

Enclosure 3

Finance Section. Ref.:
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Accounts as per 30 September 2012

The accounts of IT University is summarised in Table 2.

The result after the first three quarters of 2012 is DKK 15.9 million. The result for the year 2012 is upgraded by the management and is now expected to be DKK 6.0 million. The result exceeds the anticipated result in Budget 2012, which was approved by the Board 25 November 2011 by DKK 4.7 million.

Changes in revenue

By the end of Q3 2012, the revenue of the university amounted to DKK 186.2 million or 102 per cent of the budget.

Part-time educations have performed exactly as expected in 2012.

Student activities in 2012 from BSc's and MSc's are finalised and reported to the Ministry. In 2012 the total production of student-FTE was 1,096 compared to 1,064 Student-FTE in the budget assumptions.

The investment of DKK 50.0 million in short term bonds and mortgage bonds, which was decided in January, has resulted in a dividend and unrealised returns of DKK 1.1 million.

Income from research projects are not performing as predicted in the budget with 86 per cent fulfilment of the budget.

Changes in expenditure – wages

On the expenditure side, the actual labour costs show utilisation at 95 per cent. The reasons are higher turnover than expected and slower recruitment at the Faculty.

Changes in expenditure - operations

The operating expenditure of Q3 shows spending of DKK 66.4 million (including depreciations). This is DKK 6.6 million below budget and corresponds to a fulfilment of the budget of 91 per cent. This is mainly due to less than full allocation of the strategic investment pools as well as spending in the departments is expected to be below budget in the fourth quarter.

The Result

The result after Q3 is DKK 15.9 million and may be attributed to the fact that the recruitment and retention of academic staff has not developed as planned and that income has been significantly higher than expected when the budget was decided.



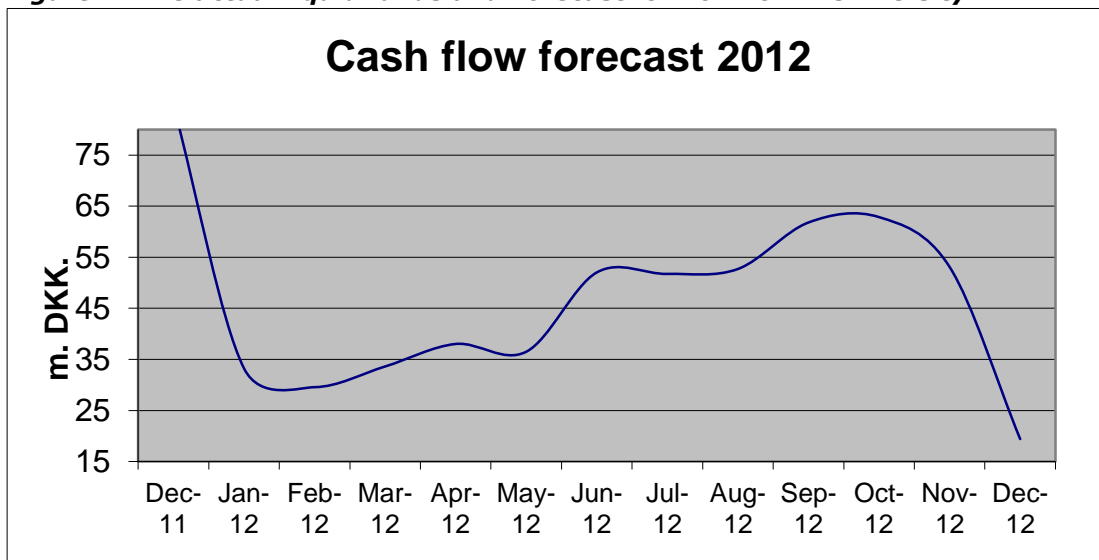
Investments and Cash Flow

Table 1: Progress in holdings of bonds and dividend

DKK '000	1 January 2012	31 March 2012	30 June 2012	30 September 2012
Cash account	50,000	100	49	49
Bond value	0	50,131	50,583	51,074
Dividend	0	0	600	600
Unrealised returns	0	231	32	523

The investment of DKK 50.0 million in short term bonds and mortgage bonds has resulted in a dividend of DKK 0.6 million, which according to agreement with *Danish Capital* has been reinvested in the same category of bonds. The unrealised returns are for the time being positive due to an abnormal low Danish interest rate.

Figure A: The actual liquid funds and Forecast for 2012 of IT University



The cash flow of IT University of Copenhagen is very good, cf. Figure A above. The decrease in liquid funds in January 2012 is a result of the investment of DKK 50.0 million in short term bonds and mortgage bonds. A planned increase in the investment pool of DKK 20.0 explains the decrease in liquidity in December 2012

The increase in liquid funds in June-July is a result of receipt of payment of project funds for the entire year from the Danish Agency for Science, Technology and Innovation. In September, IT University of Copenhagen invoices part-time education. During the last month of the year, e.g. the administration fee of wages and salaries, as well as education at EBUSS are paid to CBS. A planned increase in in

Forecast 2012

Table 2 below states the financial forecast of the university for the entire year after Q3 2012. The predicted operating result indicates a profit of approx. DKK 6.0 million.



Table 2: Accounts Q3 and Forecast 3

Income DKK '000	Accounts Q3 (1)	Forecast 3 (2)	Forecast 2 (3)	Budget 2012 (4)	Difference (2)-(4)
Government Grants	62,335	83,113	83,113	80,000	3,113
Tuition	99,201	132,267	130,098	126,385	5,882
Government Grants - Globalisation Funds	326	328	328	1,000	-672
Research Grants (Government and other sources)	18,738	25,895	27,975	30,000	-4,105
Rental Income	635	809	709	659	150
Other Income including Rent	6,075	7,337	7,099	7,575	-238
Extraordinary Income	196	200	200	0	200
Administrative Savings	-1,335	-1,780	-1,780	-1,683	-97
Total Income	186,171	248,169	247,742	243,936	4,233
Costs DKK '000					
Wages and Salaries					
Management	2,921	3,911	3,973	4,270	-359
Communication Department	3,843	5,190	5,204	5,180	10
Department of Finance and Personnel	8,501	11,587	11,613	11,358	229
Employer contributions, Flexible job scheme, Overtime ect.	-108	1,809	1,294	1,833	-24
IT Department	7,377	10,012	10,190	10,158	-146
Facilities Management	3,849	5,353	5,205	4,708	645
Study Administration	8,950	12,172	12,187	12,289	-117
Research and Learning Support	4,603	6,230	6,430	6,644	-414
Faculty	50,693	69,291	69,481	73,328	-4,037
Research Projects	10,993	15,107	16,085	15,071	36
Local Wage Pool	2,304	3,072	3,010	508	2,564
Total Wages and Salaries	103,926	143,734	144,672	145,347	-1,613
Other Operations					
Management	781	1,290	2,030	4,230	-2,940
Communication Department	2,187	4,312	3,312	3,276	1,036
Library	1,225	1,660	1,860	1,610	50
Department of Finance and Personnel	2,555	4,518	4,718	4,918	-400
Non-allocated - Depreciation and provisions	2,295	3,226	2,137	2,164	1,062
IT Department	3,211	5,903	5,353	4,353	1,550
Facilities Management	39,225	55,873	55,123	53,373	2,500
Study Administration	8,212	10,996	11,555	11,729	-733
Research and Learning Support	698	972	1,122	1,057	-85
Faculty	3,545	5,878	6,927	5,893	-15
Research Projects	1,884	2,835	3,433	4,396	-1,561
Operational Liabilities	553	986	986	281	705
Total other Operations	66,371	98,449	98,556	97,280	1,169
Result	15,874	5,986	4,514	1,309	4,677



Overview of forecast 3 2012 vs. budget 2012

As for income, the university expects revenue well above the budgeted DKK 243.9 million. Changes in revenue can still occur from completion bonus and research funds as well as from fluctuations between the contributions to the total income of the various sources of income.

Table 3: Overview of forecast 3 2012 vs. budget 2012

DKK '000	Forecast 3 2012	Budget 2012
Revenue	248,169	243,936
Wages and salaries incl. holiday allowance	143,734	145,347
Other operations incl. depreciation	98,449	97,280
Expenditure	242,183	242,627
Result	5,986	1,309
Equity	45,312	40,635

For the entire year 2012, the forecast after the third quarter predicts that salary spending will be DKK 1.6 million less than the budget for 2012, corresponding to a total spending on wages and salaries of DKK 143.7 million (including holiday allowance).

The expected return on investment in short term bonds and mortgage bonds is upgraded by DKK 0.3 million in forecast 3.

Income from research projects is adjusted with DKK 2.1 million due to lesser consumption in the projects.

The forecasted expenditure of other operations will be DKK 1.2 million above budget.

The 2012 Q3 forecast states that the equity of the university will be around DKK 45.3 million by the end of 2012, corresponding to 18.3 per cent of turnover.

Uncertainties in relation to the forecast

The uncertainties in the forecast after Q3 are connected to both revenues and expenditures.

On the revenue side, students' study activities are known, but small adjustments of revenue from completion bonus and operations are possible. More students than expected in the budget have completed their BSc's and MSc's within the schedule of the curriculum. The anticipation in forecast 3 is that the rates will be reduced accordingly, since faster completion is the case at all universities. If it turns out, that the students from IT University are faster than the students from other universities, the revenue will be higher.

The uncertainty about expenditure regarding externally financed research projects are attributable to possible delays in projects that easily occur in connection with research. The Q3 forecast regarding income from research projects are downgraded. However, it is still assumed that a substantial part of the activities (and spending) takes place in the fourth quarter.

The forecast predicts that total revenue in 2012 will be DKK 248.2 million, which is DKK 4.2 million or 1.7 per cent more than the budget for 2012.



Q3 forecast of operating expenses is based on spending during the first three quarters of 2012 and dialogue with head of departments about planned activities. Incurred delays regarding projects and purchases for the administrative departments in particular may improve the result of 2012.

Conclusion

Based on the accounts after Q3 and the forecast for the remaining 2012, the economy and cash flow of IT University is very good. The anticipated result is improved compared to the budget 2012 with DKK 4.7 million to DKK 6.0 million. This provides a good foundation for the future investments partly defined in the various strategies decided upon in 2012.