animal – but only that are used for long term, such as chicken for eggs.

### **Liabilities**

In other words it is an obligation that can be long-term and short-term. In comparison to assets it is an amount that a company owes to its creditors or suppliers for buying materials and merchandise, while assets are things that are owed by a company. Liabilities reported into the Balance sheet to create a clear picture about company's financial situation. In accounting, liabilities are recorded on the right side of the Balance sheet, in opposition to assets, which is quite logical due to the contrast between these two definitions.

Short-term or current liabilities are defined as financial obligations that are due in a year or during a typical operational cycle, while long-term liabilities known as financial obligations like debts that are due beyond one year.

### **Shareholder's equity**

Equity is the entity's remaining stake in its assets after obligations have been subtracted. (Framework, 2018)

As previously stated, shareholder equity refers to the total value of a company's capital which is primarily connected to its owners. This indicates the number of money owners of the company have put into capital. Stockholders' equity is another name for shareholder equity.

A corporation with positive shareholder equity indicates that the company is sufficient to cover its liabilities, whereas negative shareholder equity indicates that the company has more liabilities than assets, and it is worth paying attention to. On the balance sheet, a corporation is shown as insolvent if shareholder equity persists negative.

Figure 1: Balance Sheet of the chosen company

Consolidated Statement of Financial Position as at 31 December 2021				mIn RUB		Note	31 December 2021	31 December 2020
	Note	2021	2020	EQUITY AND LIABILITIES				
<b>ASSETS</b>				<b>Equity</b>		26		
<b>Non-current assets</b>				Share capital			41,295	41,295
Property, plant and equipment	15	29,789	35,546	Additional paid-in capital			(4,041)	(8,470)
Intangible assets and goodwill	16	15,772	14,033	Treasury shares			(758)	-
Investment property	17	8,012	6,880	Translation reserve			15	-
Equity-accounted investees	19	47,283	8	Retained earnings			220,119	147,343
Other investments	20	3,059	218	<b>Total equity attributable to owners of the Company</b>			<b>256,630</b>	<b>180,168</b>
Accounts receivable, including contract assets	21	4,387	663	Non-controlling interests		28	3,421	2,143
Financial instruments measured at fair value through profit and loss	25	68,197	34,378	<b>Total equity</b>			<b>260,051</b>	<b>182,311</b>
Deferred tax assets	14	12,167	4,747	<b>Non-current liabilities</b>				
<b>Total non-current assets</b>		<b>188,666</b>	<b>96,473</b>	Loans and borrowings	27		370,398	197,329
<b>Current assets</b>				Accounts payable	30		33,129	7,450
Inventories	18	453,169	306,990	Liabilities from long-term lease contracts	22		8,713	10,210
Other investments	20	3,261	454	Provisions	29		315	153
Current income tax assets		3,619	1,785	Deferred tax liabilities	14		42,844	33,813
Accounts receivable, including contract assets	21	278,796	145,341	<b>Total non-current liabilities</b>			<b>455,399</b>	<b>248,955</b>
Cash and cash equivalents	23	131,200	96,527	<b>Current liabilities</b>				
Other current assets		2,641	1,238	Loans and borrowings	27		76,896	34,766
<b>Total current assets</b>		<b>872,686</b>	<b>552,335</b>	Accounts payable, including contract liabilities	30		220,640	145,263
<b>Total assets</b>		<b>1,061,352</b>	<b>648,808</b>	Liabilities from long-term lease contracts	22		7,217	3,753
				Provisions	29		37,054	27,341
				Current income tax liabilities			4,095	6,419
				<b>Total current liabilities</b>			<b>345,902</b>	<b>217,542</b>
				<b>Total liabilities</b>			<b>801,301</b>	<b>466,497</b>
				<b>Total equity and liabilities</b>			<b>1,061,352</b>	<b>648,808</b>

Source: The Annual Report of the chosen company.

### 3.4 Income Statement – Statement of Financial Performance

Whereas the balance sheet is unable to provide a snapshot of the value of using assets jointly, the income statement can (at least in theory): Profit is the accounting value that is added by utilizing tangible assets in addition to entrepreneurship, knowledge, organizational capital, etc. The brilliance of accounting: deriving a performance measure from the structuring of assets in accordance with a business plan. With this summary metric, there is no need to define intangible assets (or even question if they exist); one only has to monitor the profits generated by the company plan. (Penman, 2009).

Another name for Income statement is Profit and Loss statement. Income statement is a report, which provides company's owners with an easy-to-understand picture of its revenues and expenses at a specific time period. Investors use it as a tool easily interpret and make a complete understanding of a company's financial situation.

Structure of income statement:

### **Revenues**

A company's income is any increase in economic benefits that occur during the accounting period. These benefits can take the form of an increase in assets or reductions in liabilities that lead to an increase in equity. Income does not include the economic benefits that result from contributions made by equity participants. (O'Hare, 2016)

Company's revenue represents the total amount of profit it earned from the sale of its goods, materials, merchandise, or services during the relevant period.

### **Expenses**

Expenses, as opposed to income, represent declines in economic benefits throughout an accounting period in the form of debt repayment, reduction of assets, or occurrence of obligations that result in decreases in equity, except to the extent that they relate to distributions to equity participants. (O'Hare, 2016)

There are two common representations of Income statement operation expenses – by Nature and by Function. By nature, an income statement discloses expenses by category, including raw materials, merchandise, transportation costs, rent costs, depreciation or amortisation, wages, employee benefits, and etc. Such method is easier to implement. Operation expenses by function are classified according to the functions they are spent on. They consist of Cost of goods sold (COGS), Administrative expenses, and Selling (Distribution) expenses. The chosen company is using second method for Income statement.

### **Financial expenses**

These expenses are not involved in core operations of the company. They occur mainly because of getting a loan from creditors.

### **Net Income**

It is also known as Net Profit or Loss of the company. This item refers to a bottom line of the structure of the Income Statement. Profit or Loss of the business is always calculated according to the formula: **Profit or loss = Revenue – Expenses.**

It gives a clear company's financial picture. A company gains profit in case when the total sum of its revenue is more than its expenses. Otherwise, the company suffer loss.

Figure 2: Income Statement of the chosen company

*Public Joint Stock Company "PK-specialized homebuilder"*  
*Consolidated Financial Statements for 2021*

**Consolidated Statement of Profit or Loss and Other Comprehensive Income for 2021**

mln RUB	Note	2021	2020
Revenue	9	487,806	380,161
Cost of sales		(374,100)	(275,976)
<b>Gross profit</b>		<b>113,706</b>	<b>104,185</b>
(Loss)/gain on disposal of subsidiaries, associates and investment property, net	8	(2,447)	620
Distribution expenses		(7,240)	(6,264)
Administrative expenses	12	(15,232)	(10,755)
Share of profit/(loss) of equity-accounted investees, net of income tax	19	2,222	(212)
Profit from change in fair value of investment property	17	1,636	480
(Impairment losses)/reversal of impairment losses on non-financial assets, net	24	(221)	996
Other expenses, net	11	(4,850)	(1,363)
<b>Profit from operating activities</b>		<b>87,574</b>	<b>87,687</b>
Finance income	10	58,715	28,369
Finance costs	10	(19,790)	(8,213)
Significant financing component from contracts with customers	10	(2,357)	(2,568)
<b>Net finance income for the period</b>		<b>36,568</b>	<b>17,588</b>
<b>Profit before income tax</b>		<b>124,142</b>	<b>105,275</b>
Income tax expense	14	(20,557)	(18,782)
<b>Profit for the reporting period</b>		<b>103,585</b>	<b>86,493</b>
<i>Items that are or may be reclassified to profit or loss:</i>			
Foreign currency translation differences for foreign operations		15	-
<b>Other comprehensive income for the reporting period</b>		<b>15</b>	<b>-</b>
<b>Total comprehensive income for the reporting period</b>		<b>103,600</b>	<b>86,493</b>
<b>Profit attributable to:</b>			
Shareholders of the Company		102,846	86,381
Non-controlling interests	28	739	112
<b>Total comprehensive income attributable to:</b>			
Shareholders of the Company		102,861	86,381
Non-controlling interests	28	739	112
<b>Total comprehensive income for the reporting period</b>		<b>103,600</b>	<b>86,493</b>
Basic and diluted earnings per share, RUB	26 (c)	<b>156.00</b>	<b>130.78</b>

Source: The Annual Report of the chosen company.

### 3.5 Cash Flow Statement

Cash flow accounting, according to Elliott (2019), is a statement that offers accurate, consistent, and objective information about a company's cash transactions. The primary purpose of this report is to provide accountability for financial resources and investment decisions.

This type of statement provides information of the company's ability to generate cash in order to meet its short-term obligations and its current assets.

“The increases and decreases in account balances of balance sheet accounts also affect cash flow. Referred to as the Source and Use of Funds Statement, this report describes how cash flows in and out of the different accounts in the Balance Sheet. This also reflects the cash strength or liquidity of a business”. (Hales, 2006)

The structure of the Cash flow includes mainly:

- Cash flow from Operating activities. This section represents cash flow generated as the result of the routine business activities carried out by an organization over a given period.

– Cash flow from Investing activities. This category includes cash flow from company's investments, purchases or sales of long – term assets like equipment and property.

– Cash flow from Financial activities. The final section of structure represents cash flow associated with payment of dividends, repayment of debts to creditors, and issuing stocks.

### **3.6 Financial analysis of the company**

Financial analysis is an essential accounting tool for comprehending the financial condition of the company. This analysis includes reviewing three significant statements: Financial position statement, Financial performance statement, and Cash flow statement.

Babalova and Abiola (2013) defined financial statements analysis users, such as:

**Managers:** Managers are responsible for analyzing the financial statements in order to determine the level of risk and profitability.

**Directors:** Directors, in their capacity as representatives of the investors, are charged with the responsibility of safeguarding the interests of investors by maintaining a vigilant oversight of the operations of the company.

**Regulators:** The duty of Internal Revenue Service is to audit tax records and verify the acceptability of stated amounts using tools derived from financial statement analysis.

**Investors:** Analysis of the company's financial statements is one of the components of a complete picture for investors to make decisions.

#### **3.6.1 Financial analysis**

The following are three main methods of financial analysis:

##### **Horizontal analysis**

This method compares indicators for a specific year with the base year and depicts percentage change. Each indicator compares with the same item over distinct periods, and it allows to give a clear picture of changes in items and determine whether the company operates efficiently. Another variant of this analysis is trend analysis, it indicates a trend and forecasts projections.

Horizontal analysis focuses on indicator trends. It allows you to determine how individual indicators have changed in different time periods and how actively the changes have occurred in percentage terms. (Tolkacheva and Sidorenko, 2017)

### **Vertical analysis**

Unlike Horizontal, Vertical analysis is represented as proportional analysis, where each element is expressed as a percentage of another element. This provides a comprehension of the overall financial activity in terms of both revenues and expenses.

Both horizontal and vertical analysis are complementary. In reality, it is possible to construct analytical tables to describe the reporting structure and the fluctuations of its variables. (Tolkacheva and Sidorenko, 2017)

### **Ratio analysis**

Financial ratios are convenient tools for assessing company performance since the financial statements themselves represent raw numbers. These ratios allow assessing the profitability of the company, the use of assets, shareholder's equity, the company's ability to repay short-term and long-term loans, business liquidity, and more. (Alexander, 2018)

The purpose of this type of analysis is to evaluate the relationship between the indicators displayed in the financial statements of the company to determine the assessment of the company's performance. (Rakićević, Milošević, Petrović, and Radojević, 2016)

For the analysis in the Practical Part will be used such financial ratios as Current ratio, ROA, ROE, and Debt-to-equity ratio.

“The purpose of calculating Current Ratio is to evaluate a company's capacity to settle its short-term obligations, the indicator shows the amount of times current assets turn into cash to settle current liabilities. Typically, the indicator should not be less than 2. A company should maintain an acceptable current ratio. A low ratio suggests that the company has insufficient working capital. A high Ratio indicates inefficient resource utilization. (Babalola and Abiola, 2013)

#### **Current ratio=Current assets/Current liabilities**

Return on Assets measures how effective a company generates profit from total assets. (Utama and Muid, 2014)

#### **ROA=Net income/Total assets**

Return On Equity provides with measurements the net income relative the total amount of equity that the company owns. (Utama and Muid, 2014)

#### **ROE=Net income/Total shareholders' equity**

The debt/equity ratio is a common measure of a firm's capital structure. Capital structure is how a firm finances their assets, with either debt, equity, or a combination of both. (Lyle, 2017) The normal limits for this ratio must not exceed 1. This thesis will employ

the debt-to-equity ratio based on long-term obligations due to the fact that they involve greater risk than short-term obligations.

**Debt-to-equity ratio=Non-current liabilities/Total shareholders' equity**

### **3.7 Characteristics of the industry of chosen company**

This work is based on the analysis of a Russian company PJSC “PIK – specialized homebuilder”. Construction is for sure one of the most important segments of industries in the world. Buildings and constructions serve as a tool for people to achieve basic needs, for example, the security that a person gains by living under the roof of his own comfortable home; food products that are produced in factories and subsequently sold in stores; the need to maintain health, which a person fulfils in special medical institutions.

Constructions defined by Graaskamp (1992) as space delineated by man, relative to a fixed geography, intended to contain an activity for a specific period of time. A construction project is part of a broader structural system that is designed to fulfil long-term goals.

There are four categories of construction industry based on its purpose and value. The principal groups are:

#### **Industrial**

Industrial category is characterized as Land and structures on which industrial operations are carried on. Such operations include manufacturing, mechanical manufacturing, research and technology, development, distribution, transport, logistics, and warehousing are referred to as industrial category of real estate.

#### **Commercial**

Can be defined as land and buildings that accommodate commercial activities. Shopping centres, office buildings, retail space, movie theatres, garages, grocery stores and gas stations, hotels, and healthcare centres are a few examples.

#### **Residential**

This type is the most prevalent one. Land and buildings are used to accommodate people and their families. This category includes different type of apartments and housing arrangements.



## **Land**

For all categories of buildings, land serves as the foundation. Land is the most popular for investing in long-term assets. It includes agricultural land such as ranches and farms, land for future development, and undeveloped raw land.

### **3.7.1 Construction industry development**

The construction development process according to HAN (1998) is “a production process that creates the build environment”. It includes the period from selection and purchasing of a raw land to the release of a new construction or a building to achieve peoples goals and needs.

In other words, this long and rather complicated process requires: careful selection and preparation of the land; selection of the foundation; development of the project and project documentation; involvement of special equipment and people. All of the above must be carefully elaborated because people design buildings for long-term and high-quality use.

### **3.7.2 Construction industry in Russia**

Construction is one of the most significant, most stable and rapidly growing industries in the Russian economy.

Two main types of estate are included in construction industry: residential and non-residential. According to RBC News portal (2022), the volume of residential construction significantly exceeds non-residential construction. Especially in densely populated regions of the country, while individual housing construction “private sector” is widely spread.

Despite the fact that the amount of non-residential buildings in Russia is significantly smaller than the amount of residential buildings, this does not imply that development of non-residential real-estate has stopped. This market segment is appealing to investors willing to make substantial investments in the development of non-residential real estate, especially given the current market conditions. (RBC, 2022)

In compliance with the paper of Terbalyan (2022), six factors affect construction industry in Russia:

- **Social.** This involves such points as urbanization and personnel issues, among other factors. Urbanization shows positive trends in growing importance of cities for people, and this gives rise to the development and expansion. However, the study reveals that not enough young graduates are getting into the construction industry.

“According to expert estimates, educational institutions that offer programs in the field of construction graduate approximately 46,000 specialists annually, of which only 37% work in the construction industry, which is insufficient to compensate for the annual loss of elderly workers in the industry”. (Shuvalova, 2022)

- Technological. Technological factor involves the growth of innovations and automotive processes as well as availability of quality equipment.

- Economical: Key rate of Central Bank - In 2023, the key rate is 7.5% per year. Despite this, it ranged from 8.5% to 20% annually last year. Such high rates have had a substantial impact on the purchasing power of Russians and their ability to provide housing for their families, as they increase the cost of two factors: labour and materials, mortgage financing and project funding. Volatility of the currency - In 2022, the high volatility of the Rubble will have a severe influence on Russia's financial and economic operations. This element forces economic subjects to pause their activity or adopt a wait-and-see approach in order to handle available resources profitably.

- Political. This aspect primarily includes the effect of sanctions implied against Russia on the operation of the construction segment. The Russian Union of Industrialists and Entrepreneurs conducted a survey, which revealed that the sanctions affected the increase in prices for raw materials, equipment and components, as well as a decrease in the availability of loans and a decrease in investment in companies.

- Natural. Global warming has a significant impact on the construction industry. As the planet warms, buildings must consume more energy to cool themselves. To solve this problem, building designs have evolved towards the use of insulating materials and methods that decrease heat transfer. Additionally, to address the issue of energy consumption and reduce the carbon footprint of buildings, the government has implemented energy efficiency standards for structures. This has resulted in the development of new technologies and building techniques that lower the energy consumption of buildings.

- Legal. Development standards. Substantial savings in the amount of time spent on compliance or paperwork would reduce building costs. All the same, it is a valid concern that reducing the regulatory load on the company may result in a decline in the quality of building.

Due to the economic sanctions imposed against Russia, construction developers in the country are encountering difficulties. The restrictions on trade, investment, and access to

capital have limited the ability of developers to acquire the necessary resources for their projects, resulting in delays, cancellations, and other setbacks.

The economic nature of the majority of the imposed sanctions has a significant impact on the willingness of economic organizations to invest in housing projects.

In unstable conditions, the following state support measures for construction companies are especially important: subsidized interest rates on debts for residential construction, a favorable mortgage program that provides companies with the supplies they need to launch new projects, and a decrease in the number of requirements. (RIA, 2022)

Meledina (2022) discusses the government-implied assistance measures for the construction industry in 2022. They include a mortgage program with state support to increase demand for real estate; subsidies on loans for developers with rates of up to 15% per annum; measures of bureaucracy and hearings that allow for reduced barriers in documentation approvals resulting in accelerated construction; installations at a rate of 9.5%; and extension of Escrow accounts in the occasion of a delay in the commissioning of the facilities.

## **4. Practical Part**

### **4.1 Characteristics of “PIK-Group” company**

PJSC "PIK-specialized homebuilder" is a leading company in Russia's construction sector. The company focuses on the development of both commercial and social infrastructures, as well as the construction of modern residential buildings at reasonable prices. (PIK Sustainability Report, 2020)

Since 1994, Public Joint-Stock Company "PIK-specialized homebuilder" has been operating in the real estate, development, and construction industries. The name of the company stands for "First Mortgage Company" in Russian. The company was founded by Kirill Pisarev and Yury Zhukov. According to official website of “PIK Comfort” Company, in 1999, the organization's structure included the management company "ZhilStroyExploitation." The objective was to control objects and real estate after they were rented or sold. Subsequently, PIK Group implemented rebranding, and the company was called "PIK-Comfort," thus, the name became connected with the largest developer in Russia, PIK Group.

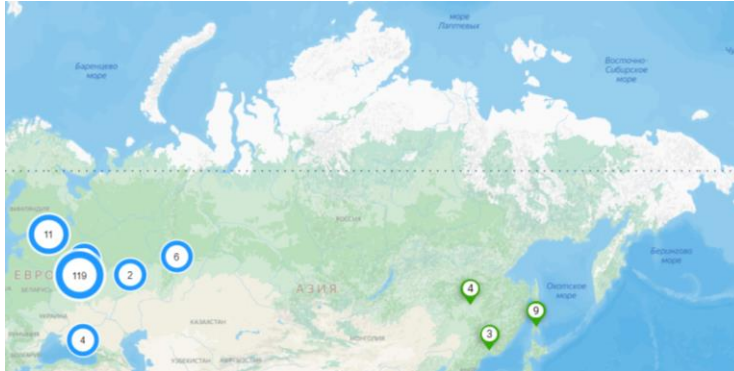
The company introduces a unified quality standard - PIK-Standard. According to this standard, all projects of the company are built, including a certain size of windows, for better lighting of the premises; entrances at ground level; landscaped yards, park areas and playgrounds; quarter building plan, etc.

#### **4.1.1 The geography of company’s operations**

In accordance with official publication of the Unified Resource of Developers portal for the Russian Federation, the company conducts development operations in 16 of its regions of presence. At the beginning of 2023, the company includes 154 residential complexes. Moscow and the surrounding region are the Company's most significant regions.

Based on the PIK-Comfort website, the company services real estate in 18 cities of Russia, with a total area of approximately 50 million square meters.

Figure 3: The map of company's operations



Source: Sustainability Report of a chosen company.

#### 4.1.2 The segment of company's operations

Development of residential real estate:

- Construction of large – scale residential units in Moscow region and other areas of Russia;
- Provision of construction services to other parties;
- Production of window and door blocks, steel and concrete panels, and other construction elements which are further used in construction;
- Implementation of control over leased or sold construction objects;
- Creation of infrastructure in residential complexes: construction of kindergartens and schools, shopping centers and shops located on the first floors of residential buildings;
- Improvement of residential yards: creation of convenient parking, park area, playgrounds, recreation area for the older generation and sports area.

Figure 4: Residential complex project



Source: Projects of the PJSC “PIK-Specialized homebuilder”

#### 4.1.3 Main competitors in Russia for 2022

According to the official publication of the Unified Resource of Developers portal for the Russian Federation, at the end of 2022, PIK Group retained its leading position among all Russian construction companies.

The following picture represents top five companies – competitors of PIK Company for 2022 year based on construction area in square meters. Following the shown picture, the Samolet Group ranks second with 3.3 million square meters, and the difference between first and second place is 2.5 million square meters. LSR rounds out the top three with 2.4 square meters of construction.

Table 1: Top 5 developers by construction volume in Russia

Number	Developer, Region	Under construction square meters
1	PIK, Moscow	5,854,129
2	GK Samolet, Moscow	3,316,538
3	LSR Group, St.Petersburg	2,596,719
4	DOGMA, Krasnodar	1,742,302
5	Holding Setl Group, St.Petersburg	1,650,780

Source: Own processing based on the Unified Resource of Developers

## 4.2 Horizontal analysis of the Statement of Financial Position – the Balance Sheet

Two tables below present a horizontal analysis of the PJSC «PIK-Group» Financial Position for 2018-2021. Horizontal analysis shows a year-to-year changes of items in the Balance Sheet. The tables were created based on information from the Annual Report of the company, and contain values expressed in millions of Russian Rubbles.

Table 2 Horizontal analysis of the Balance Sheet for 2018-2021 (Assets)

Assets	2018	2019	2020	2021	Change 2019 to 2018		Change 2020 to 2019		Change 2021 to 2020	
					value	%	value	%	value	%
<b>Non-current assets</b>										
PP&e	26 189	34 453	35 546	29 789	8 264	31.56%	1093	3.17%	-5757	-16.20%
Intangible assets and goodwill	1 881	13 454	14 033	15 772	11 573	615.26%	579	4.30%	1739	12.39%
Investment property	18 086	6 626	6 880	8 012	-11 460	-63.36%	254	3.83%	1132	16.45%
Equity-accounted investees	-	703	8	47 283	-	-	-695	-98.86%	47275	590937.50%
Other investments	378	263	218	3 059	- 115	-30.42%	-45	-17.11%	2841	1303.21%
Accounts receivable, including contract assets	1 597	1 774	663	4 387	177	11.08%	-1111	-62.63%	3724	561.69%
Financial instruments measured at fair value through profit and loss	4 434	10 377	34 378	68 197	5 943	134.03%	24001	231.29%	33819	98.37%
Deferred tax assets	7 660	593	4 747	12 167	-7 067	-92.26%	4154	700.51%	7420	156.31%
<b>Total non-current assets</b>	<b>60 225</b>	<b>68 243</b>	<b>96 473</b>	<b>188 666</b>	<b>8 018</b>	<b>13.31%</b>	<b>28230</b>	<b>41.37%</b>	<b>92193</b>	<b>95.56%</b>
<b>Current assets</b>										
Inventories	214 794	270 967	306 990	453 169	56 173	26.15%	36023	13.29%	146179	47.62%
Other investments	340	217	454	3 261	- 123	-36.18%	237	109.22%	2807	618.28%
Income tax receivable	1 479	1 475	1 785	3 619	- 4	-0.27%	310	21.02%	1834	102.75%
Accounts receivable, including contract assets	30 052	64 130	145 341	278 796	34 078	113.40%	81211	126.63%	133455	91.82%
Cash and cash equivalents	58 601	66 208	96 527	131 200	7 607	12.98%	30319	45.79%	34673	35.92%
Other current assets	-	763	1 238	2 641	-	-	475	62.25%	1403	113.33%
<b>Total current assets</b>	<b>306 113</b>	<b>403 760</b>	<b>552 335</b>	<b>872 686</b>	<b>97 647</b>	<b>31.90%</b>	<b>148575</b>	<b>36.80%</b>	<b>320351</b>	<b>58.00%</b>
<b>Total assets</b>	<b>366 338</b>	<b>472 003</b>	<b>648 808</b>	<b>1061 352</b>	<b>105 665</b>	<b>28.84%</b>	<b>176805</b>	<b>37.46%</b>	<b>412544</b>	<b>63.58%</b>

Source: own processing based on the Consolidated Financial Statements of the company

Table 3: Horizontal analysis of the Balance Sheet for 2018-2021 (Equity and Liabilities)

Equity	2018	2019	2020	2021	Change 2019 to 2018		Change 2020 to 2019		Change 2021 to 2020	
					value	%	value	%	value	%
Additional paid-in capital	-8 470	-8 470	-8 470	-4 041	0	0.00%	0	0.00%	4 429	-52.29%
Treasury shares	-	-	-	- 758	-	-	-	-	-	-
Transaction reserve	-	-	-	15	-	-	-	-	-	-
Retained earnings	45 370	75 962	147 343	220 119	30 592	67.43%	71 381	93.97%	72 776	49.39%
<b>Total equity attributable to owners of the Company</b>	<b>78 195</b>	<b>108 787</b>	<b>180 168</b>	<b>256 630</b>	<b>30 592</b>	<b>39.12%</b>	<b>71 381</b>	<b>65.62%</b>	<b>76 462</b>	<b>42.44%</b>
Non-controlling interests	1 868	1 501	2 143	3 421	- 367	-19.65%	642	42.77%	1 278	59.64%
<b>Total equity</b>	<b>80 063</b>	<b>110 288</b>	<b>182 311</b>	<b>260 051</b>	<b>30 225</b>	<b>37.75%</b>	<b>72 023</b>	<b>65.30%</b>	<b>77 740</b>	<b>42.64%</b>
<b>Non-current liabilities</b>										
Loans and borrowings	41 527	109 608	197 329	370 398	68 081	163.94%	87 721	80.03%	173 069	87.71%
Accounts payable	7 390	9 807	7 450	33 129	2 417	32.71%	-2 357	-24.03%	25 679	344.68%
Liabilities from long-term lease contracts	1 611	4 601	10 210	8 713	2 990	185.60%	5 609	121.91%	-1 497	-14.66%
Provisions			153	315	0	-	153	-	162	105.88%
Deferred tax liabilities	19 852	19 856	33 813	42 844	4	0.02%	13 957	70.29%	9 031	26.71%
<b>Total non-current liabilities</b>	<b>70 380</b>	<b>143 872</b>	<b>248 955</b>	<b>455 399</b>	<b>73 492</b>	<b>104.42%</b>	<b>105 083</b>	<b>73.04%</b>	<b>206 444</b>	<b>82.92%</b>
<b>Current liabilities</b>										
Loans and borrowings	20 719	29 939	34 766	76 896	9 220	44.50%	4 827	16.12%	42 130	121.18%
Accounts payable, including contract liabilities	162 514	159 738	145 263	220 640	-2 776	-1.71%	-14 475	-9.06%	75 377	51.89%
Liabilities from long-term lease contracts	2 164	2 023	3 753	7 217	- 141	-6.52%	1 730	85.52%	3 464	92.30%
Provisions	28 037	23 802	27 341	37 054	-4 235	-15.11%	3 539	14.87%	9 713	35.53%
Current income tax liabilities	2 461	2 341	6 419	4 095	- 120	-4.88%	4 078	174.20%	-2 324	-36.21%
<b>Total current liabilities</b>	<b>215 895</b>	<b>217 843</b>	<b>217 542</b>	<b>345 902</b>	<b>1 948</b>	<b>0.90%</b>	<b>- 301</b>	<b>-0.14%</b>	<b>128 360</b>	<b>59.00%</b>
<b>Total liabilities</b>	<b>286 275</b>	<b>361 715</b>	<b>466 497</b>	<b>801 301</b>	<b>75 440</b>	<b>26.35%</b>	<b>104 782</b>	<b>28.97%</b>	<b>334 804</b>	<b>71.77%</b>
<b>Total equity and liabilities</b>	<b>366 338</b>	<b>472 003</b>	<b>648 808</b>	<b>1061 352</b>	<b>105 665</b>	<b>28.84%</b>	<b>176 805</b>	<b>37.46%</b>	<b>412 544</b>	<b>63.58%</b>

Source: own processing based on the Consolidated Financial Statements of the company

According to the Tables 2 and 3, follows that the company had a stable growth in total Assets as well as Equity and Liabilities for the whole period of analysis. The change from 2018 to 2019 was in amount of 105 665 RUB million, which was an increase in 28,84 %. From 2019 to 2020 the items increased by 37,46 % and were equal to 176 805 RUB million. The biggest change was in 2021, items increased by 63.58 % from 2020, which was equal to 412 544 RUB million.



Table 2 depicts changes in values of non-current and current assets. Significant difference in 95,56 % of non-current assets was shown in the period 2020-2021, the amount was 92 193 RUB million. The greatest change in 2020-2021 was in Equity – accounted investees in which was in amount of 47 275 RUB million. This is a result of PIK Group's 2021 acquisition of an interest in a firm specializing in the disposal of electronic waste, as well as an involvement in providing services in the integrated development of climate equipment. However, a substantial change occurred for current assets between 2020 and 2021 which was 320 351 RUB million. Among all entities, Other investments which changed the most. This Balance Sheet item increased by 1 303.21% and amounted to 3 059 million RUB. Other investments concern mostly of loans issued to third parties with the rates of 10.06-12.6%.

Table 3 represents changes in Equity and Liabilities. Equity has increased markedly since the beginning of the analysed period. The biggest change occurred between 2019 and 2020, and the growth was 65,3 %, which is equal to 72 023 RUB million. There was an increase of almost two times in Retained earnings, this represents an accumulated profit of the company. Considering Additional paid – in – capital, follows that it has not been changed for 3 years, only in years 2020 and 2021 it increased by 4 429 RUB million. According to the Consolidated Financial Statements for 2021 the reason is that “the Group purchased 28 459 000 of its own depository receipts (GDRs) from the Bank for a consideration of RUB 28 971 million, converted them into ordinary share and returned them to the lender. In addition, in 2021 Treasury shares appeared in amount of -758 RUB million. It might be explained by the fact that Company repurchased 596 173 of its own shares for a total consideration of RUB 758 million. Table 3 further depicts analysis of Liabilities. The company's liabilities also increased over the entire period of the analysis, especially the changes are noticeable in the period 2020-2021, the increase amounted to 334,804 million RUB. The majority of the growth occurred in long-term liabilities and was attributable to long-term loans and borrowings that include bank loans and financing of construction projects. In compliance with Notes to the Financial Statements of the company, it follows that all the bank loans and projects financing are secured with lease/ownership rights of land plots and shares in certain subsidiaries of PIK – Group.

### 4.3 Vertical analysis of the Statement of Financial Position – the Balance Sheet

Tables 4 and 5 represent vertical analysis of the PJSC «PIK-Group» Balance Sheet for 2018-2021. The vertical analysis enables the determination of each reporting indicator's effect on the overall outcome. These tables were created by information from the Annual Report of the company, all values expressed in millions of Russian Rubbles. All the interpretations are made in accordance with the Notes to the Consolidated Financial Statements.

Table 4: Vertical analysis of the Balance Sheet for 2018-2021 (Assets)

Assets	2018		2019		2020		2021	
	Value	%	Value	%	Value	%	Value	%
<b>Non-current assets</b>								
PP&e	26 189	7.15%	34 453	7.30%	35 546	5.48%	29 789	2.81%
Intangible assets and goodwill	1 881	0.51%	13 454	2.85%	14 033	2.16%	15 772	1.49%
Investment property	18 086	4.94%	6 626	1.40%	6 880	1.06%	8 012	0.75%
Equity-accounted investees		0.00%	703	0.15%	8	0.00%	47 283	4.45%
Other investments	378	0.10%	263	0.06%	218	0.03%	3 059	0.29%
Accounts receivable, including contract assets	1 597	0.44%	1 774	0.38%	663	0.10%	4 387	0.41%
Financial instruments measured at fair value through profit and loss	4 434	1.21%	10 377	2.20%	34 378	5.30%	68 197	6.43%
Deferred tax assets	7 660	2.09%	593	0.13%	4 747	0.73%	12 167	1.15%
<b>Total non-current assets</b>	<b>60 225</b>	<b>16.44%</b>	<b>68 243</b>	<b>14.46%</b>	<b>96 473</b>	<b>14.87%</b>	<b>188 666</b>	<b>17.78%</b>
<b>Current assets</b>								
Inventories	214 794	58.63%	270 967	57.41%	306 990	47.32%	453 169	42.70%
Other investments	340	0.09%	217	0.05%	454	0.07%	3 261	0.31%
Income tax receivable	1 479	0.40%	1 475	0.31%	1 785	0.28%	3 619	0.34%
Accounts receivable, including contract assets	30 052	8.20%	64 130	13.59%	145 341	22.40%	278 796	26.27%
Cash and cash equivalents	58 601	16.00%	66 208	14.03%	96 527	14.88%	131 200	12.36%
Other current assets		0.00%	763	0.16%	1 238	0.19%	2 641	0.25%
<b>Total current assets</b>	<b>306 113</b>	<b>83.56%</b>	<b>403 760</b>	<b>85.54%</b>	<b>552 335</b>	<b>85.13%</b>	<b>872 686</b>	<b>82.22%</b>
<b>Total assets</b>	<b>366 338</b>	<b>100.00%</b>	<b>472 003</b>	<b>100.00%</b>	<b>648 808</b>	<b>100.00%</b>	<b>1061 352</b>	<b>100.00%</b>

Source: own processing based on the Consolidated Financial Statements of the company

Table 5: Vertical analysis of the Balance Sheet for 2018-2021 (Equity and Liabilities)

Equity	2018		2019		2020		2021	
	Value	%	Value	%	Value	%	Value	%
Share capital	41 295	11.27%	41 295	8.75%	41 295	6.36%	41 295	3.89%
Additional paid-in capital	-8 470	-2.31%	-8 470	-1.79%	-8 470	-1.31%	-4 041	-0.38%
Treasury shares	-	-	-	-	-	-	- 758	-0.07%
Transaction reserve	-	-	-	-	-	-	15	0.00%
Retained earnings	45 370	12.38%	75 962	16.09%	147 343	22.71%	220 119	20.74%
<b>Total equity attributable to owners of the Company</b>	<b>78 195</b>	<b>21.35%</b>	<b>108 787</b>	<b>23.05%</b>	<b>180 168</b>	<b>27.77%</b>	<b>256 630</b>	<b>24.18%</b>
Non-controlling interests	1 868	0.51%	1 501	0.32%	2 143	0.33%	3 421	0.32%
<b>Total equity</b>	<b>80 063</b>	<b>21.85%</b>	<b>110 288</b>	<b>23.37%</b>	<b>182 311</b>	<b>28.10%</b>	<b>260 051</b>	<b>24.50%</b>
<b>Non-current liabilities</b>		0.00%		0.00%		0.00%		0.00%
Loans and borrowings	41 527	11.34%	109 608	23.22%	197 329	30.41%	370 398	34.90%
Accounts payable	7 390	2.02%	9 807	2.08%	7 450	1.15%	33 129	3.12%
Liabilities from long-term lease contracts	1 611	0.44%	4 601	0.97%	10 210	1.57%	8 713	0.82%
Provisions		0.00%		0.00%	153	0.02%	315	0.03%
Deferred tax liabilities	19 852	5.42%	19 856	4.21%	33 813	5.21%	42 844	4.04%
<b>Total non-current liabilities</b>	<b>70 380</b>	<b>19.21%</b>	<b>143 872</b>	<b>30.48%</b>	<b>248 955</b>	<b>38.37%</b>	<b>455 399</b>	<b>42.91%</b>
<b>Current liabilities</b>								
Loans and borrowings	20 719	5.66%	29 939	6.34%	34 766	5.36%	76 896	7.25%
Accounts payable, including contract liabilities	162 514	44.36%	159 738	33.84%	145 263	22.39%	220 640	20.79%
Liabilities from long-term lease contracts	2 164	0.59%	2 023	0.43%	3 753	0.58%	7 217	0.68%
Provisions	28 037	7.65%	23 802	5.04%	27 341	4.21%	37 054	3.49%
Current income tax liabilities	2 461	0.67%	2 341	0.50%	6 419	0.99%	4 095	0.39%
<b>Total current liabilities</b>	<b>215 895</b>	<b>58.93%</b>	<b>217 843</b>	<b>46.15%</b>	<b>217 542</b>	<b>33.53%</b>	<b>345 902</b>	<b>32.59%</b>
<b>Total liabilities</b>	<b>286 275</b>	<b>78.15%</b>	<b>361 715</b>	<b>76.63%</b>	<b>466 497</b>	<b>71.90%</b>	<b>801 301</b>	<b>75.50%</b>
<b>Total equity and liabilities</b>	<b>366 338</b>	<b>100.00%</b>	<b>472 003</b>	<b>100.00%</b>	<b>648 808</b>	<b>100.00%</b>	<b>1061 352</b>	<b>100.00%</b>

Source: own processing based on the Consolidated Financial Statements of the company

Table 4 represents vertical analysis of Assets. Comparing non – current and current assets, the second ones have a significant effect on total assets. Among all analysed periods, 2019 showed the biggest share of 85,54%, and the reason laid in Inventory accounted for 57.41%. However, this item has a huge impact on overall outcome in 2021; it represents construction – in – progress intended for sale, finished goods, goods for resale, and raw materials. According to the Notes to the Consolidated Financial Statement, “the Group purchased several land plots and right – of- use assets for future development in Moscow, Moscow regions and other regions of Russia for amount of RUB 147 188 million”. Next important item with the share of 26.27% was Accounts receivable accounted for RUB 278 796 million. This includes trade receivables and contract assets from Development sector (RUB 170 608 million), advances issued to suppliers and contractors under construction services contract (RUB 36 726 million), and advances issued for acquisition of land – plots/right – of – use assets (RUB 21 253 million). The most significant share of non – current assets was in 2021, it was attributable to Financial instruments measured at fair value

through profit and loss (6.43%) and Equity – accounted investees (4.45%). As it was previously mentioned, there was a great increase of Equity – accounted investees in 2021, totalling 47 275 RUB million.

Following table – Table 5 depicts vertical analysis of Equity and Liabilities. It shows that impact of Liabilities on total outcome was greater than impact of Equity. Through the whole period of analysis, shares of total liabilities ranged from 71,9% to 78,15%. The greatest effect had current liabilities in 2018, the share was 58,93% which is 286 275 million RUB. It may be due to the share of Accounts payable (44.36%), which consists of accounts payable for client advances and other advances, construction payables, obligations to transfer real estate, debts to personnel, and other tax payables. Paying attention to equity, it follows that the biggest impact on the overall result was in 2020 (28.1%). The reason for this were retained earnings (22.71%) and share capital (6.36%).

#### **4.4 Horizontal analysis of the Statement of Financial Performance – the Income Statement**

The following table – Table 6 represents Horizontal analysis of the PJSC «PIK-Group» Income Statement for 2018-2021. Table 6 provides the information about changes of separate values over specific periods. Calculations in the table are based on the information that is presented in the Company's Annual Report; the values are shown in million of Russian Rubble. All the explanations are presented in a manner that is consistent with the Notes to the Consolidated Financial Statements that can be found in the Annual Report.

Table 6: Horizontal analysis of the Income Statement for 2018-2021

In mln RUB	2018	2019	2020	2021	2019/2018		2020/2019		2021/2020	
					Value	%	Value	%	Value	%
Revenue	245757	280635	380161	487806	34878	14.19%	99526	35.46%	107645	28%
Cost of sales	-191528	-204928	-275976	-374100	-13400	7.00%	-71048	34.67%	-98124	36%
<b>Gross profit</b>	<b>54229</b>	<b>75707</b>	<b>104185</b>	<b>113706</b>	<b>21478</b>	<b>39.61%</b>	<b>28478</b>	<b>37.62%</b>	<b>9521</b>	<b>9%</b>
(Loss)/gain on disposal of subsidiaries, associates and investment property, net	-30	668	620	-2447	698	-2326.67%	-48	-7.19%	-3067	-495%
Distribution expenses	-5844	-8125	-6264	-7240	-2281	39.03%	1861	-22.90%	-976	16%
Administrative expenses	-9423	-10631	-10755	-15232	-1208	12.82%	-124	1.17%	-4477	42%
Share of profit/(loss) of equity-accounted investees, net of income tax	-11	-145	-212	2222	-134	1218.18%	-67	46.21%	2434	-1148%
Profit/loss from change in fair value of investment property	-70	-20	480	1636	50	-71.43%	500	-2500.00%	1156	241%
(Impairment losses)/reversal of impairment losses on non-financial assets, net	-180	91	996	-221	271	-150.56%	905	994.51%	-1217	-122%
Other income/expenses, net	-2049	2865	-1363	-4850	4914	-239.82%	-4228	-147.57%	-3487	256%
<b>Profit from operating activities</b>	<b>36633</b>	<b>60555</b>	<b>87687</b>	<b>87574</b>	<b>23922</b>	<b>65.30%</b>	<b>27132</b>	<b>44.81%</b>	<b>-113</b>	<b>0%</b>
Finance income	6489	7695	28369	58715	1206	18.59%	20674	268.67%	30346	107%
Finance costs	-3569	-3701	-8213	-19790	-132	3.70%	-4512	121.91%	-11577	141%
Significant financing component from contracts with customers	-3910	-5166	-2568	-2357	-1256	32.12%	2598	-50.29%	211	-8%
<b>Net finance income for the period</b>	<b>-990</b>	<b>1172</b>	<b>17588</b>	<b>36568</b>	<b>2162</b>	<b>-218.38%</b>	<b>16416</b>	<b>1400.68%</b>	<b>18980</b>	<b>108%</b>
<b>Profit before income tax</b>	<b>35632</b>	<b>59238</b>	<b>105275</b>	<b>124142</b>	<b>23606</b>	<b>66.25%</b>	<b>46037</b>	<b>77.72%</b>	<b>18867</b>	<b>18%</b>
Income tax expense	-8739	-14125	-18782	-20557	-5386	61.63%	-4657	32.97%	-1775	9%
<b>Profit for the reporting period</b>	<b>26893</b>	<b>45113</b>	<b>86493</b>	<b>103585</b>	<b>18220</b>	<b>67.75%</b>	<b>41380</b>	<b>91.73%</b>	<b>17092</b>	<b>20%</b>
<b>Other comprehensive income for the reporting period</b>				<b>15</b>						
<b>Total comprehensive income for the reporting period</b>	<b>26893</b>	<b>45113</b>	<b>86493</b>	<b>103600</b>	<b>18220</b>	<b>67.75%</b>	<b>41380</b>	<b>91.73%</b>	<b>17107</b>	<b>20%</b>
Basic and diluted earnings per share, RUB	39.54	67.98	130.78	156	28.44	71.9271624	62.8	92.3801118	25.22	19.284294

Source: own processing based on the Consolidated Financial Statements of the company

Over the whole period under consideration, the company's revenue was rapidly growing, especially during 2019-2020 where the percentage of change was higher than in other years. Most of the revenue comes from sales of real estate (347 562 million RUB) and from maintenance services recognised over the time (24 233 million RUB). According to the Table 5, the biggest change in Cost of sales was in the period of 2020-2021, this item increased on 36% which is -98 124 million RUB. Cost of sales has been increasing during the period of analysis. The greatest change was in 2021 compared to 2020 when the amount accounted for -374 100 million RUB (36% of increase).

Considering the disposition of subsidiaries, associates, and investment property, in 2021 there was a loss of 2 447 million RUB which caused a change in 2020-2021 of -495%. The stated reason was that in 2021 and 2020, following the completion of construction, the Group sold Development and construction segment enterprises principally due to legal restructuring concerns. In addition, several Maintenance department enterprises were sold in 2021 as part of a deal involving the sale of land, plant, and equipment.

In 2019-2020, PIK-Group showed increase of 268.67% in Finance income. The biggest part comes from Revaluation of cash-settled financial instruments (21 840 million RUB) and Interest income (4 034 million RUB). The cash-settled financial instrument agreement between the Company and the bank was renewed in the 2020. This agreement ensures that the Company would get a profit from the sale of global depositary receipts. Following item - Finance costs in 2020-2021 increased by 141% which amounted to -11 577 million RUB. This was due loss on impairment of financial assets (1 534 million RUB) and other finance costs (3 656 million RUB) that include the effect of discounting the provision for costs to complete in the amount of RUB 2 617 million.

It is important to note that there was profit growth, especially during the periods of 2018–2019 and 2019–2020, the growth was exponentially greater. However, from 2020 to 2021 the rise was 20%, totalling 17 107 million RUB. Last but not least, Earnings per share is an important indicator of how profitable the Company is. It is noticeable that EPS indicator was growing through the analysed period, the biggest increase was in the period of 2019-2020 (92.38%).

#### **4.5 Vertical analysis of the Statement of Financial Performance – the Income Statement**

The tables below show Vertical analysis of the PJSC «PIK-Group» Income Statement separately for Revenues and Expenses for the period of 2018-2021. The purpose of the analysis is to depict the importance of each component of Income Statement in relation to total amounts. This table based on the information stated in the Annual Report of the company, the values are in million Russian Rubbles. Interpretations of the results are made in compliance with the Notes to the Consolidated Financial Statements provided in the Annual Report.

Table 7: Vertical analysis of the Income Statement for 2018-2021 (Revenues)

Item	2018		2019		2020		2021	
	Value	%	Value	%	Value	%	Value	%
Revenue from sales of real estate and construction revenue	236,302	96%	233,478	83%	299,251	79%	430,704	88%
Revenue from other sales	9,455	4%	47,157	17%	80,910	21%	57,102	12%
<b>Operating revenues</b>	<b>245,757</b>	<b>100%</b>	<b>280,635</b>	<b>100%</b>	<b>380,161</b>	<b>100%</b>	<b>487,806</b>	<b>100%</b>

Source: own processing based on the Consolidated Financial Statements of the company

The Table 7 shows that throughout the analysed period 2018-2021, significant impact on operating revenue of the Company had revenue from sales of real estate. Especially in the 2018 reporting year, this item accounted 96%, the amount was RUB 236 302 million. The fact of the matter is that most of the income made from the sale of real estate were contributed by the sale of residential property (RUB 219 105 million).

Table 8: Vertical analysis of the Income Statement for 2018-2021 (Expenses)

Item	2018		2019		2020		2021	
	Value	%	Value	%	Value	%	Value	%
<b>Cost of sales</b>	<b>-191528</b>	<b>92%</b>	<b>-204928</b>	<b>93.05%</b>	<b>-275976</b>	<b>94.36%</b>	<b>-374100</b>	<b>93.47%</b>
(Loss)/gain on disposal of subsidiaries, associates and investment property, net	-30	0%	668	-0.30%	620	-0.21%	-2447	0.61%
Distribution expenses	-5844	3%	-8125	3.69%	-6264	2.14%	-7240	1.81%
Administrative expenses	-9423	5%	-10631	4.83%	-10755	3.68%	-15232	3.81%
Share of profit/(loss) of equity-	-11	0%	-145	0.07%	-212	0.07%	2222	-0.56%
Profit/loss from change in fair value of investment property	-70	0%	-20	0.01%	480	-0.16%	1636	-0.41%
(Impairment losses)/reversal of impairment losses on non-financial assets, net	-180	0%	91	-0.04%	996	-0.34%	-221	0.06%
Other income/expenses, net	-2049	1%	2865	-1.30%	-1363	0.47%	-4850	1.21%
<b>Operating expenses</b>	<b>-209135</b>	<b>100%</b>	<b>-220225</b>	<b>100%</b>	<b>-292474</b>	<b>100%</b>	<b>-400232</b>	<b>100%</b>

Source: own processing based on the Consolidated Financial Statements of the company

Table 8 represents expenses of the Group. During the period — 2018-2021, Cost of sales was the primary factor that determined the volume of operating expenses. Cost of sales share slightly changed during the period, the biggest share value was in 2020, it amounted 94.35%. Following items – Administration and Distribution expenses. In 2018, administrative costs accounted for 10 631 million rubbles, which indicated a percentage of significance that was 5% more than any other year's total. Administrative expenses constitute

the personnel costs (RUB 6 181 million) and the costs associated with professional and other services (RUB 1 157 million). Moreover, that year there was a high share of significance in Distribution expenses (3.69%).

Table 9: Vertical analysis of the Income Statement for 2018-2021 (Finance income/expenses)

Item	2018		2019		2020		2021	
	Value	%	Value	%	Value	%	Value	%
Finance income	6489	-655%	7695	-656.57%	28369	161.30%	58715	160.56%
Finance costs	-3569	361%	-3701	315.78%	-8213	-46.70%	-19790	-54.12%
Significant financing component from contracts with customers	-3910	395%	-5166	440.78%	-2568	-14.60%	-2357	-6.45%
<b>Total finance income/expenses</b>	<b>-990</b>	<b>100%</b>	<b>-1172</b>	<b>100%</b>	<b>17588</b>	<b>100%</b>	<b>36568</b>	<b>100%</b>

Source: own processing based on the Consolidated Financial Statements of the company

Considering finance income/expenses depicted in the Table 9, share of significance was increasing for finance income. From -655% in 2018 to 160.56% in 2021 reporting year, in 2020 this item accounted 161.30%. It mostly consists of loss on impairment of financial assets (RUB 1 598 million). In 2019 there was a total finance expense accounted RUB -1 172 million mostly caused by Significant financial component from contracts with customers (440%), and the reason was an increase amount of advance payments from customers.



## 4.6 Ratio analysis of the company

Table 10: Financial ratio analysis for 2018-2021

Financial ratio	Formula	2018	2019	2020	2021
Liquidity ratio (Current ratio)	Current Assets/Current Liabilities	1.42	1.85	2.54	2.52
ROA (Return on Assets ratio)	Net income/Total Assets	-0.27%	0.25%	2.71%	3.45%
ROE (Return on Equity ratio)	Net income/Total Shareholder's Equity	-1.24%	1.06%	9.65%	14.06%
Debt-to-equity	Total non-current Liabilities/Shareholder's equity	0.88	1.30	1.37	1.75
	Current Assets	306,113	403,760	552,335	872,686
	Current Liabilities	215,895	217,843	217,542	345,902
	Net financial income	-990	1,172	17,588	36,568
	Total Assets	366,338	472,003	648,808	1,061,352
	Total Shareholder's Equity	80,063	110,288	182,311	260,051
	Total non-current liabilities	70,380	143,872	248,955	455,399

Source: own processing based on the Consolidated Financial Statements of the company

Table 10 provides with financial ratios analysis which includes Liquidity ratio (Current ratio), ROA, ROE, and Debt-to-equity ratio. The analysis is mainly proceeded with type of Liquidity ratio which is called Current ratio. The Current ratio is an essential ratio analysis that measures a Company's ability to utilize Current Assets (i.e., Cash, Inventories, and other Current Assets) to settle its Current Liabilities. The analysis shows a slight growth of indicators through the analysed period, it is considerable that indicators are within a

normal limit (more than 1) which it is not challenging for the Company to settle its short-term debts.

Following analysis – Return on Assets Ratio analysis, it is important indicator for investors that provides the information about Company's ability to generate income using its assets efficiently. In 2018 the value was negative (-0.27%) due to the net losses of the Company, and in 2019 the value (0.25%) was very low due to small net income which means that Company was not able to generate profit from assets. However, net income of the company increased exponentially, therefore ROA indicator increased as well, that shows a positive trend.

Considering Return on Equity Ratio analysis; this indicator shows how efficient the Company uses Shareholder's Equity to generate profit. As with ROE, ROA showed very low indicators for 2018 (-1.27%) and 2019 (1.06%), and significant increase in 2020 (9.65%). The reason is net loss in 2018 of RUB -990 million and low net income in 2019 of RUB1 172 million. In 2021, the situation improved, the value of the coefficient increased to 14%. According to the statistical database Statista it follows that the average rate in this industry in Eastern Europe is 14.63%.

Last but not least is Debt – to – equity ratio analysis; such analysis is an important indicator for investors' consideration to understand the relation of the amount owed to creditors in long term to the total shareholder's equity owned by the company. During the analyzed period all indicators ranged from 0.88 in 2018 to 1.75 in 2021. There was an increase of indicator in 2021 caused by significant increase in the amount of long-term debt from 2020 to 2021.

## **5. Results and Discussion**

This chapter is a summary of the analysis in the Practical Part and Annual Reports of the Company for 2018-2021. The assessment examines Financial Position of the Company based on the Balance Sheet, and Financial Performance of the Company based on the Income Statement.

### **5.1 Assessment of the Financial Position of the Company**

The results of the analysis in the Practical Part revealed that the significance levels of the Company's Balance Sheet items are highly variable. Assuming assets, the most significant items during the whole period of analysis in current assets were Inventories and Accounts receivable. In contrast, the situation with non-current assets was different. Throughout 2018–2020, Property, plant, and equipment was the most significant item, with a maximum share of 7.30% in 2019, and in 2021, Financial instruments had the highest proportion of 6.43% relative to total non-current assets. However, the degree of importance does not always correspond to the biggest item changes. Summarizing data from Horizontal analysis, it follows that highest item change in non-current assets had Equity-accounted investees accounted 590 937.50% in 2021 (affected the total outcome in 2021 only by 4.35%) and Other investments accounted 1 303.21% in 2021 (affecting the total outcome in 2021 only by 0.29%); in current assets – Other investments accounted 618.28% (affecting total outcome in 2021 only by 0.31%).

Considering Equity and Liabilities, throughout the 2018-2021, the most important indicators that affected the total outcome were Retained earnings in Equity with the greatest share of 22.71% in 2020, Loans and borrowings with the greatest share of 34.90% in 2021 in non-current liabilities, and Accounts payable with the greatest share of 44.36% in 2018 in current liabilities. The greatest change in Equity was an increase of 93.97% in Retained earnings in 2020 compared to 2019 due to increase in Net income of the Company. According to the liabilities, the highest increase was in Accounts payable for non-current liabilities (increase of 344.68% in 2021), and Loans and borrowings for current liabilities (increase of 121.18% in 2021).

## **5.2 Assessment of the Financial Performance of the Company**

Throughout the whole period of analysis, revenue was stably growing. The greatest increase was in 2020 which amounted to RUB 99 526 million, real estate sales had bigger impact on total operating revenue that year (the share of impact accounted 83%). Despite the Covid-19 virus engulfing the world in 2020 and the governments of various countries, including Russia, putting forward restrictions on movement and work, the company still managed to increase revenues by 35.46% since 2019. According to the Notes to the Consolidated Financial Statements, this was due to the launch of online real estate sales service, including mortgage transactions, which helped to maintain sales into adequate level. Given factors such as the fall of the ruble in relation to other currencies, rising unemployment, the Government of the Russian Federation put forward measures to support the construction industry and its customers. These measures included mortgage programs with a preferential rate of 6.5% per annum, which increased the demand for housing purchases. In 2021, revenue increased by 28%, most of it comes from Moscow and Moscow region.

Over the period under consideration, there was a visible upward trend in the cost of sales. The most dramatic rise took place in the years 2020-2021, reaching a total of 36%, which is equal to RUB -98,124 million. The reason is that the inflation rate in Russia is relatively high. According to official statistics from the Central Bank of the Russian Federation, the inflation rate in Russia was 8.77% at the end of 2021. However, by January 2023, the inflation rate had risen sharply to 11.77%.

Table 11: Income Statement for 2018-2021 (Income tax expense and Total comprehensive income)

Profit and income tax	2018	2019	2020	2021
<b>Profit before income tax</b>	<b>35632</b>	<b>59238</b>	<b>105275</b>	<b>124142</b>
Income tax expense	-8739	-14125	-18782	-20557
<b>Profit for the reporting period</b>	<b>26893</b>	<b>45113</b>	<b>86493</b>	<b>103585</b>
<b>Other comprehensive income for the reporting period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15</b>
<b>Total comprehensive income for the reporting period</b>	<b>26893</b>	<b>45113</b>	<b>86493</b>	<b>103600</b>

Source: own processing based on the Consolidated Financial Statements of the company

Focusing on the income tax expense which has grown throughout the course of the reporting years 2018-2021 and is estimated to be RUB -20,557 million for the year 2021. As stated in the Notes to the Consolidated Financial Statements, the tax rate that was used while determining the amount of income tax owed by the firm was 20%.

### 5.3 The most significant factors influencing the profit

The assessment showed that the Group has been generating profit during the whole period of analysis. Despite of that, there are many internal and external factors influencing the profitability of the Company. As it was mentioned in the Literature Review, one of the main factors is political. In 2022, the war in Ukraine and following sanctions against Russia led to other possible factors influencing the profit of the Group. The economic situation in the country has become more complicated as a result of the sanctions, and as a consequence, inflation has increased (as described in the Practical Part, inflation was 11.77% as of February 2023), along with it the key rate set by Central Bank increased and amounted 7.50% as of February 2023. And it is important to note that the exchange rate for the rubbles is quite volatile. According to the official statistics of the Central Bank of the Russian Federation, the exchange rate for the euro was 80.54 Russian Rubbles and the exchange rate for the US dollar was 75.45 Russian Rubbles at the end of February 2023. Additionally, technological advances factor that involves import dependence in technological equipment.

However, the import substitution has been relevant for several years. For instance, in 2021, according to the Notes to the Consolidated Financial Statements, the Group acquired 60% stake in an import-substituting microelectronics manufacturing facility in Russia.

## **5.4 Potential financial problems**

The following are essential areas in which attention must be focused: cash flows and any potential issues associated with them; project delays; as well as economic downturns.

Economic downturns can have financial impact on the company. As it was mentioned in the previous sub-chapter, the key rate of the Central Bank of Russia, along with the inflation rate and the exchange rate, have all seen large increases in Russia. This has a big impact, not only on the purchasing power of people, but also on the capacity of the company to repay extremely large debts. According to the Notes to the Consolidated Financial Statements of the “PIK-Group”, the Group may be at risk because of a decrease in demand for real estate on the part of customers as a result of a possible increase in mortgage rates. The company acquires project finance and is subject to a substantial interest rate risk that depends on a key interest rate of the Central Bank of the Russian Federation.

Next significant aspect to consider is the Group's negative operational Cash Flow. The total amount in 2021 was RUB -170 327 million. It is common practice for construction companies to pay for materials and equipment for many projects in advance. The projects themselves require long lead times and large capital investments, hence firms frequently spend enormous sums of money up front. In addition, the situation is aggravated by long-term payment for finished projects from clients or late payments.

Considering long-term Debt-to-equity ratio, it follows that the company's main risk is high debt load. The indicators calculated during the analysis exceeded the normal limits. According to the Company's Annual Report, at the end of 2021, the total amount of long-term loans amounted to RUB 370 398 million. Given the high key rate of the Central Bank of the Russian Federation, the company's multibillion-dollar loan debt is an important factor to pay attention to. However, the Government implemented support measurements for businesses which include extended escrow accounts, mortgages with government support, subsidies on loans for developers, reducing the number of requirements for developers etc. (in more detail were described in the Literature Review).

Project delays and cancels can also lead to potential financial problems of the Group. For instance, the PIK Group was formally disqualified from constructing a project in Sochi,

which was estimated to cost between RUB 3.5 and 4 billion, in September 2022. The reason for this is that the corporation simply did not manage to complete the restoration of the historical monument that was located on the grounds of the former sanatorium in time. (RBC, 2022)

## **6. Conclusion**

The aim of this thesis is assessment of the financial position and performance of a Russian company PJSC “PIK-Specialised homebuilder” operating in the construction industry by analysing its financial statements with focus on the representation and changes of the reported assets, liabilities, equity, expenses, and revenues for a four-year period to identify the potential financial problems and the most significant factors influencing the profit from the company and industry point of view. To get an insights of the company’s financial health during the period of 2018-2021 reporting years and identify the potential weaknesses, and strengths.

This work is valuable because the author analyses the Annual Report of the company in accordance with literature sources including official Federal State Statistics Portal, Unified register of developers in Russia, and the Ministry of Finance of the Russian Federation portal.

The construction is one of significant sectors worldwide. This fast-expanding sector is a crucial element of the Russian economy. The construction business is stable and provides prospects not only for the housing of the population but also for the employment of construction specialists. The chosen company has been a leader by the volume of buildings in this sector in Russia for many years. PIK-Group specializes not only on construction of real estate but also on improvement of housing complexes, creation of a convenient infrastructure with kindergartens/schools and park areas, maintenance of leased real estate, etc. The company operates in 16 regions of Russia and has a wide range of projects.

Financial position assessment of the Group revealed that current assets have significant impact on overall assets. The biggest share from it has inventories and accounts receivable. Non-current loans and borrowing and current accounts payable represent the most important financing sources from total liabilities. Total equity was affected mostly by retained earnings which showed the increase during evaluating period.

Financial performance assessment revealed that the Group made revenue annually. Total revenue increased during analysis period, and the greatest increase of 35.46% was in 2020. The majority of revenue comes from sales of real estate. Main factor influencing expenses was costs of sales which increased sharply by 36% in 2021.



Overall, the company has been generating profit during the four-year period. Although there is a debt risk for the company, the government has implemented support measures that can help to repay the debts.

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## 8. Appendix

Figure 5: Statement of the Financial Position - the Balance Sheet (Assets; In Rus)

*Публичное акционерное общество «ПИК-специализированный застройщик»  
Консолидированная финансовая отчетность за 2021 год*

**Консолидированный отчет о финансовом положении  
по состоянию на 31 декабря 2021 года**



млн руб.	Прим.	31 декабря 2021 года	31 декабря 2020 года
<b>АКТИВЫ</b>			
<b>Внеоборотные активы</b>			
Основные средства	15	29 789	35 546
Нематериальные активы и гудвил	16	15 772	14 033
Инвестиционная недвижимость	17	8 012	6 880
Инвестиции, учитываемые методом долевого участия	19	47 283	8
Прочие инвестиции	20	3 059	218
Дебиторская задолженность, включая активы по договорам с покупателями	21	4 387	663
Финансовые инструменты, учитываемые по справедливой стоимости с отражением ее изменения в прибыли и убытке	25	68 197	34 378
Отложенные налоговые активы	14	12 167	4 747
<b>Итого внеоборотных активов</b>		<b>188 666</b>	<b>96 473</b>
<b>Оборотные активы</b>			
Запасы	18	453 169	306 990
Прочие инвестиции	20	3 261	454
Активы по текущему налогу на прибыль		3 619	1 785
Дебиторская задолженность, включая активы по договорам с покупателями	21	278 796	145 341
Денежные средства и их эквиваленты	23	131 200	96 527
Прочие оборотные активы		2 641	1 238
<b>Итого оборотных активов</b>		<b>872 686</b>	<b>552 335</b>
<b>Итого активов</b>		<b>1 061 352</b>	<b>648 808</b>

Source: Annual Report of the PJSC “PIK-Specialized homebuilder”

Figure 6: Statement of the Financial Position - the Balance Sheet (Equity and Liabilities; In Rus)

*Публичное акционерное общество «ПИК-специализированный застройщик»  
Консолидированная финансовая отчетность за 2021 год*

**Консолидированный отчет о финансовом положении  
по состоянию на 31 декабря 2021 года**

млн руб.	Прим.	31 декабря 2021 года	31 декабря 2020 года
<b>СОБСТВЕННЫЙ КАПИТАЛ И ОБЯЗАТЕЛЬСТВА</b>			
<b>Собственный капитал</b>	26		
Акционерный капитал		41 295	41 295
Добавочный капитал		(4 041)	(8 470)
Собственные акции, выкупленные у акционеров		(758)	-
Резерв курсовых разниц при пересчете из других валют		15	-
Нераспределенная прибыль		220 119	147 343
<b>Итого собственного капитала, причитающегося собственникам Компании</b>		<b>256 630</b>	<b>180 168</b>
Неконтролирующая доля	28	3 421	2 143
<b>Итого собственного капитала</b>		<b>260 051</b>	<b>182 311</b>
<b>Долгосрочные обязательства</b>			
Кредиты и займы	27	370 398	197 329
Кредиторская задолженность	30	33 129	7 450
Обязательства по договорам долгосрочной аренды	22	8 713	10 210
Резервы	29	315	153
Отложенные налоговые обязательства	14	42 844	33 813
<b>Итого долгосрочных обязательств</b>		<b>455 399</b>	<b>248 955</b>
<b>Краткосрочные обязательства</b>			
Кредиты и займы	27	76 896	34 766
Кредиторская задолженность, включая обязательства по договорам с покупателями	30	220 640	145 263
Обязательства по договорам долгосрочной аренды	22	7 217	3 753
Резервы	29	37 054	27 341
Обязательства по текущему налогу на прибыль		4 095	6 419
<b>Итого краткосрочных обязательств</b>		<b>345 902</b>	<b>217 542</b>
<b>Итого обязательств</b>		<b>801 301</b>	<b>466 497</b>
<b>Итого собственного капитала и обязательств</b>		<b>1 061 352</b>	<b>648 808</b>
Настоящая консолидированная финансовая отчетность утверждена Советом директоров 24 июня 2022 года и подписана по его поручению:			
			
С. Э. Гордеев, Генеральный директор		Е. С. Смаковская, Вице-президент по экономике и финансам - финансовый директор	

Source: Annual Report of the PJSC “PIK-Specialized homebuilder”

Figure 7: Statement of the Financial Position - the Balance Sheet (Assets)

Public Joint Stock Company “PIK-specialized homebuilder”  
Consolidated Financial Statements for 2021

### Consolidated Statement of Financial Position as at 31 December 2021

mln RUB	Note	31 December 2021	31 December 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	29,789	35,546
Intangible assets and goodwill	16	15,772	14,033
Investment property	17	8,012	6,880
Equity-accounted investees	19	47,283	8
Other investments	20	3,059	218
Accounts receivable, including contract assets	21	4,387	663
Financial instruments measured at fair value through profit and loss	25	68,197	34,378
Deferred tax assets	14	12,167	4,747
<b>Total non-current assets</b>		<b>188,666</b>	<b>96,473</b>
<b>Current assets</b>			
Inventories	18	453,169	306,990
Other investments	20	3,261	454
Current income tax assets		3,619	1,785
Accounts receivable, including contract assets	21	278,796	145,341
Cash and cash equivalents	23	131,200	96,527
Other current assets		2,641	1,238
<b>Total current assets</b>		<b>872,686</b>	<b>552,335</b>
<b>Total assets</b>		<b>1,061,352</b>	<b>648,808</b>

Source: Annual Report of the PJSC “PIK-Specialized homebuilder”

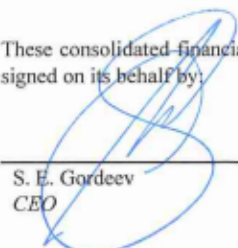
Figure 8: Statement of the Financial Position - the Balance Sheet (Equity and Liabilities)

*Public Joint Stock Company "PIK-specialized homebuilder"*  
*Consolidated Financial Statements for 2021*


**Consolidated Statement of Financial Position as at 31 December 2021**

mln RUB	Note	31 December 2021	31 December 2020
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	26		
Share capital		41,295	41,295
Additional paid-in capital		(4,041)	(8,470)
Treasury shares		(758)	-
Translation reserve		15	-
Retained earnings		220,119	147,343
<b>Total equity attributable to owners of the Company</b>		<b>256,630</b>	<b>180,168</b>
Non-controlling interests	28	3,421	2,143
<b>Total equity</b>		<b>260,051</b>	<b>182,311</b>
<b>Non-current liabilities</b>			
Loans and borrowings	27	370,398	197,329
Accounts payable	30	33,129	7,450
Liabilities from long-term lease contracts	22	8,713	10,210
Provisions	29	315	153
Deferred tax liabilities	14	42,844	33,813
<b>Total non-current liabilities</b>		<b>455,399</b>	<b>248,955</b>
<b>Current liabilities</b>			
Loans and borrowings	27	76,896	34,766
Accounts payable, including contract liabilities	30	220,640	145,263
Liabilities from long-term lease contracts	22	7,217	3,753
Provisions	29	37,054	27,341
Current income tax liabilities		4,095	6,419
<b>Total current liabilities</b>		<b>345,902</b>	<b>217,542</b>
<b>Total liabilities</b>		<b>801,301</b>	<b>466,497</b>
<b>Total equity and liabilities</b>		<b>1,061,352</b>	<b>648,808</b>

These consolidated financial statements were approved by the Board of Directors on 24 June 2022 and were signed on its behalf by:



\_\_\_\_\_  
S. E. Gordeev  
CEO



\_\_\_\_\_  
E. S. Smakovskaya  
Vice-President for Economics and Finance  
– Financial Director

Source: Annual Report of the PJSC “PIK-Specialized homebuilder”

Figure 9: Statement of the Financial Performance - the Income Statement (In Rus)

*Публичное акционерное общество «ПИК-специализированный застройщик»  
Консолидированная финансовая отчетность за 2021 год*

**Консолидированный отчет о прибыли или убытке и прочем совокупном доходе за 2021 год**

млн руб.	Прим.	2021	2020
Выручка	9	487 806	380 161
Себестоимость реализованной продукции		(374 100)	(275 976)
<b>Валовая прибыль</b>		<b>113 706</b>	<b>104 185</b>
(Убыток)/прибыль от выбытия дочерних компаний, ассоциированных компаний и инвестиционной недвижимости, нетто	8	(2 447)	620
Коммерческие расходы		(7 240)	(6 264)
Административные расходы	12	(15 232)	(10 755)
Доля в прибыли/(убытке) объектов инвестиций, учитываемых методом долевого участия (за вычетом налога на прибыль)	19	2 222	(212)
Прибыль от изменения справедливой стоимости инвестиционной недвижимости	17	1 636	480
(Убыток от обесценения)/прибыль от восстановления обесценения нефинансовых активов, нетто	24	(221)	996
Прочие расходы, нетто	11	(4 850)	(1 363)
<b>Прибыль от операционной деятельности</b>		<b>87 574</b>	<b>87 687</b>
Финансовые доходы	10	58 715	28 369
Финансовые расходы	10	(19 790)	(8 213)
Расход по значительному компоненту финансирования по договорам с покупателями	10	(2 357)	(2 568)
<b>Нетто-величина финансовых доходов за отчетный период</b>		<b>36 568</b>	<b>17 588</b>
<b>Прибыль до налогообложения</b>		<b>124 142</b>	<b>105 275</b>
Расход по налогу на прибыль	14	(20 557)	(18 782)
<b>Прибыль за отчетный период</b>		<b>103 585</b>	<b>86 493</b>
<i>Статьи, которые могут быть впоследствии реклассифицированы в состав прибыли или убытка:</i>			
Курсовые разницы при пересчете показателей иностранных подразделений из других валют		15	-
<b>Прочий совокупный доход за отчетный период</b>		<b>15</b>	<b>-</b>
<b>Общий совокупный доход за отчетный период</b>		<b>103 600</b>	<b>86 493</b>
<b>Прибыль, причитающаяся:</b>			
собственникам Компании		102 846	86 381
владельцам неконтролирующих долей	28	739	112
<b>Общий совокупный доход, причитающийся:</b>			
собственникам Компании		102 861	86 381
владельцам неконтролирующих долей	28	739	112
<b>Общий совокупный доход за отчетный период</b>		<b>103 600</b>	<b>86 493</b>
Базовая и разводненная прибыль на акцию, руб.	26 (с)	<b>156,00</b>	<b>130,78</b>

Source: Annual Report of the PJSC “PIK-Specialized homebuilder”



Figure 10: Statement of the Financial Performance - the Income Statement

Public Joint Stock Company "PIK-specialized homebuilder"  
Consolidated Financial Statements for 2021

**Consolidated Statement of Profit or Loss and  
Other Comprehensive Income for 2021**

mln RUB	Note	2021	2020
Revenue	9	487,806	380,161
Cost of sales		(374,100)	(275,976)
<b>Gross profit</b>		<b>113,706</b>	<b>104,185</b>
(Loss)/gain on disposal of subsidiaries, associates and investment property, net	8	(2,447)	620
Distribution expenses		(7,240)	(6,264)
Administrative expenses	12	(15,232)	(10,755)
Share of profit/(loss) of equity-accounted investees, net of income tax	19	2,222	(212)
Profit from change in fair value of investment property	17	1,636	480
(Impairment losses)/reversal of impairment losses on non-financial assets, net	24	(221)	996
Other expenses, net	11	(4,850)	(1,363)
<b>Profit from operating activities</b>		<b>87,574</b>	<b>87,687</b>
Finance income	10	58,715	28,369
Finance costs	10	(19,790)	(8,213)
Significant financing component from contracts with customers	10	(2,357)	(2,568)
<b>Net finance income for the period</b>		<b>36,568</b>	<b>17,588</b>
<b>Profit before income tax</b>		<b>124,142</b>	<b>105,275</b>
Income tax expense	14	(20,557)	(18,782)
<b>Profit for the reporting period</b>		<b>103,585</b>	<b>86,493</b>
<i>Items that are or may be reclassified to profit or loss:</i>			
Foreign currency translation differences for foreign operations		15	-
<b>Other comprehensive income for the reporting period</b>		<b>15</b>	<b>-</b>
<b>Total comprehensive income for the reporting period</b>		<b>103,600</b>	<b>86,493</b>
<b>Profit attributable to:</b>			
Shareholders of the Company		102,846	86,381
Non-controlling interests	28	739	112
<b>Total comprehensive income attributable to:</b>			
Shareholders of the Company		102,861	86,381
Non-controlling interests	28	739	112
<b>Total comprehensive income for the reporting period</b>		<b>103,600</b>	<b>86,493</b>
Basic and diluted earnings per share, RUB	26 (c)	<b>156.00</b>	<b>130.78</b>

Source: Annual Report of the PJSC "PIK-Specialized homebuilder"

Figure 11: Cash-Flow Statement (Operating Cash-Flow; In Rus)

*Публичное акционерное общество «ПИК-специализированный застройщик»  
Консолидированная финансовая отчетность за 2021 год*

<b>Консолидированный отчет о движении денежных средств за 2021 год</b>			
млн руб.	Прим.	2021	2020
<b>Денежные потоки от операционной деятельности</b>			
<b>Прибыль за отчетный период</b>		<b>103 585</b>	<b>86 493</b>
<i>Корректировки:</i>			
Амортизация основных средств и нематериальных активов	15,16	4 943	3 479
Убыток от обесценения/(прибыль от восстановления обесценения) нефинансовых активов, нетто	24	221	(996)
Убыток от выбытия и списания основных средств, нематериальных активов и прочих активов	11	1 751	816
Прибыль от изменения справедливой стоимости инвестиционной недвижимости	17	(1 636)	(480)
Убыток/(прибыль) от выбытия дочерних компаний, ассоциированных компаний и инвестиционной недвижимости, нетто	8	2 447	(620)
Элиминация нереализованной прибыли по операциям продажи за период и доля в (прибыли)/убытке объектов инвестирования, учитываемых методом долевого участия, за вычетом налога на прибыль	19	(1 748)	212
Расход по значительному компоненту финансирования по договорам с покупателями	10	2 357	2 568
Значительный компонент финансирования и величина экономии по процентным расходам по проектному финансированию строительства объектов, реализуемых с использованием счетов эскроу, учтенные в составе выручки	9	(11 935)	(7 889)
Финансовые доходы	10	(58 715)	(28 369)
Финансовые расходы	10	19 790	8 213
Расход по налогу на прибыль	14	20 557	18 782
Доход от выгодного приобретения дочерних компаний	11	-	(120)
		<b>81 617</b>	<b>82 089</b>
<b>Изменения:</b>			
Запасов и прочих оборотных активов		(131 122)	(25 798)
Дебиторской задолженности, включая активы по договорам с покупателями		(187 886)	(84 688)
Кредиторской задолженности, включая обязательства по договорам с покупателями и изменение резерва по налогам, кроме налога на прибыль		102 251	(8 854)
Резервов		8 189	2 086
<b>Потоки денежных средств, использованных в операционной деятельности до уплаты налога на прибыль и процентов *</b>		<b>(126 951)</b>	<b>(35 165)</b>
Налог на прибыль уплаченный		(23 487)	(6 326)
Проценты уплаченные		(19 889)	(9 089)
<b>Чистый поток денежных средств, использованных в операционной деятельности</b>		<b>(170 327)</b>	<b>(50 580)</b>

Source: Annual Report of the PJSC “PIK-Specialized homebuilder”

Figure 12: Cash-Flow Statement (Financing and Investing Cash-Flow; In Rus)

Публичное акционерное общество «ПИК-специализированный застройщик»  
Консолидированная финансовая отчетность за 2021 год

### Консолидированный отчет о движении денежных средств за 2021 год

млн руб.	Прим.	2021	2020
<b>Денежные потоки от инвестиционной деятельности</b>			
Поступления от выбытия основных средств и прочих активов, предоплаты, полученные за продажу основных средств и прочих активов		829	385
Проценты полученные		3 730	3 359
Приобретение основных средств и прочих нематериальных активов		(9 856)	(3 168)
Приобретение дочерних компаний, за вычетом приобретенных денежных средств	7	(506)	274
Приобретение объектов инвестиций, учитываемых методом долевого участия	19	(45 527)	(300)
Поступления от выбытия дочерних компаний, за вычетом имевшихся у них денежных средств, и ассоциированных компаний		10 061	3 970
Поступление от выбытия инвестиционной недвижимости и возврат предоплат, полученных за продажу инвестиционной недвижимости		(4 769)	4 883
Займы выданные		(6 074)	(484)
Погашение займов выданных		489	314
<b>Чистый поток денежных средств (использованных в) от инвестиционной деятельности</b>		<b>(51 623)</b>	<b>9 233</b>
<b>Денежные потоки от финансовой деятельности</b>			
Поступления по частичному исполнению беспоставочного финансового инструмента и платежи по беспоставочным финансовым инструментам, нетто	25	20 352	(2 161)
Выплаты по арендным обязательствам	27	(4 934)	(2 696)
Получение кредитов и займов	27	406 077	129 695
Погашение кредитов и займов	27	(174 133)	(37 612)
Поступления от размещения облигаций	27	48 116	7 015
Выкуп облигаций	27	(13 609)	(7 430)
Приобретение неконтролирующих долей без изменения контроля	27	(130)	(150)
Выкуп собственных акций	26 (b)	(758)	-
Покупка и продажа собственных акций, нетто	26 (b)	5 537	-
Дивиденды выплаченные	26 (a)	(30 061)	(15 000)
<b>Чистый поток денежных средств от финансовой деятельности</b>		<b>256 457</b>	<b>71 661</b>
Увеличение денежных средств и их эквивалентов, нетто		34 507	30 314
Влияние изменений валютных курсов на денежные средства и их эквиваленты		166	5
Денежные средства и их эквиваленты на начало периода		96 527	66 208
<b>Денежные средства и их эквиваленты на конец периода</b>	23	<b>131 200</b>	<b>96 527</b>

Source: Annual Report of the PJSC “PIK-Specialized homebuilder”

Figure 13: Cash-Flow Statement (Operating Cash-Flow)

Public Joint Stock Company "PIK-specialized homebuilder"  
Consolidated Financial Statements for 2021

### Consolidated Statement of Cash Flows for 2021

mln RUB	Note	2021	2020
<b>Cash flows from operating activities</b>			
<b>Profit for the reporting period</b>		<b>103,585</b>	<b>86,493</b>
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment and amortisation of intangible assets	15.16	4,943	3,479
Impairment losses/(reversal of impairment losses) on non-financial assets, net	24	221	(996)
Loss on disposal of property, plant and equipment, intangible assets and other assets	11	1,751	816
Profit from change in fair value of investment property	17	(1,636)	(480)
Loss/(gain) on disposal of subsidiaries, associates and investment property, net	8	2,447	(620)
Elimination of unrealized profit on sales operations for the period and share of (profit)/loss of equity-accounted investees, net of income tax	19	(1,748)	212
Significant financing component from contracts with customers	10	2,357	2,568
Significant financing component and interest expense savings from project financing of construction of real estate sold through the use of escrow accounts recognised in revenue	9	(11,935)	(7,889)
Finance income	10	(58,715)	(28,369)
Finance costs	10	19,790	8,213
Income tax expense	14	20,557	18,782
Negative goodwill from acquisition of subsidiaries	11	-	(120)
		<b>81,617</b>	<b>82,089</b>
<b>Changes in:</b>			
Inventories and other current assets		(131,122)	(25,798)
Accounts receivable, including contract assets		(187,886)	(84,688)
Accounts payable, including contract liabilities and changes in provision for taxes, other than income tax		102,251	(8,854)
Provisions		8,189	2,086
<b>Cash flows used in operations before income taxes and interests*</b>		<b>(126,951)</b>	<b>(35,165)</b>
Income taxes paid		(23,487)	(6,326)
Interest paid		(19,889)	(9,089)
<b>Net cash used in operating activities</b>		<b>(170,327)</b>	<b>(50,580)</b>

Source: Annual Report of the PJSC "PIK-Specialized homebuilder"

Figure 14: Cash-Flow Statement (Financing and Investing Cash-Flow)

Public Joint Stock Company "PIK-specialized homebuilder"  
Consolidated Financial Statements for 2021

### Consolidated Statement of Cash Flows for 2021

mln RUB	Note	2021	2020
<b>Cash flows from investing activities</b>			
Proceeds from disposal of property, plant and equipment and other assets		829	385
Interest received		3,730	3,359
Acquisition of property, plant and equipment and other intangible assets		(9,856)	(3,168)
Acquisition of subsidiaries, net of cash acquired	7	(506)	274
Acquisition of equity-accounted investees	19	(45,527)	(300)
Proceeds from disposal of associates and subsidiaries, net of cash		10,061	3,970
Proceeds from disposal of investment property and refund of prepayments received for the sale of investment property		(4,769)	4,883
Loans issued		(6,074)	(484)
Repayment of loans issued		489	314
<b>Net cash (used in)/from investing activities</b>		<b>(51,623)</b>	<b>9,233</b>
<b>Cash flows from financing activities</b>			
Payments for cash-settled financial instruments	25	20,352	(2,161)
Payments for lease liabilities	27	(4,934)	(2,696)
Proceeds from borrowings	27	406,077	129,695
Repayment of borrowings	27	(174,133)	(37,612)
Proceeds from issuance of bonds	27	48,116	7,015
Repurchase of bonds	27	(13,609)	(7,430)
Acquisition of non-controlling interests without change in control	27	(130)	(150)
Repurchase of own shares	26 (b)	(758)	-
Purchase and sale of own shares, net	26 (b)	5,537	-
Payment of dividends	26 (a)	(30,061)	(15,000)
<b>Net cash from financing activities</b>		<b>256,457</b>	<b>71,661</b>
Net increase in cash and cash equivalents		34,507	30,314
Effect of exchange rate fluctuations on cash and cash equivalents		166	5
Cash and cash equivalents at the beginning of the period		96,527	66,208
<b>Cash and cash equivalents at the end of the period</b>	23	<b>131,200</b>	<b>96,527</b>

Source: Annual Report of the PJSC "PIK-Specialized homebuilder"

Figure 15: Top 5 developers in Russia by construction volume (In Rus)

Место в РФ	+/-	Застройщик, регион	Строится, м <sup>2</sup>	С переносом срока, м <sup>2</sup>	%	Уточнение срока, мес.	Регионов	Организаций	ЖК	ПТ	МД	БД	ДАП	Рейтинг ЕРЗ
1	0	ПИК, г.Москва	5 555 876	227 028	4.09	0.74	14	72	82	0	257	0	0	★
2	0	ГК Самолет, г.Москва	3 346 737	0	0	0	5	30	31	0	156	0	21	★
3	0	Группа ЛСР, г.Санкт-Петербург	2 463 858	30 736	1.25	0.45	4	13	27	0	116	0	1	★
4	0	DOGMA, Краснодарский край	1 871 878	0	0	0	1	7	4	0	117	0	0	★
5	0	Холдинг Setl Group, г.Санкт-Петербург	1 665 336	66 726	4.01	0.36	3	19	23	0	84	0	0	★

Resource: Unified register of developers official portal