



Accounts of the IT University of Copenhagen as per 30 September 2013

The accounts of IT University is summarised in Table 1, next page.

The result after the first three quarters of 2013 is DKK 4.6 mill. The result for the year 2013 is expected to be DKK 4.4 mill, which is 1.4 mill. less than the expected result after forecast 2. However, the result exceeds the anticipated result in Budget 2013 by DKK 3.8 mill.

Income

The forecast after the third quarter predicts that total income in 2013 will be DKK 262.3 mill. which is 2.3 mill. higher than expected in Budget 2013. This corresponds to a forecast performance of 101 per cent.

Income from tuition has increased as a result of higher study activity at both the full-time and part-time programs.

Rental income increased as a result of a significantly higher rental rates than anticipated in the budget.

Income from spending on externally funded projects will be DKK 3.3 mill. below budget. The total revenue from externally funded projects is expected to be DKK 26.7 mill. in 2013, which is 8.3 mill. off the university's goal at DKK 35 mill. regarding external research funding in 2013.

Financial income is reduced due to increases in interest.

Finally, as stated after third quarter revenues from government grants will be reduced by DKK 0.7 million in 2013 on the supplement appropriation in 2013 (TB2013) due to low wage inflation.

Cost – Wages and salaries

There is an overall forecast performance of 93 per cent corresponding to a surplus of DKK 7.9 mill. due in part to several vacancies. Further the consumption of wages in the Research Projects was lower than budgeted.

The forecast after the third quarter predicts that total cost of wages in 2013 will be DKK 150.5 mill. corresponding to a forecast performance 97 per cent.

The establishment of the Project Unit in the Department of Finance and Personnel has led to a decrease in the Management budget corresponding to DKK 1.0 mill. This has been transferred to the Department of Finance and Personnel. In order to pool expertise in project management into the Project Unit, a project manager from the IT Department has been moved to the Project Unit.



Table 1: Total Q3, forecast 3, and budget

Income (DKK 1,000)		Forecast Q3 (2)	Forecast Q2 (3)	Budget 2013 (4)	Difference (2)-(4)
Government Grants	63,929	85,239	85,239	85,939	-700
Tuition	106,719	148,758	150,073	142,316	6,442
Research Grants (Government and other sources)	17,589	26,671	27,214	30,000	-3,329
Rental Income	1,140	1,650	1,500	800	850
Other Income	2,024	2,587	2,586	2,785	-198
Extraordinary Income	0	0	0	0	0
Administrative Savings	-2,519	-3,359	-3,359	-3,359	0
Financial income	443	800	1,400	1,530	-730
Total income	189,325	262,346	264,653	260,011	2,335
Cost					
Wages and Salaries					
Management	3,183	4,386	4,386	5,369	-983
Communication Department	4,070	5,577	5,507	5,499	78
Department of Finance and Personnel	10,239	14,182	13,890	12,435	1,747
Employer contributions, Flexible job scheme, Overtime ect.	1,185	2,210	1,850	2,115	95
IT Department	6,609	9,196	9,196	9,886	-690
Facilities Management	4,320	5,758	5,758	5,652	106
Student Affairs and Programmes	11,149	14,805	14,155	13,149	1,656
Faculty incl. RL, Study Board, PhD School	57,841	80,119	80,419	80,444	-325
Research Projects	9,598	14,272	14,912	20,183	-5,911
Total Wages and Salaries	108,194	150,505	150,073	154,732	-4,227
Other Operations					
Management	1,318	2,214	3,164	5,170	-2,956
Communication Department	2,341	3,545	3,265	3,236	309
Library	1,374	1,890	1,890	1,860	30
Department of Finance and Personnel	2,771	4,229	4,639	4,619	-390
IT Department	3,543	4,957	4,927	4,333	624
Facilities Management	47,692	63,189	63,051	60,922	2,267
Student Affairs and Programmes	10,013	13,797	13,953	10,834	2,963
Faculty incl. RL, Study Board, PhD School	4,967	7,926	7,626	6,241	1,685
Research Projects	2,228	3,844	3,788	3,900	-56
Depreciations and provisions	300	1,835	2,431	3,585	-1,750
Financial costs	0	5	5	0	5
Total other operations	76,547	107,431	108,739	104,700	2,731
Result	4,584	4,410	5,841	579	3,831



Cost - Operations

The expenditure in operation cost after the third quarter was DKK 76.5 mill. which corresponds to a fulfilment of the budget of 97 per cent (including depreciations).

The Management has approved the budgets of two strategic research projects "Giri" and "Energy Futures". This has led to a budget increase of DKK 0.8 mill. at the Department. In addition to this, DKK 0.1 mill. are allocated to operations at the Project Unit. Approx. DKK 1.3 mill. of the reduction of the Management budget is due to the approved budgets for a request system in Student Affairs and Programmes, a personnel administrations system and the outsourcing of the ERP-system in the Department of Finance and Personnel and a Faculty Roster in the communication department. On top of this, the budget for organisational changes in the IT Department has been approved. These budgets are transferred to the respective departments. Furthermore, the Management budget is reduced by DKK 1.6 mill. due to lowered expectations for spending on strategic pools (Management budget).

The increase in the Facilities Management budget by DKK 2.3 mill. is due to the realisation of provisions to refurbish the premises in the Mikado House and increased budget to various relocations and office interior in the main building.

For the entire year, the forecasted cost of other operations will be DKK 107.4 mill. or a forecast performance of 103 per cent.

The Result and forecast Q3

Table 1 above states the result after third quarter will be a profit of DKK 4.6 mill. The predicted operating result indicates a profit of approx. DKK 4.4 mill.

The total cost is expected to be DKK 1.5 mill. below budget.

This results in a forecasted equity of the university around DKK 48.5 mill. by the end of 2013, corresponding to 19 per cent of the turnover.

Table A: Overview of forecast 3 2013 compared to budget 2013

DKK 1,000	Forecast Q3 2013	Budget 2013
Income	262,346	260,011
Wages and salaries incl. holiday allowance	150,505	154,732
Other operations incl. depreciation	107,431	104,700
Cost	257,936	259,432
Result	4,410	579
Equity	48,488	44,657

Uncertainties in Relation to the Forecast

The uncertainties in the forecast after the third quarter are connected to both revenue and expenditures.

Adjustments of income from completion bonus and operations covered by income should be expected. The completion bonus is associated with relatively large uncertainty because both the number of students who complete their theses as planned and bonus for each student who completes the program within the time limit are uncertain.

Another source of uncertainty is due to an addition in the budget bill that provides the minister of education the right (but not the obligation) to reduce the rate per full-time students if the universities as a whole educate more than budgeted on the Finance Act. As a consequence, not



only will the number of passed exams (quantity) causes' uncertainty, but also the rate that the university will receive per Student FTE.

Furthermore, the IT University has requested a significant reduction in the rent for the tenancy at Rued Langgaards Vej. The costs of this request and also the outcome could potentially have significant effects on the 2013 result. However, this is very unlikely as the legal proceedings have been postponed.

The following describes the assumptions on which the tuition forecast is based.

Income from education

According to table B below, income from education is going to be higher than expected in the budget. The forecast is based on data from 15 October 2013. As shown, it is estimated that student FTEs will be larger than anticipated in the budget. This is caused by an increased admission in the spring term of 2013 (cf. table C below) and higher average production of FTE per student.

Table B: Student FTE's and Income from Education

Student FTE's	Budget 2013	Forecast 3 2013
Master of Science, FTEs	751	770
Completion bonus, Master of Science	54	102
Bachelor of Science, FTEs	486	492
Completion bonus, Bachelor of Science	120	133
Part-time students, FTEs	112	125
Income, DKK	DKK 1,000	DKK 1,000
Income, full-time students	119,742	121,707
Total completion bonus	8,216	11,305*
Total revenue part-time (tariff and tuition)	14,358	15,746
Total income from education	142,316	148,758

*The number of students fulfilling the criteria has increased since Budget 2013, and the rate per student is anticipated to be higher based on preliminary calculations by the universities.

Table C: Admission of students – forecast as of 28 October 2013

	Admission (budget)	Admission Achieved	Admission (budget)	Admission Achieved
	Spring 2013	Spring 2013	Fall 2013	Fall 2013
DKM/DDK	0	1	160	140
EBUSS	35	60		
DIM**			85	68
INT/SDT	50	57	60	78
MMT/MTG	0	0	70	68
Bach, SWU	0	0	70	71
Bach, DMD	0	0	70	72
Bach, GBI	0	0	60	65
Total	85	118	575	562

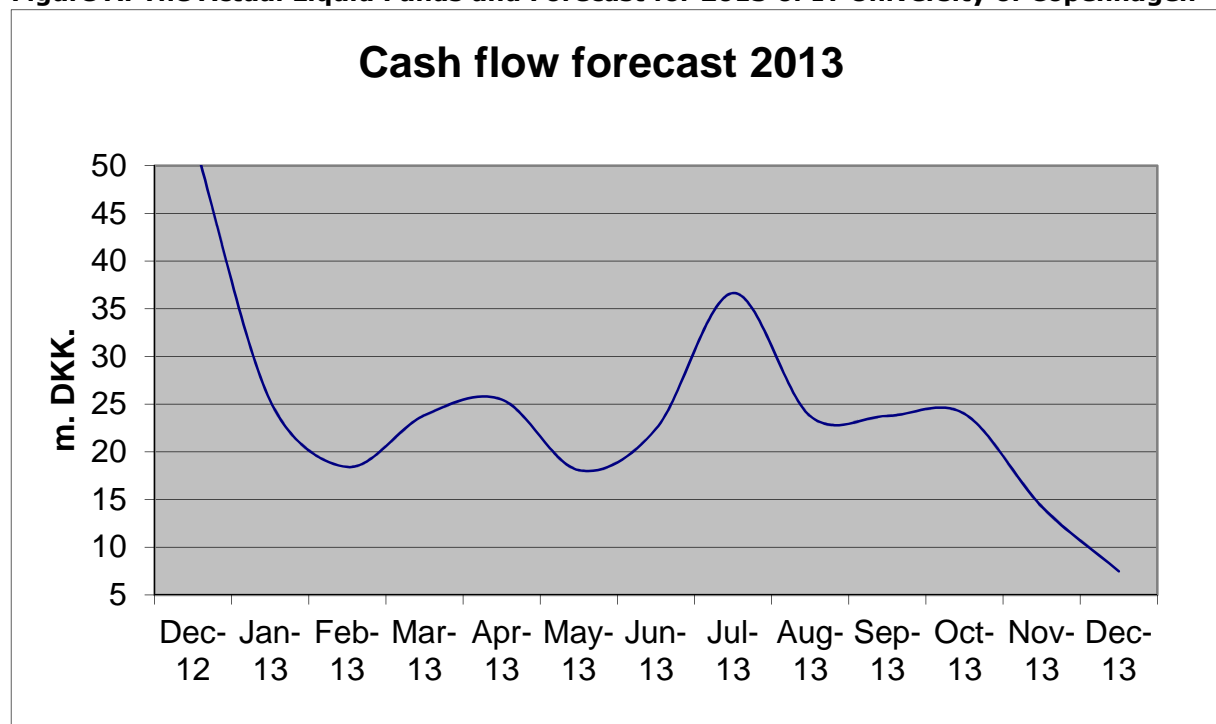


Cash Flow and Investments

With the expansion of the investment portfolio in July/August by DKK 10 mill. the liquidity of the IT University of Copenhagen was reduced, cf. figure A below. The return on investment via Danske Capital (incl. unrealised returns) is recognised in the third quarter to be DKK 0.44 mill. The Management revised the investment policy in July, which led to increased diversification of the investment pool. Danske Capital is now following a "cautious strategy with restrictions" which includes the possibility of equities as a limited proportion of the portfolio.

The decrease in liquid funds during the last month of the year is influenced by the administration fee (payroll) and the EBUSS programme that are paid to Copenhagen Business School.

Figure A: The Actual Liquid Funds and Forecast for 2013 of IT University of Copenhagen



Conclusion

Based on the accounts for the third quarter of 2013 and the forecast for the remainder of 2013, the IT University has a healthy economy. The anticipated result is approx. DKK 4.4 mill. As described, some uncertainties still exist which may influence the final result of 2013.