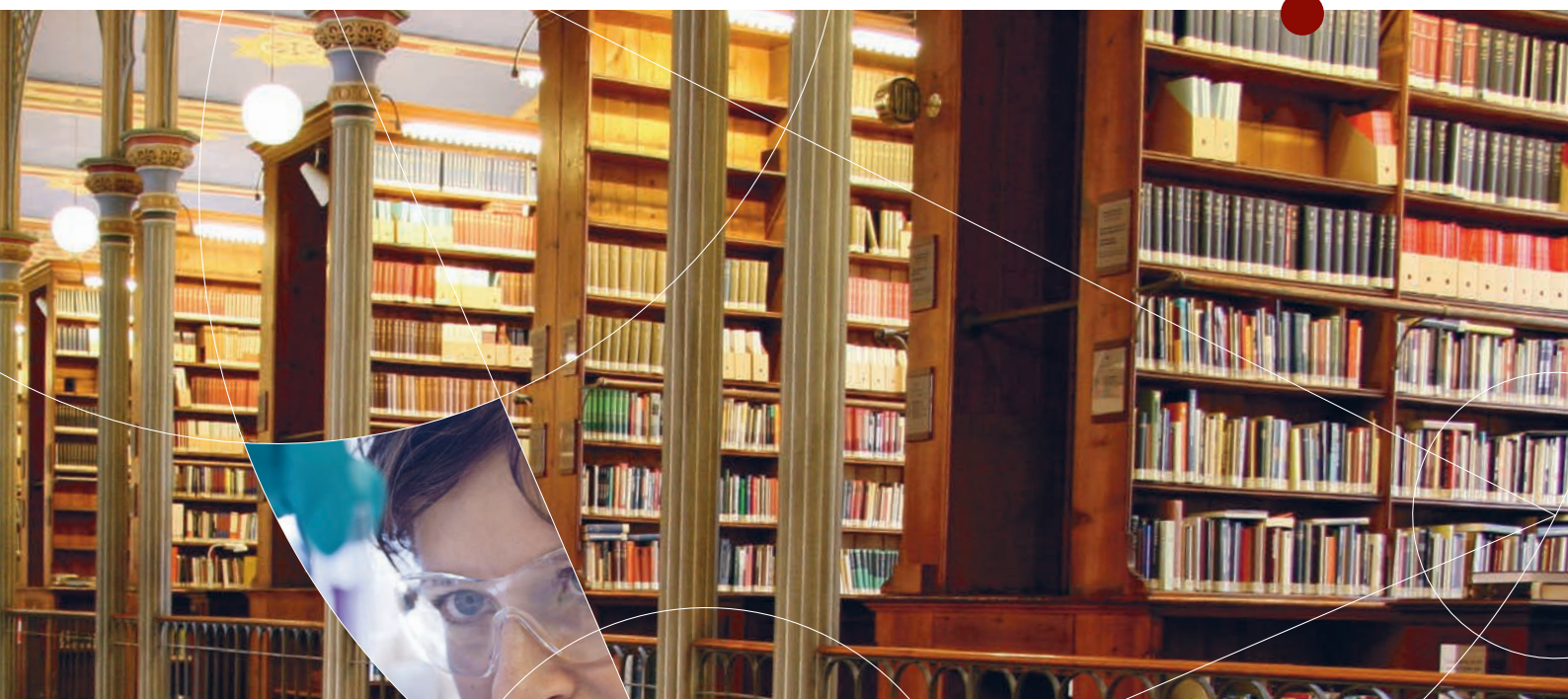


UNIVERSITY OF COPENHAGEN



Annual Report 2012

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Review, Management's Statement and Auditor's Report

Company Information

Company

University of Copenhagen
Nørregade 10
DK-1165 Copenhagen K
Local authority: City of Copenhagen
CVR no.: 29 97 98 12

Board

Nils Strandberg Pedersen, Chairman
Peter Gæmelke
Mattias Friis Jørgensen
Jannik Johansen
Niels Kærgård
Joan Lykkeaa
Kari Melby
Emilie Nayberg
Sine Sunesen
Leif Søndergaard
Mads Krogsgaard Thomsen

Rector

Ralf Hemmingsen

Prorector

Thomas Bjørnholm

University Director

Jørgen Honoré

Auditors

Danish National Audit Office
St. Kongensgade 45
DK-1264 Copenhagen K

Institutional Auditors

PricewaterhouseCoopers
Strandvejen 44
DK-2900 Hellerup

Attorneys

Kammeradvokaten (Legal Adviser to the Danish Government)
Vester Farimagsgade 23
DK-1606 Copenhagen V

Bank

Danske Bank
Holmens Kanal 2
DK-1090 Copenhagen K

Management's Statement

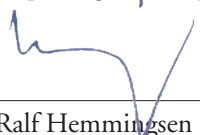
The Board and Executive Management have today considered and approved the Annual Report of the University of Copenhagen for 2012.

The Annual Report has been prepared in accordance with Ministerial Order no. 70 of 27 January 2011 on State Accounting, etc.

We hereby declare:

1. that we consider the accounting policies adopted appropriate and the accounting estimates made reasonable. The Annual Report therefore gives a true and fair view of the University of Copenhagen's assets, liabilities and financial position at 31 December 2012, and the results of the University's operations and cash flows for 2012, including the description of the targets set and the reporting on these targets in the Annual Report, are satisfactory,
2. that, in our opinion, Management's Review includes a true and fair account of the matters addressed and describes the most significant risks and elements of uncertainty faced by the University of Copenhagen,
3. that all transactions included in the Financial Statements are in accordance with relevant legislation and other regulations, as well as with agreements entered into and with established practice, and
4. that procedures have been introduced to ensure sound financial management of the resources covered by the Annual Report.

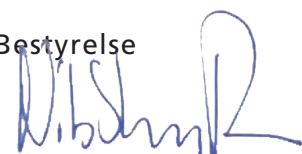
Copenhagen, 25 April 2013



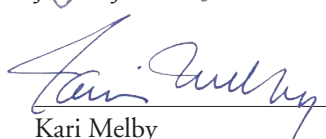
Ralf Hemmingsen
Rector

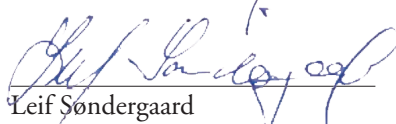
Jørgen Honoré
University Director

Bestyrelse



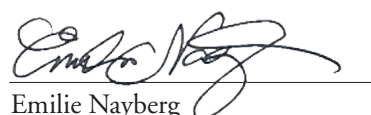
Nils Strandberg Pedersen
Chairman

Jannik Johansen

Kari Melby

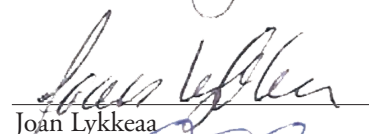
Leif Søndergaard

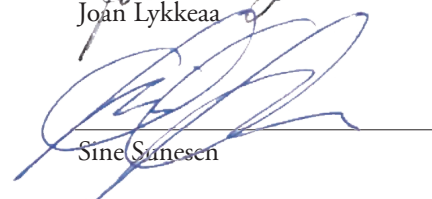
Peter Gæmelke

Niels Kærgård

Emilie Nayberg

Mads Krogsgaard Thomsen

Mattias Friis Jørgensen

Joan Lykkeaa

Sine Sunesen

Independent Auditor's Report

The Board of the University of Copenhagen has appointed PricewaterhouseCoopers as institutional auditors of the University pursuant to Section 28(5) of the Danish University Act. The Danish National Audit Office is responsible for the overall audit under the Danish Auditor General's Act.

To the Management of the University of Copenhagen

Report on the Financial Statements

We have audited the Financial Statements of the University of Copenhagen for the financial year 1 January–31 December 2012, which comprise accounting policies, income statement, balance sheet, statement of changes in equity, cash flow statement and notes 1–26. The Financial Statements have been prepared in accordance with the Danish State Accounting Act, rules laid down in the Financial Administrative Guidelines of the Danish Ministry of Finance and Ministerial Order no. 1281 of 15 December 2011 on funding and auditing, etc. at universities.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of Financial Statements that are accurate, ie free from material misstatements and omissions, in accordance with the Danish State Accounting Act, the Ministry of Finance's Financial Administrative Guidelines (ØAV) and Ministerial Order no. 1281 of 15 December 2011 on funding and auditing, etc. at universities, and for such internal control as Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error. The responsibility also includes selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable under the circumstances.

Management is also responsible for ensuring that the transactions included in the Financial Statements are in accordance with funding granted, legislation and other regulations, as well as with agreements entered into and established practice.

Auditor's Responsibility

Our responsibility is to express an opinion on the Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements in accordance with Danish audit regulation, good public auditing practice and the agreement on internal audits at universities entered into by the Danish Minister of Education and the Auditor General, pursuant to Section 9 of the Danish Auditor General's Act. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the Financial Statements. The audit procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the University's preparation of Financial Statements that are accurate, ie free from material misstatements and omissions, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Financial Statements.

The audit also includes assessing whether procedures and internal controls have been established to ensure that the transactions included in the Financial Statements are in accordance with funding granted, legislation and other regulations, as well as with agreements entered into and established practice.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The audit has not resulted in any qualification.

Opinion

In our opinion, the Financial Statements of the University of Copenhagen for the financial year 1 January–31 December 2012 have in all material respects been prepared in accordance with the Danish State Accounting Act, rules laid down in the Financial Administrative Guidelines of the Danish Ministry of Finance and Ministerial Order no. 1281 of 15 December 2011 on funding and auditing, etc. at universities. It is also our opinion that procedures and internal controls have been established to ensure that the transactions included in the Financial Statements are in accordance with funding granted, legislation and other regulations, as well as with agreements entered into and established practice.

Statement on Management's Review, Target Reporting and Financial Highlights

We have read Management's Review (pp. 7–21), Target Reporting (pp. 22–29) and Financial Highlights (pp. 48–49). We have not performed any procedures additional to the audit of the Financial Statements. On this basis, in our opinion, the information provided in Management's Review, Target Reporting and Financial Highlights is consistent with the Financial Statements.

Copenhagen, 25 April 2013

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab



Per Nørgaard Sørensen
State Authorised Public Accountant



Poul Madsen
State Authorised Public Accountant

Selected Results for 2012

The Board 2012 – important decisions

27 January

The Board stated its approval in principle of the University's amended statutes. The clause that establishes department councils made up of members elected from among the academic staff, the technical and administrative staff and the students will improve involvement and participation.

The Board approved the rules of procedure for the newly created post of student ambassador. The role of the student ambassador is to advise students who find themselves bringing a case against or raising a problem with UCPH. This enhances the students' legal rights vis-à-vis the University.

The Board appointed Peter Gæmelke as deputy chair, succeeding Claus Braestrup, who left the Board at the end of 2011.

13 March

As recommended by the Rector, the Board decided to change the line management of HR & O from the Rector to the University Director.

19 April

The Board approved and signed the Annual Report 2011.

7 June

The Board approved the final version of the Development Contract 2012–14 and the target plan for the UCPH Strategy 2016.

The Board approved in principle the launch of the 2016 Pool to fund interdisciplinary (and inter-faculty) research and education projects. The 2016 Pool was established as part of the work on the UCPH Strategy 2016 and in the wake of the faculty mergers (the focus of which was exclusively on the "wet" areas), and draws on the academic potential that exists across all disciplines and faculties. DKK 480 million has been earmarked for this work during 2013–17.

The Board approved the principles for incorporating the Royal School of Library and Information Science (IVA) into the University of Copenhagen. IVA became part of the Faculty of Humanities on 1 January 2013.

The Board noted the end of the stricter supervision of UCPH and approved the management's follow-up work.

16–18 September 2012 – Board seminar in Paris

The agenda for the seminar included talent strategy and the long-term outlook for the property sector, in particular whether the University should seek to rent or own buildings. The Board also attended an OECD conference on higher education and visited contacts in Paris.

9 October

The Board approved the ongoing work on the UCPH Campus Plan and the perspective and investment plan for its buildings.

4 December

The Board adopted Budget 2013.

The Board approved new rules of procedure.

The Board noted the status for the implementation of the faculty mergers. This marked the formal end of the implementation year.

The materials discussed by the Board, and the minutes of its meetings, are available at www.bestyrelse.ku.dk.

The University of Copenhagen posted particularly positive results in 2012. Student intake again set a new record, and external funding increased.

The decision was taken to introduce a minimum of 12 hours of teaching per week on all Bachelor programmes, and student ambassadors were appointed to guide and assist students who encounter problems at UCPH. The Development Contract between UCPH and the Ministry of Science, Innovation and Higher Education stipulates a number of efficiency goals, but we also continue to concentrate on the qualitative development of our study programmes, including a number of projects launched under the University's "Education at Its Best" initiative, e.g. an English-language teaching project and a course in academic Danish for students with Danish as a second language. In addition, the decision was taken to focus on university teaching, including by developing teachers' didactic competences.

In organisational terms, 2012 was characterised by the faculty mergers adopted by the Board in December 2011, on the recommendation of the Rector and the deans involved. It was, therefore, a year during which the two new faculties – the Faculty of Science and the Faculty of Health and Medical Sciences – concentrated on establishing their organisations and getting them up and running, a process that required a great deal of highly demanding work at all levels. Management believes that this work has borne fruit and that, as of the start of 2013, the new faculty organisations are in place and are in many areas already starting

to take advantage of the academic potential that has been the driving force behind the whole reorganisation process. Management recognises the extraordinary effort put in throughout the organisation, but is also aware that it still faces major challenges related to organisation and integrating staff into their new environments. Indeed, the statutory workplace assessment (APV) conducted in autumn 2012 included comments that reflect the pressures resulting from the reorganisation. These comments are being followed up.

The development of the University's physical framework continued in 2012. New buildings, the modernisation of existing buildings and the densification and selling off of other sites have been – and will continue to be over the next few years – strategic dimensions in our endeavours to develop the University. Buildings are not just steel and concrete, but a competitive parameter, including at international level, in terms of receiving new students, housing visiting academics and attracting funding. The University acknowledges that important Danish foundations have also recognised the University's physical development as crucial to its role and international position. The results over the next few years will be visible in several parts of Copenhagen.

The new Strategy 2016 came into force at the beginning of 2012. It was the result of a broad and inclusive year-long consultation process that began at the end of 2010. Implementation of the strategy began in 2012 with a series of initiatives specified in a target plan that also includes the goals negotiated and set down in the Development Contract between the Ministry of Science, Innovation and Higher Education and UCPH.

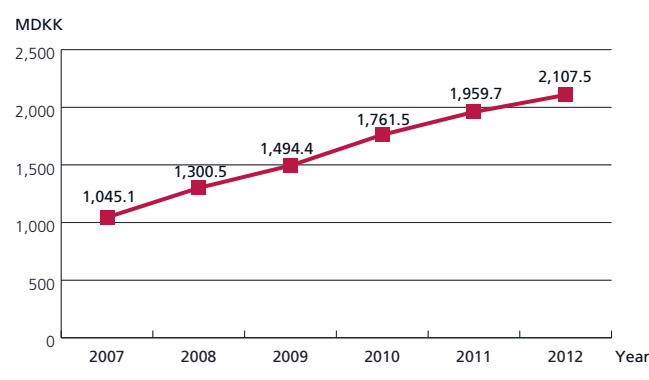
National record for ERC grants

In 2012, UCPH researchers received five grants from the European Research Council (ERC), the largest number ever for a Danish university. The grants, totalling approximately DKK 53 million, were awarded to researchers in the faculties of Humanities, Social Sciences, Theology and Science. The sharing of knowledge between the faculties during the application process was a contributory factor in this great success.

Continued growth in external, competitive funding

In 2012, research funding from external sources was up 7.5% on 2011. This grant-funded activity now makes up DKK 2,107.5 million of the University's total revenues, an increase of almost DKK 150 million on 2011 (in current prices). The table below shows the trend in external funding since 2007. The figures exclude inter-organisational trading and transfers.

Grant-funded research 2007-2012



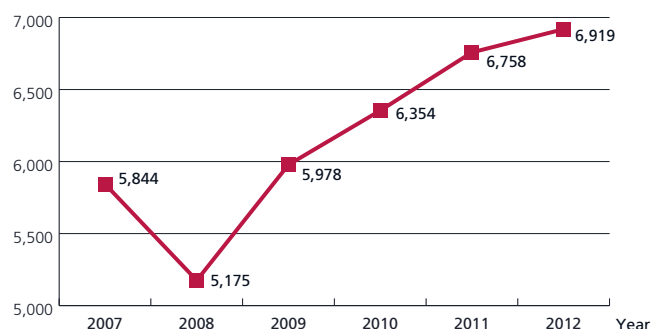
DKK 1,000,000,000 from the EU to UCPH

In 2012, UCPH passed the DKK one billion mark in the total grant portfolio from the EU's Seventh Framework Programme (2007–2013) for research and innovation (FP7). Much of the funding (equivalent to up to 2,000 FTEs) is used to finance salaries. The grants are therefore of great importance to research at UCPH, and the projects help boost the University's international profile. The latest figures from the European Commission also show that UCPH is ranked eighth on the list of universities with the most EU projects – a list topped by Oxford and Cambridge. UCPH has put a great deal of effort into FP7, and increasingly offers assistance with FP7 applications and project administration. The University is also a partner in the joint EU research office CreoDK in Brussels along with the Technical University of Denmark and the Capital Region of Denmark.

Higher intake

In 2012, 6,919 new students started Bachelor programmes at UCPH, a record number for the fourth year in a row and the highest ever at the University.

Intake undergraduate level 2007-2012



Note: The graph shows the number of admittants at 1/10. The steep decline in 2008 was caused by a nationwide decline in applications for university programmes.

In general, UCPH is in a strong position when it comes to recruiting new students. To meet demand, the number of places on Bachelor programmes was increased by 5% in 2012, and the overall capacity was almost completely utilised. At the end of the 2012 intake process, only 67 places were left vacant across the whole of the University's Bachelor programmes.

However, despite increased capacity, UCPH still has to reject many qualified applicants, especially on very popular programmes like medicine, political science and psychology.

Capacity on the various programmes is determined by UCPH on the basis of its physical framework, teaching staff and the anticipated demand for graduates in the labour market. However, for some programmes, e.g. medicine and veterinary science, the Ministry imposes an upper limit on intake.

With many unsuccessful applicants, it is important that new students consider their options carefully and make study choices that will enhance their chances of successfully completing their programmes. In recent years, politicians have expressed great interest in supplementary alternatives to intake based solely on grade-point averages in the qualifying examinations. In order to provide opportunities for young people who do not have a GPA that merits intake on quota 1, from 2013 onwards UCPH has decided to reserve 10% of total intake for students from quota 2.

Several study programmes, e.g. animal science, psychology and sociology, have increased the share of total intake from quota 2.

Financial framework

UCPH's revenue for 2012 amounted to DKK 7,979.2 million, which represents a 2.7% growth over 2011 (current prices). The total growth comprises growth in external funding and study programme income as well as a decrease in subsidies.

In terms of actual amount the Danish Finance Act for 2012 was as expected, and in real terms it entailed a reduction from 2011 to 2012.

The decrease is due, firstly, to the administrative savings included in the political 'Agreement on the recovery of the Danish economy' from 2010. UCPH was allocated savings of DKK 41 million through administrative streamlining, which will increase to savings of DKK 82 million in 2013 onwards.

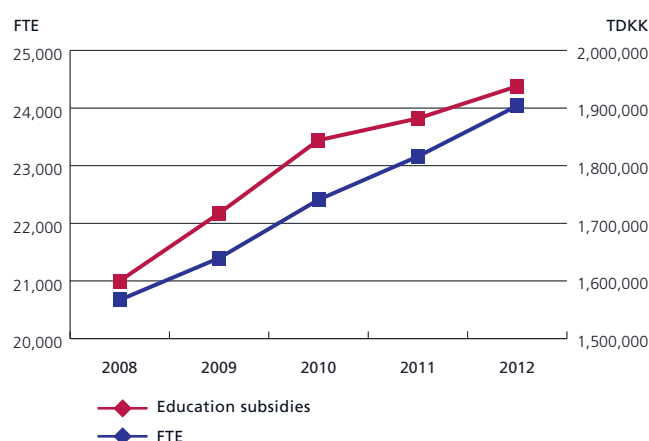
Secondly, as in 2011, the basic subsidy was reduced due to the necessity of funding the increased educational activity. The higher intake in 2010 had financial implications to the University in 2011, corresponding to a reduction of just below DKK 27 million, increasing to DKK 98 million in 2012. The intake in 2012 is fully funded under the 2013 Finance Act, but the higher intake in 2010 has multi-annual implications.

In connection with the Globalisation Accord in November 2011, the research reserve of the globalisation pool was increased by DKK 300 million to DKK 986 million, DKK 229 million of which was allocated to basic research funds for the universities. UCPH received DKK 68.4 million of these funds. The funds are allocated to the universities under the "basic funds for performance" model, of which the University's share represents approx. 30%. The model is based on the following elements: Educational/programme revenue, external funding, number of publication points (BFI) and number of PhD theses. Following evaluation and consultation in the summer of 2012, the parties behind the political accord decided to continue the bibliometric research indicator (BFI) unchanged for a 5-year period.

The University received DKK 28.5 million in 2012 from the so-called matching fund totalling DKK 95 million nationally. Funds from this fund are paid out based on a ranking of the universities' ability to attract private funding from foundations/companies. Moreover, the University received DKK 22 million from the globalisation pool in 2012 as a reward for its participation in international research. Both pools expired with the Globalisation Accord in 2012.

As in previous years, UCPH maintained a high level of activity in 2012. Overall, the University is seeing a positive development when it comes to study programme income and the number of student full-time equivalents (FTEs), which increased by 3.0% and 3.8%, respectively, as compared to 2011. Both growth rates are slightly higher than previously as study programme income increased by 2.1% from 2010 to 2011, and the growth in the number of FTEs was 3.4% in the same period.

Growth in FTEs and total education subsidies in the period 2008-2012



UCPH's education subsidies were reduced by a total of DKK 30.1 million in 2012 due to the financial imbalance between the subsidies earned on the basis of guest students at the University (earned FTEs) and the merit (FTEs) earned by Danish students studying abroad (described in detail later).

Also in the years ahead, UCPH as a whole, as well as the individual faculties, must concentrate fully on improving

the financial basis for providing high-quality education. Therefore, the University's Development Contract has focus on continuous work to ensure a low drop-out rate, high FTE production and short completion times.

Strategic Priorities

Strategy and Development Contract

At the start of 2012, performance reporting on the University's strategy "Destination 2012" came to an end. At the Board meeting in April 2012, a report was presented on the Development Contract for 2011, which was a one-year extension of the Development Contract for the period 2008–2010. At the start of the new strategy period 2012–16 and the Development Contract period 2012–14, it was decided internally at UCPH to bring together the targets from the Development Contract and from the University's own Strategy 2016 into an overall plan that incorporates targets defined and negotiated with the Ministry, as well as targets set by the University itself. In June 2012, the Development Contract was signed by the Minister and the Chairman of the UCPH Board, with a retrospective start date of 1 January 2012.

This Annual Report contains the first performance reporting on the Development Contract for 2012–14.

Education

Efficiency

Not only has intake risen in recent years, but greater attention has also been paid to study efficiency and the quality of study programmes. One of the ministerial targets in the Development Contract is therefore faster completion of studies. The target in the contract is for students to increase their ECTS production by an average of 6% by 2014, which corresponds to UCPH students on average finishing their Bachelor studies three months faster in 2014 than in 2011, and two months faster for Master's programmes.

Programme quality

UCPH also focuses on day-to-day study activity and what it offers to students. The Development Contract therefore stipulates a minimum number of teaching hours for study programmes. By autumn 2014 at the latest, all Bachelor programmes must provide a minimum of 12 hours of

teaching per week over each 14-week semester. Since study programmes do not consist exclusively of teaching hours, work has also started on all Bachelor programmes to draw up guidelines for holistic weekly study plans. One of the objectives of this is to make it clear that university studies are the equivalent of a full-time job. The guidelines for weekly plans are due to be published before the start of the autumn semester 2013.

Choice of study

The University does not just take in students; the students very much choose the University. This reciprocity begins long before the actual intake. UCPH does a great deal of work with schools to identify potential students, make them inquisitive and help them in their choice of study. This entails, among other things, visits to the University and visits by researchers to schools. In 2012, work commenced on establishing simpler and unambiguous points of contact between schools and the University and on increasing contact and providing a wider range of activities. The Development Contract includes a target for this work.

To improve recruitment and meet the expectations of potential applicants, UCPH also provides insight into both the academic and social aspects of life at the University via short authentic films produced by students. These provide potential applicants with a picture of the opportunities and challenges that an education at UCPH provides – in a medium and a form to which young people are able to relate. The films are supplemented with smartphone apps with links to further information about study programmes.

Coherence in the education system

One of the targets set by the Ministry in the Development Contract is to make the overall education system more coherent. UCPH agrees that there is a need for greater coherence between the different levels of education and the various higher educational institutions. UCPH already works with the university colleges – for example, by enabling access from the university colleges to the University and by providing in-service training for lecturers. This will be expanded in the next few years, and tangible work is being done in collaboration with the university colleges.

UCPH also attaches great importance to its students' internal mobility, in terms of enabling them to move more freely between different programmes and thereby make the most of the broad academic range that the University has to offer. UCPH will therefore continue to develop and support its own "inner market" for students.

The balance issue

In addition to promoting greater coherence in the Danish education system, another important dimension is the further development of international student-exchange programmes. As a large proportion of travel activity is based on exchanges, it is a challenge in itself that the countries UCPH students primarily wish to visit have not traditionally been the same countries from which students apply to study at UCPH. In addition, there has been a certain imbalance between the number of outgoing and incoming students, although activity in both directions has been evening out.

This is also necessary because it is a requirement that there is reciprocity and financial balance in exchange activities. The University has therefore in recent years focused on reducing the imbalance, partly by very actively working to increase the number of outgoing students, partly by reducing the number of incoming. As shown in the table below, UCPH managed in 2012 to achieve a positive balance, i.e. we now send out more students than we receive.

Number of students – outgoing and incoming	2012	2011	2010
Outgoing:	1,580	1,264	1,381
Incoming:	1,499	1,934	1,795

Number of incoming and outgoing triggering internationalisation grants.

The Ministry's target of financial balance has not yet been achieved. This is partly due to the fact that the balance is only calculated on selected categories of exchange students, and partly because the universities do not have the authority to require returning students to apply for credit transfers for exams taken abroad. UCPH is working with the Ministry and other universities to find a solution to these problems.

Education at Its Best

High-quality education requires a continuous development-oriented approach to study programmes on the part of both lecturers and students. For this reason, in 2010–2011, UCPH launched the DKK 10 million “Education at Its Best” initiative, which involved more than 60 pilot projects that tested and developed a variety of teaching innovations. The projects were evaluated in 2012, and have all generated positive results in their environments, thanks to the commitment of the University’s lecturers, heads of studies and participating students.

Several of the pilot projects have now been spread more widely. Projects launched in 2012 included English-language teaching, academic Danish for students with Danish as a second language, the integration of Professional Bachelors into UCPH’s Bachelor programmes and an education day for teachers, students and external stakeholders.

Focus on university teaching

In 2012, UCPH mapped out activities in the areas of pedagogic and didactic skills enhancement for lecturers. A number of priorities have been identified, which in the coming years will be translated into strategic development projects with an overall budget of DKK 32 million. The projects are designed to provide high-quality pedagogic skills enhancement for teaching staff, including creating stronger incentives to work in a more development-oriented manner with teaching, and in this way support the University’s overall strategic objectives for education.

Key research initiatives and strategies

The 2016 Pool: new research programme

– Interdisciplinary excellence

UCPH’s five-year, DKK 355.2 million star programme, and its 20 projects chosen with the help of experts from other countries, comes to an end in 2013. Partly on the basis of experience with this programme, the Board approved the establishment of the new 2016 Pool, which adds an emphasis on interdisciplinary research. The new five-year programme has a pool totalling DKK 480 million, of which DKK 80 million is earmarked for educational purposes. Projects were selected in late 2012/early 2013, again with the help of internationally recognised experts in the form of a broadly composed review panel. In the assessment, in addition to the basic requirement for excellence

in research, the emphasis was on interdisciplinarity in the form of collaboration across a minimum of two faculties, on the potential for solving social challenges and on working more closely with the rest of society. A total of 18 new excellent research projects have been awarded funding from the pool of DKK 400 million. The projects will run during the period 2013–2017.

The projects are listed at: <http://forskning.ku.dk/styrkeomraader/stjerneprogrammer/>

Ongoing development of the UCPH business strategy

In late 2011, UCPH laid out an overall business strategy, which in particular formulates a strategy for co-operation with large, research-intensive companies. In 2012, the University supplemented this with a plan for co-operation with small businesses, primarily via the GTS institutes, which will facilitate contact with small businesses that do not have their own research and development departments.

In 2012, the University also continued the work of formulating sub-strategies for working with external partners. In collaboration with the University’s Research and Innovation Council (KUFIR), a working group formulated a proposal, “The University of Copenhagen’s strategy for co-operation with authorities and organisations 2012–2016”. In December 2012, this proposal was discussed at a dialogue meeting, at which researchers, students and influential representatives of official agencies, organisations, councils and foundations provided input into the strategy, the final version of which will be launched in 2013.

In order to make UCPH’s research more visible and to encourage a wider range of external partnerships, KUFIR, assisted by the University’s Communications Department and the Department of Research & Innovation, has identified nine areas of interdisciplinary strength as described by the researchers themselves. The descriptions are available via the UCPH homepage (under “Research”) as of spring 2013, which means that they are accessible to the general public, journalists, business people and other interested parties and potential partners in an academically structured

manner. Large items of advanced laboratory equipment of potential interest to external partners have also been described and published on the UCPH business portal.

A brochure published in 2012 sets out the framework conditions for entering into co-operation agreements with UCPH. The University also issued invites to dialogue meetings with companies and Danish Industry (DI) in order to encourage feedback on how it can strengthen cooperation with external companies and organisations with regard to intellectual property rights (IPR).

China

UCPH, in collaboration with the other Danish universities, is engaged in a universities partnership in China, within the framework of the Sino-Danish Center (SDC).

Since it opened in China in 2012, the development of the SDC has been extremely positive. Research work and PhD exchange programmes are progressing well, and Master's programmes have now commenced. Construction of the Yanqihu Campus has, however, been delayed.

In addition, the University has independently drawn up an action plan for initiatives aimed at China, the aims of which include recruiting Chinese talent and creating "soft" cultural and language-introduction courses for those in Denmark.

IARU¹

UCPH hosted the 2012 IARU Presidents' Meeting. Based on a proposal from UCPH, IARU took the decision to hold the Sustainability Science Congress in Copenhagen in 2014, for which the University is the prime mover. A scientific steering committee has been set up with Professor Katherine Richardson as chair and representatives of the other IARU universities as members. A local organisation has also been set up at UCPH, chaired by head of department Niels Elers Koch. The Center for Healthy Aging will also organise an IARU meeting on ageing in 2014.

A discussion was also held about the growing political desire, noted by all IARU members, to quantify universities' contribution to society. UCPH presented a report that specifically measures the social and economic impact of collaborations between the University and industry, while the other IARU members presented their deliberations and work on the question.

UCPH continues to participate in a number of IARU activities, e.g. the Global Summer School Programme (GSP), which has enjoyed considerable success and is attracting a growing number of students. GSP has therefore also attracted the support of the IARU members.

Career track

Tenure Track

Recruitment of academic staff is essential for the continued development of research and education at the University. Support systems and procedures must therefore be developed in order to focus on quality.

The formalities that precede appointment at Danish universities are often unnecessarily cumbersome, and the process is often incomprehensibly slow for applicants from abroad. It is not unknown for successful applicants to have found a job elsewhere while the UCPH process is still ongoing. This is partly due to external and internal rules and procedures, but the career path as a researcher can itself be seen as so uncertain that it keeps talent away from the University.

Partly inspired by the American system's use of tenure, the management at UCPH has in 2012 worked on a model that emphasises scientific excellence and maps out a career path in research in a more simple manner, as long as the applicant's academic development continues to merit it. The main element in the model is that, right from the start, applicants are able to see the path from assistant professor to associate-professor level, with systematic guidance and evaluation along the way, but without interruptions due to formal application procedures. The purpose of this type of appointment and career model is to make it easier for the University to attract academics with a strong profile, both from Denmark and the rest of the world.

¹ Established in late 2005, the Alliance comprises: the Australian National University; ETH Zurich; National University of Singapore; Peking University; University of California, Berkeley; University of Cambridge; University of Copenhagen; University of Oxford; University of Tokyo; and Yale University.

Use of this type of employment model will require certain changes in the job structure for academic staff at the universities. UCPH has therefore consulted other Danish universities regarding such a model, but there does not appear to be interest in a joint submission to the Ministry. UCPH will therefore, including in connection with the next job-structure negotiations, notify the Ministry of its interest in the idea.

In addition to the barriers that must be overcome in order to be able to use this particular career model, there are other processes and procedures that can be streamlined so that the appointment process is not unduly delayed. In 2012, UCPH initiated an efficiency-improvement project to pursue this objective.

PhDs

The PhD programmes constitute a particular career field. Approximately 800 PhD students enrol at UCPH p.a. and they represent a source of inspiration for other students at earlier stages of their studies. During the PhD programme and afterwards, they also constitute a source of knowledge development and exchange with the rest of society.

As a supplement to the traditional 3+2+3 scheme, UCPH therefore also works with a so-called 3+5 model. The objective is that the Master's and PhD programmes make up a coherent process, and the most talented students – Danes and non-Danes – are able to set their sights on a long-term progression from as early as Bachelor level. UCPH hopes that this initiative will provide access to a new international talent market of the kind that has benefited universities in the United States in particular for many years.

Management Framework

Statutes

In 2011, the Danish Parliament passed a whole series of amendments to the University Act, partly as a follow-up to the 2010 evaluation of the Danish universities, which was conducted by an international panel chaired by Agneta Bladh from Sweden.

As a result of the legislative changes, the University's statutes have also been amended. The Board appointed a statutes committee consisting of representatives from

the Board, students, staff and external members, in order to prepare new draft statutes. To ensure the maximum involvement of the University population, the draft was sent to consultation before it was adopted by the Board in spring 2012, and then finally approved by the Minister of Science, Innovation and Higher Education in June 2012. The revised statutes came into force on 1 July 2012.

The amendments to the University Act make explicit the universities' boards' obligation to establish frameworks for the involvement of staff and students. At UCPH, this has led, for example, to the setting up of department councils, which was one of the most hotly debated issues during the consultation process.

Department councils

The function of the department councils is to ensure the participation and involvement of each department's academic staff, technical and administrative staff and students in the conditions for study programmes, research, etc. During the summer and autumn of 2012, the framework conditions for the councils were laid out, including standard rules of procedure. These, too, were subject to wide-ranging discussion and consultation at the University. In early 2013, elections to the councils were held, and they began their work in April 2013.

Completion and follow-up on stricter supervision

In April 2012, the Ministry of Science, Innovation and Higher Education's Agency for Universities and Internationalisation completed its stricter supervision of UCPH, which was initiated in the wake of the Penkowa case. The stricter supervision came to an end following the release of a report by the Agency. The Board discussed the report in June, and initiated follow-up work on job descriptions, delegations, updating of the management handbook, etc. The stricter supervision therefore ended in 2012.

In 2012, work also continued on the Rector's action plan in response to the Attorney General's statement regarding the Penkowa case. An independent student ambassador has now been appointed to advise students and look after their interests, which will further improve their legal rights vis-à-vis the University. The post of student ambassador is the first of its kind in Denmark. With the appointment, all

that remains to be done is to improve the general rules for handling suspected cases of academic misconduct and poor academic practice. This work is being done by the University's Practice Committee, which has been expanded by two members for this precise purpose. The enlarged Practice Committee is expected to publish its report in 2013. The Health Faculty set up a "named person" pilot scheme in 2012.

International panel review of Penkowa's research

In the summer of 2011, UCPH set up an independent international panel with a remit to review all of Penkowa's research to check for any suspected malpractice in addition to the cases already reported to the Danish Committees on Scientific Dishonesty (DCSD). The panel's work was completed with a report published in August 2012. The panel concludes that another 15 of Penkowa's scientific articles contain grounds for suspicion of misconduct. The University has therefore brought the 15 articles to the attention of the DCSD, including articles included in Penkowa's PhD and doctoral dissertations.

Status of administrative streamlining

As part of the plan for the recovery of the Danish economy in the spring of 2010, administrative streamlining requirements were imposed on the public sector by a parliamentary majority. Thus, the university sector as a whole was required to achieve savings within general management and administration of DKK 125 million in 2012, increasing to DKK 250 million in 2013 onwards. The required savings have since then been allocated to the universities on a pro-rata basis, and UCPH has been allocated administrative savings of DKK 41 million in 2012, increasing to DKK 83 million in 2013 onwards.

The imposed method and tight schedule for the realisation of the savings de facto resulted in savings having to be achieved by top-slicing of the administrative organisation.

In general, UCHP's follow-up at the end of 2012 shows that the organisation has realised these savings. A number of minor, specific operational savings have been achieved in the administrative area, and streamlining and process optimisation have been achieved continuously to ensure better utilisation of staff resources. Moreover, focus remains

on the very organisation of the administrative support functions with a view to reorganisations that may support resource utilisation. The administrative streamlining did, however, have significant staff implications to the organisation. The assessment is that so far for the period 2010-2011 UCHP has cut more than 100 positions due to administrative streamlining, and an additional 60 positions, at least, was cut in 2012.

The Board and Management of UCHP do not, however, consider 'administration' an isolated part of the University's activities. In order for UCHP to remain successful in attracting several large donations such as UNIK funds and basic research centres, increased administrative support and assistance are required, in particular in a time when external requirements for management and data at a detailed level are increasing. Administration is thus an integrated and supportive part of UCPH's core responsibilities within research and education, and the University finds that the method and definition of administration based on which the University is required to streamline are very narrow and remote to the way in which the administrative processes are organised in practice.

UCHP is continuously seeking to develop and professionalise the organisation of the administrative support functions so that they match the steep growth and professional development as well as the increasing external requirements. The University therefore needs to continue improving its infrastructure, eg through IT investments in new systems and new IT infrastructure. There is a great need for continued modernisation of the administrative IT support. Efforts are made in many areas, but in particular the process of implementing Navision as a new financial management system at 1 January 2014 as well as the implementation of the new study administrative system (STADS – put into operation in 2012) have entailed increased investments and change. In addition to the modernisation of the administrative IT systems, there is a need for general expansion and consolidation of the University-wide IT infrastructure (network, e-mail platform, intranet, etc.), which is an ongoing activity. At this time, extraordinary annual investments of DKK 30 million are made to modernise IT at UCPH. The establishment of an office to handle international recruiting and relocation abroad (ISM) could also be mentioned in this connection. Fundamental-

ly, these are activities which the University chooses to give priority, but where any efficiency gains will not materialise until some years have passed.

UCPH has therefore chosen to develop its own methodology to ensure monitoring of continuous efficient operations and development; the model also accommodates growth. UCPH has calculated two internal ratios which are continuously monitored by Management: TAP-AS wage kroner/total wage kroner and TAP-AS wage kroner/total revenue, TAP-AS being permanent staff engaged in administration and services. Both ratios indicate that developments are moving in the right direction towards enhanced efficiency.

	2012	2011
TAP-AS wages/total wage kroner	23.6%	24.2%
TAP-AS wages/total revenue kroner	13.3%	13.4%

Organisational Development

Faculty mergers

In December 2011, the Board decided, on the recommendation of the Rector and supported by the deans of the faculties concerned, to reorganise and merge the four “wet” faculties into two new ones: the Faculty of Science and the Faculty of Health Science. The latter consists of the previous health-science and pharmaceutical faculties and the veterinary/animal areas from the former Faculty of Life Sciences (LIFE). The Faculty of Science consists of the former faculty of the same name and the former Faculty of Life Sciences, with the exception of the veterinary/animal areas.

The faculty mergers in 2012 were a response to the mergers of 2007, when the former Danish University of Pharmaceutical Sciences and the former Royal Veterinary and Agricultural University (KVL) merged with the University of Copenhagen and operated as faculties until 2012. The changes to the faculty structure arose out of management’s desire to bring overlapping or closely related fields together and to ensure closer interaction between basic science research and more business-oriented research.

The new faculty structure was implemented in 2012. This has been a long and demanding process, as is always the

case when establishing new organisations, a process that invariably involves the creation of new corporate cultures. At the organisational level, the implementation processes at the two faculties have been slightly different. The department structure in the Faculty of Science has been revised and significantly reorganised in order to create as coherent an academic structure as possible. The Faculty of Health Science only needed minor adjustments to its departmental structure. However, the development of the new education councils has been a major area of focus. The splitting up of the former Life Science’s administration, as a result of which approx. 2/3 went to the Faculty of Science and 1/3 to Health Science, was a major practical task and a potentially difficult process in terms of personnel. However, it was planned and executed in a highly satisfactory manner, and the needs of almost all of the employees in the new faculty were met.

To strengthen and exploit the synergies generated by the faculty mergers, it was decided in advance, and in connection with the actual mergers, to allocate resources for so-called “research beacons” in some of the merged academic areas. Five beacons in chemistry, pharmacology and plant sciences have been established, each with funding of DKK 35 million over five years.

Attention has also been paid to the organisation and management of educational activities, particularly with regard to the possibility of establishing new interdisciplinary partnerships.

Following the mergers, at the beginning of 2013, the University of Copenhagen has a total of six faculties, with a very large span in terms of both size and academic breadth. It is a management priority to exploit this range and academic potential as much as possible within the framework of the new structure. For example, in 2012 the decision was taken to establish the so-called 2016 Pool, which in the next few years will stimulate and develop selected research projects across the faculties (see also above).

CULIS

The University of Copenhagen and the Royal Library have replaced their five-year Copenhagen University Library Services (CULIS) agreement, which expired in 2012, with a new one with no time limit. The idea is to create an

organisational framework that will ensure the best possible use of library resources at the University, including through the co-ordination of expensive licensing agreements and operational co-operation in the whole area of library services.

IVA

Throughout 2012, work has continued on the possibility of a merger between the Royal School of Library and Information Science (IVA) and the University of Copenhagen. Since IVA and UCPH were previously under different ministries, the merger has necessitated certain amendments to the legislation, as well as clarification of the continued state funding of IVA. By the end of 2012, the legislative issues had been dealt with, and the merger approved with effect from 1 January 2013. As a result of the merger, IVA is now part of the Faculty of Humanities (HUM). The subsidy implications were finalised by legal instrument in early 2013.

IVA is currently located in Copenhagen, with a small department in Aalborg. In the long term, IVA will be located on South Campus, at the Faculty of Humanities. The department in Aalborg will be continued.

Physical framework

The physical framework is among the essential prerequisites for a good educational environment and for ongoing academic development. In addition, the University's range of disciplines has a crucial impact on its ability to attract internationally recognised academics. The physical framework is a strategic element in UCPH's work on the development of the framework for its core activities.

In recent years, UCPH has also become increasingly visible in the city, a trend that continues. In 2012, new construction projects started, and work continued on the preparations for other major building projects.

In August 2012, ground was broken for the Mærsk Building, adjacent to the Panum Building. The work is on schedule, a contract has been signed with a contractor for the shell, and the body of the building will emerge over the next year and make a visible impression on the area. The second major development for Health Sciences, the Pharma Science Building, is also making progress and work is

expected to start at the end of 2013. Similarly, the outline proposal for the Niels Bohr Building has been approved and the project is expected to be approved in spring 2013. The Science City project contributes to the development of the area around North Campus, where UCPH, in collaboration with the City of Copenhagen, Copenhagen University Hospital, Metropolitan University College, the Royal Library, and business and industry, is working to promote business partnerships and entrepreneurial clusters.

On Frederiksberg Campus, sufficient progress has been made in the planning of Copenhagen Plant Science Centre I (CPSC) that the project was put out to tender in spring 2013 and construction will commence after the summer. Work was also done on planning the neighbouring CPSC II, and construction is expected to start in 2014. It is planned that the food building in Frederiksberg Campus will be taken into use at the start of the semester in September 2013.

KUA 2 for the Faculty of Humanities is delayed. It is being brought into service between Easter and summer 2013, but the delay to the plans has caused a number of inconveniences. Work on KUA 3 for the Faculty of Law, the Faculty of Theology, IVA and the research park Symbion A/S will start as soon as KUA 2 has been taken into use.

On City Campus, work on the new building for the Faculty of Social Sciences is on track, with Jeudan as contractor. It is scheduled to open in September 2013.

Fundraising for the new Natural History Museum project, worth approx. DKK 1.2 billion continues, with UCPH in close dialogue with a number of foundations about the plans. The project will improve how young people, students and the general public perceive natural science and provide a setting for ground-breaking research and communications work.

As outlined above, plenty of building work has continued on all campuses in recent years. The property sector as a whole accounts for approx. 21% of the University's budget, and therefore it is satisfactory that the cost levels remain in balance. While UCPH's total annual revenue has increased by 3.0% on average in the period 2007–2012 (at 2012 prices), building costs increased on average by 2.0% per

year. This development is also linked with a reduction in the surface area (densification), resulting from the initial Campus Plan from 2006 and legal instrument 148.

The Board's target of reducing energy consumption and CO₂ emissions by 20% per FTE by 2013 is also on track.

UCPH has therefore made significant progress in its attempts to deal with the backlog of many years in its building work. The many new buildings mean that UCPH is now almost in line with international standards in most areas.

However, a number of buildings still need to be upgraded, particularly on Frederiksberg Campus, North Campus and on the University's land in Taastrup. Similarly, UCPH's continued growth and academic reorganisation, e.g. the merger of the "wet" faculties, including the relocation of nutrition and sport to the same site and the new Department of Geosciences and Natural Resource Management, mean that upgrades and/or new buildings will also be needed after 2016/2017. Another significant challenge is the general level of maintenance of UCPH's building stock, as the funds earmarked by the Danish University and Property Agency for general maintenance are not sufficient to meet the need. Due to the structural problems that this entails, UCPH is considering changing over to owning its own buildings (see below).

The University's long-term plans for expansion and land use will be incorporated into Campus Plan 2013 (management's tool for the day-to-day work on buildings), which is expected to be completed around Easter 2013.

The management and funding of construction projects

The State Property Board, the so-called SEA scheme that involves universities leasing buildings from the state (the Danish University and Property Agency), represents an obstacle to UCPH's long-term development. UCPH is by far the largest SEA tenant, as other universities to varying degrees rent privately, and some actually own their own buildings. One result of the scheme is that UCPH pays well above market rates in rent. This is an obstacle to e.g. co-operation with business – external parties are unable to set up on campuses because it is relatively expensive

compared to alternatives elsewhere. However, although these facts are documented, there is no prospect of the SEA scheme changing significantly in the next few years. Therefore, after careful consideration, UCPH wants to change to owning its own property, as some of the other Danish universities have done since the introduction of the SEA scheme in 2001. Genuine ownership would allow UCPH to act more flexibly both with its external partners and internally, in terms of continuous adaptation (e.g. alterations, renovations and ongoing maintenance), which is not well supported by the current system. At the beginning of 2013, work was being done to initiate negotiations on this with the Ministry of Science, Innovation and Higher Education and others.

UCPH is also working to establish a Housing Foundation to look after and consolidate all of its housing activities. The aim is to provide suitable accommodation and an appropriate level of service for both international students and international visiting researchers. Work is ongoing to comply with the regulatory requirement that these activities be brought together under a separate fund at arm's length from the University.

Financial Review

Performance 2012

UCPH showed a profit of DKK 167.9 million in 2012, a significant improvement on the originally budgeted loss of DKK 22.2 million. Due to the profit realised, equity increased from DKK 1,003.2 million in 2011 to DKK 1,171.1 million in 2012. For the years ahead, UCPH has launched several initiatives and activities that will consume a material part of the equity. The University's equity and the allocation of equity are described in the section "Allocation of UCPH's equity".

UCPH's solvency ratio was 25.5% in 2012 compared to 25.2% in 2011. Equity represented 12.9% of total revenue in 2011, compared to 14.7% in 2012.

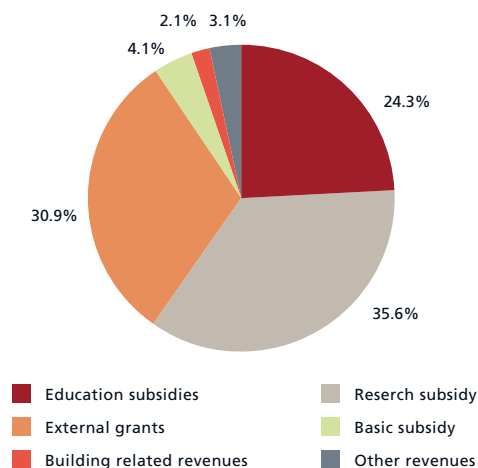
Management considers the financial performance satisfactory and as expected. UCPH has acted financially responsibly and has been cautious in terms of consumption due to the unfavourable financial trends and the uncertainty of

the budgets for 2013 and subsequent years. Until the passing of the Danish Finance Act for 2013 in the autumn of 2012, UCPH's future revenues were subject to great uncertainty, which resulted in general reluctance to spend and, in particular, hire in 2012. In addition to pay and operational restraint, UCPH has generated more revenues in 2012 than originally forecast, which contributed towards the improved performance as compared to budget. UCPH must continue to spend the profit realised as well as the subsidies and external funding received responsibly to reinforce the University's work of developing the educational, research and communication areas as well as to finance the commissioning and lay-out of several new buildings. The development will continuously reflect the University's vision, strategy, development targets and the tasks prioritised.

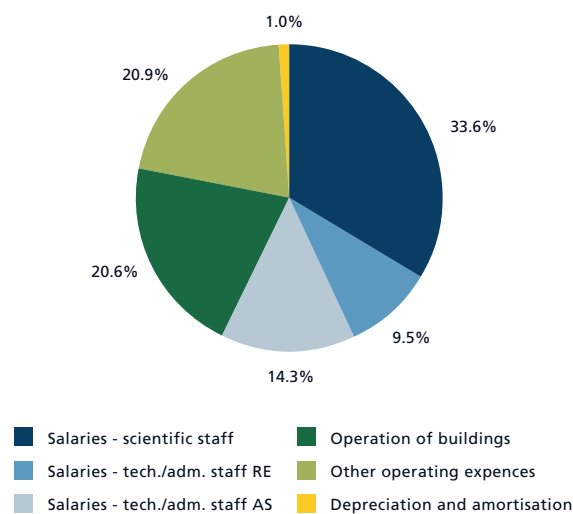
The bulk of the University's revenues (64.0%) stems from government subsidies, including education subsidies accounting for 24.3%, research subsidy for 35.6% and basic subsidy for 4.1%. To this should be added external funding accounting for 30.9%, building-related revenues for 2.1% and other revenues for 3.1%. The University's total revenues in 2012 amounted to DKK 7,979.2 million, an increase of DKK 209.4 million (current prices) from 2011.

In spite of minor increases in the education and research subsidies, government subsidies in total decreased by DKK 19.6 million (current prices) from 2011, which is due to the major cuts of the basic subsidy. It is positive that external funding went up showing an increase of 7.5% over 2011. Building-related revenues were reduced by DKK 9.5 million (current prices) from 2011. Other revenues went up by DKK 65.9 million (current prices) compared to 2011. The increase is primarily due to UCPH receiving litigation interest of DKK 28.0 million from the Danish tax authorities concerning refund of energy taxes for 1998-2001 in continuation of a ruling by the Danish National Tax Tribunal. Moreover, UCPH has received DKK 23.4 million from the Danish tax authorities comprising a DKK 15.1 million refund of VAT on meals during meetings with business contacts and staff in the period 1 October 1994 to 31 December 2010 and litigation interest of DKK 8.3 million. In total, litigation interest accounts for DKK 36.3 million of other revenues.

Revenues



Operating expenses



Staff expenses amounted to DKK 4,504.2 million in 2012, corresponding to 57.4% of the University's total operating expenses. Total staff expenses increased by 3.7% compared to 2011. Overall, there has been an increase of 116 academic staff FTEs, representing growth of 2.6%, while technical/administrative staff FTEs saw a decrease of 49, representing a decrease of 1.1%, due to the administrative savings.

UCPH's total operating expenses amounted to DKK 7,842.4 million, an increase of DKK 374.2 million (cur-

rent prices) over 2011. The higher operating expenses are primarily caused by an increase in staff expenses with academic salaries increasing by DKK 134.1 million (current prices) from 2011 to 2012 and other operating expenses increasing by DKK 173.4 million (current prices) as compared to 2011.

Building-related expenses amounted to DKK 1,616.5 million, corresponding to an increase of DKK 48.8 million (current prices) from 2011.

Other operating expenses for 2012 amounted to DKK 1,639.9 million, an increase of DKK 173.4 million (current prices) compared to 2011. The increase was primarily caused by the general revenue increase, especially the increasing level of external activities, where the increase in spending covers a number of investments in instruments and miscellaneous laboratory equipment for research and communication purposes.

Net financials for 2012 amounted to DKK 31.0 million. Compared to 2011, this represents a decrease of DKK 2.5 million (current prices). The generally declining interest-rate level implied lower interest on UCPH's cash funds.

Expected financial developments

In recent years, great uncertainty has been expressed about the University's financial future, partly because of the unfavourable general financial trends, which impact the overall financial conditions of the educational sector, partly due to the expiry of the Globalisation Accord after 2012 and the uncertainty of the impact of this on the University's framework conditions. In light of this, UCPH has argued in favour of concluding longer-term agreements on the financial framework of universities going forward.

The Danish Finance Act for 2013 created a degree of stability in terms of UCPH's government subsidies for a 3-year period. The Danish Government chose to continue the globalisation effort allocating new basic research funds for the period 2013-2015. Moreover, all research funds of the readjustment reserve have been allocated, the rate-1 increase has been maintained for a 3-year period and the additional intake in 2012 is fully financed for the years ahead. The multi-annual subsidy accord in the educational and research area thus meets UCPH's wish for a more sta-

ble financial framework enabling improved conditions for long-term planning of research and education as well as recruiting of academic staff.

UCPH remains successful in obtaining large external donations for research projects. The donations are of great importance to UCPH's possibilities of increasing the quality of basic research, co-operation with businesses and educational programmes. UCPH will therefore pursue a continuation of this successful development, see Strategy 2016.

As previously mentioned, the University has seen considerably higher intake in recent years, leading to an expectation that education subsidies will increase in future years. An ambitious increase in FTE production has indeed been incorporated in UCPH's Development Contract for 2012-2014. Consequently, it is crucial to UCPH's financial revenue framework that the universities can rely fully on the taximeter funding going forward.

Relative budgetary security in terms of subsidies means that the University is now in a better position to adopt a multi-year perspective, with even better opportunities to build strategically on its strong position as a national and international educational and research institution. To ensure the best possible platform for the University's research, education and innovation, the University will still have to make investments in and renew its organisation, IT and buildings. This is also reflected in the allocation of the University's equity, see below. Specifically, the budget for 2013 provides for a total loss of DKK 218 million, including DKK 108 million budgeted for the faculties.

Allocation of UCPH's equity

UCPH's equity at the end of 2012 amounted to just below DKK 1.2 million. Equity has increased due to, among other things, generation of annual profits, due to non-recurring revenues, building-related adjustments (exchange of property, instruments of debt) as well as reluctance to hire academic staff due to financial uncertainty.

From both a political and theoretical economic perspective, UCPH's equity may seem relatively high, and with the increased budgetary security in the coming years, the financial uncertainty has been adequately minimised for UCPH

to launch several initiatives and activities that will consume large amounts of equity in the coming years.

Specifically, DKK 600 million of the University's equity is set aside for the following purposes:

- For the period 2013-2017, the budget allocates a total amount of DKK 480 million from the University's equity for financing of the 2016 Pool, including DKK 400 million for Interdisciplinary Research and DKK 80 million for interdisciplinary educational initiatives.
- As part of UCPH's overall building renovation in Amager, in the Niels Bohr Building, in Frederiksberg, in the Mærsk Building and in the new auditorium building at the Centre for Health and Society, considerable costs will be incurred for relocation, fixtures and equipment, etc. estimated at a total of DKK 120. The faculties have accumulated equity for these costs through reduced spending.
- In addition to the transfer to reserves, a number of equity-funded investments have been planned, including:
- Strategic recruiting of permanent academic staff to enhance the quality and capacity of the educational programmes, increase capacity for guidance to PhD scholars and increase research, including attracting more external funds.
- An extraordinary investment in University IT to increase operational reliability, user-friendliness and development of University IT.

Overall, considerable losses are budgeted for the coming years leading to total consumption of equity of DKK 818 million in the period 2013-2016, see table below showing the expected development in UCPH's equity.

	A2012	B2013	2014	2015	2016
Estimated equity, beginning of year	1,003	1,171	953	703	453
Estimated profit/loss	168	(218)	(250)	(250)	(100)
Equity, end of year excl. donation	1,171	953	703	453	353
Equity, end of year incl. donation	1,171	953	953	1,008	908

It should be noted that there is a restricted equity reserve of DKK 86.5 million. The amount concerns the Ministry's instruments of debt to UCPH relating to donated properties taken over by the Danish state under the SEA scheme.

The University's assessment is that an equity minimum in a normal budget situation is currently at 6.5% of total revenue, plus value adjustment from the exchange of property (DKK 59.8 million) and the value adjustment of the donated buildings (DKK 86.5 million), a total of approx. DKK 665 million.

In 2012 the Danish National Audit Office initiated an investigation into the universities' equity. When the investigation has been completed, UCPH is expected to develop a new equity model, which is expected to be divided into a basic part matching the University's general risks in terms of future revenues and expenses, and a savings part to accommodate the faculties' need for saving up for future investments and consumption, such as relocation costs, expenses for fitting out future buildings, special infrastructure, including IT, etc.

Target Reporting

In December 2011, the University of Copenhagen adopted its strategy for the period 2012–16. The strategy was drawn up in close collaboration with the University's staff and students, including at meetings and workshops and as part of a wide-ranging consultation process. During the process, it became clear that a development contract would need to be entered into for 2012–14, and that this contract would also include targets set by the Ministry. Nevertheless, a constant consideration within the strategic work has been that the work to realise both the University's strategy and the Development Contract's targets should be jointly planned in a concentrated and co-ordinated manner, in order to map out important paths for the future development of the University.

This has been successful. Based on the University of Copenhagen's Strategy 2016 and the Ministry's letter of December 2011 on the framework for the future development contract, a proposal for a comprehensive target plan was sent to wide-ranging consultation at the University in spring 2012, with a view to ensuring qualification and the positive involvement of staff and students in the future plans.

On this basis, the development contract has been negotiated with the Ministry and the overall target plan has been set out, including the 11 milestones that make up the Ministry's and the University's joint Development Contract for 2012–14.

This is the first performance reporting on the Development Contract.

The Ministry set the overall structure, mandatory targets were defined by the Minister and others were set by the University of Copenhagen. The right-hand column shows the results achieved in 2012, including whether the milestone for the year has been reached, partially reached or not reached.

The table shows that the University is of the view that 12 of the milestones have been reached, two partially reached and one not reached.

Reporting on the University of Copenhagen Development Contract 2012–2014

Mandatory goals with benchmarks for the University of Copenhagen in the Development Contract 2012–14	Milestones for 2012 in the Contract and the University's results for 2012
A) Improving the quality of study programmes – including retention of students and better employment	
<p>1. Full-time studies</p> <p>1.1 Minimum of 12 hours of teaching per week during the 14 semester weeks for all Bachelor degree programmes in 2014.</p>	<p><i>Milestone 2012: Define the baseline and method of calculation.</i></p> <p>In 2012, the baseline and method of calculation were defined and the future work initiated. Only two faculties – Social Sciences and Humanities – have to extend the number of hours in 2013 to meet the target of at least eight hours on all study programmes. In relation to the target that 75% of all Bachelor programmes must offer 12 hours from autumn 2013, THEO, HEALTH and SCIENCE have already met this goal.</p> <p>The milestone was reached in 2012.</p>
<p>1.2 Documentation for supervised full-time study timetables, covering 37 hours per week for Bachelor degree programmes.</p>	<p><i>Milestone 2012: Define the baseline and method of calculation.</i></p> <p>In 2012, the method of calculation was defined. As defined in this context, full-time study timetables are something new for the faculties, and therefore there is no status to be used as the starting point, nor is one necessary for an assessment of whether the milestones for 2013 and 2014 will be reached. UCPH has decided not to conduct such an inventory in 2012.</p> <p>The milestone was reached in 2012.</p>
<p>2. Student collaboration with society</p> <p>2.1 The proportion of Master's theses for which there is a contract between the student and an external partner should increase to 15% during the contract period.</p>	<p><i>Milestone 2012: Establish the baseline.</i></p> <p>Work has been initiated. This is a new target, and requires sufficient IT support. System-related functionality has been established in the student administrative system STADS, and the basis for registration is in place. Valid data presupposes that the definition of "Master's theses for which there is a contract between the student and an external partner" is defined and that uniform registration practices are set. This work is ongoing.</p> <p>The milestone for 2012 has been partially reached.</p>
<p>3. Increased internationalisation</p> <p>3.1 The number of international students from outside the Nordic Region who are admitted to full Master's degree programmes should increase by 6% during the contract period.</p>	<p><i>Milestone 2012: 2% increase from baseline, corresponding to 1,428.</i></p> <p>The actual figure was 2,221 students.</p> <p>The milestone was reached in 2012.</p>
<p>3.2 There should be a 10% increase in the number of University of Copenhagen students who choose to study abroad.</p>	<p><i>Milestone 2012: Increase of 3% from baseline, corresponding to 1,564.</i></p> <p>The actual figure was 1,839.</p> <p>The milestone was reached in 2012.</p>

Mandatory goals with benchmarks for the University of Copenhagen in the Development Contract 2012–14	Milestones for 2012 in the Contract and the University's results for 2012
B) Better cohesion within the educational system	
<p>4. Cohesion within the educational system – Professional Bachelor degrees</p> <p>4.1 Three times as many formalised educational partnerships should be established with university colleges and academies of professional higher education during the contract period.</p>	<p><i>Milestone 2012: UCPH has three agreements.</i></p> <p>In 2012, UCPH had three framework agreements and two agreements that effectively convert the framework agreements into four specific educational partnerships. One of the framework agreements expired on 31 December 2012 and has not been renegotiated. At the start of 2013, UCPH therefore has two framework agreements and two agreements that convert the framework agreements into partnerships.</p> <p>A working group involving UCPH and the Metropolitan and UCC university colleges has been set up to explore the possibility of further formalised co-operation in education, including the establishment of Master's programmes of particular relevance to those on Professional Bachelor programmes. The work started in early 2013.</p> <p>The milestone for 2012 has been partially reached.</p>
<p>4.2 There should be a 5% increase in the admission of Bachelor and Professional Bachelor students from other Danish educational institutions to the University's Master's programmes during the contract period.</p>	<p><i>Milestone 2012: 1% increase in relation to the baseline, equivalent to 549 students.</i></p> <p>The Master's intake for applicants from other Danish educational institutions was 716 in 2012.</p> <p>The milestone was reached in 2012.</p>
<p>5. Organisation of arrangements at the University of Copenhagen for primary/lower-secondary and upper-secondary schools</p> <p>5.1 The number of upper-secondary-school students visiting UCPH should increase by 12% during the contract period.</p>	<p><i>Milestone 2012: School year 2011–12: Calculated for the first time on a defined basis in summer 2012.</i></p> <p>The baseline for upper-secondary school visits to UCPH in school year 2011/12 has now been calculated as 33,279 (number of school students and teachers). The baseline has been calculated via the UCPH's School Visits Committee, which in autumn 2012 has mapped the types of activity, actors and number of visitors.</p> <p>The milestone was reached in 2012.</p>
C) Faster completion	
<p>6. Study efficiency</p> <p>6.1 There should be a 6% increase in ECTS credits for each full-time student on a Bachelor degree programme during the contract period.</p>	<p><i>Milestone 2012: 1% increase from baseline, equivalent to 39.0 ECTS credits.</i></p> <p>The milestone for 2012 is a growth target related to a baseline in 2011, which turned out to be not quite as consolidated as was first thought. A recalculation of 2011, e.g. to take into account faculty mergers, indicates – with all the inherent uncertainties of such a calculation – that the average UCPH Bachelor student earned 38.9 ECTS credits in 2011.</p> <p>At 40.7 ECTS credits per student in 2012, this indicates that the growth rate of 1% has been reached.</p> <p>The milestone was reached in 2012. *) See below under 6.2</p>

Mandatory goals with benchmarks for the University of Copenhagen in the Development Contract 2012–14	Milestones for 2012 in the Contract and the University's results for 2012
<p>6.2 There should be a 6% increase in ECTS for each full-time student on Master's programmes during the contract period.</p>	<p><i>Milestone 2012: 1% increase from baseline, equivalent to 38.5 ECTS credits.</i></p> <p>As with 6.1, the 2011 baseline is uncertain.</p> <p>A similar recalculation shows that the average UCPH Master's student earned 35.6 ECTS credits in 2011.</p> <p>At 32.6 ECTS credits per student in 2012, this indicates that – despite uncertainty about the 2011 data – the growth rate of 1% has not been reached.</p> <p>Several faculties point to the general economic situation as the reason for the drop in ECTS credits earned by Master's students.</p> <p>The milestone was not reached in 2012. *)</p> <p>*) In recent years, UCPH has implemented major changes to study data, which has resulted in a number of statistical uncertainties. This is reflected in the data for 2011, which therefore forms an uncertain basis for comparison with 2012. Among other things, the data includes a number of visiting students from home and abroad, who cannot be allocated to Bachelor and Master's programmes in 2011. However, due to changes to the study data, it is not possible to recalculate the 2011 figures on the same basis as for 2012.</p> <p>As a result, comparisons between 2011 and 2012 should be treated with considerable caution.</p>
<p>D) Increased capacity for innovation</p>	
<p>7. Students as business entrepreneurs</p> <p>7.1. The number of businesses started by students from the University of Copenhagen should increase by at least 10% in 2012 compared to the average for the period 2005–09, i.e. an increase of 132 by the end of the contract period.</p>	<p><i>Milestones 2012 and 2013: In conjunction with the Annual Reports for 2012 and 2013, the results for 2010 and 2011 will be reported. The figures will be analysed in order to draw conclusions about the characteristics that lead students to start a business, and to determine how this entrepreneurship can be encouraged.</i></p> <p>This target is monitored with a two-year delay. The status shows that in 2010, 169 student entrepreneurial companies were set up, i.e. there was an increase of 28% compared to the average for 2005–09. Although no milestone was set for 2010, this indicates a rapid development.</p> <p>The activities undertaken under the auspices of the two big projects on innovation and entrepreneurship among students (Next Generation and CIEL) are expected to have an effect on the students' confidence and ability to start businesses, and a culture change is expected that makes students more aware of the possibility of starting their own business.</p> <p>The milestone was reached in 2012.</p>
<p>8. Commercialisation of research results</p> <p>8.1 The number of licensing agreements the University of Copenhagen enters into with Danish and international companies based on patented inventions should increase by an average of 3% per year during the contract period.</p>	<p><i>Milestone 2012: 16 licensing agreements based on patented inventions entered into at the University of Copenhagen.</i></p> <p>In 2012, UCPH entered into 16 licensing agreements and one sales agreement. The target for 2012 of 16 licensing agreements was therefore achieved.</p> <p>The milestone was reached in 2012.</p>

Mandatory goals with benchmarks for the University of Copenhagen in the Development Contract 2012–14		Milestones for 2012 in the Contract and the University's results for 2012
E)	Greater research output	
9.	<p>A greater number of points in the Bibliometric Research Indicator (BRI) model</p> <p>9.1 The number of points in the Bibliometric Research Indicator (BRI) should increase by 6% during the contract period, based on the current methods of calculation in the BRI.</p>	<p><i>Milestone 2012: 2% increase from baseline of 5,828, corresponding to 5,945.</i></p> <p>UCPH's total number of BRI points for 2012 is 7,083. The number of points is therefore 19% above the target figure for 2012. It should be noted that this significant increase also includes delayed registration from the previous year. The registrations are now up to date, and there is closer focus on the activity.</p> <p>The milestone was reached in 2012.</p>
F)	Growth in competition-based research funding	
10.	<p>Growth in competition-based research funding</p> <p>10.1 The revenue from competition-based public funding (national and international, including the EU) should increase by an average of 5% per year during the contract period.</p>	<p><i>Milestone 2012: 5% increase from baseline of DKK 1,147 million, equivalent to DKK 1,204 million.</i></p> <p>The actual figure was DKK 1,345 million, representing an increase over baseline of approx. 17.3%. All faculties have registered increases, and the trend for the period 2009–2012 has been highly positive.</p> <p>In addition to the commitment of the researchers, the development has been aided by administrative support. Across UCPH, several initiatives have been launched, e.g. the review panel, which offers assistance to researchers applying for funding from major foundations and research councils. Also offered are post-doc courses in application writing and EU courses for established researchers.</p> <p>This impressive result for 2012 was facilitated by previous years' successes in attracting major grants, which are part of the revenue for 2012 that forms the basis for the reporting.</p> <p>The milestone was reached in 2012.</p>
G)	Growth in private research investments at the University of Copenhagen	
11.	<p>Growth in private research investments at the University of Copenhagen</p> <p>11.1 Revenue in the form of funds provided by private Danish companies and foundations for research and research collaborations should increase by an average of 5% per year during the contract period.</p>	<p><i>Milestone 2012: 5% increase from baseline of DKK 590 million, equivalent to DKK 620 million</i></p> <p>The actual figure was DKK 762 million, representing an increase over baseline of 29.2%.</p> <p>In recent years, there has been closer focus on entering into partnerships with business and industry. New strategic initiatives have been launched and it is expected that the organisational changes, including a closer focus on co-operation with the rest of society, will have a positive effect on developments in revenue from private companies and foundations.</p> <p>The milestone was reached in 2012.</p>

In connection with the above, account must be given of initiatives in areas where the milestones were not fully reached in 2012:

Performance target no. 2: Student collaboration with society – in this context, in the form of Master's theses for which there is a contract between a student and an external partner:

Many Master's theses involve the student being in contact with an organisation or business outside the University, and information or data related to the external party forms part of the basis for the thesis. Contact between the student and the external organisation or company is often established without the formal involvement of the University.

Such collaborations will often be an extremely fruitful way into the labour market, and the University supports and encourages such collaborations. However, it is also important that collaborations of this kind, right from the start, establish a common understanding of the nature of the co-operation and the use and publication of the results, so that no subsequent doubt and disagreement arise between the external partner and the student. Therefore, from the University's perspective, it is also important to facilitate a sufficiently clear basis for such co-operation.

In 2012, work started on defining what is meant by "Master's theses in collaboration with external partners", so that the University can inform students about what they should be aware of in such collaborations and the forms of support offered by the University. The University will also monitor the extent of these collaborations via the student administrative system STADS. The appropriate functionality was added to the system in 2012.

Performance target no. 4: Cohesion within the educational system – Professional Bachelor degrees:

The Development Contract defines a target for entering into a greater number of formalised agreements with, for example, the university colleges. In terms of content, the criteria for achieving the target have not been defined clearly, but the University is aware that there must be substance behind the agreements. The following clarifies the current status.

In 2012, there were three framework agreements between UCPH, the university colleges and the regions:

1. *Framework agreement between UCPH and the multidisciplinary university college in the Capital Region (now Metropolitan) signed in 2008, expired 31/12/2012. The agreement contained four potential areas of co-operation:*
 - Dissemination of the latest practice-oriented research
 - Acquisition and development of knowledge about practice
 - Translating research into concrete results in practice
 - Increased access for Professional Bachelor students to Bachelor and Master's programmes

The framework agreement alone has not resulted in specific formalised collaborations. The agreement expired on 31 December 2012, and has not been renegotiated. However, co-operation with the university colleges has now been developed through, for example, the following agreements.

2. *Co-operation agreement (framework agreement) signed in 2008 between the UCPH, the City of Copenhagen, Frederiksberg Council and the university colleges in the Capital Region.*

The agreement covers seven proposals to improve the competences of teachers in Copenhagen and Frederiksberg, four of which are relevant to UCPH. Specifically, the framework agreement has resulted in agreements on the following educational collaborations between UCPH and the university colleges in the capital:

 - Establishing a one-year course at Bachelor level for students who want to train as teachers in Danish, mathematics and science subjects. This would replace one of the years spent on teacher training.
 - Simplified mutual credit transfers between teacher training and university programmes
 - Establishment of a joint Master's programme focusing on specific tasks in schools
 - Co-operation on research training for staff at the university colleges.

The current status of the work:

- An experimental team of new students has been set up on BA in Danish – Danish as a Teaching Subject (DU). After one year of study, students can choose whether they want to continue on the BA in Danish or take a year's teacher training at one of the two university colleges. Credits will be automatically transferred for the first year of the teacher-training programme. UCPH has the primary responsibility for the academic content, the university colleges for the practice. Twenty-five students took part in 2012.
- According to the co-operation agreement, it is possible for students to change tracks, i.e. from the university colleges to UCPH and vice versa, although not many have taken this option. Some three to five students have transferred to the university colleges with 30 ECTS credits after one year of study, while 10–15 transferred to UCPH on similar terms.
- Within the framework of the Centre for Science Education Studies, which is a collaboration between University College UCC, Metropolitan University College, the Department of Science Education at UCPH and DPU at Aarhus University, UCPH/SCIENCE has over the last year developed a new teacher-training programme, ASTE, for the sciences. The programme aims to provide qualified teachers with the competences to teach 7–9th grade classes in biology, physics/chemistry, geography and mathematics. The ASTE programme has been developed with the support of funding from the Lundbeck Foundation.
- The ASTE programme contains a number of interesting innovations, including greater synergy between the four single subjects, the development of interdisciplinary modules in which subjects form part of a functional interaction, closer co-operation between the universities, the schools at which students are placed and the student teachers themselves, and the testing of a range of new formats in teaching practice. From summer 2013, ASTE will be part of NEW teacher training. Linked to the project is a PhD student who is employed by Metropolitan University College but based in the Department of Science Education at UCPH.
- The potential for a joint Master's programme is being assessed in 2013. There will also be follow-up

on the number of employees at the university colleges who have completed or are about to undertake a PhD research programme at the University of Copenhagen. At present, three members of staff at Metropolitan University College and one at UCC are taking PhDs at UCPH.

- In addition, there is ongoing discussion between UCPH, UCC and Metropolitan about the establishment of Master's programmes that are of particular relevance to Professional Bachelors.
 - Finally, a committee was set up to submit proposals for the establishment of a joint pedagogical and didactic research centre, with the participation of UCPH, UCC and Metropolitan.
3. *Framework agreement between UCPH and UCSJ (2012). The agreement is relatively new and has not yet resulted in tangible agreements. The main points are as follows:*
- Dissemination of the latest practice-oriented research
 - Acquisition and development of knowledge about practice
 - Translating research into concrete results in practice
 - Increased access for Professional Bachelor students to Bachelor and Master's programmes

It has been agreed to establish a working group with two members from UCPH and two from UCSJ to turn the framework agreement into specific tasks and initiatives.

Performance target no. 6: Study efficiency, measured by the increase in ECTS credits per full-time student on Bachelor and Master's programmes:

The University is aware of the need for faster completion, and it is important that students feel that there is progression in their studies. Study time and quality are not mutually exclusive in this regard. Therefore, UCPH has in recent years launched a number of initiatives, such as:

- *Introduction of minimum hour requirements:* UCPH has in 2012 decided that all Bachelor students must be offered 12 hours per week for 14 weeks per semester from autumn 2014. From autumn 2013, the requirement is 8 hours per week. Already, 33% of UCPH's Bachelor programmes meet the requirement of 12

hours per week on all semesters. (Included as Target 1 in the Development Contract.)

- *Introduction of holistic weekly study-plan timetables* (weekly schedules): From autumn 2013, there must be weekly schedules for all Bachelor programmes. The weekly schedules must make clear that a study programme is to be considered as full-time work consisting of teaching, preparation and academic extracurricular activities. The weekly schedules must support study techniques and study skills. Status: Several programmes have already introduced weekly schedules. (Included as Target 1 in the Development Contract.)
- *Student-activity requirements* - all faculties' requirements are set either on an ongoing basis, with activity requirements for each year of study, or on the basis of a requirement that the student must complete the programme by a certain point in time.

In addition to these joint initiatives, there is continuous development in the faculties, the aim of which is to promote mutual inspiration between the study environments. This encompasses:

- *Counselling services, mentoring and web tools*: Since 2010, study-information materials have been developed and introduced with the aim of helping students choose the right study programme. These include a colour-coded study wheel and films that provide a broad and realistic introduction to student life. Within the programmes, several faculties offer study-process interviews (individual or group) with a focus on academic reflection and the clarification of competences. Another initiative is "Studio Strokes", a web-based navigation tool developed in 2011, which makes it easier for students to see the target and overall progress in their study programmes. Work is also being done on mentoring – for example by attaching a lecturer to a first-year class. Experiments with assigning lecturers as mentors to new Master's students have also been launched. Developments in relation to thesis supervision include the provision of guidance on writing and study techniques, individual student counselling, etc. In addition, the counselling area has undergone professionalisation. All guidance units at UCPH are now headed by trained counsellors, which ensures quality and knowledge flow within the organisation.

- Also worth mentioning are the developments in *study reforms, improved introductions to study and summer-school courses*. In 2011, the Faculty of Law embarked on a study reform of the whole law programme, involving changes to the organisation of subjects, new types of teaching and a focus on study techniques. In 2012, the Faculty of Science launched a new model for introduction to study, which extends over the entire first year at the University and focuses on the transition from youth education to the Bachelor programme. The Faculty of Social Sciences has developed a broad range of summer-school courses designed to improve study efficiency.

Financial Statements

Accounting Policies

Basis of preparation

The Annual Report of the University of Copenhagen has been prepared in accordance with the Danish Act on Public Accounts, the Ministry of Finance's Financial Administrative Guidelines (ØAV), the Universities Act of 22 June 2011, Ministerial Order No. 1281 of 15 December 2011 on funding and accounts, etc. of universities, and the guidance and instructions for financial statements issued by the Ministry of Higher Education.

The accounting policies are unchanged from last year.

Recognition and measurement

The Financial Statements have been prepared on the basis of the historic cost convention.

Revenues are recognised in the income statement as earned. All expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates.

Assets and liabilities are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset and the liability will flow to and out of the University, and the value of the asset and liability, respectively, can be measured reliably.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date. Intercompany revenue between University entities and transfers between types of activities (i.e. sub-accounts) have been eliminated from the income statement.

Translation policies

Payments in foreign currencies are effected at the exchange rates at the date of transaction. Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date.

Taxation

The University of Copenhagen is not liable to pay taxes.

Income statement

Revenues

Subsidies for basic research and education which are paid out via the Finance Act are recognised as revenue in the years for which the funding is earmarked.

Subsidies for education are allocated as “taximeter funding” per unit and also include funding for general management, administration and estates. The University also receives significant external grants in the form of donations and grants from external funding bodies. These grants and subsidies are recognised as revenues as they are spent.

Revenues from forensic services provided are recognised at the time of delivery of the service. At the end of the year, the net profit from forensic services is transferred to deferred income in order for that profit not to affect the University's net profit for the year. The profit – or loss – is instead transferred back to the purchaser of the services by means of a price adjustment.

Revenues also include student fees from part-time programmes, sales activities, takings from museums, the subletting of premises and interest income. These are recognised as revenues in the period in which they occur.

Funds received from the Danish Property Agency to cover expenses for interior maintenance of buildings as well as the University's own funds allocated to this purpose are accrued based on consumption. Any remaining funds are recognised in “Deferred income” under liabilities.

Grants for PhD programmes are stated on an accrual basis to the effect that the grants are recognised as and when the programmes are run. Unused grants are recognised as a deferred income item in “prepaid restricted contributions”.

Financial income and expenses are recognised based on the date of addition of bank interest in the case of demand deposits, whereas the interest on fixed-term deposits is accrued over the term of the deposits. The University has entered into a portfolio agreement on investment in Danish government and mortgage bonds with a maximum

term of two years. Both realised and unrealised capital losses/gains and interest on these bonds are recognised in financial income and expenses on a current basis.

Expenses

Expenses comprise all expenses incurred during the year's activities. In the University's Financial Statements, expenses are divided according to type – i.e. VIP (academic staff) and TAP (technical and administrative staff) salaries, operation of buildings, miscellaneous operating expenses and depreciation/amortisation. TAP salaries are broken down on TAP-AS (administrative support functions and services) and TAP-FU (research, communication and educational functions), respectively.

Depreciation/amortisation for the year is calculated over the life expectancy of the assets.

Balance Sheet

Fixed assets

Fixed assets are valued at cost. Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. Fixed assets costing less than DKK 100,000 are expensed in the year of acquisition.

Intangible assets

Software

Software costing more than DKK 100,000 and with a useful life of at least three years is included in the fixed assets register. The cost of proprietary software is expensed as incurred as the basis of preparation does not allow for sufficiently accurate statement and measurement.

Inventions and patents

Only inventions that are clearly defined and identifiable, and in respect of which contracts with external partners are expected to be made, are recognised as intangible assets. Inventions, patent applications and patents are measured at the external expenses incurred for research and for registration of the patents. Ongoing assessments of the potential application of the inventions form the basis for determining the value of the rights and their useful life. In the event of impairment of the value, the necessary impairment losses will be recognised in the income statement.

Amortisation of intangible assets is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Software	3 years
Inventions and patents	5 years

Property, plant and equipment

Land and buildings

In accordance with the provisions contained in the Ministerial Order on funding and accounts, etc. of universities, properties are measured on the basis of an estimated replacement cost determined by an external valuer and approved by the Ministry of Higher Education. Land is measured at cost. Land is not depreciated. Buildings, leasehold improvements, machinery, fixtures and fittings, IT equipment, means of transport and research equipment are measured at cost less accumulated depreciation.

Scientific equipment, machinery, fixtures and fittings, IT equipment and vehicles, etc.

Fixed assets costing more than DKK 100,000 and with a useful life of at least three years are included in the fixed assets register.

Depreciation of property, plant and equipment is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	50 years
Greenhouses	30 years
Leasehold improvements	10 years
Scientific equipment	10 years
Ships	40 years
Production and other special technical equipment	15 years
Machinery	10 years
Fixtures and fittings	5 years
IT hardware	3 years
Other IT equipment (photocopiers, etc.)	5 years
Other means of transport	5 years

Subject to a specific assessment of the individual asset concerned, shorter useful lives than those listed above may be applied to the asset.

Fixed assets received as donations

When the University receives fixed assets as donations (e.g. buildings, scientific equipment, machinery, fixtures and fittings, IT hardware or vehicles), the donated assets are recognised at estimated cost. Standard accounting policies apply to the depreciation of fixed assets received as donations.

A long-term and short-term donation liability, known as “accrued donations”, is recognised as a counter-item to the recognised values of the fixed assets received as donations. As the donated assets are depreciated, the donation liability is recognised as income in the income statement.

Works of art and collections

The University has received significant bequests of works of art and collections over the years. As per state accounting rules, their value has not been recognised in the Financial Statements.

Fixed asset investments

Government obligation

On 1 January 2007, the University received a DKK 290 million government obligation from the Ministry of Higher Education. This constitutes a guarantee, and would be paid out in the event that the University were declared bankrupt. The government obligation expired at the end of 2011. In accordance with the instructions from the Ministry of Higher Education, the government obligation has been recognised as a special item in “fixed asset investments”, with a counter-item recognised in “equity”.

Securities

Securities comprise minor investments in companies. As the University does not exercise control or have significant influence in these companies, these investments are measured at cost. The investments are written down in the event of a permanently impaired value. Moreover, the item includes instruments of debt received from the Ministry in connection with the University’s transfer of buildings donated under Danish state rent allowance scheme (SEA properties).

Current assets

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value. The net realisable

value of inventories is calculated as the amount expected to be generated by sales in the process of normal operations less sales and completion expenses.

Net realisable value is determined allowing for marketability, obsolescence and development in expected sales price.

Deposits

Deposits mainly comprise rent deposits measured at cost.

Receivables

Trade receivables etc are measured at nominal value in the balance sheet less any provision for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable.

Receivables from grant activities in progress

The University of Copenhagen regularly enters into agreements with companies, public institutions and private organisations regarding research activities, etc. These agreements determine which activities are paid for by the funding body concerned. To the extent that the University incurs expenses for activities that are funded by grants under these agreements, but for which grants have not yet been received, the amount due to the University of Copenhagen is recognised as “receivables from grant activities in progress”.

Prepayments and deferred income

Prepayments include expenses incurred in respect of subsequent financial years. Prepaid expenses include prepaid salaries etc.

Deferred income includes payments received in respect of income in subsequent years.

Bonds

The University has entered into a portfolio agreement with Danske Capital on investment in Danish government and mortgage bonds with a maximum term of two years. The bonds are measured at market price at the end of the financial period.

Provisions

Provisions are recognised when – in consequence of an event occurred before or on the balance sheet date – the

University has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

When vacating premises leased from the Danish Building and Property Agency, the University of Copenhagen has a duty to restore the premises to their former condition. For lease agreements of indefinite duration, the estimated costs of restoration are calculated on a straight-line basis over 10 years. Provision is therefore made for the restoration of these leased premises.

Provision is made for commitments to fixed-term employees. Provision for severance pay for fixed-term employees is accumulated over the duration of the fixed term. This provision is recognised at an estimated amount, based on a statistical assessment of the number of employees likely to receive severance payments.

Debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Holiday pay obligation

Holiday pay obligations are calculated on the basis of all paid holidays not yet taken earned by the employees in 2012 and 2011. Expenses in the University's Financial Statements are divided according to type – i.e. VIP (academic staff) and TAP (technical and administrative staff) salaries, operation of buildings, miscellaneous operating expenses and depreciation/amortisation. TAP salaries are broken down on TAP-AS (administrative support functions and services) and TAP-FU (research, communication and educational functions), respectively.

The obligation is calculated on salaries to scientific staff and technical/administrative staff.

Prepaid restricted contributions

Contributions received concerning grant activities covering expenses not yet incurred are recognised as prepaid restricted contributions. The University of Copenhagen charges a fee to cover overhead costs relating to grant activities. The fee is recognised as income as the grants are spent. Moreover, prepaid restricted contributions include unused funds for PhD programmes etc., unused funds received from the

Danish Building and Property Agency for maintenance and other public sector funds for specially earmarked purposes as well as activities that are not paid for and carried out until subsequent financial years.

Cash flow statement

The cash flow statement shows the cash flows for the year broken down by operating activities, investing activities and financing activities, as well as how these cash flows have effected cash and cash equivalents for the year.

Cash flows from operating activities

Cash flows from operating activities are presented indirectly and are calculated as the net profit/loss adjusted for non-cash operating items, e.g. depreciation, amortisation and impairment, provisions and changes in working capital.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from the acquisition and disposal of intangible assets, property, plant and equipment and fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term loans.

Cash and cash equivalents

Cash and cash equivalents are deposited in accounts with Statens KoncernBetalinger (the combined government payment system). The value of bonds is included in cash and cash equivalents in the cash flow statement.

Income Statement

1 January - 31 December

Note	2012 DKK '000	2011 DKK '000
Education subsidies	1,935,507	1,879,580
Research subsidy	2,840,075	2,748,091
External grants	2,462,911	2,290,286
Basic subsidy	329,116	496,587
Building related revenues	167,061	176,609
Other revenues	244,553	178,684
¹ Total revenues	7,979,222	7,769,837
Salaries - scientific staff	2,633,555	2,499,457
Salaries - technical/administrative staff RE	747,643	742,514
Salaries - technical/administrative staff AS	1,122,960	1,103,292
Operation of buildings	1,616,472	1,567,699
Other operating expenses	1,639,929	1,466,523
Depreciation and amortisation	81,841	88,736
² Total ordinary operating expenses	7,842,401	7,468,221
Profit/(loss) before financial income and expenses	136,821	301,616
Financial income	33,644	36,855
Financial expenses	2,600	3,278
Profit/(loss) for the year	167,865	335,193
Proposed distribution of profit/(loss) for the year:		
Retained earnings	167,865	335,193
Total	167,865	335,193

There may be variance in the sum total due to rounding.

Balance Sheet at 31 December

Assets

Note	2012 DKK '000	2011 DKK '000
3 Software	4,693	3,051
3 Inventions and patents	9,563	7,822
Intangible assets	14,256	10,873
4 Land and buildings	191,063	195,053
4 Leasehold improvements	103,526	60,575
4 Scientific equipment, fixtures and fittings, tools and equipment	522,981	457,424
4 Assets in course of construction	11,024	40,742
Prepayments for assets	48,352	38,482
Property, plant and equipment	876,947	792,276
Government obligation expired in 2011	0	290,000
5 Securities and instruments of debt	112,152	87,152
Fixed asset investments	112,152	377,152
Fixed assets	1,003,355	1,180,301
Inventories	5,374	4,941
6 Deposits	62,798	53,356
Trade receivables	170,539	188,360
7 Receivables from grant activities in progress	551,701	657,006
8 Other receivables	224,756	187,196
Prepayments	27,586	28,454
Receivables	1,037,380	1,114,372
15 Bonds	1,745,719	1,222,000
15 Cash at bank and in hand	800,227	754,826
Current assets	3,588,701	3,096,139
Total assets	4,592,056	4,276,440

Balance Sheet at 31 December

Liabilities and equity

Note	2012 DKK '000	2011 DKK '000
Equity (excluding government obligation)	316,690	581,497
Retained earnings	167,865	335,193
	484,554	916,690
Restricted reserve, instruments of debt, SEA properties	86,509	86,509
Transfer to reserves	600,000	0
Equity (excluding government obligation)	1,171,063	1,003,199
Government obligation expired in 2011	0	290,000
Equity	1,171,063	1,293,199
Provisions	35,068	32,260
Provisions	35,068	32,260
9 Donation of software	757	400
10 Donation of buildings	1,847	1,895
10 Donation of leasehold improvements	32,005	31,713
10 Donation of scientific equipment, fixtures and fittings, tools and equipment	284,746	236,947
- Transferred to current part	(56,876)	(48,185)
Prepayment for donated assets	29,592	26,894
Non-current liabilities	292,070	249,664
Trade payables	347,774	227,364
11 Grants administered by the University	650	0
Holiday pay obligations	573,204	522,519
Prepaid government grants	449,578	435,659
7 Prepaid restricted contributions	1,346,733	1,143,341
Accrued donations (current part)	56,876	48,185
Settlement account for forensic medicine services	57,714	47,681
12 Deferred income	86,221	95,877
13 Other payables	175,104	180,691
Current liabilities	3,093,855	2,701,317
Liabilities	3,385,925	2,950,981
Total liabilities and equity	4,592,056	4,276,440

14 Staff	21 Utilisation of resources for tuition waiver slots and scholarships
15 Financial instruments	22 Educations offered by the University
16 Contingent assets	23 Subsidies to the Arnamagnaeian Commission
17 Contingent liabilities	24 Separate account for ordinary activities, commercial activities, forensic services, grant-funded research and other subsidised activities.
18 Contractual obligations	25 Asset account
19 Related parties	26 Key ratios
20 Separate activity accounts pursuant to Danish Act No 483 on technology transfer	

Statement of Changes in Equity excluding government obligation

1 January - 31 December

Note	2012 DKK '000	2011 DKK '000
Equity at 1/1 (excluding government obligation)	916,690	581,497
Retained earnings	167,865	335,193
Transferred to reserves	(600,000)	0
	484,554	916,690
Restricted reserve for instruments of debt received on transfer of donated properties to the Danish state	86,509	86,509
Transfer to reserves:		
The 2016 Pool for Interdisciplinary Research and interdisciplinary educational initiatives	480,000	0
Relocation, fixtures and equipment, etc. in 2013	120,000	0
Total transfer to reserves	600,000	0
Equity at 31/12 (excluding government obligation)	1,171,063	1,003,199

The transfer to reserves of DKK 600 million comprises DKK 480 million for the 2016 Pool, including DKK 400 million for Interdisciplinary Research and DKK 80 million for interdisciplinary educational initiatives. The initiatives will be realised in the period 2013-2017.

Moreover, the transfer to reserves comprises DKK 120 million as part of the University's building renovation in Amager, in the Niels Bohr Building, in Frederiksberg, in the Mærsk Building and in the new auditorium building at the Centre for Health and Society (the former Copenhagen Municipal Hospital) for which considerable costs will be incurred for relocation, fixtures and equipment, etc. estimated at a total of DKK 120. The faculties have accumulated equity for these costs through reduced spending.

Cash flow Statement

1 January - 31 December

Note	2012 DKK '000	2011 DKK '000
Profit/(loss) for the year	167,865	335,193
Depreciation, amortisation and non-cash operating items	135,159	119,123
Depreciation of donations	(56,876)	(53,063)
Net impairment - fixed assets and donations	3,747	14,204
Book profit from exchange of property with the Danish state etc		(59,785)
Difference in net interest booked and paid	0	0
Changes in provisions	2,808	1,902
Changes in receivables	76,991	(113,174)
Changes in inventories	(433)	1,117
Changes in short-term debt	383,846	(9,380)
Cash flows from operating activities	713,108	236,137
Acquisition of intangible assets	(8,552)	(5,930)
Acquisition of property, plant and equipment	(212,788)	(182,174)
Prepayments for assets	(9,870)	1,000
Acquisition of financial assets (bonds)	(25,000)	0
Cash flows from investing activities	(256,209)	(187,104)
Increase in obligations from donations - intangible assets	747	0
Increase in obligations from donations - property, plant and equipment	108,778	126,895
Prepayments for obligations from donations	2,698	15,599
Cash flows from financing activities	112,223	142,494
Change in cash flow for the year	569,121	191,527
Specified as:		
Cash and cash equivalents at beginning of year	754,826	1,785,298
Bonds at beginning of year (incl unrealised price change of DKK 21,251k)	1,222,000	0
Cash and cash equivalents and bonds at beginning of year	1,976,825	1,785,298
Cash and cash equivalents at year end	800,227	754,826
Bonds at beginning of year (incl unrealised price change of DKK 8,951k in 2012 and 21,251k in 2011)	1,745,719	1,222,000
Cash and cash equivalents and bonds at year end	2,545,946	1,976,826
Change in cash and cash equivalents	569,121	191,527

Notes

1. Revenues

	2012	2011
	DKK '000	DKK '000
Full-time education - (from Finance Act)	1,728,670	1,698,049
Part-time education - (from Finance Act)	18,522	21,427
Exchange students - (from Finance Act)	15,087	15,670
Small humanities disciplines - (from Finance Act)	11,323	-
Tuition waiver slots and Scholarships - (from Finance Act)	17,043	17,097
Tuition fee from part-time education	29,109	29,714
Self-funded (foreign/capitalised)	13,215	10,911
Other education subsidies	102,538	86,712
Education subsidies	1,935,507	1,879,580
Research subsidy	2,840,075	2,748,091
Research subsidy - (from Finance Act)	2,840,075	2,748,091
Grant-funded research	2,107,464	1,959,711
Other subsidised activities	110,594	83,385
Forensic services	193,414	190,683
Commercial activities	51,439	56,507
External grants	2,462,911	2,290,286
Other purposes	348,170	474,927
Research-based public-sector services	21,985	21,660
Administrative savings	(41,039)	-
Basic subsidy - (from Finance Act)	329,116	496,587
Maintenance - (from Finance Act)	54,576	68,993
Subletting, operational reimbursement, etc.	112,485	107,616
Building related revenues	167,061	176,609
Other revenues	244,553	178,684
Total revenues	7,979,222	7,769,837

2. Total ordinary operating expenses

Expenses are classified by nature in the income statement. The expenses classified by purpose are disclosed in this note.

Methodology and definitions

The key figures for the University's expenses broken down by purpose have been prepared in accordance with the guideline on allocation of

university expenses to main areas and purposes issued by the Danish Agency for Universities and Internationalisation at December 2012.

The figures for 2011 have been restated under the Agency's definition.

	2012	2011
	DKK '000	DKK '000
Total ordinary operating expenses as per Income Statement:	7,842,401	7,468,221
Miscellaneous adjustments (see footnotes below):		
Expenses matching revenues from external tenants ¹⁾	(57,933)	(59,625)
Expenses relating to building maintenance paid on behalf of the Danish Building and Property Agency ²⁾	(54,576)	(68,895)
Neutralisation of donated assets ³⁾	111,840	76,223
Total miscellaneous adjustments	(668)	(52,297)
Total expenses for allocation	7,841,733	7,415,924
1 Education	2,131,214	1,957,465
2 Research	4,443,465	4,176,415
3 Communication and knowledge exchange	303,914	300,489
4 Research-based public-sector services	282,264	277,927
5 General management, administration and service	680,876	703,629
Total allocated expenses	7,841,733	7,415,924
Gross revenues as per Income Statement	7,979,222	7,769,837
Miscellaneous adjustments, see above	(668)	(52,297)
Revenues after adjustment	7,978,554	7,717,540
Administration percentage⁴⁾	8.5%	9.1%

1 Deducted as expenses relating to external tenants are not attributable to the actual purposes of the University.

2 Deducted as expenses relating to building maintenance paid on behalf of and reimbursed by the Danish Building and Property Agency are not attributable to the actual purposes of the University.

3 Neutralisation of donated assets has been recorded as negative revenues. This is adjusted in the note presentation.

4 The administrative percentage is defined as: general management, administration and service/revenues after adjustment.

3. Intangible assets

DKK '000	Software and patents	Inventions	Total
Acquisition Cost			
Cost at 1 January 2012	16,337	15,142	31,479
Additions	4,553	3,999	8,552
Disposals	(3,923)	(364)	(4,287)
Cost at 31 December 2012	16,966	18,777	35,743

Amortisation and impairment

Balance at 1 January 2012	13,286	7,320	20,606
Amortisation and impairment for the year	2,911	2,257	5,168
Amortisation on disposals for the year	(3,923)	(364)	(4,287)

Amortisation and impairment

at 31 December 2012	12,274	9,213	21,487
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Carrying amount at 31 December 2012	4,693	9,563	14,256
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4. Property, plant and equipment

DKK '000	Land and buildings	Leasehold improvements	Scientific equip- ment, fixtures and fittings, tools and equipment	Assets in course of construction	Total
Acquisition cost					
Cost at 1 January 2012	199,497	111,707	1,050,595	40,741	1,402,540
Additions	0	61,864	180,641	32,146	274,652
Disposals	0	(8,475)	(106,472)	(61,864)	(176,811)
Cost at 31 December 2012	199,498	165,095	1,124,765	11,023	1,500,381

Depreciation and impairment

Balance at 1 January 2012	4,444	51,132	593,171	(1)	648,746
Depreciation and impairment for the year	3,990	17,259	108,743	0	129,991
Depreciation on disposals for the year	0	(6,820)	(100,130)	0	(106,950)
Depreciation and impairment at 31 December 2012	8,434	61,570	601,784	(1)	671,787

Carrying amount at 31 December 2012	191,063	103,526	522,981	11,024	828,594
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Total amortisation of intangible assets	5,168
Total depreciation of property, plant and equipment	129,991
Total amortisation, depreciation and impairment on all business types	135,159
Depreciation of obligations from donations and external grants and contributions	(56,876)
Total amortisation and depreciation	78,283
Loss/gain on disposals etc	3,558
Total	81,841

5. Securities

The University holds investments in two enterprises. The ownership shares acquired in Symbion A/S have been recognised at cost, whereas ownership shares in Mobile Fitness A/S have been written down to DKK 0 due to negative equity.

The Parliamentary Finance Committee has approved contribution by the University of additional share capital of DKK 25 million into Symbion A/S. The contribution is expected realised in 2012.

No shareholder agreements for further acquisition of shares have been made.

	2012	2011
	DKK '000	DKK '000
Symbion A/S, DKK 643k acquired in 2000 and DKK 25,000k in 2012	25,643	643
Mobile Fitness A/S, acquired in 2005	0	0
Total securities	25,643	643

Instruments of debt of 23 Oct 2011 from the Ministry (FIVU) to the University re donation made to building under the Danish state rent allowance scheme situated

Rolighedsvej 23, DK-1958 Frederiksberg C (Forestry & Landscape)	43,000	43,000
Ole Maaløes Vej 5, DK-2200 Kbh. N (Lundbeck Auditorium at Biocentre)	23,509	23,509
Blegdamsvej 3, DK-2200 København N (Protein Centre at Panum)	20,000	20,000
Total instruments of debt	86,509	86,509

Total securities and instruments of debt	112,152	87,152
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6. Deposits

Deposits mainly concern rent deposits for leasehold premises.

7. Receivables from grant activities in progress and prepaid restricted contributions

2012	Receivables from	Prepaid restricted	
DKK '000	grant activities	contributions etc.	Total
Receivable and prepaid grants	576,351	(1,213,192)	(636,841)
Provision for loss on grant activities	(24,650)	-	(24,650)
Unutilised grants for educational research programmes	-	(73,472)	(73,472)
Unutilised donation for the Mærsk Building at the Panum Complex	-	(60,070)	(60,070)
Total at 31/12-2012	551,701	(1,346,733)	(795,032)

The total provisions for loss on receivable grant activities of DKK 24.7m cover the estimated risk of loss.

Provisions accounted for DKK 21.4m in 2011.

2012	Receivables from	Prepaid restricted	
DKK '000	grant activities	contributions etc.	Total
Receivable and prepaid grants	678,406	(1,074,620)	(396,214)
Provision for loss on grant activities	(21,400)	-	(21,400)
Unutilised grants for educational research programmes	-	(68,721)	(68,721)
Total at 31/12-2011	657,006	(1,143,341)	(486,335)

8. Other receivables

Other receivables amount to DKK 224.8 million at the end of 2012 increasing by DKK 37.6 million from 1 January to 31 December 2012.

The increase is primarily due to DKK 15.7 million higher prepayments to external project partners, and the University having DKK 13.6 million higher receivables from the Danish state under the special VAT refund scheme at the end of 2012 than it had at the end of 2011.

9. Donations of intangible assets

DKK '000	Software
Acquisition cost	
Cost at 1/1 2012	931
Additions	747
Disposals	0
Cost at 31/12 2012	1,678
Amortisation and impairment	
Balance at 1/1 2012	531
Amortisation and impairment for the year	390
Amortisation on disposals for the year	0
Amortisation and impairment at 31/12 2012	921
Carrying amount at 31/12 2012	757

10. Donations of property, plant and equipment

	Land and buildings	Leasehold improvements	Scientific equipment, fixtures and fittings, tools, and equipment	Total
DKK '000				
Acquisition cost				
Cost at 1/1 2012	2,398	35,293	527,392	565,083
Additions	0	4,583	104,195	108,778
Disposals	0	0	(40,488)	(40,488)
Cost at 31/12 2012	2,398	39,876	591,100	633,373
Depreciation and impairment				
Balance at 1/1 2012	503	3,580	290,445	294,528
Depreciation for the year	48	4,291	52,147	56,486
Depreciation on disposals for the year	0	0	(36,238)	(36,238)
Depreciation and impairment at 31/12 2012	550	7,871	306,354	314,775
Carrying amount at 31/12 2012	1,847	32,005	284,746	318,598

11. Grants administered by the University

	2012 DKK '000	2011 DKK '000
Current account of grants at 31 December	650	0

The University of Copenhagen or more precisely its employees administer a combined grant portfolio of DKK 123.5m.

Danske Forvaltning manages the grant portfolio. The total number of grants is 85

12. Deferred income

Deferred income of DKK 86.2 million at the end of 2012 decreased by DKK 9.7 million from DKK 95.9 million at the end of 2011.

Deferred income of DKK 86.2 million at the end of 2012 primarily comprises accrued consumption of funds allocated to interior maintenance of DKK 56.2 million and accrued funds of DKK 7.7 million allocated to energy investments in University buildings.

13. Other Payables

Other payables decreased by DKK 5.6 million from 1 January to 31 December 2012 comprising various opposing movements in miscellaneous accounts regarding short-term payables.

Other payables amount to DKK 175.1 million at the end of 2012 comprising primarily accrued salaries, pension, A tax, etc of DKK 80.5 million, accrued holiday pay to hourly paid employees of DKK 45.5 million and DKK 29.9 million to other creditors and accrued items.

14. Staff

	2012 DKK '000	2011 DKK '000
Actual salaries	4,019,513	3,927,668
Pensions	583,498	567,336
Reimbursements and grants	(149,570)	(154,685)
Change in holiday pay obligations	50,718	4,944
Total	4,504,158	4,345,263

Remunerations to management team and board of directors:

Management team	14,245	15,199
Board of directors	1,042	1,035
Total	15,287	16,234

The management team comprises the chancellor, the pro-vice chancellor, the university director, and 6 deans. In connection with the merger of the 4 "wet" faculties, the number of deans on the management team was reduced from 8 to 6 during 2012. The board of directors comprises a chairman and 10 members.

15. Financial instruments

Agreements have been made concerning short-term commitments of part of the liquid assets in fixed-term deposits. A portfolio agreement has been made with Danske Capital on investment in Danish state and mortgage bonds with a maximum term of 2 years.

No investments have been made in shares, except for the contribution of DKK 25 million to Symbion A/S, see note 5. and no agreements have been made on warrants or options.

Financial instruments	Conditions	2012 DKK '000	2011 DKK '000
Bonds	Danish state and mortgage bonds with a term of 0-2 years	1,745,719	1,222,000
Bank deposits and cash in hand	Primarily in DKK and small holdings of foreign currencies	800,227	754,826
Total cash and cash equivalents and bonds		2,545,946	1,976,826

16. Contingent assets

The University has advanced a claim for payment of interest of DKK 1.0 million against the Danish tax authorities concerning non-refund of energy taxes in prior years. The case has been brought before the Danish National Tax Tribunal which is expected to give its ruling during 2013.

17. Contingent liabilities

Two liability insurance policies have been taken out, product and professional liability insurance and liability insurance for the board of directors and the management. The University is covered by the state's industrial injury insurance and the state's principles concerning self-insurance.

The University of Copenhagen has a contingent liability towards officials who have been given notice. Officials are entitled to up to 3 years' availability pay if they cannot be hired for other positions within the state system. By year end 2012 the University of Copenhagen employed 149 officials. The maximum liability from this amounts to DKK 264.5m. The merger with the Royal School of Library and Information Science will increase the number of officials by 8 from 2013. There are no plans of further recruiting on terms applying to officials and thus, the liabilities will continue to decrease in the coming years.

The University of Copenhagen has provided a bank guarantee at the amount of DKK 2.7m to the Ministry of Education concerning a contract

between the University of Copenhagen and The Regional Guidance Center, Studievalg Copenhagen. The University has also provided a bank guarantee of EUR 0.6 million corresponding to DKK 4.4 million to Qatar Museum Authority.

Leases for office and transportation equipment have been entered into; however, only to a minor degree. This level will continuously be reduced through self-financing.

18. Contractual obligations

The University of Copenhagen has contracts with 33% of its PhD. students, under which the University is responsible for the students' pay in a 3-year period. The contracts can in most cases not be cancelled by the University. The liability may be relevant if the costs are not covered by companies or institutions that have signed education agreements.

19. Related parties

Related parties	Basis
The Danish Ministry of Science, Innovation and Higher Education (FIVU)	Subsidies for education, research and dissemination. Authority according to the University Act and the Danish Executive Order on grants and financial statements.
The Danish Ministry of Children and Education (MBU)	Subsidies for educational purposes.
Board of directors and day-to-day management	Management control
Student associations	Subsidies towards student organisations and physical education. Furthermore, premises are made available by the University at Studenterhuset and the college, Studentergården, is supported by the University.

Transactions

In 2012 the University has received total subsidies of DKK 4,965.6 million from FIVU. (The Danish Agency for Universities and Internationalisation, the monthly payments from section 19.2) From FIVU (The Danish Agency for Higher Education and Educational Support) and the Danish Ministry of Children and Education, the University has received subsidies of DKK 102.5 million primarily regarding educations at The Forest Agency and The School of Oral Health Care.

In 2012 the University of Copenhagen has contributed support corresponding to DKK 4.8m towards student associations.

No loans have been granted to related parties.

20. Separate activity accounts pursuant to Danish Act No 483 of 9 June 2004 on technology transfer etc.

There have been no activities according to Act No 483 of 9 June 2004 on technology transfer etc.

21. Utilisation of resources for tuition waiver slots and scholarships

Utilisation of tuition waiver slots in the period 1 September 2011 - 30 August 2012

	Enrolled students on full or part time tuition waiver slots	Tuition waiver slots as full-time equivalents (FTE)
Rate 1	54	23.1
Rate 2	7	2.1
Rate 3	46	20.9

The number of students shows the number of students with main enrolment for an education under the three rates during the year. As FTE is reported for the period 1 October 2011 to 30 September 2012, this periodic delimitation has also been applied for FTE in this statement.

Resources used for payments of scholarships

Received scholarships	42
Total payments of scholarships in DKK	6,939

Funds spent on tuition waiver slots and scholarships in the period 1 September 2011 to 30 August 2012 for Erasmus Mundus students from 3rd world countries

	Number of students	Study activity for these students calculated as FTE
Rate 2	0	0
Rate 3	20	20

The note comprises all ordinary activities passed by Erasmus Mundus students from third countries with main enrolment at the University in the period 1 October 2011 to 30 September 2012

22. Educations offered by the University abroad

Under the auspices of SDC (Sino-Danish Center), the University of Copenhagen is offering a new Master's programme in "Water and Environment" at GUCAS (Graduate University of Chinese Academy of Sciences) in China. The first intake under the programme had study start in September 2012. From September 2013 a new Master's programme in "Neuroscience and Neuroimaging" is also offered under the same auspices.

23. Subsidies to the Arnamagnæan Commission

The Ministry of Science, Innovation and Higher Education grants subsidies to the Arnamagnæan Commission.

Reporting from the financial statements of the Arnamagnæan Commission for 2012 in DKK

Subsidies transferred from prior years	Subsidies for the year	Expenses for the year	Loss for the year	Accumulated profits
1,132,412	4,400,000	4,899,240	(491,930)	640,482

24. Separate account for general activities, commercial activities,
forensic services, grant-funded research and other subsidised activities

	2012	2011
	DKK '000	DKK '000
General activities		
Revenue	5,549,954	5,516,014
Internal net transfer of overhead	344,586	315,554
Staff expenses	(3,278,648)	(3,223,050)
Operating costs	(2,449,957)	(2,286,009)
Profit/(loss) for the year	165,935	322,509
Commercial activities		
Revenue	51,439	56,507
Staff expenses	(13,368)	(15,497)
Operating costs	(35,898)	(27,982)
Internal net transfer of overhead	(244)	(344)
Profit/(loss) for the year	1,930	12,684
Forensic services		
Revenue	193,414	190,683
Staff expenses	(104,518)	(107,706)
Operating costs	(88,895)	(82,977)
Profit/(loss) for the year	0	0
Grant-funded research		
Revenue	2,107,465	1,960,103
Staff expenses	(1,069,026)	(972,765)
Operating costs	(699,104)	(674,962)
Internal net transfer of overhead	(339,335)	(312,376)
Profit/(loss) for the year	0	0
Other subsidised activities		
Revenue	110,594	83,385
Staff expenses	(38,598)	(26,245)
Operating costs	(66,988)	(54,306)
Internal net transfer of overhead	(5,008)	(2,834)
Profit/(loss) for the year	0	0
Total		
Revenue	8,012,866	7,806,692
Total institutional transfers	344,586	315,554
Staff expenses	(4,504,158)	(4,345,263)
Operating costs	(3,340,843)	(3,126,236)
Total institutional transfers	(344,586)	(315,554)
Profit/(loss) for the year	167,865	335,193

Profit from forensic services of DKK 10.0m is set off in revenues and transferred to the settlement account in the balance sheet.

25. Asset account

Enterprises having asset appropriations must report on both completed and ongoing projects. For completed projects the time and financial progress must be described and analysed while it is estimated whether the quality of the project is as expected.

DKK million	Authority	Construction start	Estimated end time	Total defrayed expenditure	Costs 2010	Estimated residual cost	Index
Ongoing projects:							
The Lundbeck Auditorium	Document 22 2001	Q4 2004	Q1 2010	24.8	0.0	25.0	129.3

The construction was delivered in 2007 for use according to AB92. In 2009 DKK 1.1m has been incurred for minor adjustments and DKK 0.2m in 2010 and 0.14m in 2011. A 5-year inspection was completed in year 2012. In addition to this, a residual cost of DKK 0.2m is expected to be incurred in connection with a deficiency remedy after the 5-year inspection. Subsequently the case will be concluded in year 2013.

26. Key ratios

According to the guidelines of the Agency for the Modernisation of Public Administration for preparation of annual reports dated 21 January 2013, a statement of key ratios must be calculated and enclosed. The mandatory key ratios are the profit margin, average annual salary and salary cost share. Certain key ratios are not included as they are not possible to calculate. The University of Copenhagen is, for example, not a state institution operating with a framework for borrowing. Only key ratios within resource administration are included. For the key ratios included it is defined how the calculations have been made in relation to the figures in the Annual Report.

Definition:			2012	2011	2010	2009	2008
Profit margin ¹⁾	Profit/(loss) for the year	167,865					
	Total revenues	7,979,222	2.1%	4.3%	2.2%	-1.1%	-0.3%
Average yearly salary (DKK '000)	Total staff expenses	4,504,158					
	Yearly salary	9,272	486	473	466	466	447
Salary cost share	Total staff expenses	4,504,158					
	Total ordinary operating revenues	5,549,954	81.2%	78.8%	78.8%	76.6%	76.0%
Capital share ¹⁺²⁾	Financial expenses + depreciation	80,883					
	Revenues	7,979,222	1.0%	1.0%	0.9%	1.0%	0.9%
Maintenance ratio ¹⁾	Net annual additions, Fixed assets	143,986					
	Annual depreciation of fixed assets	78,283	183.9%	62.5%	178.7%	207.9%	153.5%
Solvency ratio (excl. government obligation)	Total equity excluding government obligation	1,171,063					
	Total liabilities excluding government obligation	4,592,056	25.5%	25.2%	16.5	13.0%	16.6%

1) Key ratios are based on ordinary activities (VT10), commercial activities (VT30) and forensic medicine services (VT40)

2) The calculation of the maintenance ratio has been adjusted so that donations of all types of fixed assets reduce additions for the year. Comparative figures for 2008-2011 have been restated for reasons of consistency.

Financial highlights for the University of Copenhagen

	2012	2011	2010	2009	2008
Revenues including interest:					
Education subsidies	1,935,507	1,879,580	1,841,811	1,714,863	1,597,539
Research subsidy	2,840,075	2,748,091	2,546,235	2,395,323	2,198,604
External grants	2,462,911	2,290,286	2,114,124	1,836,968	1,613,504
Research-based public-sector services	21,985	21,660	8,466	8,215	7,998
Basic subsidy	307,131	474,928	558,093	612,974	604,593
Other revenues	442,657	388,870	417,347	504,499	445,483
Expenses broken down by purpose¹⁾					
Education	2,131,214	1,611,806	1,622,072	1,501,401	1,410,333
Research	4,443,465	3,371,988	3,187,794	2,810,605	2,512,969
Communication and knowledge sharing	303,914	242,740	219,981	273,559	254,319
Public-sector services	282,264	258,243	249,174	211,984	209,925
General management, administration and service	680,876	309,769	313,241	534,748	468,892
Buildings ¹⁾	-	1,673,675	1,728,198	1,815,455	1,633,543
Staff, Yearly salary:					
Academic staff	4,616	4,500	4,333	4,012	3,731
Part-time academic staff	407	387	386	394	404
Technical/administrative staff etc	4,249	4,298	4,367	4,194	4,128
Balance sheet:					
Equity (DKK m), excl. government obligation	1,171	1,003	581	416	491
Balance sheet (DKK m)	4,592	4,276	3,808	3,498	3,242
Buildings m ² Total	929,512	935,722	932,862	929,689	973,468
Activity and production information					
Students:					
Total BA students admitted at 1 October	6,919	6,758	6,354	5,978	5,175
Total MA students admitted at 1 October	5,142	5,113	4,516	4,459	4,153
Total students at 1 October	38,867	37,869	36,891	38,010	37,712
Total FTE ²⁾	24,040	23,160	22,409	21,397	20,671
Graduates:					
Total BAs ³⁾	4,004	3,788	3,777	3,801	3,461
Total MAs	3,892	3,818	3,718	3,736	3,590
Part time educations:					
Total tuition-paying students	4,593	4,308	4,877	4,127	4,026
Total yearly students	818	858	947	804	816
Graduates on full educations (master, diploma)	126	142	217	152	170

	2012	2011	2010	2009	2008
Internationalisation:					
Outbound exchange students	2,231	1,658	1,589	1,306	984
Inbound exchange students	1,742	2,328	2,196	2,021	1,471
Total foreign students on full-time educations ⁴⁾	3,773	3,719	3,669	3,463	3,237
Research educations:					
Total students on research educations, registered ⁵⁾	2,503	2,843	2,671	2,362	2,233
Total admitted PhD students ⁵⁾	752	801	934	776	688
Total approved theses ⁵⁾	523	564	508	511	439
Research and knowledge exchange results:					
Research publications ⁶⁾	-	10,431	8,188	10,922	7,532
Educational publications ⁶⁾	-	132	219	158	185
Registered patents	10	17	11	22	21
Registered inventions	49	58	40	45	74
Number of projects in the business community (private sources) ⁷⁾	2,207	2,421	2,412	2,572	1,659
Number of external projects ⁷⁾	4,549	4,905	4,887	4,602	4,100
Financial span of co-operation with the business community (DKK million) ⁸⁾	898	828	641	498	356

1) As of 2012, the University's expenses are allocated in accordance with the guideline on allocation of university expenses to main areas and purposes issued by the Danish Agency for Universities and Internationalisation, under which the operation of buildings is allocated to other purposes. 2008 - 2011 have been stated in accordance with schedule B to Universities Denmark's definition manual, under which buildings were stated as a separate purpose.

2) 1 FTE = 1 student's yearly workload = 60 ECTS-points. The number of FTEs is settled with the Danish Agency for Universities and Internationalisation (23,531). In addition there are the Professional Bachelors, foreign students etc.

3) The bachelor education is a 3-year education. The bachelor education has not yet been fully implemented in all of the faculties of the University.

4) The majority of foreign students are from the other Nordic countries.

5) The figures for research education 2009-2012 are based on the calendar year, cf. Universities Denmark's definition manual. The figures for 2008 and the previous years are based on academic year.

6) Research, knowledge exchange, and educational publications for 2011 are reported at the end of August 2012 due to changes in the pace in relation to VTU/FIVU. The figures for 2012 are published in the annual report 2013.

7) Defined according to Universities Denmark's key ratio definitions. Only applies to grant-funded research

8) The figure for 2010 has been adjusted in accordance with the definition of financial scope laid down by the Danish Agency for Universities and Internationalisation in cooperation with the business sector. The definition is: Danish private sources + other sources. The figure for 2010 has been restated in 2011.



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