



Annual Report 2010

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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, formand
Claus Bræstrup
Boel Flodgren
Peter Gæmelke
Hanne Foss Hansen
Louise Lipczak Hansen
Jannik Johansen
Ingrid Kryhlmund
Niels Kærgård
Jørn Lund
Laura Toftegaard Pedersen

Rector

Ralf Hemmingsen

Prorector

Thomas Bjørnholm

University Director

Jørgen Honoré

Auditors

National Audit Office
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Management's Statement

The Board and Executive Management have today considered and approved the Annual Report of the University of Copenhagen for 2010.

The Annual Report has been prepared in accordance with Ministerial Order no. 1373 of 10 December 2007 on funding and accounts, etc. at universities.

We hereby declare:

1. that we consider the accounting policies adopted to be appropriate and the accounting estimates made to be reasonable. The Annual Report therefore gives a true and fair view of the University of Copenhagen's financial position at 31 December 2010, and of the results of the University's operations and cash flows for 2010, including that the description of the targets set and the reporting on those targets 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, 28 April 2011



Ralf Hemmingsen
Rector

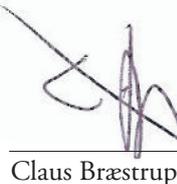


Jørgen Honoré
University Director

Board



Nils Strandberg Pedersen
Formand



Claus Bræstrup



Boel Flodgren



Peter Gæmelke



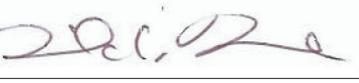
Hanne Foss Hansen



Louise Lipczak Hansen



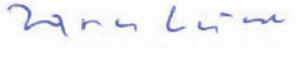
Jannik Johansen



Ingrid Kryhlmand



Niels Kærgård



Jørn Lund



Laura Toftegaard Pedersen

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 National Audit Office is responsible for the overall audit under the Danish Auditor General's Act.

To the Management of the University of Copenhagen:

Auditor's Report on the Annual Report

We have audited the Financial Statements of the University of Copenhagen for the financial year 2010. The Financial Statements comprise accounting policies, income statement, assets, liabilities, statement of changes in equity, cash flow statement and notes 1–26. The Financial Statements have been prepared in accordance with Ministerial Order no. 1373 of 10 December 2007 on funding and accounts, etc. at universities. Management's Review, target reporting and financial highlights were not part of the audit.

Management's Responsibility for the Annual Report

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with Ministerial Order no. 1373 of 10 December 2007 on funding and accounts, etc. at universities. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation 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 and Basis of Opinion

Our responsibility is to express an opinion on the Financial Statements based on our audit. We conducted our audit in accordance with Danish Auditing Standards and good public auditing practice according to the agreement on internal audits at universities entered into by the Danish Minister for Science and the Auditor General, pursuant to section 9 of the Danish Auditor General's Act. These standards require 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.

Independent Auditor's Report

An audit involves performing procedures to obtain evidence of the amounts and information contained in the Financial Statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement in the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the institution's preparation and fair presentation of the Financial Statements, 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 controls. An audit also includes an evaluation of the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by Management, as well as an evaluation of 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.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the Financial Statements give a true and fair view of the University of Copenhagen's financial position at 31 December 2010, and of the results of the University's operations and cash flows for the financial year 1 January–31 December 2010, in accordance with Ministerial Order no. 1373 of 10 December 2007 on funding and accounts, 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 (pp. 8–16), target reporting (pp. 17–23) and financial highlights (pp. 42–43)

Management is responsible for preparing a Management's Review, target reporting and financial highlights for the Annual Report that include a true and fair account in accordance with Ministerial Order no. 1373 of 10 December 2007 on funding and accounts, etc. at universities.

Our audit did not include Management's Review, target reporting and financial highlights; however, we have, in accordance with the Ministerial Order on funding and accounts, etc., read Management's Review, target reporting and financial highlights. We have not performed any procedures additional to the audit performed of the Financial Statements. On this basis, in our opinion, the information provided in Management's Review, target reporting and financial highlights is in accordance with the Financial Statements.

Report on Performance Audit

In connection with the financial audit of the Financial Statements of the University of Copenhagen for 1 January–31 December 2010, we have assessed whether, for selected areas, due financial consideration has been exercised in the administration of the University of Copenhagen, and that the information contained in the Financial Statements and Management Report on targets and performance is documented and adequate for the activities of the University in 2010.

Management's Responsibility

The Management of the University of Copenhagen is responsible for establishing guidelines and procedures to ensure that due financial consideration is exercised in the administration of the institution, and that the information contained in the Financial Statements and Management's Review on targets and performance is documented and adequate for the activities of the University in 2010.

Auditor's Responsibility and Performance Audit

In accordance with good public auditing practice, pursuant to Ministerial Order no. 1373 of 10 December 2007 on funding and accounts, etc. at universities, we have examined, for selected areas, whether the University of Copenhagen has established procedures that ensure financially sound administration. We have also conducted spot checks of the University of Copenhagen's reporting in the Financial Statements and Management's Review on targets and performance. This work was designed to obtain limited assurance that the administration in the selected areas has been undertaken in a financially sound manner, and that the information contained in the Financial Statements and Management's Review on targets and performance is documented and adequate for the activities of the University in 2010.

Opinion

Based on our performance audit, nothing has come to our attention that causes us to conclude that the administration in the financial year 1 January–31 December 2010 in the areas examined has not been undertaken in a financially sound manner or that the information contained in the Financial Statements and Management's Review on targets and performance is not documented and adequate for the activities of the University in 2010.

Copenhagen, 28 April 2011

PricewaterhouseCoopers
Statsautoriseret Revisionsaktieselskab



Per Nørgaard Sørensen
State Authorised Public Accountant



Poul Madsen
State Authorised Public Accountant

Managerial and organisational performance

The Board 2010 – important decisions

2 February

The Board approved the University's acquisition of the Danish Institute for Military Studies (DIMS) and the establishment of the Centre for Military Studies at the Department of Political Science in the Faculty of Social Sciences (SAMF).

19 April

The Board approved and signed the Annual Report 2009.

11 May

The Board accepted the Rector's recommendation on the appointment of Professor Thomas Bjørnholm to the post of Prorector.

14 June

The Board approved the University's saving plan (equity model).

14 September

The Board approved targets for the University's development contract for 2011.

The Board approved the basis for further work on legal instrument 148 (the convergence plan) and the perspective and investment plan for construction.

The Board approved new election statutes as a result of its decision to extend the term served by student representatives on the Board from one to two years.

27 October

The Board approved the Rector's recommendations for greater transparency in staff representation based on 'Temperature 2010: The Rector's report back on employee involvement/participation at departmental level (and Academic Council) to the Board'.

The Board approved the Rector's annual report on the Strategic Action Plan. The Board approved the process for 'Strategy 2012–2016'.

The Board made decisions in principle in extension of the academic follow-up on:

1. establishment of Copenhagen Plant Science Centre, the Faculty of Life Sciences (LIFE) and any supplementary new construction necessary.
2. establishment of an international panel to clarify the future organisation of Chemistry at the University.
3. establishment of a number of professional "lighthouses" and development resources in Plant Science and Chemistry.

9 December

The Board approved the budget for 2011 with the proviso that senior line managers will be responsible for ensuring that cuts in programmes are avoided as far as possible.

The Good Programme

Education has always been the very foundation of the work done by the University of Copenhagen. There is no doubt that the quality of the University's programmes is vital for its future development. Attractive and modern programmes are important both for students and for the society that ultimately derives benefit from them.

The Good Programme builds on the pre-existing positive nature of programmes in the Faculties. The first phase of the project was implemented in autumn 2010, when three 'camps' were held to develop ideas for a series of experimental projects, attended by the University's external stakeholders, academic and administrative staff, and students. The participants provided input in the form of their academic competence, experience, visions and positive ideas for future programmes at the University. Themes included improving links between research and programmes, new teaching methods and enhancing knowledge across faculty boundaries.

By December 2010, 159 project proposals had been submitted to the DKK 10 million internal University pool earmarked for experimental projects. Sixty-six pilot projects were selected, and participants are already engaged in realising projects that will attempt to improve quality at the University in 2011. See the full list of pilot projects at <http://uddannelsessatsning.ku.dk/forsoesprojekter/udvalgteprojekter/>.

Intake

In 2010, the University welcomed a total of 6,416 new undergraduates, continuing the upward trend registered in 2009. The figure is up by almost 5% on last year, exceeding the target figure of 6,300 students stipulated in the development contract. The intake trend for 2003–2010 is shown in Figure 1 overleaf and is the biggest in the University's history.

The figures for 2010 vary by faculty. The Faculty of Pharmaceutical Sciences (FARMA) had the biggest rise (up 20% on 2009). This is particularly interesting because in 2010, the University of Southern Denmark (SDU) offered an equivalent programme for the first time and had an intake of 96 students.

Undergraduate intake 2003-2010



The undergraduate intake graph is based on reports to the Ministry of Science, Technology and Innovation (VTU), which uses different definitions of period and population from the statistics issued by Danish Universities (DKUNI).

Graph 1

The Faculty of Social Sciences (SAMF) and Faculty of Science (SCIENCE) had appreciable increases: 13% and 16%, respectively. Nationally, the increase in students majoring in science was 9%, and there are reasons to hope that the interest in these programmes will continue to develop positively for some time.

Alumni association rounds 10,000 members

The University's alumni association KUBULUS works hard to make the attainment of a degree from the University of Copenhagen the start of a lifelong relationship.

The association has grown at an incredible speed, rounding 10,000 members in 2010. Its focus is on maintaining contact with current and former students, opening the University up further to graduates, organising bridge-building activities with the business community, and creating networking opportunities.

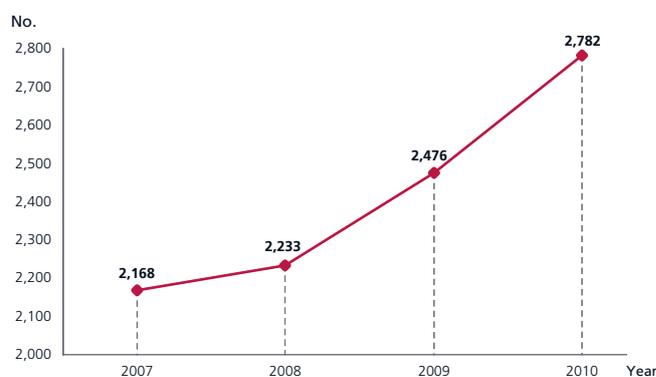
The association's career-mentoring programme has provided nearly 200 graduate students with a mentor from one of the 34 companies and organisations involved in preparing graduates for working life. One in eight members registered for at least one event in 2010. The 'Window on Research' series of events, which sees researchers presenting their latest work, has been particularly popular. Follow the activities at <http://www.alumni.ku.dk>.

In academic year 2010, 3,718 students graduated from the University of Copenhagen. Compared to 2009, an increas-

ing number of students completed their Master's degree in the prescribed time. The employment pattern for graduates has developed positively in recent years. The most recent figures from the Danish University and Property Agency (UBST) show that 77% of graduates in 2008 found jobs within 4–19 months of graduation. This figure is on a par with the national average, and an increase compared to 2005, when the comparable figure was 73%. In addition, 8% of the year's graduates moved abroad, the majority presumably for work-related reasons.

The strong focus on the PhD programmes is reflected both in the number of PhD scholars and the number of newly registered PhD scholars. Figure 2 below shows the number of PhD scholars at the University per academic year. In 2008, the curve breaks steeply upward. This positive trend corresponds to the contract drawn up between the University and the Ministry. A continuation of the current level would require funding levels to be maintained.

No. of PhD scholars 2007-2010

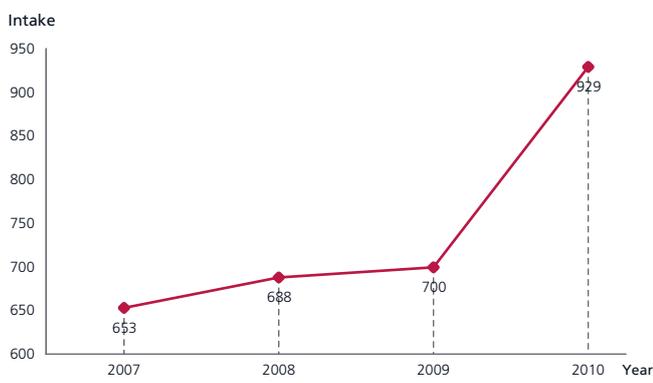


Graph 2

The increase in numbers is primarily a reflection of the number of newly registered PhD scholars. However, the increase in intake is steeper than the curve suggests, because a larger number of PhD scholars also graduated during the period in question.

Figure 3 overleaf shows the increase in the number of newly registered PhD scholars per academic year.

Newly registered PhD scholars 2007-2010



Graph 3

The financial frameworks

In 2010, the University's revenue amounted to DKK 7,468.8 million, which represents growth of 6.2% compared to 2009 (current prices).

The 2010 national budget contained no real surprises. In purely monetary terms, university funding remained at the same level as in 2009 (current prices). The university sector was also subjected to a 2% conversion of research funding in 2010. Unlike previous years, this conversion was transferred to the Ministry of Finance's general reserve and, therefore, further away from the universities. Full implementation of the Overhead Reform in the 2008 national budget also had a negative impact of almost DKK 40 million on the University's overall finances. Similarly, the phasing in of the SEA scheme led to an expected funding decrease of some DKK 20 million.

The financial conditions faced by the university sector have in general been changing in recent years, due to the continuing trend towards earmarking funds in the national budget and subjecting them to competition. As a result of the international economic crisis, the macro-economic situation is not quite as propitious as was expected a few years ago – and in that light, it was encouraging that in 2010, the government maintained the Barcelona objective of research spending amounting to 1% of GDP.

After the Globalisation Settlement was reached in November 2009, DKK 881 million was up for negotiation, of which only DKK 205 million made its way to the universi-

ties in the form of funding for free basic research. Within the new performance model, a further DKK 100 million was earmarked for research funding. The University of Copenhagen received some DKK 90 million, in addition to which the low taximeter level (TAKST1) was increased by DKK 4,180 to DKK 5,000 per FTE, to be fully phased in by 2012. The increase will mainly benefit the humanities and social sciences.

Finally, the Globalisation Settlement earmarked DKK 1 billion in 2010, as well as a similar amount in 2011 and again in 2012, to provide a technological boost to the universities' laboratories, including upgrading ventilation, air-conditioning, control systems, etc. to modern research standards. Basic modernisation, to the tune of DKK 3.3 billion, was also introduced within the SEA scheme. The University's share of that amounts to DKK 810 million, with a planning horizon of five years.

The University's programme income and the production of student full-time equivalents (FTEs) increased in 2010, representing growth of 7.4% and 4.7%, respectively. This increase in activity is needed to compensate for the fact that programme rates will be subject to a general 2% p.a. reduction.

Finally – as also described in the Financial Statements and in the sections on financial development – the University has in 2010 succeeded in attracting major grants from private and public foundations, as well as from the EU, in order to strengthen existing research environments and establish new ones. Grant-funded research activities amounted to DKK 1,761.5 million in 2010, representing satisfactory growth of 18% compared with 2009.

Economic conditions at the start of 2010 necessitated a tight budget, including the introduction of a qualified recruitment freeze and restrictions on capital dispositions. However, this could not offset the fact that several of the University's budget units were under financial pressure, which in 2010 resulted in the need for adjustments in the personnel area.

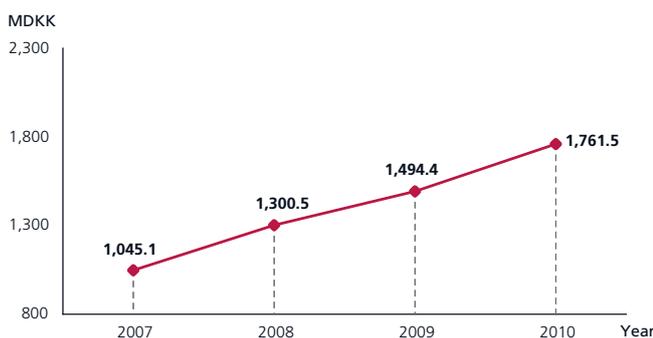
In a situation in which funds in the national budget are increasingly earmarked and exposed to competition, it is essential that the University continues to attract more

external research funding and ensures high intake, low dropout rates, high FTE production and short completion times in order to build up a level of revenue capable of funding high-quality programmes.

Increase in research – attracting external funding

In 2010, the University's external funding amounted to DKK 1,761.5 million, an increase of DKK 267.1 million compared to 2009 (current prices), corresponding to growth of 18%. The biggest increases are at LIFE, SCIENCE and SUND. The figure below shows the trend in external funding since 2007. The data is exclusive of internal transactions and transfers.

Grant-funded activities 2007-2010



Graph 4

The growth is mainly due to private Danish sources and EU funding. The growth in private sources is partly due to a number of projects from 2008 and 2009 passing from the establishment phase to the operational phase. This trend will continue into 2011. In recent years, the University has also enjoyed considerable success in attracting large external grants for research projects (see the Donations section). Donations from non-Danish sources and grants from public-sector sources in Denmark have both also increased.

Donations

In 2010, the University received several major external grants and donations from a series of private and government foundations. These donations have great significance for the University's potential to improve the quality of its programmes, basic research and partnerships with business and industry.

The largest private research donation in Danish history (DKK 885 million from the Novo Nordisk Foundation) allowed the University to begin setting up a new international metabolism centre in SUND in 2010. The centre will conduct basic research into the body's turnover of energy in relation to what are colloquially referred to as lifestyle diseases (e.g. obesity and type-2 diabetes), which are growing rapidly all over the world. Investing so heavily in key global issues such as lifestyle and metabolic diseases is a visionary strategy that illustrates the commitment needed to position Denmark at the forefront of international research.

The University also welcomed a grant of DKK 415 million for the Danish Stem Cell Centre (DanStem). The centre is being established at the University in collaboration with the University Hospital and a number of international universities and companies. The centre is divided into two sections: one for basic research, funded by a donation of DKK 350 million from the Novo Nordisk Foundation; and one for strategic research, funded by DKK 65 million from the Danish Council for Strategic Research. DanStem will accommodate the full spectrum of stem-cell research, from the discovery and defining of the most basic molecular mechanisms, to the testing of these mechanisms in clinical trials. This is possible because the University, in collaboration with scientists abroad, has already built up a position of considerable strength in basic research in cancer and diabetes, which illustrates the necessity of basing society's knowledge production on strong basic research.

The EU 7th Framework Programme

The EU's 7th framework programme (FP7) runs from 2007–2013. The University has currently agreed or is in negotiations about 188 contracts with the EU under FP7. Of these, 63 projects will be co-ordinated by the University, comprising 11 major international collaborative projects and a further 52 contracts with individual researchers (Marie Curie and ERC grants).

As at 1 March 2011, the total subsidy to the University of Copenhagen for the 188 FP7 project is EUR 72 million, corresponding to approximately DKK 537 million. Compared to the same time in 2010, this is an increase of approx. DKK 229 million.

The University will continue its successful work to attract funds from business and industry, both in Denmark and abroad. This is more important than ever during a period characterised by economic slowdown, when the proportion of the free research funding in the national budget is falling, making the University of Copenhagen's financial situation uncertain.

Academic endeavours in extension of the merger (academic merger)

At the time of the merger in 2007, the academic outlook was that LIFE, FARMA and the University of Copenhagen had a number of academic themes in common, and developing and reaping the benefits of synergies was a key objective. The results of the collaboration have included major UNIK grants, a series of grants to centres and infrastructure, the strengthening of work on the climate and the developing world, and the completion of the Campus Animal Facilities.

In 2009 and 2010, LIFE, FARMA, SCIENCE, SUND and the Rector conducted analyses of future priorities and reviewed academic areas of common interest. Among the results in 2010 were the decisions in principle by the Board on:

- establishment of the Copenhagen Plant Science Centre at LIFE and, if appropriate, supplementary new buildings
- establishment of an international panel to clarify the future organisation of Chemistry at the University
- establishment of a number of academic 'lighthouses' and development resources in Plant Science and Chemistry.

Knowledge dissemination and innovation

Partnerships

The University's basic approach to partnerships, including with public- and private-sector companies and organisations, is that if relevant and appropriate partners are identified, then they generate mutual value and help to place the University's academic activities on an equal footing with international research collaborations.

In spring 2010, the University's task force for collaboration with business and industry presented a catalogue of ideas for new business activities at the University. This work has been continued by the University's Research and Innovation Council (KUFIR), established by the Prorector on taking up his post in September 2010. Based on the recommendations of the task force, KUFIR will present an action plan in March 2011 for the University's partnerships with business and industry, and with society as a whole.

The University consciously strives to support student interaction with business and industry, as well as their involvement in entrepreneurship and innovation. In 2010, this was taken a step further with the projects Next Generation and CIEL (Copenhagen Innovation and Entrepreneurship Lab).

Next Generation, which was launched in spring 2010, is a collaboration between the University of Copenhagen, the Technical University of Denmark (DTU), Copenhagen Business School (CBS), Young Enterprise Denmark, Symbion Management, the Copenhagen Business Centre and Venture Cup. Together, the parties are able to offer students advice and practical assistance in all phases of the innovation chain – from the birth of an idea right up to when it matures and hits the market. The budget is almost DKK 35 million, 25% of which stems from the partners, 25% from the Growth Forum of the Capital Region of Denmark, and 50% from the EU Social Fund.

CIEL was jointly designed by the University, DTU and CBS. The partnership builds on Next Generation and will be physically based in Green Lighthouse on North Campus. In November 2010, the project was awarded a DKK 5 million prize in the Entrepreneurial University (DEU) competition. The plan is for CIEL to expose all students to entrepreneurship as part of their induction programme, triple the number of students taking entrepreneurship courses as part of their studies, develop entrepreneurial programmes of excellence and further integrate entrepreneurship as part of Learning and Teaching in Higher Education (the LTHE programme) via a one-day workshop. The University's two 'student greenhouses', Catalyst and Catapult, are active participants in both of the initiatives mentioned above.

Construction projects

Modern buildings and top-class laboratories are very important prerequisites in relation to job satisfaction and inspiration for all staff and students. To a great extent, 2010 was a year in which the frameworks for several building projects fell into place. Parliament and private foundations have provided crucial funding for the projects. The national budget for 2010 included a decision on funds – referred to as ‘the lab pool’ – for the modernisation of laboratories in the country’s universities in the period 2010–2016.

In 2010, approximately DKK 200 million was made available, and the modernisation of laboratories commenced. A design competition was held for Niels Bohr Science Park, which is to be built on Jagtvej, as well as for a new laboratory section in the Panum building. These will be the two biggest new laboratory buildings at the University, and are scheduled to be ready for use in 2014 and 2015. Two other new laboratory buildings, on North Campus and Frederiksberg Campus, also made it to the drawing board and are expected to be operational in 2014 and 2015.

The extension of the Panum building is also being funded by the state and by private foundations, with a DKK 650 million donation from A.P. Møller and Chastine McKinney Møller’s Foundation for General Purposes, as well as funding from the lab pool. The University considers the expansion of Panum to be an investment in the future, one that will help to ensure that the University, and Denmark, will continue to attract top international researchers and remain at the forefront of research, a strategy that will benefit the health of the population in general.

In late summer, the Department of Forest & Landscape at LIFE took a new building on Frederiksberg Campus into service. Other new buildings at the University are on the way: a new building housing teaching facilities, etc. for SAMF on City Campus; KUA2 for the Faculty of Humanities (HUM) on South Campus, which will be ready by the end of 2012; and KUA 3, which will house the Faculty of Law (JUR) and the Faculty of Theology (TEO), and will be ready in 2015.

The University is working to gather its museums on one site around the Botanic Gardens, currently the site of the

Natural History Museum of Denmark. Ideas were generated via a competition, which has been a great source of inspiration for the ongoing work of planning the museum’s future features. Fundraising activities have already started.

Green campus

In December, the University and UBST concluded negotiations on an agreement about energy investments worth DKK 105 million. The University will borrow this amount from UBST as the energy savings are implemented, and the loan will be repaid over 10 years. The goal is that these technical, energy-saving projects, along with behavioural changes, and a focus on energy management and control, green IT, green procurement, etc., will reduce energy consumption by 20% p.a. in 2013 compared to 2006.

Science City, North Campus

North Campus is to be developed into a cohesive district based on synergies between the University, the city and business. This will strengthen the University’s interaction with society, for the benefit of both the University and society as a whole.

The University and UBST held an international competition in 2010 to seek out proposals for developing synergies between the city, the University and business. The competition was held in partnership with the City of Copenhagen and received funding from Realdania.

An international team led by COBE Architects was named the winner on the strength of its project Knowledge Network North Campus. The overall aim of the proposal is to establish links between knowledge institutions and integrate them with the city and its users in a network of knowledge. It includes strategies to open up the campus area, link and integrate the campus with the city, improve urban spaces and upgrade green areas. Follow the project at <http://campus.ku.dk/vidensbydel>.

A dynamic and diverse workplace

In order to provide first-class research and research-based teaching, the University must attract and retain the brightest researchers from around the world. The University is therefore an open and diverse workplace that focuses on ensuring that its core services are strengthened by the diversity of its staff.

In 2010, the Rector completed the 'Temperature 2010' project on employee/student involvement and participation at the University. The theme of involvement/participation was highlighted in the evaluation of the University Act and the International Panel's report in 2009. As far as the University is concerned, the theme is also part of an ongoing process that has, on several occasions in recent years, taken stock of the status of academic councils, boards of studies, etc.

It is crucial for the University that its staff and students exert relevant and maximum influence on their work or study situation. Management, staff and students must be afforded the opportunity to engage in open and honest dialogue regarding the development of each part of the University. This requires a meeting and debate culture with which everyone is familiar, and timetabling that makes it possible to exercise due diligence and to test out new ideas without bureaucratic delays.

The findings of Temperature 2010 indicate that, across virtually the entire University, a relevant and very well-developed system of advisory and interventionary forums has been set up with the involvement of academic staff (VIPs), technical and administrative personnel (TAPs) and students. However, there is still a general need for much clearer frameworks for information, convening meetings, annual cycles, agendas and minutes, with a view to ensuring clarity, transparency and adequate information, as well as providing opportunities for participants to express themselves about ongoing cases at the appropriate time. There is also a need for clarity about how people in standing committees, ad hoc committees, departmental forums, etc. are appointed and for how long. Experience shows that there is great commitment to openness and employee participation at the University, but that in some areas there remains a need to translate this commitment into more tangible and transparent procedures.

Involvement is dependent not only upon having the right structures in place, but also the right competences and attitudes among those who use the structures. The University's ongoing management development programme, which covers managers on all levels, focuses on communication and participation. As they progress through the

programme, managers develop their competences, e.g. in relation to employee participation.

The University is now halfway through running this programme, and has ascertained that its managers are interested both in creating good organisational structures in their units and in developing their own personal and relational competences. Against this background, it is expected that the management programme will help improve the nature of the actual involvement, as well as staff competences in relation to a widespread perception of responsiveness, inclusion and co-operation.

System support

In 2010, a number of major IT projects were implemented to improve and renew systems and provide users with new opportunities to work together and communicate online. Shortly before the summer holidays, all students and staff were given a new username (digital identity). Over the coming years, this single University username will migrate to multiple systems, so that employees and students no longer need to remember several different usernames and passwords.

In late summer, the University also launched an intranet (KUNet), which serves as the common online meeting point for the whole institution. Between the launch of KUNet in August and late December 2010, the front page received more than 3 million hits. Just before the launch of KUNet, every student was provided with a new e-mail programme (Alumni-mail) that includes a calendar function, making it easier to co-ordinate with other students. STADS, the new student administrative system for the whole of the University, which is based on common processes throughout the institution, was finally launched in the autumn.

At the same time as working on large, user-oriented projects, the University also built two new IT operations centres on South Campus and North Campus. These will replace the many server rooms dotted about the University and ensure that operations are safer and more efficient. The new systems (University usernames, KUNet, Alumni-mail and STADS) are some of the first to be housed in the service centres but more and more systems and servers will follow.

As an offshoot of the IT Strategy, there was also a closer focus in 2010 on the University's core areas in research and education. For example, the implementation of the project 'IT for students' has resulted in a new vision and a series of recommendations that will improve IT support for students at the University in the longer term.

Financial review

The University of Copenhagen realised a profit of DKK 165.6 million for 2010, a significant improvement on the budgeted loss of DKK 26.5 million. As a result of this profit, equity rose to DKK 581.5 million. The solvency ratio was 16.5% in 2010 and equity amounted to 7.8% of total revenue.

Management considers the financial performance to be satisfactory. As well as funding its operations, the University's financial resources are also used to strengthen its financial foundation and to implement future development initiatives in the areas of education, research and communications in a macro-economic climate characterised by uncertainty.

The bulk of the University's revenues (67.5%) stems from government subsidies, comprising an 8.7% grant towards current expenses, a 34.1% research grant and a 24.7% education grant. Research activities financed by grants accounted for 28.3%, other revenues for 4.2%. The University's total revenues in 2010 were DKK 7,468.8 million, an increase of 435.1 million, or 6.2% at current prices, compared to 2009.

Government funding rose by DKK 163.9 million (current prices) in relation to 2009 because of the higher level of activity in research and programmes. It is especially positive that external grants and contributions grew, representing an increase of 15.1% compared to 2009. Building-related revenues were reduced by DKK 79.4 million (current prices) compared to 2009. The reduction was primarily due to the lower UBST maintenance grant. Other revenues were on more or less the same level as 2009.

Total operating expenses in 2010 were DKK 7,320.5 million, an increase of DKK 172.7 million (current prices)

compared to 2009. This was mainly due to increases in staff and building-related expenses.

Staff expenses amounted to DKK 4,237.1 million in 2010, corresponding to 57.9% of the University's total operating expenses. Staff expenses rose by 10.9% compared to 2009. Staff expenses rose primarily because of higher externally-oriented activity, which triggered the recruitment of academic and technical personnel to support research, and the rise in the number of PhD scholars. Certain personnel changes have also been made. Overall, there has been an increase of 315 academic staff FTEs, representing growth of 7.9%, and 173 technical/administrative staff FTEs, representing growth of 4.1%. The increase in staff expenses can also be attributed to contractual salary increases.

Other operating expenses in 2010 were DKK 1,429.4 million, an increase of 52.1 million (current prices) compared to 2009. The increase was due mainly to higher externally-oriented activity, which led to a number of investments in equipment and laboratory equipment for research and communication purposes.

Building-related expenses accounted for DKK 1,552.5 million, representing a decrease of DKK 154.5 million (current prices) compared to 2009. The decrease was primarily due to lower expenses for interior maintenance and fewer investments in construction. The University also appealed against 2008 property valuations and won several cases, which resulted in a saving in the form of reduced property taxes in 2010.

Net financials in 2010 were DKK 17.3 million, a decrease of DKK 21.8 million (current prices) compared to 2009. Lower interest rates meant that the University's agreement on deposits in 2010 resulted in a significantly lower yield than in 2009.

Expected financial developments

Over the next few years, the need will remain for the University to keep a tight rein on its finances. Research funding and student intake will have to be increased during a period of economic slowdown. The University is undergoing physical, structural and administrative changes in order

to adapt to new social conditions, but the financial position in 2012, 2013 and 2014 is more uncertain than ever.

At the same time as the economic climate is making the University's financial prospects uncertain, the nature and conditions for its revenues have also changed. There is an increasing trend towards exposing funding to competition and earmarking it, and free basic funding from the national budget is being curtailed. Uncertain revenue streams are replacing guaranteed subsidies, which does not harmonise well with the long-term nature of research and education activities.

The national budget and subsequent globalisation settlement generated a more secure basis for the University's revenues in 2011. However, the proposed amendment caused widespread budget uncertainty, as the universities' announcements of expected increases in educational activity (more FTEs) triggered massive reductions in their state subsidies, especially for 'additional purposes', i.e. running museums, etc.

This type of zero-sum game is incompatible with the government's previous incentives to generate higher study activity at the universities in response to the need and desire for it and with the aim of attracting more young people into higher education. The University complied with the requirements only to find its funding cut, which exacerbated budgetary uncertainty. This prevented the University from optimising its revenues base and left the impression of an unclear incentive structure.

Budget uncertainty looks set to intensify considerably in future. There is still significant uncertainty about 2012 and, especially, subsequent years. Elements from the government's recovery plan from spring 2010 will come into effect in 2012, in the form of administrative savings at the universities. The current globalisation settlement is also set to expire in 2012. At this moment in time, there is considerable uncertainty about whether the next national budget will include a continuation of the globalisation settlement, and so it is unclear whether these resources will be available. A long-term economic settlement capable of generating a degree of certainty about the subsidies that the University can expect from annual national budgets would

be desirable, as it would allow the University to plan for the long term.

All in all, the structural changes to funding and the general economic climate mean that there have been changes to the requirements placed on the University's organisation. The University has to operate under significantly more uncertain economic conditions than in the past.

In recent years, the University has enjoyed considerable success in attracting large external grants for research projects. These donations have great significance for the University's potential to improve the quality of basic research, programmes and collaboration with business and industry. The University will strive to continue this successful trend.

The University will continue to make the investments necessary to rejuvenate the organisation and its buildings in order to build strong foundations for its research and programmes. It will also continue to work to maintain its national and international recognition for world-class research and programmes.

Target reporting

In December 2007, the University signed a three-year development contract with the Ministry of Science, Technology and Innovation (VTU). The contract defines 16 targets, some of which are divided into sub-objectives. Progress towards almost all of the targets is defined by annual milestones to be achieved during the contract period.

The degree to which the objectives have been achieved is depicted in tables in this Annual Report. Although 2010 was originally meant to be the final year of the contract, a supplementary one has been entered into for 2011. In addition, the idea of the contracts is being reconsidered, partly as a result of the evaluation of the University Act conducted in 2009. The Annual Report 2010 also includes an evaluation of the extent to which each target has been achieved for the entire contract period (2008–2010). See the table.

Year/Target	2010	2008-2010
Achieved for the year/contract period	2, 3, 4, 5, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16	2, 3, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16
Partially achieved for the year/contract period	1	1, 4, 5
Not achieved for the year/contract period	6	6

By agreement with UBST, the University's Annual Reports contain reviews of certain development-contract targets, chosen in such a way that all of them are covered at some point during the three-year period. The 2010 Annual Report covers target no. 1 (Research production), no. 8 (Programmes adapted to the needs of society), no. 11 (Documentation concerning teaching), no. 15 (Co-operation with the business community) and no. 16 (research-based servicing of authorities).

Performance target no. 1: Research production

Annual results are published for the previous year, i.e. the Annual Report 2010 contains results for 2009, which means that only results from 2008 and 2009 will be published during the contract period. Success is quantified by the number of four types of publications:

- A. Articles in peer-reviewed scientific journals
- B. Articles in scientific journals that are not peer-reviewed
- C. Scientific books/monographs
- D. Contributions to scientific books/monographs

The annual target and the target for the whole period were to maintain the average production per member of academic staff (VIP) at the 2006 level.

Only the target in category A: Articles in peer-reviewed scientific journals was achieved – in 2009 = 2.45 per VIP. In the other publication categories, the target was not reached. Growth of 10% in the number of VIPs has been recorded during the contract period, as well as major growth in the number of PhD scholars – and it is gratifying that it has been possible to maintain a decent level of production per VIP as far as peer-reviewed articles are concerned.

Publ/VIP excl. PhD scholars	A	B	C	D
Achieved in 2008	2.20	0.22	0.07	0.36
Achieved in 2009	2.45	0.18	0.06	0.41
Target based on 2006 data	2.20	0.30	0.10	0.50

1 Jan - 31 Dec	VIP excl. PhD scholars 2006	VIP excl. PhD scholars 2008	VIP excl. PhD scholars 2009
Total	2,501	2,636	2,763

Since the introduction in 2007 of new and more modern IT tools for registering research, the University of Copenhagen has recorded a growth in the number of research outcomes p.a. – from approx. 9,500 to approx. 12,000. Faculties and departments are increasingly aware of the need for accurate and adequate data with which to report research.

Over the next few years, the University will focus on improving the system so that it provides better support for researchers, e.g. by making it easier to produce CVs for grant applications. Work is also being done on a bibliometrics module for the system, which will be introduced in spring 2011. This will provide management at all levels

with better opportunities to generate an overview of current research.

In 2008, under the auspices of VTU, the bibliometric research indicator (BFI) was introduced as one of the elements in the Ministry's performance-related allocation of research funding. The data from 2008 and 2009 shows that the University's share of the total national points is on the same level as the University's percentage share of research funding. The target is to ensure that the points continue to at least match the proportion of available funding.

The University's researchers are high up the list in terms of publishing in the top national and international peer-reviewed journals. In 2009, 28% of the University's research articles were published on BFI level 2 (top 20% of world production), which was the highest figure for any Danish university. The target is to maintain the 2009 level and improve upon it if possible.

Performance target no. 8: Programmes adapted to the needs of society

Annual milestones were not set during the contract. Rather, a midway report was preferred. The overall aim for the contract period is to analyse the orientation of degree programmes towards the needs of the labour market and the volume of admissions per programme, and to conclude with an explanation of the actions undertaken and planned.

One target in the University of Copenhagen's development contract is for programmes to be covered by panels of prospective employers who, in dialogue with those responsible for the programme at the University, make sure that the programme is adapted to suit the needs of society. By the end of 2010, the programmes were covered by 38 panels, which meet once or twice a year.

In 2009 and 2010, the panels discussed the programmes' orientation towards the labour market. The panels' discussions and assessments of some programmes have resulted in further follow-up work on graduate employment, and therefore assessments of the way in which the programmes are organised, changes to the programmes' vision, training and competence profiles, the creation of new programmes

and changes to existing programmes. The panels' analyses of labour-market orientation cover the programmes themselves and what they have undergone since 2008, e.g. accreditation, evaluation, and falling and/or rising numbers of applicants. The panels have also been involved in the accreditation of the programmes, and are therefore also active in the ongoing work of guaranteeing their relevance and quality.

A report on the work of the panels was published in 2010. It showed that all of the panels have provided their core functions, including recommending amendments to and reform of the programmes, on the basis of discussions and analyses presented to them. It also showed that the work of the panels gives rise to many new activities that, in several ways, improve interaction between the University and society at large. The study also shows that, in their discussions of different approaches, the panels often make use of surveys of graduates, unemployment statistics and other background information. Planned future activities include discussions of graduate surveys and needs assessments, accreditation, educational development and revision of curricula.

The University's development contract for 2011 contains targets that specify the work of the panels and how they are expected to contribute to the quality assurance of the University's programmes and guarantee the relevance of the programmes to the labour market.

Performance target no. 11: The quality of teaching

The contract defines efforts in this field in an overwhelmingly qualitative manner, but there are also fixed targets, e.g. creating 1,600 reading places, providing access to wireless networks, offering personal guidance to every student at risk of dropping out, and setting up a parallel language centre. These targets have been met.

In the period 2008–2010, approximately 3,000 new reading places were set up, including 522 in 2010. The development contract's target of creating 1,600 reading places in the 2008–10 contract period has therefore been met. Access to wireless networks has also improved noticeably during the contract period. A communal printing and

copying solution is part of the University's IT strategy for 2010–2012.

During the contract period, there was a considerable focus on student guidance activities, including the implementation of the Strategy for Study and Career Guidance. In 2008 and 2009, a range of new services was developed to ensure that more students complete their studies on time and fewer drop out. A 2010 study showed that almost all faculties offer interviews to students at risk of dropping out, but that few students avail themselves of this service. During the contract period, training programmes were devised for student counsellors at all levels, networks were set up for handling cases and providing guidance to students with disabilities, and a web portal established that provides a good overview of the opportunities for study and career guidance at the University.

The number of computer-based exams continues to grow. In 2010, approximately 50% of examinations at the University were computer-based.

As part of the introduction of STADS, process descriptions have been drawn up for the key management areas within student administration. The faculties have, via consensus on joint practices, undertaken to adhere to uniform, high-level data quality. The roll-out of STADS started in autumn 2010 and will not be completed until autumn 2011. Quality-assurance work will not be completed until autumn 2011.

The University has established a Centre for Internationalisation and Parallel Language Use (CIP), which has three core functions: as a research centre, a resource centre and a competence centre. Its research is designed to identify, describe, analyse and support the practical language-related challenges that employees face at an internationalised university. CIP conducts research into *parallel languages in practice, language policy, the acquisition of foreign and second languages and teaching*. Among other things, it has devised a valid certification procedure for researchers' English-language skills and conducted a survey of attitudes among lecturers at the University.

As a resource centre for counselling and knowledge dissemination, CIP's achievements include setting up a parallel-

language homepage and a website of resources, as well as an online list of publications related to parallel languages. CIP also plays an active role in events concerning language policy, internationalisation and testing, and it has been involved in setting up Danish and international networks.

CIP serves as a research-based competence-development centre. Course development and evaluation are based on the employee's specific work-related needs and the latest language pedagogy and knowledge, as well as the knowledge generated through ongoing evaluation of the courses and the centre's research. This unique concept ensures consistency between needs assessment, research and skills development. During the contract period, CIP has developed the following course and certification concepts: (1) Online course catalogue containing English courses for TAPs and VIPs, as well as courses in academic Danish for international staff (38 times); (2) State-funded Danish courses for international staff (31 times); (3) Tailor-made language training both for closed groups of staff and a few for students (24 times); (4) Individual language supervision, including observation and feedback on teaching (42 times); (5) Academic English for international students (18 times); (6) Contracts with external institutions (e.g. Metropolitan University College and CBS), (7) Certification of VIP teachers' English skills on the COME programmes and generally at LIFE (a total of 175 lecturers have been certified). All CIP courses are regularly subjected to a written evaluation and internal observation. A radical reform of the course in academic English for international students has also been implemented, and a new curriculum drawn up.

During the contract period, the University has also worked on the publication of its teaching evaluations. In 2008, a common approach was developed for teaching evaluations and the publication of reports. In 2009 and 2010, this joint concept was introduced in all faculties, and publication of the evaluation reports is now done via a single access point at: <http://uddannelseskvalitet.ku.dk>.

One target for the development contract in 2011 is to conduct a peer-review evaluation of the teaching evaluation concept. Another objective is to upgrade the University's quality-assurance policies in line with the European Standard and Guidelines.

Performance target no. 15: Co-operation with business and industry

The University of Copenhagen's development contract for 2008–2010 sets targets for closer co-operation with business and industry, as measured by the number of co-operation agreements, the number of licenses sold and the revenues generated. The target was to increase those activities by 10% over the contract period. Annual milestones were not set, as the trend may vary considerably from year to year.

Overall, the period 2008–2010 saw an increase in the number of co-operation agreements concluded. In 2010, 609 such agreements were concluded, exceeding the contract target of 453 agreements. In 2010, the University entered into 12 licensing agreements and sold two licenses, meeting the target for the development contract. Five out of eight faculties have entered into at least one license agreement. In both 2008 and 2009, the University was responsible for over 50% of all of the licensing agreements based on patented inventions that were concluded by Danish universities.

Earnings from the sale of licenses consist of reimbursement of patent expenses (which, if there is a license agreement, companies pay in connection with the University's patents) and miscellaneous payments (royalties, down payments, signing fees, licensing fees), which may be agreed by negotiation when concluding licensing agreements. In 2010, the amount earned was DKK 4.7 million, about DKK 1 million higher than the target set for the year in the development contract. All of the targets for the contract period have been achieved.

Performance target no. 16: Research-based servicing of authorities

Since the 2007 merger with the Royal Veterinary and Agricultural University, the University of Copenhagen has provided ministries with research-based services, based on four-year contracts with an annual renegotiation of the services for the following year and rolling four-year contracts. Most of the funds for this were transferred from other ministries to the Ministry of Science in 2004.

Under the terms of the 2008–2010 development contract, the University of Copenhagen performs research-based public-sector services for the Ministry of Food, Agriculture and Fisheries (related to food economics), for the Ministry of the Environment (related to forestry, including monitoring woodlands, the landscape and planning) and for what was known at the time as the Ministry of Family and Consumer Affairs.

In addition – added after the contract was drawn up in 2007 – the University carries out work for the Ministry of Defence concerning research into military, defence and security policy.

The University also has a performance contract with the Ministry of Foreign Affairs, which is being phased out, and does ad hoc work for other ministries, including Climate and Energy. Finally, the Department of Forensic Medicine continues to provide a range of specialist services to the authorities.

As far as the University of Copenhagen is concerned, the targets set in the contract for the respective ministries have been met for the contract period 2008–10. It is worth noting that in its report on the audit of the government's accounts for 2009, the National Audit Office (RR) has estimated that the agreements between ministries and universities have generally been administered in a satisfactory manner.

A new agreement with the Ministry of Food, Agriculture and Fisheries has been entered into for the period 2011–2014. An agreement with the Ministry of the Environment has been concluded for 2011, after which a new four-year performance contract with the ministry is expected for the period 2012–2015. This is expected to be drawn up in the second half of 2011. The agreement with the Ministry of Defence runs until the end of 2014.

Reporting on the University of Copenhagen Development Contract 2008–2010

Performance target	Report back 2010 and for the entire contract period 2008–2010
<p>1. During the contract period, the University will work to maintain a high level of research output per academic staff member, in the form of articles in peer and nonpeerreviewed journals, books and anthologies.</p>	<p>Cf. target reporting above.</p> <p>Only the target for peer-reviewed journals has been reached.</p> <p>The same is the case for the whole period 2008–10.</p>
<p>2. During the contract period, the University will work to increase the number of newly recruited researchers whose most recent country of employment was outside Denmark, in order to strengthen the internationalisation of research.</p>	<p>In 2010, 17.2% of all new academic staff members last worked outside Denmark. The target of 16.5% for 2010 has therefore been reached.</p> <p>For the whole period, the number of new academic staff members who last worked outside Denmark has risen to 18.9%. The target has therefore been reached for the whole period.</p>
<p>3. During the contract period, the University will continue to increase funding from external sources. The contract focuses on contributions from Danish publicsector sources, private Danish foundations etc., EU funds and other nonDanish sources.</p>	<p>In 2010, the University's external funding amounted to DKK 1,761.5 million, an increase of DKK 267.1 million compared to 2009 (current prices), corresponding to growth of 18%. The largest increases are in what are referred to as 'wet' areas.</p> <p>The growth stems mainly from private Danish sources and from the EU. The EU's 7th Framework Programme runs from 2007–2013. The University has currently agreed or is in negotiations about 188 contracts with the EU under FP7. At 1 March 2011, the total subsidy to the University of Copenhagen for the 188 FP7 projects is DKK 536.9 million. This represents an increase of approx. DKK 229 million on the same point of time last year.</p> <p>The target has been reached for 2010 and for the whole period.</p>
<p>4. The globalisation agreement sets a target to significantly increase the intake of PhD scholars until 2010. This increase is specifically to be in the natural sciences, technical science, IT and health sciences.</p> <p>In order to realise this, the University will continue the trend in the intake of PhD scholars and work to ensure that the completion rate is maintained.</p>	<p>During the contract period 1 Oct. 2009–30 Sept. 2010, 929 PhD scholars registered. The contract stipulated 863. The target has therefore been reached. The target completion rate was attained.</p> <p>For the years 2008, 2009 and 2010, the targets were 741, 801 and 863, respectively. The target was only reached in 2010.</p> <p>The target of maintaining the completion rate was reached in 2009 and 2010.</p>
<p>5. During the contract period, the University will maintain the current proportion of any given age group enrolled on Bachelor programmes at the University. With the known increases in the size of future cohorts, this will lead to a higher intake. It is a precondition that the externally set limits on certain programmes follow the demographic trend in the number of 20–24yearolds.</p>	<p>In 2010, the intake of undergraduate students was 6,416. The target was 6,300. The target was reached.</p> <p>During the contract period 2008–2010, the target was only reached in 2010.</p>
<p>6. During the contract period, the University will reduce the dropout rate from Bachelor programmes and maintain the low dropout rate on Master programmes. The target will be achieved by, e.g. enhanced supervision and improvements to the study environment, cf. target 11.</p>	<p>The target in 2010 was to reduce the drop-out rate at Bachelor's level to 22.5% and maintain the low 4% level of drop-out at Master's level.</p> <p>In 2010, the drop-out rate at Bachelor's level was 27%, and at Master's level 8%, so the target was not reached that year.</p> <p>For the period 2008–2010, only the drop-out rate at Master's level was on target in 2008.</p>

Performance target	Report back 2010 and for the entire contract period 2008–2010
<p>7. During the contract period, the University will reduce student completion times on both Bachelor and Master programmes. This result is expected to be achieved through interventions that improve student supervision and the study environment in accordance with target 11, and by imposing stricter requirements for study activity.</p>	<p>The target was to improve completion times by 10% over the entire period (2008–2010) based on 2007 figures for both Bachelor and Master programmes. The target was reached in 2010.</p> <p>Annual milestones were set for the years 2008–2010. All but one of these milestones were reached, and even that was reached a year later.</p>
<p>8. During the contract period, the University will – in order to adapt the University's programmes for society's needs, and in collaboration with employer panels – discuss and analyse the programmes' labourmarket orientation, identify any structural problems on the programmes, and analyse and evaluate the volume of intake on the various programmes.</p>	<p>Cf. target reporting above.</p> <p>The target was reached.</p>
<p>9. During the contract period, the University will increase the provision of entrepreneurship courses that award ECTS credits.</p>	<p>The contract target for 2010 was 16 ECTS-awarding entrepreneurship courses, compared to 14 in 2006.</p> <p>The target was reached in 2010.</p> <p>26 courses ran in 2008, 28 in 2009 and 25 in 2010. For the period 2008–2010, the targets were reached.</p>
<p>10. During the contract period, the University will increase the number of incoming and outgoing students and the number of whole programmes with English as the language of instruction in order to strengthen the internationalisation of the University environment.</p>	<p>The target was to increase the number of incoming students by 5% and the number of outgoing students by 10% over the contract period. In 2010, the target was reached.</p> <p>In the period 2008–2010, the number of incoming students increased by 28% and the number of outgoing students increased by 74%. The target has been reached for the period.</p> <p>Another target was to increase the number of full programmes run in English from 13 to 24 in 2010. The 2010 target and the annual milestones were reached.</p>
<p>11. During the contract period, the University will work to improve the quality of teaching, e.g. by including new forms of instruction and training of teachers. The focus will also be on student supervision activities and interventions designed to improve the study environment. Finally, the teaching evaluations conducted during the contract period will be published on the Internet.</p>	<p>Cf. target reporting above.</p> <p>The target was reached.</p>
<p>12. During the contract period, the University will work to formalise cooperation with the new university colleges for the benefit of both academic development at the university colleges, and didactic and pedagogic development at the University.</p>	<p>SCIENCE and the university colleges Metropolitan and UCC have entered into a credit-transfer agreement for teacher training in Mathematics. The agreement comes into force in 2011. Agreement has also been reached to establish a joint research-based development environment (Centre for Science Education) to share premises in the observatory in the Botanical Garden (2010–2015). The centre will develop research-based training for lecturers in the natural sciences and mathematics.</p> <p>In the humanities, the Department of Scandinavian Studies and Linguistics is collaborating with teacher-training colleges and UCC on 'Danish as a teaching language'. The same Department is also working with the Royal School of Library and Information Science. Students of the Royal School are eligible to have credits transferred for courses taken as part of their Danish studies.</p> <p>The target has been reached.</p>

Performance target	Report back 2010 and for the entire contract period 2008–2010
<p>13. During the contract period, the University will increase the number of paying students in continuing and further education (parttime education) at the University, as well as the total of fees paid.</p>	<p>The 2010 target of 4,162 fee-paying students was exceeded. The actual figure was 4,877.</p> <p>The 2010 target was fee income of DKK 31.4 million. Students paid a total of DKK 35 million.</p> <p>As far as the whole period 2008–2010 is concerned, fee income was marginally under target for 2008 but the lost ground was made up the following year. All other milestones and overall targets were reached.</p>
<p>14. Under the University Act, the University of Copenhagen is obligated to participate in public debates, etc., and thereby contribute to ensuring high-quality research communications and knowledge sharing with the world outside the University, both nationally and internationally. During the contract period, the University will try to increase its activities in this regard.</p>	<p>The target for 2010 of 3,940 citations in Infomedia and Lexis Nexis was exceeded. The total was 9,179.</p> <p>The special annual milestones set for 2008–2010 were reached.</p>
<p>15. During the contract period, the University will increase its commercialisation activities in the form of more cooperation agreements and increased licensing of patents.</p>	<p>Cf. target reporting above.</p> <p>All the targets for the contract period were reached.</p>
<p>16. During the contract period, the University will deliver researchbased advice to the authorities by renewing the existing performance contracts with the Ministry of Food, Agriculture and Fisheries, the Ministry of Family and Consumer Affairs and the Ministry of the Environment.</p>	<p>Cf. target reporting above.</p> <p>The target was reached.</p>

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), Ministerial Order No. 1373 of 10 December 2007 on funding and accounts, etc. of universities, the Universities Act of 7 December 2007, and the guidance and instructions for financial statements issued by the Ministry of Science.

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

Funding for basic research and education which is paid out via the national state budget is recognised as revenue in the years for which the funding is earmarked.

Funding for education is allocated as “taximeter funding” per unit and also includes funding for general management, administration and estates. The University also receives significant external revenues 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 University and Property Agency (UBST) to cover expenses incurred on the indoor maintenance of buildings are stated on an accrual basis as they are spent. Unutilised funds are recognised in liabilities as “prepaid restricted contributions”.

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 time when banks add interest as regards demand deposits, while interest on fixed-term deposits is accrued over the term of the deposit.

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 and TAP salaries, estates, miscellaneous operating expenses and depreciation/amortisation.

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 Science. 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 Science. This constitutes a guarantee, and would be paid out in the event that the University were declared bankrupt. The government obligation expires at the end of 2011. In accordance with the instructions from the Ministry of Science, 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.

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.

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 UBST, 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 2010 and 2009. The calculation has been simplified as compared to previous years as it is now based on all employees with remaining holiday entitlement from 2009 on average being entitled to 8 days. The new calculation method resulted in a DKK 42 million reduction of the provision for holiday pay obligation at the beginning of 2010. The obligation is calculated on VIP and TAP salaries.

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 UBST 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 comprise demand deposits or fixed-term deposits with a maximum fixed term of 12 months.

Income Statement

1 January - 31 December

Note	2010 DKK '000	2009 DKK '000
Education	1,841,811	1,714,836
Research	2,546,235	2,395,323
External grants and contributions	2,114,124	1,836,968
Grants towards current expenses	566,559	621,189
Other purposes	186,547	312,319
Other revenues	213,502	153,050
1 Total revenues	7,468,778	7,033,684
Salaries - scientific staff	2,414,996	2,263,218
Salaries - technical/administrative staff	1,822,060	1,747,910
Operation of buildings	1,552,455	1,706,905
Other operating expenses	1,429,422	1,377,365
Depreciation and amortisation	101,527	52,354
2 Total ordinary operating expenses	7,320,460	7,147,753
Profit/(loss) before financial income and expenses	148,318	(114,069)
Financial income	19,859	43,490
Financial expenses	2,561	4,359
Profit/(loss) for the year	165,616	(74,938)
Proposed distribution of profit/(loss) for the year:		
Retained earnings	165,616	(89,138)
Interest compensation transferred to compulsory savings	0	14,200
Total	165,616	(74,938)

Balance Sheet at 31 December

Assets

Note	2010 DKK '000	2009 DKK '000
3 Software	7,353	4,357
3 Inventions and patents	8,537	9,359
Intangible assets	15,890	13,717
4 Land and buildings	131,833	134,589
4 Leasehold improvements	86,516	77,631
4 Scientific equipment, fixtures and fittings, tools and equipment	441,643	408,628
4 Assets in course of construction	9,202	22,314
Prepayments for assets	39,481	19,682
Property, plant and equipment	708,676	662,844
5 Government obligation expiring at year end 2011	290,000	290,000
6 Securities	643	643
Fixed asset investments	290,643	290,643
Fixed assets	1,015,209	967,204
Inventories	6,058	5,664
7 Deposits	50,439	45,852
Trade receivables	225,711	389,754
8 Receivables from grant activities in progress	585,209	638,812
9 Other receivables	125,307	166,498
Prepayments	14,531	23,424
Receivables	1,001,198	1,264,341
16 Cash at bank and in hand	1,785,298	1,260,663
Current assets	2,792,554	2,530,668
Total assets	3,807,763	3,497,872

Balance Sheet at 31 December

Liabilities and equity

Note	2010 DKK '000	2009 DKK '000
Equity (excluding government obligation)	359,280	448,418
Retained earnings	165,616	(89,138)
	524,897	359,280
1% compulsory savings	56,600	56,600
Equity (excluding government obligation)	581,497	415,880
Government obligation expiring at year end 2011	290,000	290,000
Equity	871,497	705,880
Provisions	30,359	24,106
Provisions	30,359	24,106
10 Donation of software 670	100	
11 Donation of buildings	1,943	1,991
11 Donation of leasehold improvements	15,410	17,447
11 Donation of scientific equipment, fixtures and fittings, tools and equipment	214,079	192,652
- Transferred to current part	(37,390)	(30,202)
Prepayment for donated assets	11,295	7,612
Non-current liabilities	206,006	189,600
Trade payables	256,079	304,152
12 Grants administered by the University	622	622
Holiday pay obligations	518,968	523,536
Prepaid government grants	434,707	413,337
8 Prepaid restricted contributions	1,131,592	1,025,265
Accrued donations (current part)	37,390	30,202
Settlement account for forensic medicine services	34,198	28,924
13 Deferred income	102,362	69,713
14 Other payables	183,983	182,535
Current liabilities	2,699,901	2,578,285
Liabilities	2,905,908	2,767,885
Total liabilities and equity	3,807,763	3,497,872
15 Staff	22 Utilisation of resources for open places and scholarships	
16 Financial instruments	23 Educations offered by the University	
17 Contingent assets	24 Separate account for ordinary activities, commercial activities, forensic medicine services, research activities financed by grants and other activities financed by grants	
18 Contingent liabilities	25 Asset account	
19 Contractual obligations	26 Key ratios	
20 Related parties		
21 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	2010 DKK '000	2009 DKK '000
Equity at 1/1 (excluding government obligation)	359,280	448,418
Retained earnings	165,616	(89,138)
	524,897	359,280
1% compulsory savings	56,600	56,600
Equity at 31/12 (excluding government obligation)	581,497	415,880

Cash flow Statement

1 January - 31 December

Note	2010 DKK '000	2009 DKK '000
Retained earnings	165,616	(89,138)
Interest compensation transferred to compulsory savings		14,200
Profit/(loss) for the year	165,616	(74,938)
Depreciation, amortisation and non-cash operating items	107,670	96,542
Depreciation of donations	(44,175)	(30,084)
Net impairment - fixed assets and donations	25,567	12,124
Difference in net interest booked and paid	(286)	2,924
Changes in provisions	6,252	(336)
Changes in receivables	263,430	(177,957)
Changes in inventories	(394)	97
Changes in short-term debt	114,428	250,327
Cash flows from operating activities	638,107	78,699
Acquisition of intangible assets	(7,056)	(6,049)
Acquisition of property, plant and equipment	(139,729)	(193,350)
Prepayments for assets	(19,799)	(19,682)
Cash flows from investing activities	(166,585)	(219,082)
Increase in obligations from donations - intangible assets	678	0
Increase in obligations from donations - property, plant and equipment	48,753	73,194
Prepayments for obligations from donations	3,683	7,612
Adjustment to opening balance	0	86
Cash flows from financing activities	53,113	80,891
Change in cash flow for the year	524,635	(59,492)
Specified as:		
Cash and cash equivalents at beginning of year	1,260,663	1,320,155
Cash and cash equivalents at year end	1,785,298	1,260,663
Change in cash and cash equivalents	524,635	(59,492)

Note 16 presents the share of cash and cash equivalents placed as fixed-term deposits.

Notes

1. Revenues

	2010	2009
	DKK '000	DKK '000
Full time education - State appropriations	1,655,187	1,530,459
Part time education - State appropriations	23,905	21,158
Exchange students - State appropriations	14,670	13,650
Development (globalisation funds for education) - State appropriations	-	34,036
Open places and scholarships	18,918	-
Participation payment from part time education	29,055	27,311
Self-payers (foreign/capitalised)	9,539	6,979
Educational grants - State appropriations (Ministry of Education)	90,537	81,244
Education	1,841,811	1,714,836
Grants towards current expenses	2,546,235	2,395,323
Research	2,546,235	2,395,323
Research activities financed by grants	1,761,478	1,494,407
Other activities financed by grants	113,215	102,305
Contribution towards forensic medicine	186,280	179,311
Revenue from commercial activities	53,151	60,944
External grants and contributions	2,114,124	1,836,968
Funding allocations	20,539	40,803
Additional purposes	537,554	572,171
Servicing of authorities	8,466	8,215
Contributions to operations	566,559	621,189
Maintenance - State appropriations	85,236	144,622
Subletting, operational reimbursement, etc.	101,311	167,696
Building related revenues	186,547	312,319
Other revenues	213,502	153,050
Total revenues	7,468,778	7,033,684

2. Total ordinary operating expenses

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

Fordelingsnøgler

The purposes follow the principles set out by Universities Denmark in connection with the preparation of statistical key ratios and correspond to the purposes determined in the Danish Executive Order on grants and financial statements.

Allocation keys have been used in the cases where it is not possible to directly attribute expenses to purposes. The allocation keys have been developed by the institutes of the University etc. The allocation keys have been developed by the individual units on the basis of their decentralised knowledge about the expenses broken down on purposes of the individual staff categories.

The allocation keys are based on estimates and are, thus, uncertain.

	2010	2009
	DKK '000	DKK '000
Education:		
Staff expenses	1,278,530	1,166,846
Other expenses	329,106	326,611
Depreciation and amortisation	14,436	7,944
Total educational expenses	1,622,072	1,501,401
Research:		
Staff expenses	1,436,424	1,353,050
Other expenses	259,723	187,716
Depreciation and amortisation	51,260	19,848
External research funds:		
Staff expenses	836,304	702,799
Other expenses	604,694	547,145
Depreciation and amortisation (VT30)	(611)	47
Total research expenses	3,187,794	2,810,605
Dissemination and knowledge exchange:		
Staff expenses	147,316	180,817
Other expenses	65,297	90,369
Depreciation and amortisation	7,368	2,373
Total dissemination and knowledge exchange expenses	219,981	273,559

to be continued...

...note 2 continued

Servicing of authorities:		
Staff expenses	150,331	134,513
Other expenses	93,294	73,325
Depreciation and amortisation	5,550	4,146
Total servicing of authorities expenses	249,174	211,984
General management, adm. and services		
Staff expenses	208,824	323,984
Other expenses	94,195	202,229
Depreciation and amortisation	10,222	8,536
Total general management, adm. and services expenses	313,241	534,749
Operation of buildings:		
Staff expenses	179,326	149,120
Rent, maintenance, tax on real property, etc.	1,535,568	1,656,876
Depreciation and amortisation	13,304	9,459
Total operation of buildings expenses	1,728,198	1,815,455
Total ordinary operating expenses	7,320,460	7,147,753

Overheads for general management, adm. and services, operation of buildings, and dissemination and knowledge exchange are allocated proportionally according to the previously described allocation keys for education, research, servicing of authorities and other purposes, which are the purposes specified in the Danish Executive Order on grants and financial statements.

Classified by Purpose		
Education	2,280,414	2,270,903
Research	4,481,608	4,251,103
Servicing of authorities	249,175	211,984
Other purposes	309,263	413,764
Total expenses	7,320,460	7,147,753

The definition of "General management and administration" has changed in 2010, cf Universities Denmark's definition manual. The definition has been changed to the effect that only management secretariats and actual management sparring functions in relation to finance, staff and communication departments are included. Other functions in relation to the last-mentioned departments are allocated to "Other purposes".

3. Intangible assets

DKK '000	Software	Inventions	Total
	and patents		
Acquisition Cost			
Cost at 1/1 2010	18,691	12,925	31,615
Adjustment to opening balance	2,401	0	2,401
Additions	3,340	3,716	7,056
Disposals	(3,801)	(2,758)	(6,558)
Cost at 31/12 2010	20,631	13,883	34,514
Amortisation and impairment			
Balance at 1/1 2010	14,333	3,565	17,898
Adjustment to opening balance	1,864	0	1,864
Amortisation and impairment for the year	755	1,781	2,536
Amortisation on disposals for the year	(3,675)	0	(3,675)
Amortisation and impairment at 31/12 2010	13,278	5,347	18,624
Carrying amount at 31/12 2010	7,353	8,537	15,890

4. Property, plant and equipment

DKK '000	Land and buildings	Leasehold improvements	Scientific equipment, fixtures and fittings, tools, and equipment	Assets in course of construction	Total
Acquisition cost					
Cost at 1/1 2010	148,533	122,001	996,187	22,313	1,289,033
Adjustment to opening balance	0	0	71,423	0	71,423
Additions	0	27,915	97,010	14,804	139,729
Disposals	0	(14,487)	(175,604)	(27,915)	(218,006)
Adjustment to acquisition cost	0	0	(3,188)	0	(3,188)
Cost at 31/12 2010	148,533	135,430	985,827	9,201	1,278,991
Depreciation and impairment					
Balance at 1/1 2010	13,944	44,370	587,558	(1)	645,871
Adjustment to opening balance	0	0	19,209	0	19,209
Depreciation and impairment for the year	2,755	12,098	90,281	0	105,134
Depreciation on disposals for the year	0	(7,554)	(152,864)	0	(160,418)
Depreciation and impairment at 31/12 2010	16,699	48,914	544,184	(1)	609,797
Carrying amount at 31/12 2010	131,833	86,516	441,643	9,202	669,194

Note 2 discloses how depreciation/amortisation is included in the ordinary operating expenses.

Total amortisation of intangible assets	2,536
Total depreciation of property, plant and equipment	105,134
Total depreciation/amortisation of all activities	107,670
Depreciation of obligations from donations and external grants and contributions (VT50/60)	(44,175)
Total depreciation/amortisation	63,495
Other operational impacts from fixed asset adjustment, loss/gain, etc.	38,033
Distribution of depreciation/amortisation on ordinary operations	101,527

The University of Copenhagen implements an exchange of real estate with UBST concerning a number of properties. The University's former properties are included in the exchange of real estate at a value which is approx DKK 65m higher than their carrying amount. The appreciation of the University's properties is expected to be incorporated in 2011.

5. Government obligation

Current conditions of the government obligation of DKK 290 million allocated to the University of Copenhagen

"The government obligation can be paid by the Ministry of Science, Technology and Development if the University of Copenhagen is declared bankrupt, to the extent that the claims of the creditors cannot be met by the other assets of the University." The government obligation expires in 2011.

6. Securities

The University of Copenhagen has ownership shares in three companies. The acquired shares are recognised at acquisition cost for Symbion A/S. The shares in Hytronics A/S and Mobile Fitness A/S have been written down to DKK 0, due to liquidation and negative equity respectively. No shareholder agreements for further acquisition of shares have been made.

	2010 DKK '000	2009 DKK '000
Symbion A/S, acquired in 2000	643	643
Hytronics A/S, acquired in 2006	0	0
Mobile Fitness A/S, acquired in 2005	0	0
Total securities	643	643

7. Deposits

Deposits mainly concern rent deposits for leasehold premises.

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

2010 DKK '000	Receivables from grant activities	Prepaid restricted contributions etc.	Total
Receivable and prepaid grants	601,811	(1,029,111)	(427,301)
Provision for loss on grant activities	(16,601)		(16,601)
Unutilised grants for educational research programmes		(102,481)	(102,481)
Total at 31/12-2010	585,209	(1,131,592)	(546,383)

The total provisions for loss on receivable grant activities of DKK 16.6m cover the estimated risk of loss.

Provisions accounted for DKK 14.5m in 2009.

2009 DKK '000	Receivables from grant activities	Prepaid restricted contributions etc.	Total
Receivable and prepaid grants	653,314	(901,146)	(247,832)
Provision for loss on grant activities	(14,502)		(14,502)
Accrued grants towards advertisement of education		(10,000)	(10,000)
Unutilised grants for educational research programmes		(114,120)	(114,120)
Total at 31/12-2009	638,812	(1,025,265)	(386,453)

9. Other receivables

At the end of 2010 other receivables total DKK 125.3m and have from 1 January to 31 December 2010 decreased by DKK 41.2m.

The primary reason for the decrease is that at the end of 2009 the University had a receivable from USBT of DKK 60.1m concerning the special VAT refund scheme, whereas at the end of 2010 the University does not have any such receivables.

10. Donations of intangible assets

DKK '000	Software
Acquisition cost	
Cost at 1/1 2010	253
Additions	678
Disposals	0
Adjustment to acquisition cost	0
Cost at 31/12 2010	931
Af- og nedskrivninger	
Saldo pr. 1/1 2010	154
Årets af- og nedskrivninger	108
Årets afgang af afskrivninger	0
Af- og nedskrivninger pr. 31/12 2010	261
Regnskabsmæssig værdi pr. 31/12 2010	670

11. Donations of property, plant and equipment

DKK '000	Land and buildings	Leasehold improvements	Scientific equipment, fixtures and fittings, tools, and equipment	Total
Acquisition cost				
Cost at 1/1 2010	2,398	22,439	488,900	513,737
Adjustment to opening balance	0	0	34,485	34,485
Additions	0	0	48,753	48,753
Disposals	0	0	(96,115)	(96,115)
Adjustment to acquisition cost	0	265	1,275	1,540
Cost at 31/12 2010	2,398	22,704	477,298	502,399
Depreciation and impairment				
Balance at 1/1 2010	406	4,992	296,248	301,646
Adjustment to opening balance	0	0	8,898	8,898
Depreciation for the year	48	2,302	41,718	44,068
Depreciation on disposals for the year	0	0	(83,646)	(83,646)
Depreciation and impairment at 31/12 2010	454	7,294	263,219	270,967
Carrying amount at 31/12 2010	1,943	15,410	214,079	231,432

12. Grants administered by the University

	2010	2009
	DKK '000	DKK '000
Current account of grants at 31/12	622	622

The University of Copenhagen or more precisely its employees administer a combined grant portfolio of DKK 113.5m. Danske Forvaltning manages the grant portfolio. The total number of grants is 108.

13. Deferred income

At the end of 2010 deferred income totalling DKK 102.4m has increased by DKK 32.6m from DKK 69.7m at the end of 2009. The increase is mainly due to accruals of DKK 16.6m concerning energy investments in the buildings of the University of Copenhagen, and additionally to a change of DKK 9.7m in the consumption of funds allocated to interior maintenance and prepaid rents from international students of DKK 4.7m.

At the end of 2010 deferred income of DKK 102.4m primarily comprises accruals of the consumption of funds allocated to interior maintenance totalling DKK 51.8m, and accruals of funds of DKK 16.6m allocated to energy investments in the buildings of the University of Copenhagen.

14. Other Payables

Other payables have from 1 January to 31 December 2010 increased by approx DKK 1.5m, which comprises various accounts with opposite developments concerning current payables.

At the end of 2010 other payables amount to DKK 184.0m comprising salaries, pensions, A-taxes etc. payable of DKK 76.0m, holiday allowance payable to hourly-paid workers of DKK 41.8m and VAT of DKK 15.0m payable to the Danish tax authorities and UBST.

15. Staff

	2010	2009
	DKK '000	DKK '000
Actual salaries	3,833,020	3,595,040
Pensions	552,120	510,323
Reimbursements and grants	(143,517)	(143,375)
Change in holiday pay obligations	(4,568)	49,141
Total	4,237,055	4,011,128
Remunerations to management team and board of directors:		
Management team	14,549	14,723
Board of directors	1,033	1,047
Total	15,582	15,770

The management team comprises the chancellor, the pro-vice chancellor, the university director, and 8 deans.

The board of directors comprises a chairman and 10 members.

16. Financial instruments

Agreements have been made concerning short-term commitments of part of the liquid assets in fixed-term deposits.

No investments have been made in shares, and no agreements have been made on warrants or options.

Financial instruments	Conditions	2010	2009
		DKK '000	DKK '000
Bank deposits and cash in hand	Primarily in DKK and small holdings of foreign currencies	715,298	490,663
Fixed deposits	Maximum 365 days	1,070,000	770,000
Total		1,785,298	1,260,663

17. Contingent assets

The University of Copenhagen is, with high probability, expecting to receive from the Danish tax authorities a total energy tax compensation of approx DKK 10m excluding interest regarding the years 1998-2001. The compensation has been recognised as income in 2009.

Furthermore the University expects to receive DKK 5m concerning LIFE and approx DKK 2m concerning FARMA. The two last-mentioned amounts have not been recognised as income. Besides the expected compensation a payment of interest on the compensation is expected,

but as the amount of the interest is subject to uncertainty, the amount will not be recognised until the matter has been closed, which is expected to happen in 2011.

The University of Copenhagen has submitted a request to the Danish tax authorities concerning refund of VAT as regards the provision of meals for business connections and staff etc. at meetings. The total claim for VAT refunds amounts to approx DKK 18m excluding interest and covers a statement for the period from 1 October 1994 to 31 December 2009. The claim for 2010 will be submitted in 2011. The amount has not been recognised as income in 2010.

18. 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 2010 the University of Copenhagen employed 176 officials. The maximum liability from this amounts to DKK 317.1m and there are no plans of further recruiting on terms applying to officials. 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 2.6m to the Ministry of Education concerning a contract between the University of Copenhagen and The Regional Guidance Center, Studievalg Copenhagen.

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.

19. Contractual obligations

The University of Copenhagen has contracts with 41% 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.

20. Related parties

Related parties	Basis
Ministry of Science, Technology and Development (VTU)	Grants for education, research and dissemination. Authority according to the University Act and the Danish Executive Order on grants and financial statements
Ministry of Education	Grants for educational purposes.
University Board and day-to-day management	Management control
Student associations	Grants 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 2010 the University of Copenhagen has received grants of DKK 4,813.8m from the Ministry of Science, Technology and Development. From the Ministry of Education the University has received grants of DKK 90.5m concerning the School of Forest and Landscape Engineering, the BSc in Forestry and Landscape Engineering and the further education. The Forest Agency, under the University of Copenhagen, is responsible for the Nature Guidance Education under the Danish Ministry of the Environment. In 2010 the University of Copenhagen has contributed support corresponding to DKK 4.5m towards student associations.

No loans have been granted to related parties.

21. 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.

22. Utilisation of resources for open places and scholarships

Utilisation of open places in the period 1/9 2009 - 30/8 2010

	Enrolled students on fully and partly open places	Open places as full time equivalents (FTE)
Rate 1	47	35.3
Rate 2	8	4.8
Rate 3	52	33.3

As FTE is reported from the period 1 October 2009 - 30 September 2010, this periodic delimitation is applied for the FTE in this statement.

Resources used for payments of scholarships

Received scholarships	107
Total payments of scholarships in DKK	9,070,414

Funds spent on scholarships and open places in the period 1/9 2009 to 30/8 2010 for Erasmus Mundus students from 3rd world countries

	Number of students awarded fully or partly open places	Open places as full time equivalents (FTE)*
Rate 2	0	0
Rate 3	25	18

*the specification of the total number of FTE contains all activities for open place students - ordinary as well as later adjustment - reported in 2010

23. Educations offered by the University abroad

The University has not offered any educations abroad according to section 3(10) of the Danish University Act.

24. Separate account for ordinary activities, commercial activities, forensic medicine services, research activities financed by grants and other activities financed by grants

	2010	2009
	DKK '000	DKK '000
Ordinary activities (VT10)		
Revenue	5,374,681	5,239,875
Internal net transfer of overhead	293,877	216,900
Staff expenses	(3,200,160)	(3,127,186)
Operating costs	(2,307,782)	(2,407,123)
Profit/(loss) for the year	160,616	(77,533)

Commercial activities (VT30)

Revenue	53,151	60,944
Staff expenses	(15,673)	(20,456)
Operating costs	(32,478)	(36,541)
Internal net transfer of overhead		(1,351)
Profit/(loss) for the year	5,000	2,596

Forensic medicine services (VT40)

Revenue	186,280	179,311
Staff expenses	(104,812)	(103,155)
Operating costs	(81,467)	(76,156)
Profit/(loss) for the year	0	0

Research activities financed by grants (VT50)

Revenue	1,761,310	1,494,739
Staff expenses	(877,612)	(725,539)
Operating costs	(596,347)	(559,675)
Internal net transfer of overhead	(287,351)	(209,526)
Profit/(loss) for the year	0	0

Other activities financed by grants (VT60)

Revenue	113,215	102,305
Staff expenses	(38,799)	(34,792)
Operating costs	(67,891)	(61,490)
Internal net transfer of overhead	(6,526)	(6,023)
Profit/(loss) for the year	0	0

Total

Revenue	7,488,637	7,077,175
Total institutional transfers	293,877	202,664
Staff expenses	(4,237,055)	(4,011,128)
Operating costs	(3,085,965)	(3,140,984)
Total institutional transfers	(293,877)	(202,664)
Profit/(loss) for the year	165,616	(74,938)

Profit from forensic medicine services (VT 40) of DKK 5m 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 '000	Authority	Construction start	Estimated end time	Total costs	Costs 2009	Estimated residual cost	Index
Ongoing projects:							
The Lundbeck Auditorium	Document 22 2001	Q4 2004	Q1 2010	25,000	192	339	121.7

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. In addition to this, a residual cost of DKK 0.33m is expected to be incurred in connection with the completion of a 5-year inspection in 2012.

26. Key ratios

According to the Danish Agency for Governmental Management's guidelines for preparation of annual reports for 2010 of 3 November 2010, a statement of key ratios must be calculated and enclosed. The mandatory key ratios are the profit margin, average yearly 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:		2010	2009	2008	2007
Profit margin ¹⁾	Profit/(loss) for the year	165,616			
	Total revenues	7,468,778	2.2%	-1.1%	-0.3%
Average yearly salary (DKK '000)	Total staff expenses	4,237,055			
	Yearly salary	9,087	466	466	447
Salary cost share	Total staff expenses	4,237,055			
	Total ordinary operating revenues	5,374,681	78.8%	76.6%	76.0%
Capital share ¹⁾	Financial expenses + depreciation	66,056			
	Revenues	7,468,778	0.9%	1.0%	0.9%
Maintenance ratio ¹⁾	Net annual additions, Fixed assets	117,832			
	Annual depreciation of fixed assets	63,495	185.6%	219.5%	153.5%
Solvency ratio (excl. government obligation)	Total equity excluding government obligation	581,497			
	Total liabilities excluding government obligation	3,517,763	16.5%	13.0%	16.6%

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

Financial highlights for the University of Copenhagen

	2010	2009	2008	2007	2006
Revenues including interest:					
Education ¹⁾	1,841,811	1,714,863	1,597,539	1,523,744	1,160,092
Research	2,546,235	2,395,323	2,198,604	1,671,778	1,533,280
External funds	2,114,124	1,836,968	1,613,504	1,359,720	1,226,159
Servicing of authorities based on research	8,466	8,215	7,998	7,700	-
Basic grants	558,093	612,974	604,593	1,029,902	849,043
Other revenues	417,347	504,499	445,483	448,550	831,187
Expenses broken down by purpose:					
Education	1,622,072	1,501,401	1,410,333	1,268,429	1,248,266
Research	3,187,794	2,810,605	2,512,969	2,222,307	2,031,922
Communication and knowledge sharing	219,981	273,559	254,319	263,872	366,804
Servicing of authorities	249,174	211,984	209,925	225,899	-
General management, administration and service	313,241	534,748	468,892	411,103	392,282
Buildings	1,728,198	1,815,455	1,633,543	1,499,756	1,452,180
Staff, Yearly salary:					
Academic staff	4,327	4,012	3,731	3,481	3,295
Part-time academic staff	392	394	404	404	405
Technical/administrative staff etc	4,367	4,194	4,128	3,951	3,884
Balance sheet:					
Equity (DKK m), excl. government obligation	581	416	491	523	-
Balance sheet (DKK m)	3,808	3,498	3,242	3,151	-
Buildings m ² Total	932,862	929,689	973,468	962,120	930,693
Activity and production information					
Students					
Total BA students admitted at 1/10	6,354	5,978	5,175	5,844	5,546
Total MA students admitted at 1/10	4,516	4,459	4,153	3,656	3,531
Total students at 1/10	36,891	38,010	37,712	37,796	37,511
Total FTE ²⁾	22,409	21,397	20,671	20,252	20,387
Graduates:					
Total BA's ³⁾	3,777	3,801	3,461	3,367	3,313
Total MA's	3,718	3,736	3,590	3,694	3,615
Open and part time educations:					
Total fee-paying students	4,877	4,127	4,026	4,746	4,245
Total yearly students	947	804	816	938	877
Graduates on full educations (master, diploma)	217	152	170	239	192

	2010	2009	2008	2007	2006
Internationalisation					
Outbound exchange students	1,589	1,306	984	993	921
Inbound exchange students	2,196	2,021	1,471	1,400	1,337
Total foreign students on full time educations ⁴⁾	3,669	3,463	3,237	2,655	2,615
Research educations:					
Total students on research educations, registered ⁵⁾	2,671	2,362	2,233	2,168	2,036
Total admitted PhD students ⁵⁾	934	776	688	653	568
Total approved theses ⁵⁾	508	511	439	347	353
Research and knowledge exchange results:					
Research publications ⁶⁾⁷⁾	n.a.	10,922	7,532	n.a.	5,057
Knowledge exchange publications ⁶⁾⁷⁾	n.a.	1,485	n.a.	n.a.	n.a.
Educational publications ⁷⁾	n.a.	158	185	45	339
Registered patents	11	22	21	16	14
Registered inventions	40	45	74	72	71
Number of projects in the business community (private sources)	2,712	2,572	1,659	1,862	2,190
Number of external projects ⁸⁾	4,887	4,602	4,100	4,343	4,734
Financial span of co-operation with the business community (DKK million)	552	498	356	274	315

1) The data from 2006 includes the former universities KVL and FARMA

2) 1 FTE = 1 student's yearly workload = 60 ECTS-points. The number of FTEs is settled with UBST, moreover the FTE of the School of Oral Health Care and Forest and Landscape Engineering Education is financed by the Ministry of Education.

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 2009-2010 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) The figure for 2007 has been omitted due to insufficient data.

7) Research, knowledge exchange, and educational publications for 2010 are reported at the end of August 2011 due to changes in the pace in relation to VTU. The figures for 2010 are published in the annual report 2011.

8) Defined according to Universities Denmark's key ratio definitions. Only applies to externally financed research activities (VT50).

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