UNIVERSITY OF TARTU ANNUAL REPORT 2012

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Name:	University of Tartu
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E-mail:	proffice@ut.ee
Website:	http://www.ut.ee
Ownership:	legal person in public law

Core activities:
1) academic research activities
2) provision of higher education through integrated academic and research activities
3) provision of academic and research activities-based services

Financial year:	1 January 2012 – 31 December 2012
Auditor:	PricewaterhouseCoopers AS
Council:	11 members
Chairman of the Council:	Kersti Kaljulaid
Attached:	Auditor's report

CONTENTS

UNIVERSITY OF TARTU

ACTIVITY REPORT 2012

RECTOR'S FOREWORD

Dear reader,

We can sum up the year 2012 at the University of Tartu as a year of rapid development and major changes. The University of Tartu adopted the new governance model stipulated in the University of Tartu Act, as of 1 January 2012. The functions of the former University Council were distributed between two new governing bodies, the University Council and Senate. The highest decision-making body of the University of Tartu is now the 11-member University Council, consisting of five members from the University and six members representing the University's external partners. The Council is responsible for adopting the University's statutes and approving its strategic plan and budget. The 22-member Senate acts as the University's academic decision-making body, responsible for teaching and research and development activities.

The new Rector's Office began its term on 1 July 2012. In addition to the two ordinary Vice Rectors – Vice Rector for Academic Affairs (Martin Hallik) and Vice Rector for Research (Marco Kirm) – a third Vice Rector position was created, the Vice Rector for Development (Erik Puura), who is responsible for promoting UT's business relationships and research-based development work.

The University's strength and success lie in its faculty. In 2012, three new members of the Estonian Academy of Sciences were elected from among the University community (Jaak Vilo, Ergo Nõmmiste, Tõnu-Andrus Tannberg). Two UT faculty members also received national lifetime achievement awards (Ülo Lumiste, Heidi-Ingrid Maaroos) and five earned National Science Awards (Mart Loog, Kai Kisand, Ülo Mander and Kalle Kirsimäe, Jaan Liira, Eiki Berg). Twenty-one UT researchers belong to the world's top 1% of most-cited researchers in their fields (according to the Thomson Reuters Web of Science). As of the end of 2012, our nearly 1800-strong academic personnel included 158 international colleagues from 36 countries. During the course of the year, a total of 107 doctoral theses were defended, including the first-ever defence of a thesis conducted under the terms of a joint supervision agreement (known as a cotutelle agreement), which means that the doctoral candidate received a diploma from both UT and the University of Tampere, Finland.

In 2012, 4419 new students were enrolled. In the general context of decreasing numbers of upper secondary school graduates, UT continues to attract a growing number of the students who have graduated secondary school with the best results. The proportion of students who transfer to UT from other universities has also increased each year. Nearly a third of the students admitted to UT's Master's programmes in 2012 had completed their previous studies in a different university (incl. 9% in a university abroad). A total of 546 international students from 68 countries were enrolled at UT in 2012. UT's continuing education courses attracted 33,730 participants, amounting to 12% more than the previous year.

Much importance was attached to supporting the quality of teaching as the heart of the University's activity. In the spring of 2012, the University Senate established a new award (of €30,000) to promote quality in the teaching and learning process. The first recipient of the award was the Institute of Computer Science of the Faculty

of Mathematics and Computer Science. The recipients of the 2012 Teacher of the Year Award were Marju Lepajõe (in the field of *humaniora*), Ruth Kalda (*medicina*), Ivo Leito (*realia et naturalia*) and Tiina Maripuu (*socialia*).

The University of Tartu reached the world's top 1% of most-cited research institutions in nine research fields (Chemistry, Clinical Medicine, Plant and Animal Science, Environmental Science and Ecology, Social Sciences (general), Biology and Biochemistry, Materials Science, Engineering, Molecular Biology and Genetics). The value of research and development contracts with industry has doubled, compared to the previous year. In the first round of applications for Institutional Research Grants, the new funding scheme announced by the Estonian Research Council in fall 2012, UT received over 75% of the total funding allocated.

The last two years have witnessed rapid growth in income; the revenues for 2012 (148.2 million euros) were the largest in the University's history. The bulk of the budget growth came from the EU's Structural Funds, which contributed significantly to the completion of the new building of UT Narva College (opened in December 2012), construction of the Centre for Translational Medicine building and the new Physics Building, which began in the summer, and renovation of both the Old and New Anatomical Theatre.

2012 was a very good year for the University in many of its core activities. Building on this solid base we can continue work on tasks of strategic importance which, in order to be solved, call for commitment, discussions and decisions. These tasks include drafting the University's new strategic plan, implementation of the University's new governance model, further development of teacher training, quality assurance in teaching, and implementation of the performance agreement concluded with the Ministry of Education and Research.

I wish to thank all members of the University community for their contributions. I wish us all perseverance in setting ambitious goals and striving towards achieving them.

Volli Kalm
Rector of the University of Tartu

GENERAL DATA ON THE UNIVERSITY OF TARTU, 2008–2012

	2008	2009	2010	2011	2012
EMPLOYEES					
Number of employees	**3 476**	**3 517**	**3 493**	**3 596**	**3 778**
incl. academic staff	48.5%	48.8%	49.4%	48.6%	47.4%
Number of teaching and research staff	**1 687**	**1 729**	**1 725**	**1 748**	**1 790**
incl. PhD holders	56.7%	58.8%	63.6%	67.3%	68.0%
Number of professors	**169**	**180**	**179**	**191**	**193**
incl. female professors	20.7%	21.1%	18.4%	19.4%	20.2%
Percentage of international academic staff	**4.1%**	**4.5%**	**6.0%**	**6.4%**	**7.9%**
STUDENTS					
Number of students	**16 944**	**17 493**	**18 136**	**18 047**	**17 370**
incl. first cycle of higher education	70.4%	69.2%	68.0%	66.0%	64.3%
incl. master's studies	22.2%	23.2%	24.1%	25.7%	27.0%
incl. doctoral studies	7.4%	7.6%	7.9%	8.3%	8.7%
Number of female studies	**11 792**	**12 127**	**12 325**	**12 172**	**11 570**
incl. regular studies	67.2%	66.7%	64.9%	64.1%	63.2%
incl. Open University studies	75.2%	75.7%	75.8%	75.9%	75.6%
Number of students age 30 and over	**4 039**	**4 032**	**4 224**	**4 418**	**4 336**
incl. regular studies	10.7%	11.1%	11.5%	12.9%	13.6%
incl. Open University studies	54.6%	52.2%	53.0%	53.7%	54.8%
Number of international students	**314**	**343**	**438**	**484**	**546**
as a proportion of all students	1.9%	2.0%	2.4%	2.7%	3.1%
Number of graduates	**2 937**	**2 726**	**3 145**	**3 132**	**3 038**
incl. PhD graduates	77	100	109	152	107
STRUCTURE					
Number of faculties	**10**	**10**	**9**	**9**	**9**
Number of study programmes	**271**	**275**	**240**	**201**	**194**
incl. joint study programmes		3	4	6	7
incl. number of English taught study programmes in the first and the second cycles of higher education	3	8	9	12	12

Employee data as of 31 December.

The student numbers of 2008–2011 are given as of 31 December, those of 2012 as of 10 November. The number of students does not include exchange students and medical residents. The first cycle of higher education includes professional higher education, Bachelor's studies and integrated Bachelor's and Master's studies.

The number of graduates of any given year refers to the number of students who completed their studies during the period from1 October of the previous calendar year to 30 September of the current calendar year.

The number of study programmes includes programmes in which students were enrolled at the end of the year (31 December).

STRUCTURE OF THE UNIVERSITY OF TARTU

UNIVERSITY GOVERNANCE

GOAL: University is modernising the management of processes and units

As of January 2012, the University of Tartu adopted a new structure of governance which involves external partners in the work of the university. The functions on the former University Council were distributed between new governing bodies, the University Council and Senate.

COUNCIL

The highest decision making body of the University of Tartu is the University Council, which is responsible for the university's economic activities and long-term development, adopts the university's statutes and approves the strategic plan and budget. The new University Council was appointed by the Government of the Republic on 22 December 2011 for a five-year period. The Council comprises 11 members, five of whom were appointed by the University, five by the Ministry of Education and Research, and one by the Estonian Academy of Sciences.

Kersti Kaljulaid (Chairman of the Council), member of the European Court of Auditors

Toomas Asser, Head of the Neurology Clinic of the University of Tartu Hospital, Professor of Neurosurgery

Toomas Kiho, Editor-in-Chief of Akadeemia magazine, Advisor to the Prime Minister of the Republic of Estonia

Vahur Kraft, Head of Estonian division of Nordea Bank

Toivo Maimets, Director of the University of Tartu Institute of Molecular and Cell Biology, Professor of Cell Biology

Kari Olavi Raivio, Professor emeritus and former Rector of the University of Helsinki

Peeter Saari, Head of the Laboratory of Physical Optics at the University of Tartu Institute of Physics, Professor of Experimental Physics, Academician

Jüri Sepp, Vice Dean for Development, University of Tartu Faculty of Economics and Business Administration, Professor of Economic Policy

Aku Sorainen, founder and senior partner of Sorainen law firm

Kaja Tael, Undersecretary for EU Affairs of the Ministry of Foreign Affairs (until August 2012), Estonian Ambassador to the Federal Republic of Germany (since September 2012)

Paul Varul, Head of the University of Tartu Institute of Private Law, Professor of Civil Law

The new eleven-member University Council gathered for its first meeting on 16 January 2012

SENATE

The Senate is the University's highest academic decision-making body, which is responsible for teaching and research and development work at the university, ensuring the high quality of work in those areas. The Senate comprises 22 members: Rector as the Chair of the Senate, four representatives from each of four broad areas of teaching and research, and five student representatives.

humaniora


Birute Klaas-Lang, Professor


Art Leete, Professor


Ain Riistan, Lecturer


Anti Selart, Professor

medicina


Hele Everaus, Professor


Priit Kaasik, Senior Lecturer


Ruth Kalda, Professor


Irja Lutsar, Professor

realia et naturalia


Leho Ainsaar, Head of Institute


Maia Kivisaar, Professor


Enn Lust, Professor


Jaak Vilo, Professor

socialia


Jüri Allik, Professor


Toomas Haldma, Professor


Marju Lauristin, Professor


Raul Narits, Professor

student representatives


Ingmar Jaska


Eno-Martin Lotman


Erik Raudsepp


Silver Ool


Arko Kesküla

In 2012, Professor **Alar Karis**' five-year term of office as the Rector of the University came to an end. Starting from 1 July 2012 the duties of the Rector of the University of Tartu have been fulfilled by Professor **Volli Kalm**. The Rector is responsible for the day-to-day management of the University, lawful and expedient use of financial resources and exercises the highest administrative and disciplinary authority in the university within the limits of his competence and proceeding from Council and Senate resolutions.

Three members of the previous Rector's Office continued in the new Rector's team: **Martin Hallik** as Vice Rector for Academic Affairs, **Andres Liinat** as Head of Administration, and **Taimo Saan** as Head of Finance. The former Director of the UT Institute of Physics **Marco Kirm** began work as the new Vice Rector for Research. Starting from September, Rector's Office also includes a third Vice Rector – the newly created position of Vice Rector for Development was filled by **Erik Puura**, Director of the UT Institute of Technology. The tasks of the new Vice Rector include innovation and development of business relations which previously belonged in the area of responsibility of the Vice Rector for Research.

The University Board continues to act as an advisory body, which is composed of the Rector (as Chair), three Vice Rectors, deans of all faculties, directors of three colleges and two research and development institutions, and the Chairman of the Student Council.

The structure of UT is divided into academic and support departments. At the end of 2012, the academic branch consisted of nine faculties, four colleges and five other institutions. The administrative branch comprised of 10 subunits.

On 2 July 2012, Rector of the University of Tartu Professor Alar Karis handed over the office, the seal and the estates to the new elected rector Professor Volli Kalm

Rector's Office as of 31 December 2012

Professor Volli Kalm
Rector

Martin Hallik
Vice Rector for Academic Affairs

Marco Kirm
Vice Rector for Research

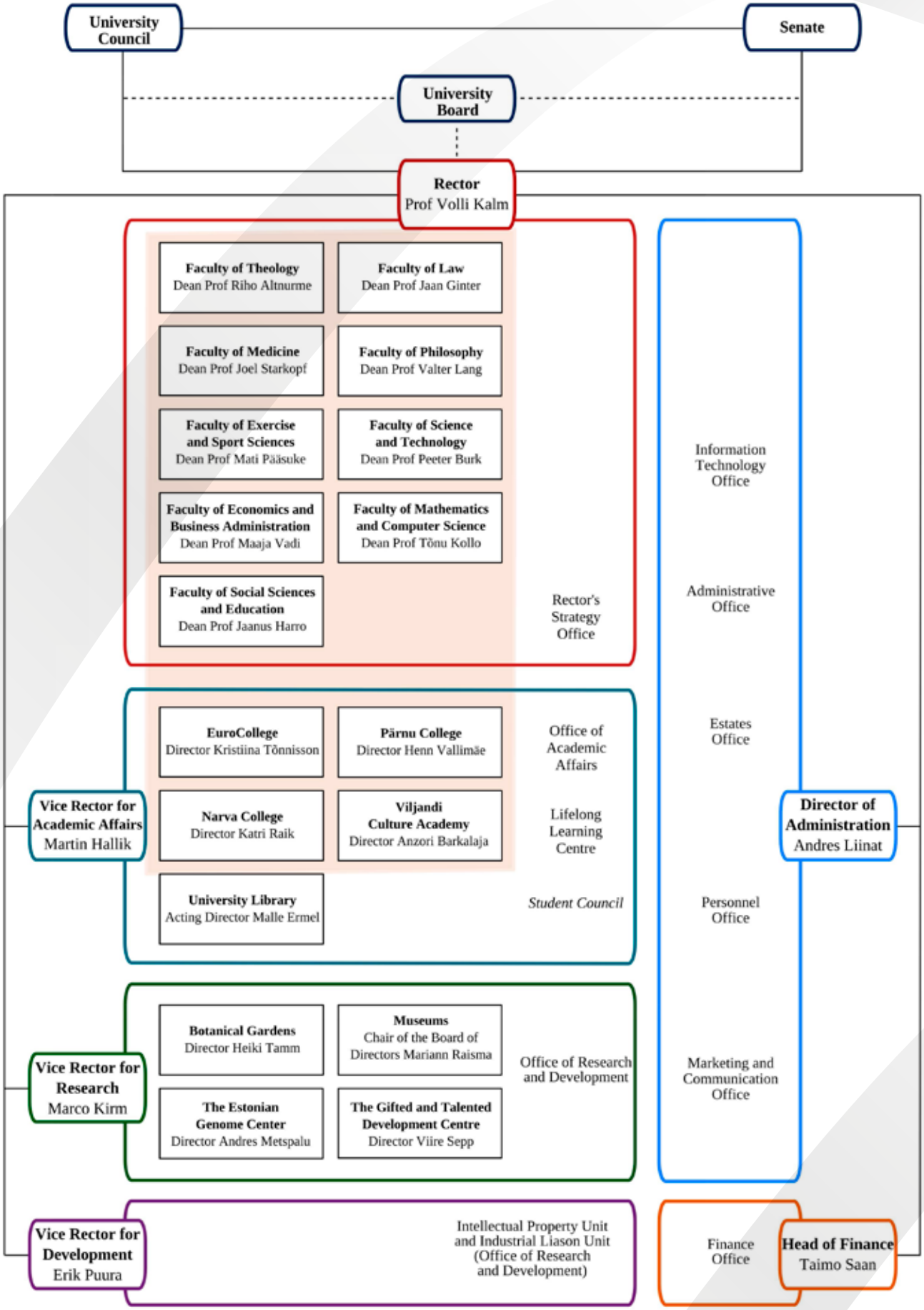
Erik Puura
Vice Rector for Development

Andres Liinat
Head of Administration

Taimo Saan
Head of Finance

Ivar-Igor Saarniit
Academic Secretary

STRUCTURE OF THE UNIVERSITY OF TARTU AS OF 31 DECEMBER 2012



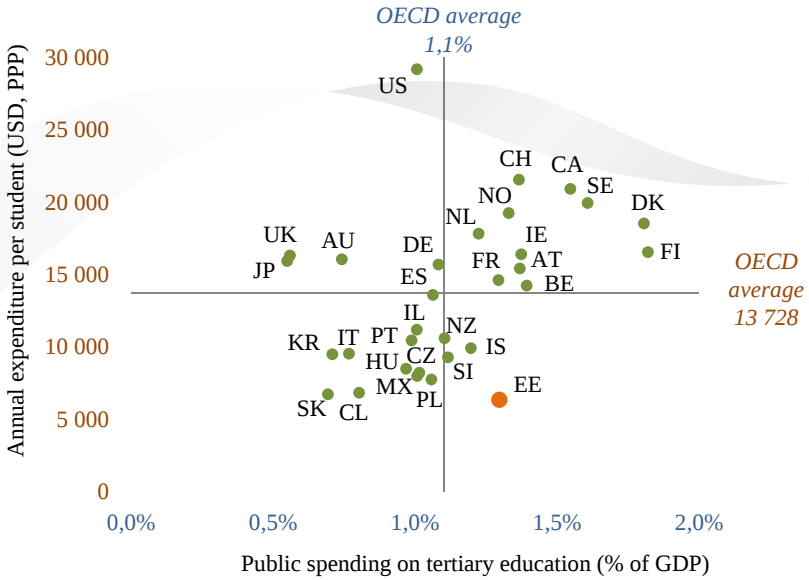
GENERAL ENVIRONMENT

The five challenges of Estonian education[1]

- Moving toward a development- and cooperation-based approach to study.
- Improving the position and image of teachers.
- Increasing participation in study.
- Strengthening the connection between education and knowledge-based society and innovative economy.
- Developing digital culture as part of the Estonian cultural space.

The draft of the Estonian education strategy for 2012–2020 "The five challenges of Estonian education" outlines the following tasks facing Estonian education that need to be addressed as a matter of urgency: optimization of the network of educational institutions; improvement of the quality of teacher education, along with guaranteed equitable salaries for teachers; implementation of the provisions stipulated in the national curricula for basic schools and upper secondary schools, together with the Basic Schools and Upper Secondary Schools Act; introduction of a financing model that ensures fair access to higher and vocational education and supports the quality of teaching; and significantly wider involvement of employers in the development of curricula in both vocational and higher education.

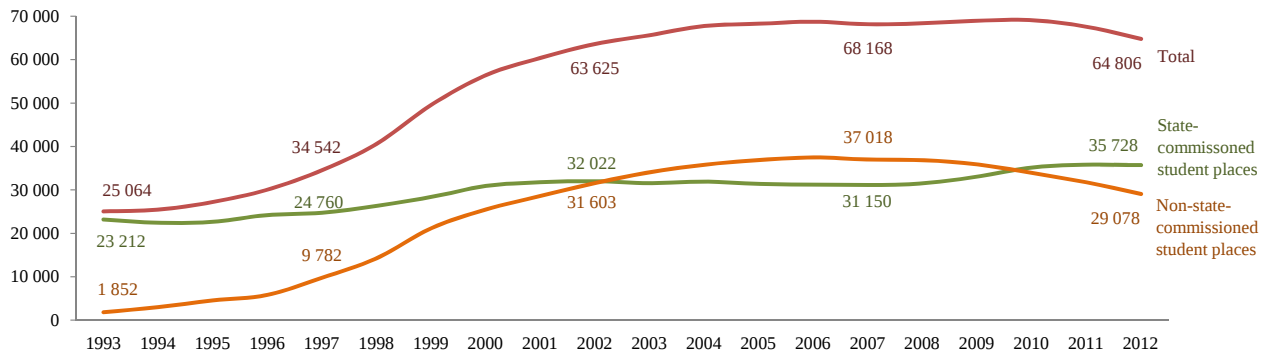
According to the 2009 statistics, government spending on higher education in 2009 stood at 1.3% of GDP[2], which is more than on average in OECD countries. Public and private sector expenditure together constituted 1.6% of GDP, which is comparable with the OECD average. Although during the period 2000–2009 Estonian public expenditure on higher education showed one of the fastest growth rates among OECD countries, it was accompanied by the increase in student numbers. The annual spending per student in Estonia is less than 50% of the OECD average: in 2009, this figure was at 6373 USD, considering purchasing power parity[2].



Public spending on tertiary education in OECD countries, as a percentage of GDP and per student in 2009 (PPP – purchasing power parity). Source: OECD

[1] *The five challenges of Estonian education: Estonian Education Strategy of 2012–2020: Draft. Estonian Cooperation Assembly.*

[2] *OECD survey of education indicators "Education at a Glance 2012".*

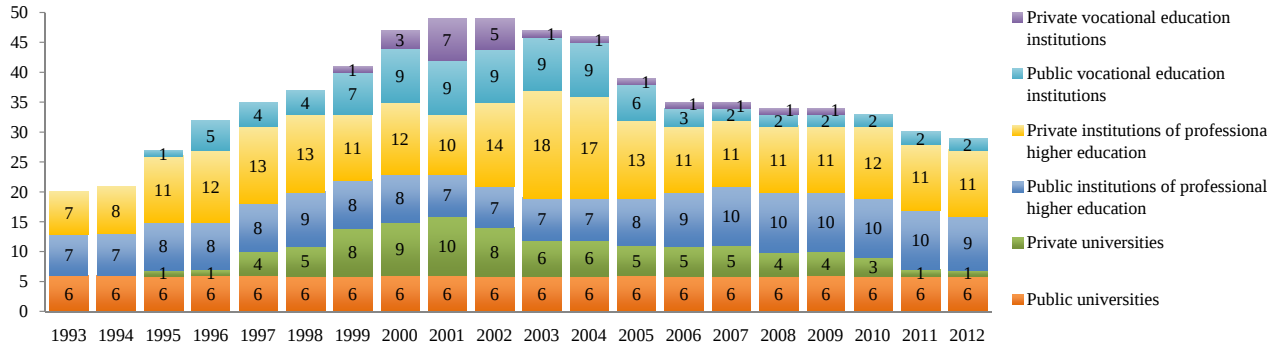


Student numbers in Estonia by sources of funding, 1993–2012. Source: Estonian Education Information System (EHIS)

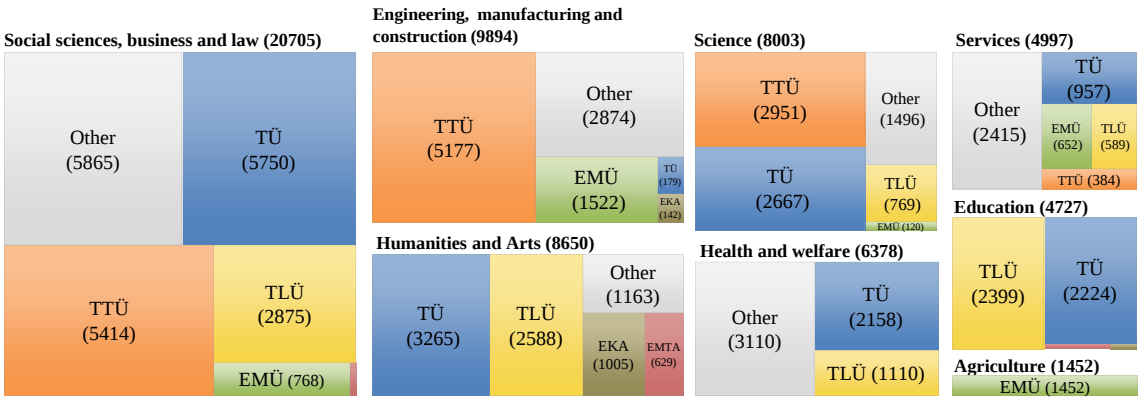
In the near future, population decline will also start affecting Estonian student numbers. In the last three years, the number of students in Estonia has decreased by 6%. According to the Ministry of Education and Research, 9337 young people received general secondary education in 2011/2012 (7% less than in the previous academic year). 56% of them continued their studies at higher educational level in the same year in Estonia.

In 2012, a total of 64,806 students were enrolled in Estonian higher educational institutions, 55% of them in state-commissioned study places. The decrease in student numbers has mainly been due to the reduction in the number of fee-paying students, whereas the number of students enrolled in state-commissioned study places has increased considerably over the last five years.

During the period 2009–2011, transitional evaluation of Estonian higher education institutions was conducted by the Estonian Higher Education Quality Agency. Starting from 1 January 2012, it is possible for HEIs to provide education only in study programme groups in which the Government of the Republic has granted the concrete HEI the right to conduct studies and issue relevant academic degrees and certificates. There are three types of educational institutions providing higher education in Estonia – universities, institutions of professional higher education, and vocational education institutions. At the start of the 2012/2013 academic year there were 29 higher educational institutions in Estonia: 6 public universities, 1 private university, 9 public institutions of professional higher education, 11 private institutions of professional higher education, and 2 public vocational education institutions.



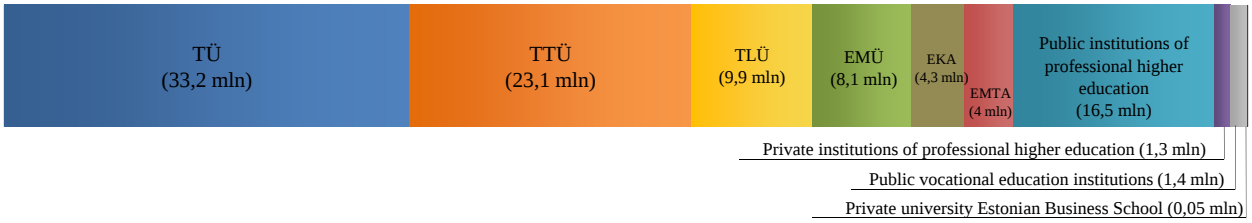
Number of institutions providing higher educational programmes, 1993–2012 (as of the start of the academic year). Source: Estonian Education Information System (EHIS)



(TÜ - Tartu Ülikool / University of Tartu; TTÜ - Tallinna Tehnikaülikool / Tallinn University of Technology; TLÜ - Tallinna Ülikool / Tallinn University; EMÜ - Eesti Maaülikool / Estonian University of Life Sciences; EMTA - Eesti Muusika- ja Teatriakadeemia / Estonian Academy of Music and Theatre; EKA - Eesti Kunstiakadeemia / Estonian Academy of Arts)

The number of students in Estonia by institutions and fields of study, 2012. Source: EHIS

The amendments to the Universities Act which came into effect in 2009, stipulate that higher educational institutions and the Ministry of Education and Research should conclude a three-year management contract, which regulates the allocation of funds from the state budget to the institution for providing the state-commissioned study places. A performance agreement based on the mission and responsibilities of the university will be concluded as an annex to the management contract. In addition to the conditions agreed upon in performance contract, until the end of 2012 funding of HEIs continued to be influenced by the base cost of a state-commissioned study place and the coefficient established for a field of study by the Government.



(TÜ – University of Tartu; TTÜ – Tallinn University of Technology; TLÜ – Tallinn University; EMÜ – Estonian University of Life Sciences; EKA – Estonian Academy of Arts; EMTA – Estonian Academy of Music and Theatre)

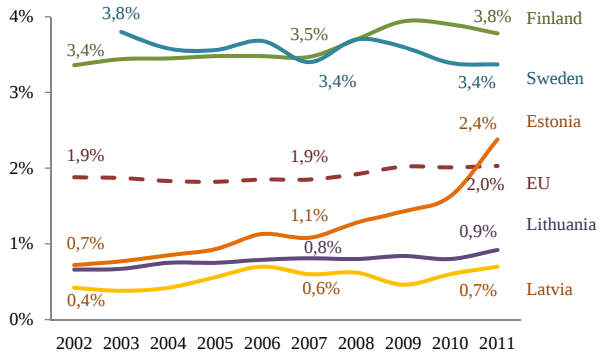
The sums (in EUR) allocated to HEIs by the state in 2012 for funding the state-commissioned study places. Source: Ministry of Education and Research (MER)

Main goals of the Estonian Research and Development and Innovation Strategy 2007–2013 "Knowledge-based Estonia"[3]

- The competitive quality and increased intensity of research and development.
- Innovative entrepreneurship creating new value in the global economy.
- Innovation friendly society aimed at long-term development.

Information and communication technologies, biotechnologies and materials technology have been identified as strategic key technologies supporting research and development and innovation. The target of 3% of GDP expenditures on research and development is planned to be achieved by 2014.

In 2012, the preparation of the "Estonian Research and Development and Innovation Strategy 2014–2020" was initiated by the Ministry of Education and Research.



In 2011, the total Estonian public sector spending on research and development increased to 2.41% of GDP. For comparison, in 2010 Estonian research and development investments amounted to 1.63% of GDP.

Total research and development spending as a percentage of GDP in Estonia and neighbouring countries, 2002–2011. Source: Statistics Estonia

[3] *Riigi Teataja [Estonian State Gazette], RT I 2007, 16, 78.*
[4] *Statistics Estonia.*

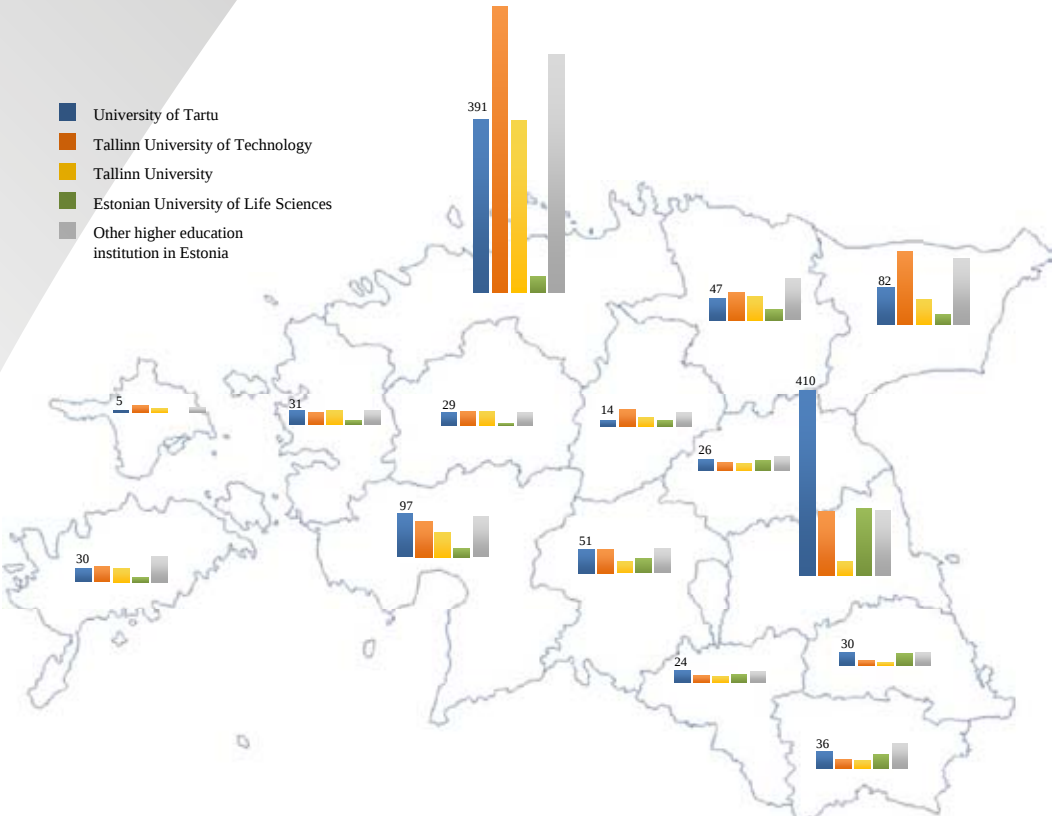
STUDIES

ADMISSION OF STUDENTS

GOAL: UT seeks to attract a diverse, talented and motivated student body

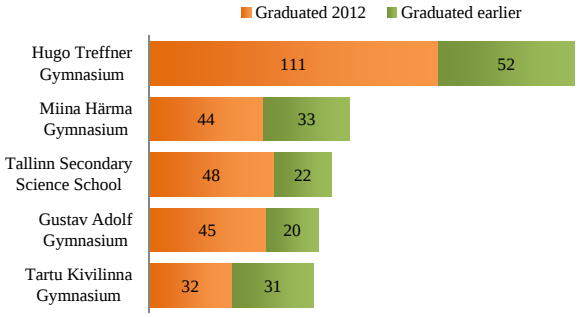
In 2012, a total of 4419 new students were admitted to UT in all three cycles of higher education. The majority of them (4249) were admitted during the admissions period to the first year of the respective study cycle; the rest resumed their studies which they had discontinued earlier or transferred to UT from another higher educational institution by competing for vacant study places.

Two years ago, UT abandoned threshold-based admission system. Instead of a threshold, admission quotas were established based on the number of state-commissioned study places and teaching capacity of academic units. This move was motivated by the university's desire to further raise the quality of teaching and attract talented and motivates students. In the first cycle of higher education the number of entrants is also beginning to be impacted by the demographic situation, with the number of general secondary school leavers decreasing by 12% during the period 2010–2012. By cutting the number of study places and raising the admission requirements, UT has decreased the number of students admitted to both state-commissioned as well as non-state-commissioned study places.



2012 secondary school graduates in a given county admitted into the first cycle of higher education: breakdown by Estonian HEI-s. Source: REM

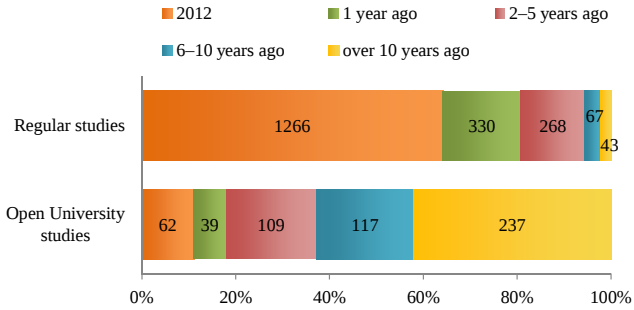
During the 2012 admissions period, 2626 new students were admitted to the first cycle of higher education: 1907 of them to bachelor's study programmes, 452 to professional higher education and 267 to integrated bachelor's and master's degree programmes. UT attracted students from all Estonian counties. The two counties providing the largest share of new students were Harju and Tartu Counties, both accounting for 28% of new entrants. Enrolment was also larger from the counties where UT regional colleges are situated (Ida-Viru County, Pärnu County and Viljandi County).



Schools with the greatest number of 2012 graduates continuing their studies in the first cycle of higher education in UT

Of all Estonian upper secondary school leavers who scored 90 or more points in at least one national examination, 61% chose UT and 67% of those who scored 100 points in at least one national examination chose UT for their studies. In the previous year the same figures were 55% and 46%, respectively. 102 successful participants in olympiads enrolled in UT in 2012/2013, with the most popular programme choices being Informatics, Law, Economics, and Physics. Of the best upper-secondary graduates who chose UT in 2012/2013, 333 had been awarded a gold or silver medal for outstanding grades, and seven had the highest grade point average in their year.

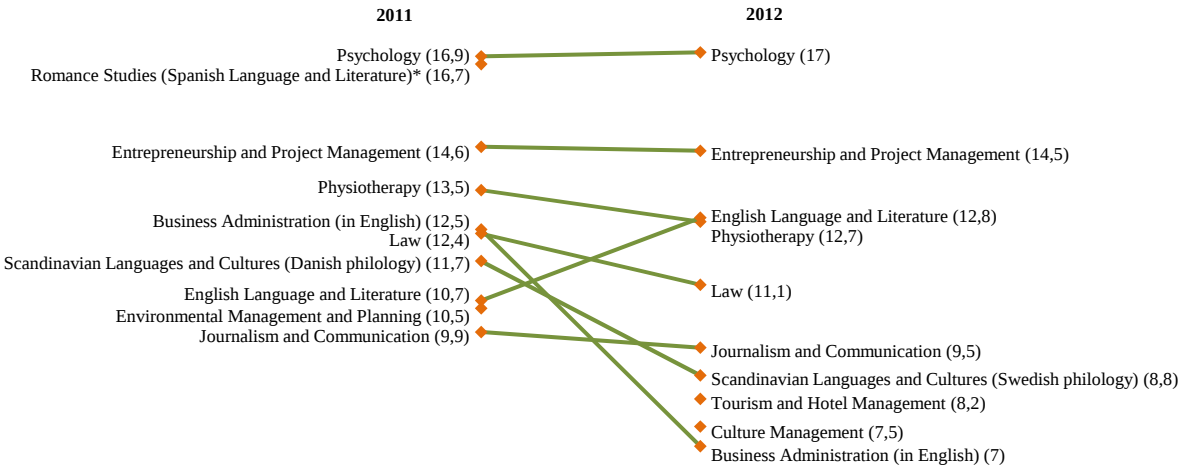
The proportion of fresh upper secondary school graduates among those admitted to the first cycle of higher education in 2012 was 51% (64% in regular studies, 10% in Open University studies).



The share of students admitted in 2012 to the first cycle of higher education by time elapsed since graduation from the secondary school

In the first cycle of higher education, study programmes attracting the largest number of applications were Law (881), Medicine (735), Economics (553), Informatics (463), and English Language and Literature (453). The number of applications to the Informatics study programme showed an increase when compared with previous years. This was facilitated by the merging of the IT and Informatics study programmes, as well as by the support system put in place within the framework of Estonian IT Academy.

Admission to the programme in IT received a boost from the establishment of the IT Academy, a joint programme of the state, universities and ICT sector industries which has also received support from Estonian software company Skype. Thanks to the additional funding from the IT Academy the best 20 per cent of students are awarded scholarships. All new students were issued high-quality laptops to facilitate access to online study materials and video lectures. Also a number of young lecturers were recruited to help students make better progress in practical seminars.



**Admission to the study programme in Romance Studies (Spanish language and literature) is in every second year*

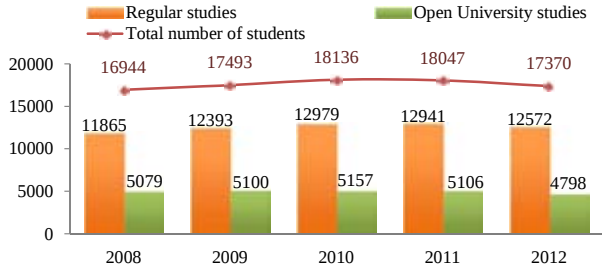
First cycle programmes with the fiercest competition for admission to regular studies in 2011 and 2012

The number of new master's students admitted in 2012 was 1434 (1040 began regular studies and 394 were admitted to the Open University). The proportion of students coming to UT from other universities is also growing year by year. 30% of students who were admitted to master's programmes at UT in 2012 had completed their previous studies elsewhere than in UT (incl. 9% in a university abroad, 5% in Tallinn University, 3% in Tallinn University of Technology, 2% in Estonian University of Life Sciences). There are more students from other Estonian higher education institutions among those admitted to Open University studies than in regular studies.

189 doctoral candidates began their studies in doctoral programmes in 2012 (67 doctoral candidates less than in 2011). The number of students admitted to doctoral studies has fallen primarily on account of the decreasing admission to non-state-commissioned study places. This was mainly caused by the reduction of the number of non-state-commissioned study places in conjunction with quality assurance measures implemented at the University and changes made to the regulations governing the granting of doctoral allowances.

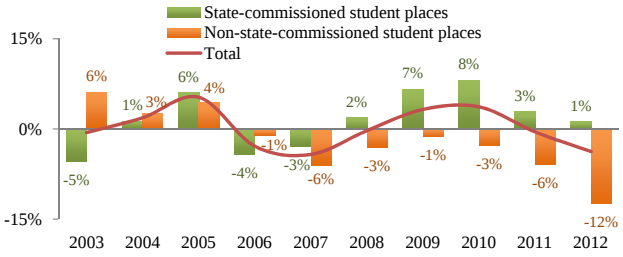
STUDENTS

17,370 students were enrolled at UT as of 11 November 2012, including 546 international students.



The number of students attending regular studies, Open University studies and in total, 2008–2012

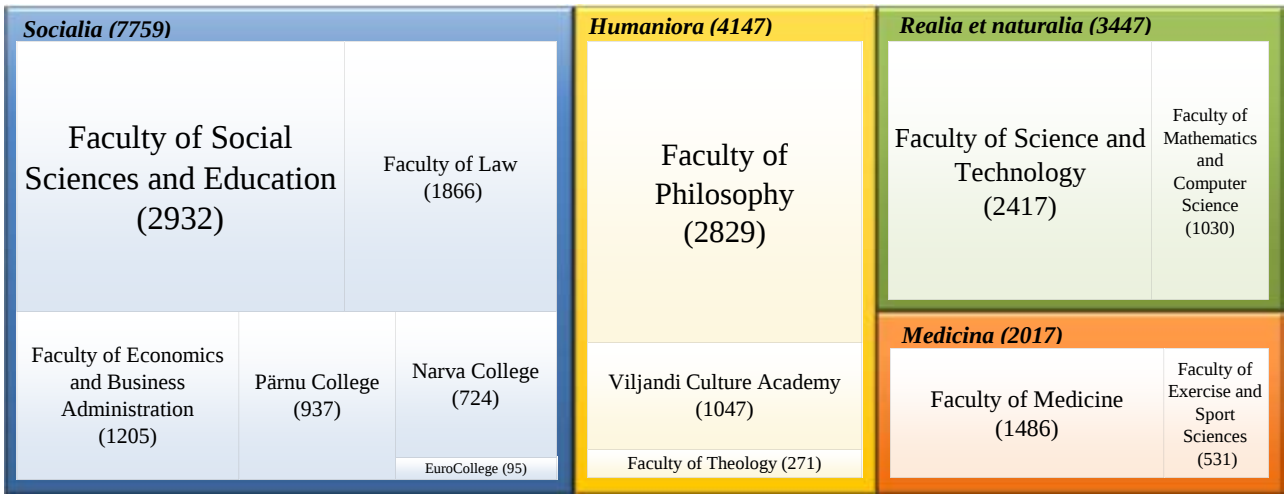
33% of all students (5706 persons) were in non-state-commissioned student places. Owing to the reduction in admission numbers, the number of students studying in non-state-commissioned student places decreased by 12% when compared with the previous year.



Year-to-year changes in the number of students on state-commissioned and non-state-commissioned student places, 2003–2012

As the only classical university in Estonia, UT is set apart from other universities by the wide spectrum of fields it covers. In 2012, students enrolled in UT's nine faculties and four colleges attended a total of 190 study programmes, including seven joint programmes. Of all students enrolled in joint programmes, 94 were enrolled in programmes coordinated by UT, 176 in those coordinated by other HEIs. The faculty with the largest number of students in 2012 was the Faculty of Social Sciences and Education (2932 students).

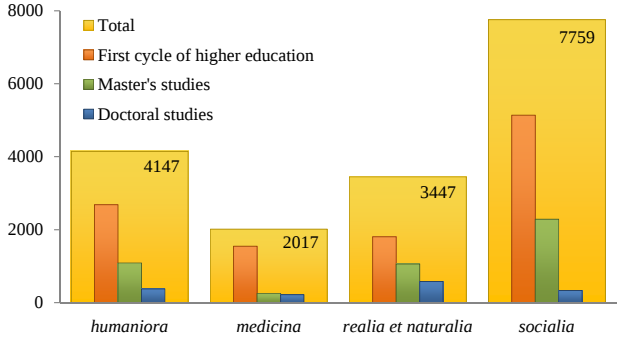
As a research university, UT devotes special attention to enhancing postgraduate education in order to support the development of knowledge-based society. During the last five years the proportion of doctoral and master's students in UT's student body has increased, making up more than a third of the university's total student body in 2012. In 2007 there were 2.4 bachelor students per one master's student, while in 2012 this ratio was 1.6. The proportion of postgraduate students was highest in realia et naturalia, where 52% students were



The number of students enrolled in UT faculties and colleges and their distribution between the four broad areas of teaching and research, 2012/2013

enrolled in the first cycle of higher education, 31% in master's and 17% in doctoral studies.

The breakdown of UT students by areas of teaching and research in 2012/2013 was as follows: 45% in socialia, 24% in humaniora, 19% in realia et naturalia and 12% in medicina.



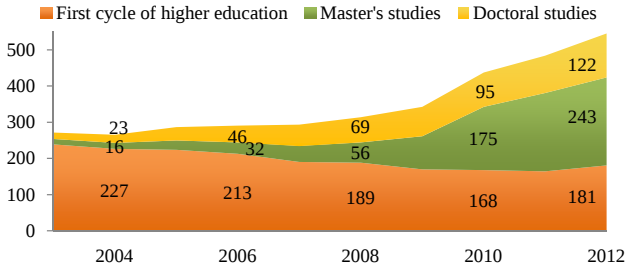
The number of students in the four areas of teaching and research and cycles, 2012/2012

INTERNATIONAL STUDENTS AND STUDENT EXCHANGE

GOAL: UT offers to its students an international and culturally diverse study environment and promotes student mobility

In 2012, 184 international degree students began their studies at UT. Foreign countries sending the largest number of new students to UT were Finland (29), Russia (20), Turkey (12), Latvia (8), USA (8), Germany (8), and Georgia (8).

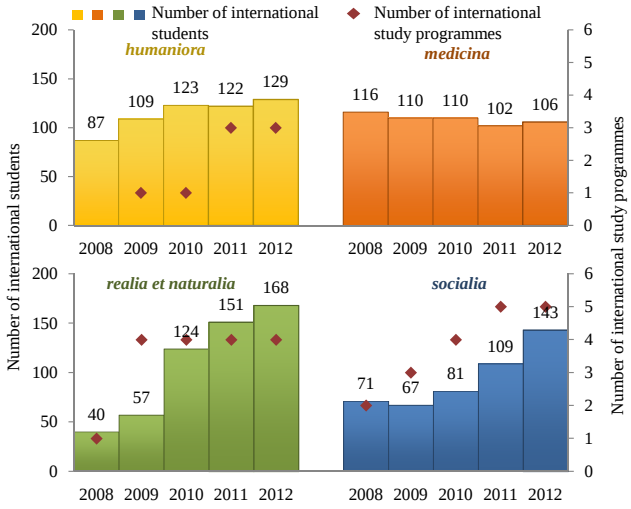
As of 10 November 2012, there were 546 international degree students at UT (3.1% of the student body). The proportion of international students enrolled in PhD programmes, master's programmes and the first cycle of higher education was 8.1%, 5.2% and 1.6%, respectively. The number of international students enrolled in master's degree programmes was 243 (45%



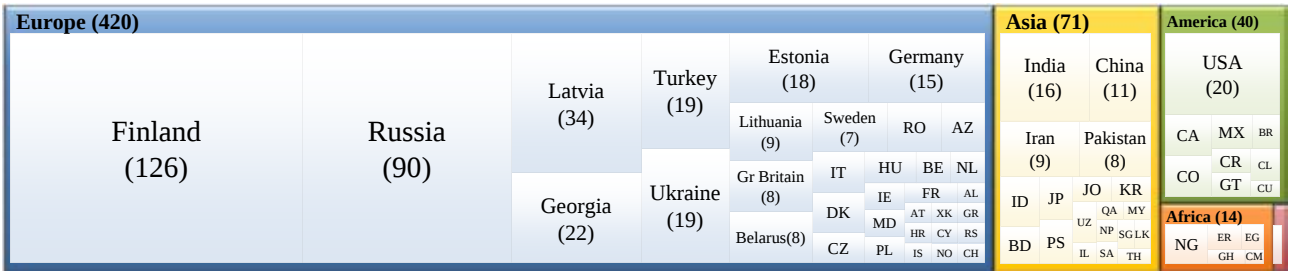
International students at UT, by cycles of higher education, 2004–2012

of all international students studying at UT) and the number of those enrolled in doctoral programmes 122 (22% of all international students). A total of 68 countries were represented in the student body.

In the course of the last five years, the rise in the share of international students has mainly occurred in the field of realia et naturalia, which accounted for 31% of all international students in 2012, and socialia, where 26% of UT's international students were enrolled in 2012.



Number of international students and study programmes taught in English in the first two cycles of higher education by four broad areas of teaching and research, 2008–2012



International students at UT by countries of origin, 2012

GOAL: UT develops international study programmes

The majority of the 12 international study programmes offered by UT are Master's level programmes (there is one Bachelor's programme taught in English – Business Administration). In the field of medicina international students enrolled in the Faculty of Medicine can study in English during the first two years of studies; starting from the third year of the programme, studies are conducted in Estonian only. In 2012, a new English-language Medical programme was approved. Admission to the new programme will begin in the 2013/2014 academic year.

Study programmes taught in English in 2012/2013

humaniora	
* Semiotics	Faculty of Philosophy
* Design and Development of Virtual Environments	Viljandi Culture Academy
* Sound Engineering Arts (joint programme with Tallinn University, coordinated by UT)	Viljandi Culture Academy
realia et naturalia	
* Applied Measurements Science	Faculty of Science and Technology
* Materials and Processes of Sustainable Energetics (joint programme with Tallinn Technical University, coordinated by TTU)	Faculty of Science and Technology
* Software Engineering (joint programme with Tallinn Technical University, coordinated by UT)	Faculty of Mathematics and Computer Science
* Cyber Security (joint programme with Tallinn University of Technology, coordinated by TTU)	Faculty of Mathematics and Computer Science
socialia	
** Business Administration	Faculty of Economics and Business Administration
* Baltic Sea Region Studies	Faculty of Social Sciences and Education
* Crossmedia Production (joint programme with Tallinn University, coordinated by TU)	Faculty of Social Sciences and Education
* European Union – Russian Studies	EuroCollege
* Wellness and Spa Services Design and Management	Pärnu College

** Master's degree programmes*

*** Bachelor's degree programmes*

International joint programmes in 2012/2013

International Masters in Economy, State and Society (IMESS)	Faculty of Social Sciences and Education
International Masters in Russian, Central and East European Studies (IMRCEES)	Faculty of Social Sciences and Education
Master's programme in Security and Mobile Computing (NordSecMob)	Faculty of Mathematics and Computer Science

432 international exchange students were admitted to UT in 2011/2012. Within the EU's student exchange programme Erasmus, a total of 225 exchange students attended UT (which is 11% more than in the previous year). A quarter of the exchange students in the Erasmus Programme came from one of UT's partner universities in Germany. There was also more interest in studying at UT from Italy and Poland.

The DoRa Programme for internationalisation and doctoral studies has been in place with support form the EU structural funds since 2008/2009. It has enabled to bring international exchange students to our PhD programmes and support their short-term studies and research here. A total of 41 doctoral students from 23 countries used this opportunity in 2011/2012.

According to the data available to UT, the number of UT students who went abroad as exchange students in 2011/2012 was 519, 87 of them participated in in-service trainings. The number of students who studied or received practical training abroad increased by 8% from the previous academic year. 300 students, or 58% of those who studied or did a work placement abroad, used the EU student exchange programme Erasmus. The most popular destination countries were Spain (25% of all outgoing exchange students), Germany (15%) and France (8%). The number of outgoing exchange students who went abroad on the basis of bilateral agreements was 57, the most popular destination countries being Russia, Germany and USA.

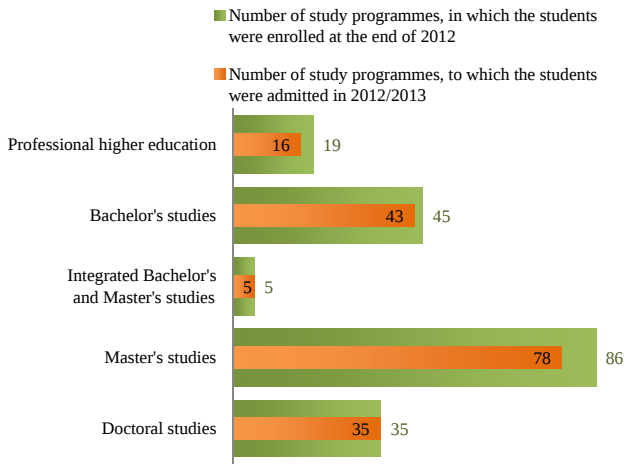
UT's participation in Erasmus Mundus partnership programmes

IDEAS (*Innovation and Design for Euro-Asian Scholars*), coordinated by Mälardalen University (Sweden). Within the framework of the project students and faculty from Asian universities can come to Europe, incl. UT, for studies and self-development.
AURORA (*Towards Modern and Innovative Higher Education*), coordinated by the University of Turku (Finland). The aim of the project is to enhance student and academic staff exchange between European and Russian universities.
Svāgata.eu: *Experience Europe as an Indian*. Within the framework of the project, Indian students, academic and non-academic staff members can apply for scholarships for study and work in European partner universities.

Orientation course for international students before the start of the academic year in Tartu

DEVELOPMENT OF STUDY PROGRAMMES AND TEACHING QUALITY

GOAL: UT provides education through study programmes that have passed quality assessment and aims to reduce their fragmentation



The number of study programmes in 2012 (as to joint programmes, only those coordinated by UT are considered)

Joint study programmes at UT

Study programme	Coordinating university* and partner university
Cyber Security	Tallinn Technical University*, UT
Materials and Processes of Sustainable Energetics	Tallinn Technical University *, UT
Sound Engineering Arts	UT*, Tallinn University
Music Pedagogy	Estonian Academy of Music and Theatre*, UT
Traditional Music	UT*, Estonian Academy of Music and Theatre
Crossmedia Production	Tallinn University*, UT
Software Engineering	UT*, Tallinn Technical University

The Faculty of Social Sciences and Education and the Faculty of Science and Technology cooperated in developing a new doctoral study programme in educational science which unites the two existing curricula of educational science and natural sciences education. Admission to the joint study programme will commence in the 2013/2014 academic year.

GOAL: UT supports the daily use of technology in classrooms

Online courses are mostly used in combination with class work in order to facilitate students' individual work. In 2012, the university had nine educational technologists who advised teaching staff in developing and conducting online courses.

The use of e-learning at UT

	2011	2012
Number of partially or entirely web-based courses	850	1264
Number of courses taught fully online	111	110
The share of partially or entirely web-based courses of all courses	9%	14%
Number of participants in web-based courses	26 870	38 614
Number of users of Moodle, UT's web-based study environment	18 902	24 753
Number of courses in Moodle, UT's web-based study environment	1475	2047
Number of new e-courses developed within the framework of BeSt programme	68	50
Number of learning objects created within the framework of BeSt programme	115	72
Number of video lectures in UTTV (UT video portal)	229	273
Number of academic staff members using online seminars	49	49
Total duration of online seminars (hrs)	3147	4680

In 2012, development of online courses and learning objects was continued within the framework of BeSt Programme, financed from the EU structural funds. The learning objects and online course materials created with the support of the BeSt programme are publicly accessible in the repository of the e-Learning Development Centre of the Estonian IT Foundation and in the e-learning materials collection of the UT Library open repository DSpace.

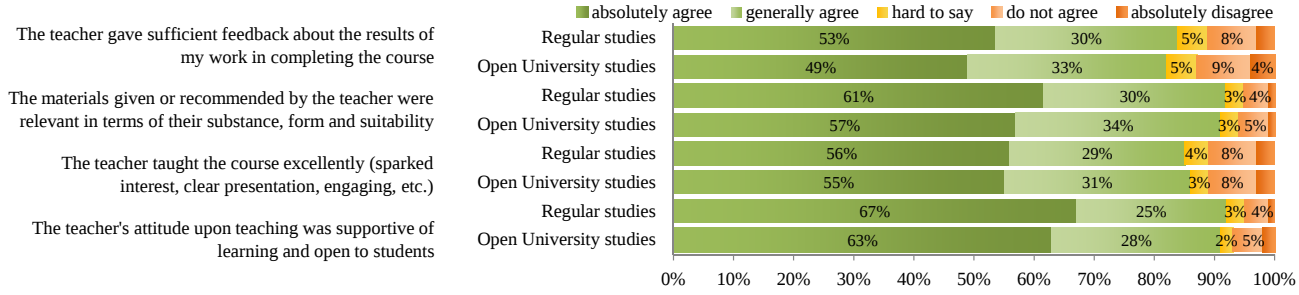
At the Estonian e-Learning Development Centre's spring conference "Learning and teaching in the digital age – myths and reality" the best online course of the year was announced. The Best Online Course of the Year Award 2011/2012 and grant was awarded to the course "Clinical pharmacology for family nurses" developed by the Centre for Continuing Medical Education of the UT Faculty of Medicine (authors **Ruth Kalda, Alar Irs, Eret Jaanson** and others).

10 UT's online courses were awarded a quality mark by the Estonian e-University consortium in 2012.

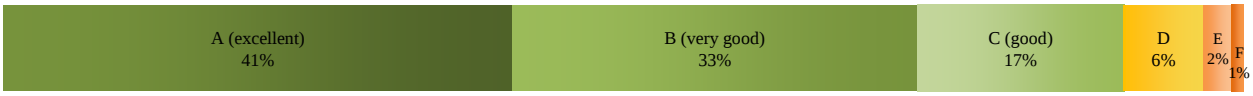
GOAL: UT takes into account the needs and expectations of students

At the end of each semester students have the opportunity to give feedback on the courses and teaching and instruction skills of the teaching staff. A new, shortened and more student friendly feedback questionnaire was introduced in 2012. In providing feedback student analyses his/her study experience, gives feedback to the lecturer, answers questions about the courses and can also give recommendations to future students. A certain part of the results is accessible to all members of the university community. According to the new rules faculties and colleges are required to discuss the survey results once a semester and develop an action plan to eliminate shortcomings.

103,552 qualifying responses were received from students in the 2011/2012 academic year. The feedback covered 2660 teaching staff members. With respect to the teaching staff, students agreed more with the statements that lecturer's attitude in teaching supported learning and that the study materials recommended by the lecturer were relevant in terms of content and usefulness (91–92% of the respondents agreed with these statements). There was somewhat less agreement with the statements that lecturer presented the subject in an engaging way and provided sufficient feedback on independent work (83–86% respondents agreed with the statements).



UT student feedback to selected questions on teaching and courses in 2011/2012



The aggregate of grades given by UT students to their completed courses in 2011/2012

Each year, based on the student feedback, UT acknowledges the members of teaching staff who excel in teaching by giving out the University-Teacher-of-the-Year awards. In each of the four areas of teaching and research, the award is given to one lecturer who received the highest grades in the teacher and course evaluation survey of that academic year. According to the statute of the award, also the three best lecturers of each faculty and college were acknowledged.

Recipients of the 2012 Teacher of the Year Award

- **Marju Lepajõe**, *humaniora*, Faculty of Theology, Research Fellow in Church History
- **Tiina Maripuu**, *socialia*, Pärnu College, Lecturer of Finnish
- **Ivo Leito**, *realia et naturalia*, Faculty of Science and Technology, Professor of Analytical Chemistry
- **Ruth Kalda**, *medicina*, Professor of Family Medicine

Starting from the academic year 2007/2008, feedback is also asked from students in their last year of studies (excl. doctoral studies) with regard to the organisation of studies, study process, study environment, support services, and graduates' future plans for continued education and employment. In 2012, a total of 1340 students responded to the feedback survey (the proportion of respondents in the first cycle of higher education and integrated bachelor's and master's studies being 20%, and in master's studies 18%). 88%–91% respondents agreed with the statements that upon completing the programme, learning outcomes described in the syllabus are achieved and that the organisation of studies facilitates learning. There was less satisfactions with getting timely information about the organisation of studies and linking of the courses.

In 2012, a survey of UT's Open University studies was conducted in cooperation with the Praxis Centre for Policy Studies, the aim of which was to identify the key issues, and UT's ability and society's need to sustain Open University form of studies.

In general, students were content with Open University studies – more than half of them (53%) evaluated Open University studies with highest grades, while 44% respondents regarded them to be on the average level. The students were mainly satisfied with the organisation of studies. Students were less satisfied with the availability of course timetables and information pertaining to the organisation of studies, course selection and feedback received from the lecturers.

According to the survey, Open University fulfils an important role in providing for the educational needs of people participating in the labour market. A very large part of students (84%) admit to have chosen the Open University for their studies namely because it enables them to combine their studies with work and family life.

In 2012, UT Senate established a new award to promote the quality of studies. The first award was given to the Institute of Computer Science for successfully planned and executed activities which support the quality of studies. The Institute of Computer Science has set specific goals for improving the graduation rate, has laid great stress on providing support to students in writing their graduation paper and has actively analysed and considered student feedback. The other units that made it to the top three were Narva College and the Institute of Physics.

STUDY SUPPORT

GOAL: UT improves its study-support services

Support services for students

Three student advisors (at the Office of Academic Affairs) assist and counsel students in matters pertaining to study organisation or in case of other study-related problems. In questions related to study organisation students can seek assistance from academic affairs specialists at their home faculty or college.

Six international student coordinators (at the Office of Academic Affairs) support internationalisation of studies by assisting UT students in finding suitable student exchange opportunities in universities abroad and provide support to international degree and exchange students in taking up their studies at UT.

175 tutors (in academic units) provide assistance in their respective fields of study to first-year and international students commencing their studies at UT.

Seven support students (in academic units) provide support to students with special needs.

Two psychologists (at the Office of Academic Affairs) provide psychological counselling services to students.

Three career counsellors (at the Office of Research and Development) support students in career planning and development, and in making study and career-related decisions.

One advisor in entrepreneurship (at the Office of Research and Development) assists students in analysing the business potential of their ideas and in planning how to move forward in developing their businesses.

UT career advisor Kristel Lään counsels Silver Ool, a student of the Faculty of Social Sciences and Education

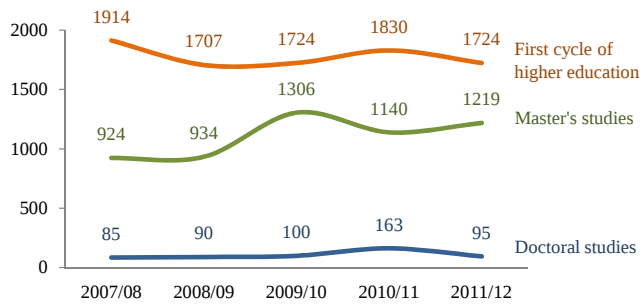
175 students acted as tutors in UT in 2012. At an acknowledgement ceremony, which has become a tradition, certificates were handed over to 127 new tutors who completed the tutors' training programme in 2012.

At the start of the 2012/2013 academic year, 51 students had registered as special needs students. The majority of students with special needs were enrolled in full-time studies (49 students) and in regular studies (33). Development of support services to special-needs students continued under the Primus Programme with the support of EU structural funds: audio and digital study materials were recorded, support students were trained and various support services were provided to 19 students.

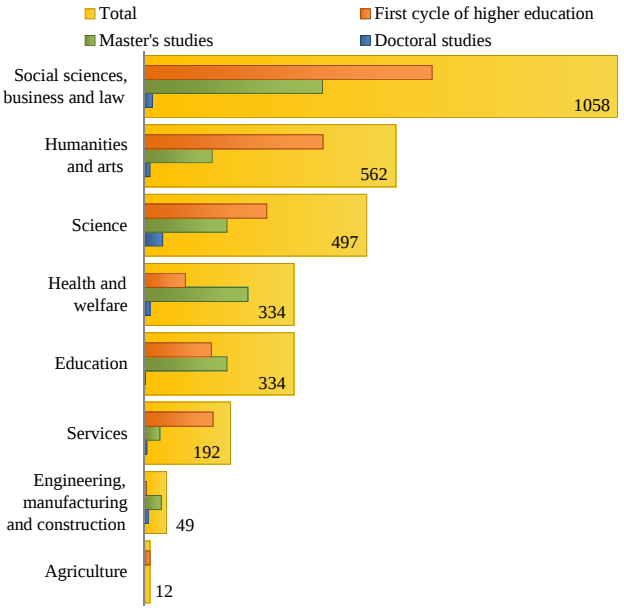
GRADUATION AND CONTINUATION OF STUDIES

GOAL: UT graduates successfully enter the labour market or continue their education in Master's or Doctoral studies

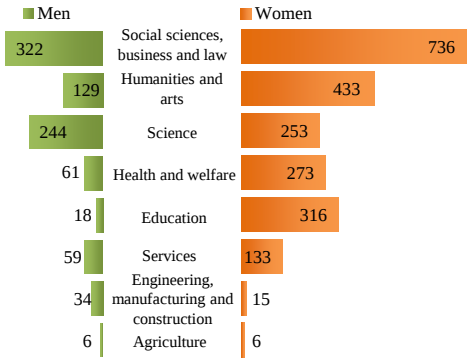
A total of 3038 students graduated from UT in 2011/2012. The breakdown of graduates by the four areas of teaching and research was: 45% in socialia, 23% in humaniora, 21% in realia et naturalia and 11% in medicina. The number of cum laude graduates was 201.



UT graduates by cycles of higher education, 2007/2008–2011/2012

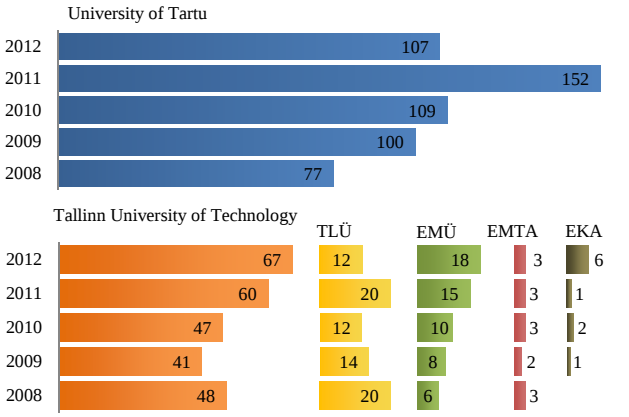


UT graduates by fields of study and cycles of higher education in 2012



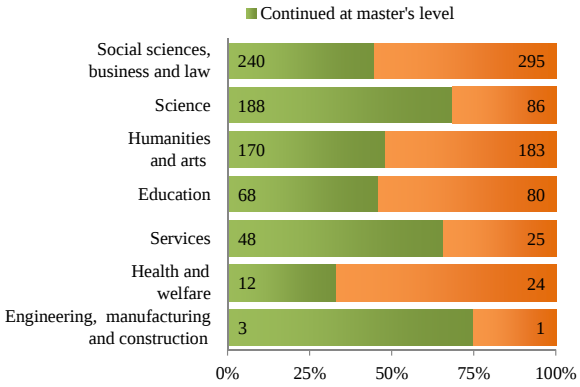
The gender ratio of UT graduates by fields of study in 2012

A total of 95 doctoral candidates graduated from UT during the academic year of 2011–2012; however, the number of PhDs defended during the calendar year was 107. For the first time this number included a defence of a thesis conducted under the terms of a joint supervision agreement (known as cotutelle agreement), as a result of which doctoral candidate received a diploma both from UT and the University of Tampere, Finland.



(TLÜ – Tallinn University; EMÜ – Estonian University of Life Sciences; EMTA – Estonian Academy of Music and Theatre; EKA – Estonian Academy of Arts)

PhD graduates from Estonian public universities, 2008–2012. Source: EHIS



The number and proportion of UT's 2011/2012 graduates from bachelor's programmes continuing or not continuing their studies in master's programmes in 2012/2013, by areas of study

51% of 2011/2012 graduates from UT bachelor's programmes continued their studies in one of UT's master's programmes in the 2012/2013 academic year. In terms of absolute numbers, the areas of study with the largest number of graduates continuing their studies were social sciences, business, and law; however, in terms of percentage the areas with the largest proportion of graduates continuing in master's studies were natural and exact sciences (69%) and services (66%).

10% of UT's 2011/2012 graduates of master's programmes continued their studies in doctoral programmes. The fields with the largest proportion of students continuing their education at the postgraduate level were natural and exact sciences (32%), and technology, production and construction (27%).

In 2012, the number of students who discontinued their studies and were deleted from the matriculation register for reasons other than graduation was 2629, which is 11% more than in the previous academic year. 38% of drop-outs were in the first year of their studies. More than a half of the students who discontinued their studies were enrolled in the bachelor's programmes. The main reasons for the termination of enrolment at UT in 2012 were withdrawal from studies at the student's own request (36%), expiration of the study period (32%) and insufficient academic progress (22%).

TEACHING, DEVELOPMENT AND CREATIVE ACTIVITIES IN THE REGIONS

GOAL: UT promotes Estonia's balanced development by sharing knowledge and skills

Of UT's regional centres, Pärnu College and Viljandi Culture Academy attract students from all over Estonia, while entrants to Narva College mainly come from Tallinn and Ida-Viru County. The average age of students enrolled in UT colleges is higher than that of those enrolled in the faculties, which is mainly due to the larger share of Open University studies in colleges. While in the faculties the share of students in the first cycle of higher education enrolled in Open University studies is 21%, the same figure for colleges amounts to 51%.

Viljandi Culture Academy

UT Viljandi Culture Academy celebrated its 60th anniversary in 2012. The Academy traces its beginnings from the Tallinn Culture School (founded in 1952) through a number of differently-named institutions which, however, have always included the word "culture" in their title – Tallinn School of Cultural Education, Viljandi School of Cultural Education, Viljandi Culture School, and Viljandi Culture College.

Today, more than a thousand students are enrolled in the Academy; it has long outgrown its main building and the Music House which were designed to accommodate 300 and 80 students, respectively. To alleviate the shortage of space, in 2012 Academy purchased a building which formerly housed Viljandi bakery.

Students of the Department of Estonian Native Crafts of Viljandi Culture Academy are also trying their hand in fashion design. In 2012, the first ever fashion show "OmaMood" was held in the Estonian Traditional Music Centre in Viljandi where the graduates from the traditional textiles study programme presented their collections to a wider audience

Narva College

Katri Raik, under whose leadership Narva College has become the leading educational centre preparing teachers for Russian-language schools in Estonia, was re-elected as Director of UT Narva College in 2012. Today, the College has become an important partner in discussions pertaining to the educational and development issues of Ida-Viru County.

The Teachers' Club of UT Narva College, the aim of which is to improve the prestige of teacher's profession and bring more young people to teacher training, continued its work in 2012. It attracts active participation of upper secondary school students and prospective as well as practicing teachers from all over Ida-Viru County, who are offered an opportunity to discuss actual problems of contemporary pedagogy, development opportunities with experts in the field.

The Narva Children's University was founded in 2007 and it has been recognized with the Estonian Science Popularisation Award. It offers to children aged 8–12 exciting lectures, both in Estonian and Russian, by university rectors, academicians, professors and well-known people from different walks of life.

Pärnu College

In 2012, a seminar on tourism development in Georgia and Ukraine was organised at Pärnu College with the support of Estonian Ministry of Foreign Affairs within the Estonian Development Cooperation Programme. Seminar is a part of a larger project which aims to develop regional tourism entrepreneurship in Bathumi region in Georgia and Simferopol region in Ukraine (Crimea) through sharing and learning from the experience of the cluster of Pärnu region tourism enterprises.

The Seniors' Programme of the UT Pärnu College reached its fourth season in 2012. The programme included workshops on legal aid services, e-banking and leatherwork, as well as computer and foreign language classes. Study visits were made to the Parliament, TV Tower, Botanical Garden and the historic Seaplane Harbour in Tallinn, and to the herb garden of Tamme farmstead near Pärnu.

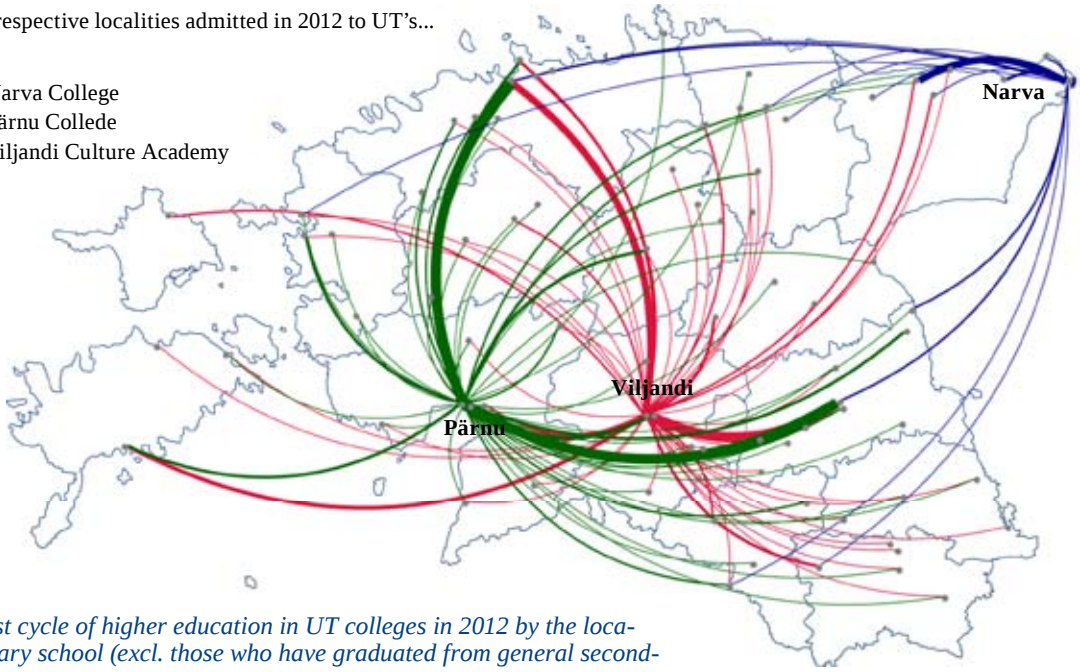
In October 2012, Narva College moved into its new building on Narva Town Hall Square. The new building was constructed on the site of the Exchange Building in Narva Old Town which was destroyed in World War II in 1944. Its historic looking façade belies a contemporary interior which offers an excellent work and study environment

The students and alumni of UT Pärnu College with the Pärnu College Alumni Bus in the background

● locations of secondary schools

The number of students from respective localities admitted in 2012 to UT's...

...Narva College
...Pärnu Collede
...Viljandi Culture Academy



Students admitted to the first cycle of higher education in UT colleges in 2012 by the location of their general secondary school (excl. those who have graduated from general secondary schools abroad)

RESEARCH

GOAL: All UT's fields of teaching and research are internationally recognised and the best in Estonia

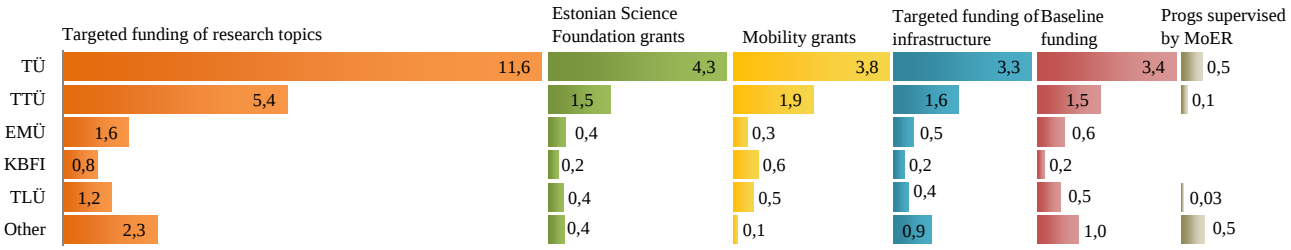
In 2012, fundamental changes were introduced in the national research funding system. Institutional Research Grant (IUT) and Personal Research Grant (PUT) were introduced as two new complementary funding instruments. One of the main goals of the institutional research grant is to ensure the consistency of a research and development institution. Institutional research grant enables research and development institutions to fund high-level research and development activities and to modernize and maintain the necessary infrastructure. Personal Research Grant is a contribution to the costs of high-level R&D activities carried out by researchers or small research groups, applied for through public competition.

In the 2012 institutional research grant application round, UT presented 42 research topics with the total value of 10 million euros, of which 21 received full or partial funding (in the amount of 4.5 euros). Only one entirely new research topic received funding – "Provably secure and verifiable systems" lead by **Dominique Unruh**, Professor of Information Security at the Faculty of Mathematics and Computer Science. The remaining research topics which were approved for funding were either continuations of existing grants or expansions of them. The average value of institutional research grants at UT was 215,800 euros, for comparison – the average value of a targeted financing research topic in 2012 was 108,347 euros.

The success rate of UT in applying for personal research grants was 30%, which is higher than the average for other universities and research and development institutions (14%). 42 personal research grants were awarded, 27 of which went to researchers working at UT. The total value of personal research grants awarded to UT amounted to 1.38 million euros, which constituted nearly 63% of all allocated funding. 11 start-up and 16 exploratory research projects received funding.

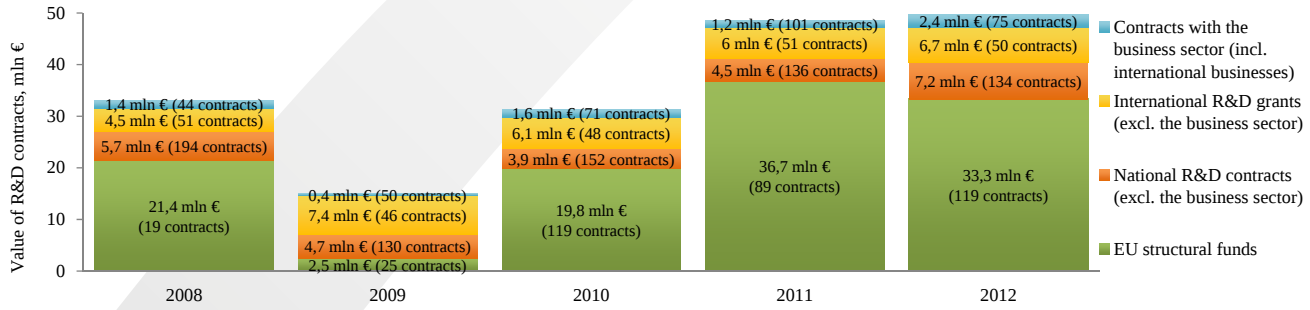
The value of research and development contracts, excluding the national R&D financing schemes, has increased more than three times over the last four years (from 15 million euros in 2009 to 49.6 million euros in 2012). The bulk of the increase in value of R&D contracts is due to the implementation of the R&D and higher education measures of the EU structural funds. A total of 378 contracts were signed in 2012, which is comparable with the numbers for two previous years.

Taavi Veskimägi, Chairman of the Board of Estonian Transmission System Operator Elering, and Rector Professor Volli Kalm signed a protocol of intent between the University of Tartu and Elering in November 2012, to contribute together to the improvement of energy-related research and development activities in Estonia



(TÜ – University of Tartu; TTÜ – Tallinn University of Technology; EMÜ – Estonian University of Life Sciences; KBFI – National Institute of Chemical Physics and Biophysics; TLÜ – Tallinn University; MoER – Ministry of Education and Research)

Research funding allocated from the state budget to Estonian research and development institutions in 2012 (EUR million)



The number and value (in EUR million) of UT's R&D contracts (excl. national financing), 2008–2012

COOPERATION WITH INDUSTRY

GOAL: UT is characterised by a focus on innovation and promotion of research-intensive enterprise

UT cooperates with enterprises to apply the knowledge and inventions of its scholars for the benefit of the society and economy. In January 2012, UT organised the third consecutive annual Entrepreneurs' Day, targeted at entrepreneurs and innovation officers, to provide information on training, cooperation and innovation opportunities.

The main focus of the Entrepreneurs' Day 2012 was on services. UT has substantially improved its research infrastructure during recent years, mainly with financial assistance from the EU structural funds. In addition to the presentation of training opportunities, entrepreneurs were given a comprehensive overview of UT's development, consultation and testing services. Cooperation with small and medium sized enterprises has increased in many fields, e.g. energy efficient construction, robotics and wood drying.

In 2012, 75 new R&D contracts with industry were signed with the total value of 2.4 million euros. Although the overall number of R&D contracts signed with industry decreased, their value doubled from the previous year. The most active academic unit at UT in cooperating with industry is the Faculty of Science and Technology.

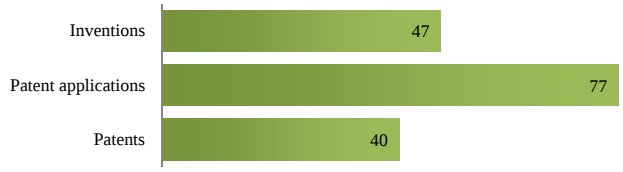
Cooperation with Fits.me, Estonian innovative company developing virtual fitting rooms, is a remarkable example of the global reach of the research conducted at UT. What sets this kind of R&D apart is its broad commercial appeal all

Head of UT Testing Centre Koit Herodes presenting a device for measuring wind speed

Doris Vahtrik, Research Assistant in Physiotherapy at the Kinesiology and Biomechanics Laboratory of the UT Institute of Sports Biology, shows a visitor how to use goniometer, a device for measuring the mobility of the neck, at the third annual UT Entrepreneurs' Day

over the world. Fits.me technology, developed in collaboration with the UT Institute of Technology, has been adopted by some of the world's best-known brands (for example, online clothing retailer Otto, Gilt Groupe in the US, Italian luxury brand Ermenegildo Zegna and others) and has received wide international media coverage. Fits.me and its virtual fitting room solution have won several awards, including "euRobotics Technology Transfer Award 2011" and "The 2011 International Business Awards / Retail Company of the Year".

PATENTS, PATENT APPLICATIONS AND INVENTIONS



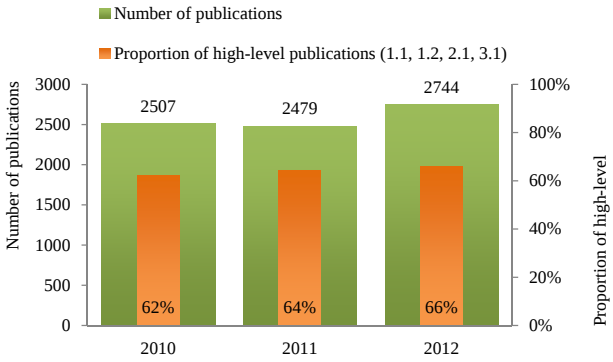
UT's patent portfolio in 2012

In 2012, UT filed 22 patent applications and was granted 14 patents. Based on a careful analysis of UT's patent portfolio, carried out by a team of external experts, the decision was made to discontinue the protection of several less commercially viable inventions. As a result, the number of protected inventions as well as that of valid patents decreased when compared with the last year. At the same time, the scope of protection for some of the more promising inventions was expanded. Income from intellectual property remained in the same range as in the previous year. 21 payments in the total amount of 28,000 euros were made to UT employees from licensing income. The UT's income from sales of industrial ownership and intellectual property amounted to approximately 98 000 euros.

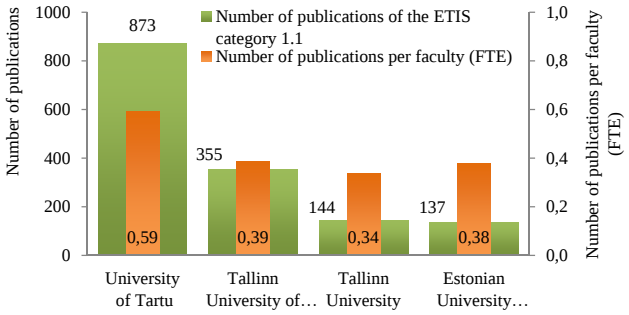
[5] *As of 12 February 2013 (Source: ETIS)*

PUBLICATIONS

According to the Estonian Research Information System (ETIS), the academic community of UT produced 2744 publications in 2012 , which is more than in 2011 (2479). The average number of publications published per academic staff member (FTE) in 2012 was 1.8. The number of high-level publications (categories 1.1, 1.2, 2.1 and 3.1 in ETIS) has increased each year, reaching 66% of all publications in 2012; 1074 publications by UT staff members were classified as 1.1 in ETIS.

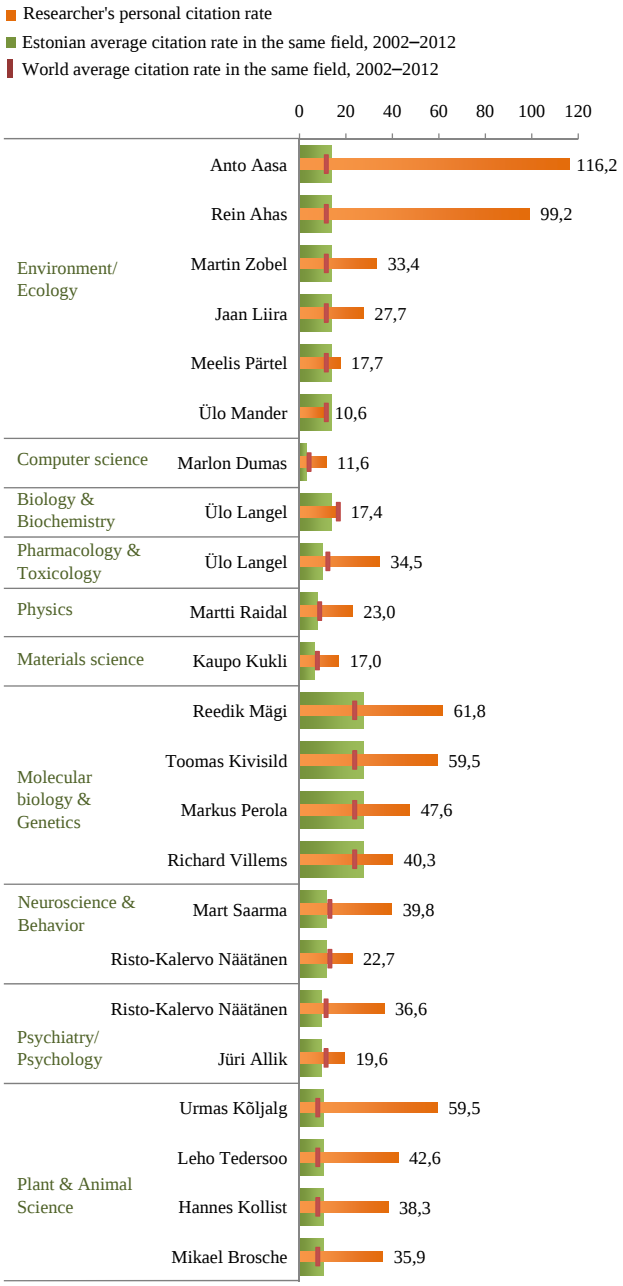


Publications by members of UT academic staff and the share of high-level publications, 2010–2012



The total number of category 1.1 publications and average number of publications per academic staff member at four major public universities in 2011. Source: MER, data on baseline financing of R&D institutions, and personnel offices of the universities

According to the statistics of Thomson Reuters Essential Science Indicators (ESI), in 2012 UT reached the top 1% of world's most highly cited research centres in the field of Molecular Biology and Genetics. In assessing the impact of research produced by a research institution, Thomson Reuters ESI considers the number of articles published by its researchers and the number of citations received by them. As an institution, UT has previously reached the world's top 1% of most-cited institutions in Chemistry, Clinical Medicine, Animal and Plant Science, Environmental Science and Ecology, Social Sciences, Biosciences, Materials Science, Earth Sciences, and Engineering.



UT researchers among the world's top 1% of most-cited scientists, according to the Thomson Reuters Essential Science Indicators database (as of 3 January 2013)

According to the 2012/2013 edition of the Times Higher Education (THE) World University Ranking, which is regarded to be the most influential and widely observed international university ranking, UT continues to belong in the top 3% of world's best universities (UT is placed in the 351–400 bracket, as in the previous year). In compiling its ranking list, THE takes into account 13 performance indicators which are grouped into 5 areas: teaching, research, citations, industry income, and international outlook.

CENTRES OF EXCELLENCE

Centres of excellence in research are cooperative centres of thematically close or complementary research teams, the aim of which is to create the necessary preconditions for strengthening the cooperation and competitive ability of Estonian research. There are 12 centres of excellence in Estonia, UT participates in ten of them.

CENTRE OF EXCELLENCE IN BIODIVERSITY RESEARCH (Head: Martin Zobel)
The Centre studies species, their distribution and relationships in nature. By endorsing cooperation between researchers from different fields and combining their expertise, the Centre aims to elucidate general trends in the variation of biological and functional diversity in ecosystems with different evolutionary history and under different human pressure.

CENTRE OF EXCELLENCE IN GENOMICS (Head: Maido Remm, Estonian Biocentre)
The Centre of Excellence in Genomics is an interdisciplinary research consortium with a scope extending from creating tools to analyse genomic, proteomic and metabolomic information and search for "disease genes", to the understanding of the origin of genetic structure variation in humans.

CENTRE OF EXCELLENCE IN CHEMICAL BIOLOGY (Head: Tanel Tenson)
The overall objective of the Centre is to boost top level research in chemical biology for providing tools to study and fight against infectious diseases. The primary focus is on identifying new chemical tools for research in infection biology and providing validated drug targets for development of anti-infectives.

CENTRE OF EXCELLENCE IN CULTURAL THEORY (Head: Valter Lang)
The Centre of Excellence in Cultural Theory contributes to developing the methodological and theoretical levels in cultural research, and the sustainability of cultural research in Estonia. It strives to create an interdisciplinary environment by linking social sciences and humanities.

CENTRE OF EXCELLENCE IN HIGH-TECHNOLOGY MATERIALS FOR SUSTAINABLE DEVELOPMENT (Head: Enn Lust)
The aim of the interdisciplinary centre is to bind together the existing high-level expertise and skills of Estonian chemists, physicists, material scientists and technologists to design, synthesize, and apply novel materials for future development of photoelectric solar cells, super electric double layer and hybrid supercapacitors, Li-ion batteries, fuel cells and various sensors.

CENTRE OF EXCELLENCE IN MESOSYSTEMS – THEORY AND APPLICATIONS (Head: Vladimir Hi njakov)
Mesosystems lie in between the macroworld and atomic dimensions with extending quantum coherence from the size of atoms to micron and above. They have prospects for numerous novel applications in optoelectronics, informatics, photonics, diagnostics, sensorics etc. The Centre develops theoretical methods and models for handling phenomena on meso- and nanoscale, tests them experimentally and proposes new technological applications.

CENTRE OF EXCELLENCE FOR TRANSLATIONAL MEDICINE (Head: Eero Vasar)
The Centre aims to take a step towards multidisciplinary translational approach and to integrate two major research directions of Estonian medical research – neuroscience and immunology – for improved diagnostics and treatment of neuroimmunological diseases.

CENTRE OF EXCELLENCE IN COMPUTER SCIENCE (Head: Tarmo Uustalu, Tallinn University of Technology)
The Centre aims to consolidate and advance Estonian computer science in six areas of recognized strength: programming language and systems, information security, software engineering, scientific and engineering computing, bioinformatics and human language technology.

CENTRE OF EXCELLENCE IN ENVIRONMENTAL ADAPTATION (Head: Ülo Niinemets, Estonian University of Life Sciences)
The overall objective of the Centre is to understand the mechanisms of environmental adaptation from molecular to global scales, and feedbacks between the plant and ecosystem adaptation and climate change. Apart from excellence in science, the consortium builds a foundation for sustainable management of natural resources of Estonia and other Nordic countries under globally changing conditions.

CENTRE FOR NONLINEAR STUDIES (Head: Jüri Engelbrecht, Tallinn University of Technology)
Research at the Centre for Nonlinear Studies focuses on nonlinear waves, fractality and bioenergetics, nonlinear photoelasticity, soft matter physics and waves in the sea environment.

RESEARCH AWARDS AND OTHER RECOGNITION

National awards in eight research areas are given by the Government of the Republic of Estonia to researchers and research groups for outstanding achievements in scientific research. In addition, two lifetime achievement awards are given for successful, long-term research and development activities.

Mathematician Ülo Lumiste was one of the recipients of the 2012 National Lifetime Achievement Award for his fruitful long-term research and development work

Medical scientist Heidi-Ingrid Maaroos received the 2012 National Lifetime Achievement Award for her fruitful long-term research and development work

Mart Loog received the National Science Award in Chemistry and Molecular Biology for series of studies on "Phosphorylation switches regulating the cell division cycle"

Jaan Liira received the National Science Award in Agricultural Sciences for studies on "The linkages of biodiversity and its functions with spatial processes in modern agricultural landscape"

Ülo Mander and Kalle Kirsimäe were awarded the National Science Award in Geo- and Biosciences for studies on "Ecological engineering for regulating matter cycling in landscapes"

Kai Kisand received the National Science Award in Medicine for series of studies on "Novel pathogenetic mechanisms behind chronic candidiasis"

Eiki Berg was awarded the 2012 Estonian National Science Award in the Social Sciences category for his outstanding research on "Identities, Conflictual Self-Determination and De Facto States"

The Young Scientist Award of the Cultural Foundation of the President of the Republic in another prestigious research award, offered annually by the President of the Republic. In 2012, President Toomas Hendrik Ilves presented the award to Jaak Kals, Senior Research Fellow in Medical Biochemistry and vascular surgeon at the University of Tartu Hospital, who focuses in his studies on the key issues of cardiovascular diseases – the pre-disease assessment of arteries.

UT students were successful in the 2012 Estonian national competition for student research, receiving 36 monetary prizes and 21 diplomas. One of the first prizes was awarded to Tuul Sepp, Research Fellow of Animal Ecology at the UT Institute of Ecology and Earth Sciences, for her doctoral thesis on hematological health state indices of greenfinches.

In the eve of the 94th anniversary of the Estonian Republic, state decorations were bestowed by the President of the Republic Toomas Hendrik Ilves on 99 persons in recognition of services rendered to Estonia. The list of awardees also included a number of people associated with UT. The Order of the White Star, 4th class, was awarded to UT Professor Emeritus, mycologist **Kuulo Kalamees**, who is one of Estonia's most outstanding researchers and popularisers of fungi, and to UT Lecturer, archaeologist **Ain Mäesalu**, who has for nearly 30 years researched pre-historic and medieval strongholds. The same decoration was also granted to UT Associate Professor Emeritus, linguist **Jaak Peebo**, and to a member of UT Council, Editor-in-Chief of the magazine Akadeemia **Toomas Kiho**. The Order of the White Star, 5th class, was awarded to the Vice Dean for Academic Affairs of the UT Faculty of Science and Technology, science populariser **Mart Noorma**, whose activities in leading the Estonian student satellite team have increased the interest of young people in natural and exact sciences and technology. The Order of the White Star, 3rd class, was awarded to the promoter of discovery-based learning, initiator and contributor to the Forest University in Estonia, UT Visiting Professor **Mare Taagepera**. The Order of the White Star, 5th class, was awarded to musician, Lecturer of UT Viljandi Culture Academy **Villu Veski**. The Order of the Estonian Red Cross was awarded to **Tanel Laisaar**, surgeon of the UT Hospital, who was in charge of the first lung transplant operation in Estonia.

On 5 December 2012, the plenary session of the General Assembly of the Estonian Academy of Sciences elected four new members from among 17 candidates, with three out of four new Academicians being from UT.

Jaak Vilo, Head of UT Institute of Computer Science and Professor of Bioinformatics, was elected as an Academician in the field of informatics

UT Professor of Electron Spectroscopy Ergo Nõmmiste was elected as an Academician in the field of exact sciences

The title of an Academician in literature was bestowed on poet and prose writer Hando Runnel

Tõnu-Andrus Tannberg, UT Professor of Estonian Contemporary History, was elected as an Academician in the field of history

Katri Raik, Director of UT Narva College, received the Aadu Luukas Mission Award for serving society in the field of education. Katri Raik's efforts in integrating Russian and Estonian communities in Ida-Virumaa region have substantially contributed to the balanced development of Estonian society. With Katri Raik at the helm, Narva College has developed into an educational centre for teachers of Russian-language schools in Estonia

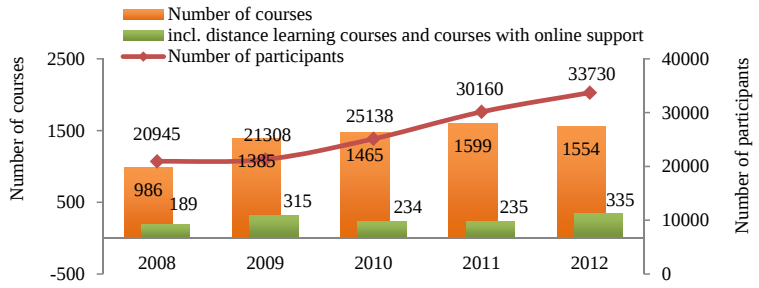
Anu Realo, Senior Research Fellow at the UT Institute of Psychology, became Principal Investigator for the World Values Survey in Estonia. The World Values Survey (WVS) is a global research project that explores people's values and beliefs, how they change over time and what sociocultural and political impact they have. It is carried out by a worldwide network of renowned social scientists who, since 1981, have conducted representative national surveys in almost 100 countries. Estonia's participation in WVS has enabled to monitor and map changes in the values, beliefs and attitudes of Estonian population over the course of more than 20 years and compare this with other countries and peoples of the world.

CONTRIBUTION TO SOCIETY

CONTINUING EDUCATION

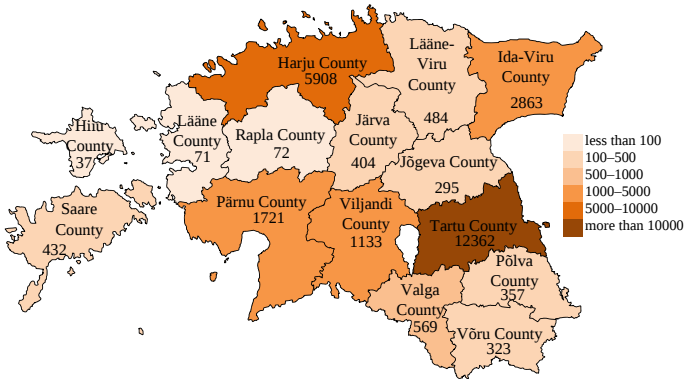
GOAL: UT promotes a mentality of life-long learning by being open to various target groups

In 2012, a total of 33,730 learners participated in 1554 different courses (incl. 222 degree courses) offered by UT. More than 2300 of them attended 93 fully web-based courses. Although the total number of continuing education courses decreased, the number of learners participating in them increased by 12%. The number of continuing education courses with online support and distance courses increased by 43% and the number of participants by 78% when compared with the previous year. The income from provision of continuing education increased 6%, reaching 3.55 million euros.



UT continuing education courses (incl. courses with online support and distance courses) and their participants, 2008–2012

In accordance with the aims of the Strategic Plan, continuing education was successfully provided outside of Tartu as well. Apart from Tartu County, the regions which stood out with the highest participation rate were Harju, Ida-Viru, Pärnu and Viljandi County, i.e. the regions where UT colleges or representation are located.

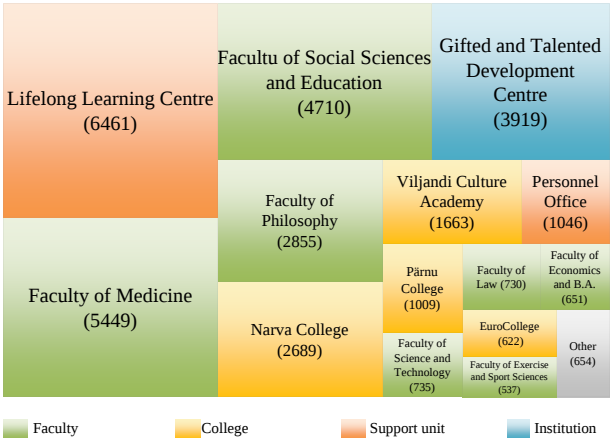


Participation in UT continuing education courses by location in 2012 (excl. abroad, online and distance courses)

Among the public sector, UT's continuing education courses were mainly targeted to the employees of ministries, the Government Office and major national boards. The two units of UT that are most active in cooperating with businesses are the

Faculty of Economics and Business Administration and the Lifelong Learning Centre, whose representatives regularly visit companies to introduce UT's continuing education possibilities. The list of clients who ordered training courses from UT in 2012 included several renowned companies and institutions, such as Pohjola Pank (Finland), Elektrilevi OÜ, Viru Keemia Grupp AS, Olvi OY (Finland).

The largest number of courses was offered by the Faculty of Social Sciences and Education. The courses of the Lifelong Learning Centre had the biggest number of participants (6461), followed by those of the Faculty of Medicine (5449 participants), Faculty of Social Sciences and Education (4710) and the Gifted and Talented Development Centre (3919).



Participants in UT continuing education courses by organising units in 2012

UT Winter University offered 11 courses for 181 participants. The courses which attracted the largest number of participants were "Bible course for teachers of Estonian language and literature", "Development of gifted pupils in mathematics" and "Analysis of theatrical performance" which were organised with the support from the Ministry of Education and Research.

Director of UT Viljandi Culture Academy Anzori Barkalaja delivers the Winter University's opening lecture on "Mind and Power"

The UT Summer University offered 18 courses for 485 participants. The overall number of participants and training courses offered in 2012 decreased, due to the changes in the concept of Summer University. Instead of the earlier approach of organising training courses to as wide audiences as possible, the focus has now shifted to offering more target-group based courses. About a third of the training courses in Summer University's programme were targeted at teachers. Training opportunities were also offered to librarians, junior administrators and public administration specialists.

The UT International Summer School launched a new programme "Contemporary Baltic Capitals: New Business Opportunities" in cooperation with the University of Latvia and Vilnius University. With the support from various programmes the students had an opportunity to visit eight foreign countries: the Netherlands, Lithuania, Latvia, France, Sweden, Finland, Ukraine, and Russia.

In 2012, the UT Seniors' Programme reached out to Viljandi and Türi. In Tallinn, the programme expanded its course offer to Russian speaking target group. The participant numbers in Tallinn, Tartu, Pärnu and Kuressaare continued to grow. The support from Estonian Gambling Tax Council enabled to offer the Seniors' Programme's first ever online course which enjoyed remarkable popularity, and an English conversation course. Approximately 2100 learners participated in the programme in 2012. The average age of participants in Tartu and Tallinn was 70 years.

Participants in the UT Seniors' Programme in Tartu (picture taken on 13 April 2012)

PROMOTING SCIENCE

GOAL: UT has close cooperation with secondary-education institutions, offering advanced study opportunities for gifted pupils

The UT Gifted and Talented Development Centre (GTDC) plays a unique role in Estonian education system as a support and competence centre for the development of gifted pupils who have a deeper interest in science. Training courses and conferences organised within the framework of the project "Enhancement of the development of talented children in Estonian schools of general education by creating a talent identification system and raising awareness of the special educational needs of talented children among teachers and parents", financed by the European Social Fund from 2009–2012, attracted more than 1300 participants. Based on the studies conducted by the GTDC, a tool for better identification of talented children was developed for schools and two Master's theses were defended.

A total of 1015 pupils completed studies in 37 different courses offered by the GTDC during the 2011/2012 academic year. 872 pupils from 148 schools who participated in individual studies, received a certificate acknowledging their completion of the course requirements. More than a half of the 154 secondary school leavers who completed courses at GTDC continued their education at UT. In autumn 2012, five new courses were launched, incl. "Understanding Economics" and "Understanding Business". The physics, chemistry and biology programme launched by GTDC in cooperation with Faculty of Science and Technology and Estonian Physical Society, provides empirical learning to nearly 40 schools all over Estonia annually.

The largest of subject competitions organised by the GTDC in 2012 was the mathematics competition "Cangaroo" with more than 13,100 participants from 370 schools. In addition to numerous courses, competitions and study sessions, the centre coordinated national olympiads that attracted almost 10,000 pupils. Olympiads were organized in 20 subjects.

Upper secondary school pupils tackling a practical assignment in the final round of the national subject contest in chemistry

Teams coached at the centre took part in 16 international subject contests, including 10 global olympiads, one European olympiad, three Baltic olympiads and two Estonian-Finnish contests. Pupils coached at the centre won 35 individual and team medals: 7 gold, 11 silver, and 17 bronze medals.

GTDC also participated in organising the International Physics Olympiad "IPhO2012", held in Tartu in July 2012, and international team contest in mathematics "Baltic Way 2012" in November.

Sir Harold Kroto, Nobel Prize Laureate in Chemistry, Professor of the University of Florida, was the guest of honour of the International Physics Olympiad; he gave an academic lecture in the Vanemuine Concert Hall

For the fourth year running, UT Science Camp was organised in partnership with Estonian Physical Society. The target group of the UT Science Camp are children aged 5–9 from all over Estonia who wish to explore the exciting world of science. More than 200 children participated in the Science Camp in 2012.

For the first time, Estonian high-school students had an opportunity to earn pocket money in the Science Summer Camp organised in cooperation between UT, Tartu Observatory and Estonian Physical Society. During the camp, the brightest and the ablest were offered a chance to put their book learning to the test in building Estonian student satellite ESTCube-1. In addition to research institutions, the activities of Science Summer Camp are supported by Estonian Physical Society and the Ministry of Education and Research.

UT Idea Lab which was launched at the end of 2011 commenced its activities in 2012. Idea Lab is a place where students from all faculties can realize their exciting ideas with real-life applications. Interdisciplinary student teams are supervised by scientific and business mentors.

In 2012, Idea Lab organised 12 events, which attracted more than 450 participants. In two seasons 20 teams, with a total of more than 70 students and early-career researchers participating, received assistance in developing their projects. Teams came up with hundreds of solutions, developed dozens of ideas, built two physical and two virtual prototypes, and drafted a map of laws guiding road construction. Students were also offered an opportunity to participate in two international training camps for idea development: "Sport Inno Camp", which was devoted to innovation in sports products, was held in Vierumäki (Finland) and a training camp which focussed on customer-centred development of ideas, organised in partnership with Riga School of Economics and Business Administration, in Riga (Latvia). In 2012, Idea Lab also participated successfully in the prototyping centres' programme competition organised by Enterprise Estonia; additional investments in the next two years will enable to develop prototyping services at UT.

The teams of the Idea Lab playing idea game "Da Vinci"

GOAL: UT presents research outcomes and research careers attractively to the wider public

The portal Novaator which provides science news in Estonian to everyone, from pupils to top scientists, has become a fixture in the media menu of its primary target group, i.e. entrepreneurs and business directors. The Novaator's readership survey that was conducted at the end of 2012 indicated that 20% of the portal's readers are students and 42% entrepreneurs and business directors, who constitute the primary target group of Novaator. One of the Novaator's goals is to facilitate the development of UT's business relationships. The survey also indicated that Novaator's articles are well written, easy to understand and are published at suitable intervals.

novaator
Tartu Ülikooli teadusuudised

The UT Museums and Botanical Gardens were active in organising educational programmes targeted to pupils and teachers.

ACTIVITIES OF UT MEMORY INSTITUTIONS

GOAL: UT's memory institutions offer educational, cultural and information services to diverse groups of visitors and participate in R&D and popularisation of science

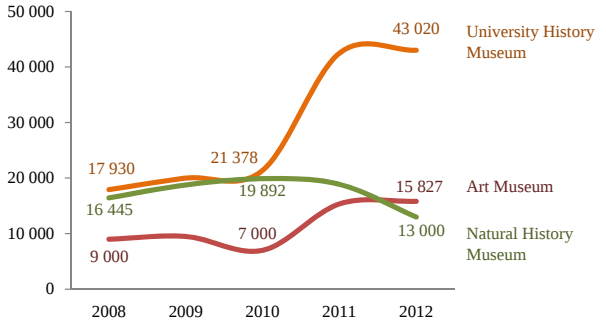
Students at UT Library's reading room

In 2012, the UT Library had 57,750 registered users, 47% (27,429) of whom were members of UT community. The number of external users increased by 39% from 2011. The main building of the library saw more than 230,000 visits and lent more than 818,000 information carriers. There were more than three million registered online visits. The number of library lendings decreased by 26% when compared with the previous year. This was caused by the renovation works in the repositories and reading rooms, which inhibited access to many information carriers in the repository for up to six months.

The UT Library's collections exceed 3.8 million items. In 2012, UT computer network offered access to 116 scientific databases, which include full texts or abstracts of 83,756 scientific journals, numerous reference works, and electronic versions on monographs by leading publishers. Starting from autumn 2012, UT Library offers the opportunity to use EBSCO Discovery meta-search tool.

In 2012, UT Library hosted the 41st Annual Conference of the Association of European Research Libraries (LIBER). The conference, which was held in Estonia for the first time, was titled "Mobilising the knowledge economy for Europe" and focused on new technologies and Europe-wide cooperation. The conference had 332 participants from 34 countries.

In 2012, UT museums received close to 72,000 visits, together with the "Science City" event which took place within the framework of Tartu Hanseatic Days programme this number exceeded 79,000 (the figure for 2011 was 76,700). Although the Old Anatomical Theatre and Natural History Museum were closed for repairs, there was no decrease in the overall number of visits. This was thanks to the lively activities in other museums (first of all in the Old Observatory), events organised by the Natural History Museum outside of its exhibition rooms, and a number of other attractive exhibitions. Together with the visitors of the Science City festival and those attended various receptions held at the UT History Museum, UT museums served 96,400 people in 2012?.



Visitors to UT museums, 2008–2012

The largest project of the UT History Museum in 2012 was the establishment of the Treasury of the University, which received the Estonian Cultural Endowment Award for the best interior design of the year. The Treasury was also a nominated for the Estonian Museums annual award (in the permanent exhibitions category). Temporary exhibitions that were on display at the History Museum during the year included "Modern student. O tempora, o mores!" and "The Beauty from Kukruse and her contemporaries".

UT Art Museum hosted the exhibition of Japanese art "Pictures cut into wood. Japanese traditional woodblock printing". The exhibition displayed rare 18th and 19th century Japanese ukiyo-e *woodcuts from the collections of the UT Art Museum and contemporary xylography which arrived directly from Japan. Pictured: "Ostriches, happy Ki" by Kotaro Fukui (coloured woodcut, 2010)*

The spectacular "Science City" festival in Tartu, which was held simultaneously with the International Physics Olypiad 2012, was awarded a special prize at Estonian Science Popularisation contest. The festival, organised by the UT History Museum within the framework of Tartu Hanseatic Days, involves dozens of research institutions which during two-three days in July offer an exciting programme on Toome Hill

Tullio Ilomets, a long time consultant of the UT History Museum, received Estonian Science Popularisation Award for Lifetime Achievement

The Treasury of the University in the UT History Museum

Exhibition "Modern student. O tempora, o mores!" at the UT History Museum

2012 was a very successful year for the Old Observatory, the building and its events received more than 18,200 visits

The UT Natural History Museum has increased its visibility in Estonia by offering natural science education to the general public, including schools, and by developing biodiversity information system. In 2012 construction works were begun in the Natural History Museum. In addition to modernizing its exhibition halls, also state-of-the-art storage facilities will be built for the collections of the Museum of Zoology and Geology Museum, which will improve the quality and efficiency of research and postgraduate studies. The opening of the new exposition is scheduled for spring 2014.

UT Natural History Museum is the leading partner in the international project "BalticDiversity", which develops a transboundary network of national data bases for connecting nature observation data from the major natural history museums and collections of Estonia, Finland and Sweden (project partners are Swedish and Finnish natural history museums, Estonian University of Life Sciences and Tallinn University of Technology).

In 2012, the number of items in the collections of the UT Botanical Garden exceeded 8000, the biggest number in the last 100 years, which further improves the opportunities for the public to acquaint with the diversity of plant kingdom. Within the framework of the Interreg EstLat project "Smart Botanic Gardens", the entire database of the UT Botanical Garden was transferred to a contemporary geoinformatics database using ESRI ArcGIS software. This considerably improves data accessibility and provides an additional option of adding digital maps and other accessories. To offer better services for visitors with reduced mobility, an elevator was installed in the Palm House which enables all visitors to access the plants in the Palm House gallery and the collection of desert plants in the succulent greenhouse. Within the framework of the same project, supported by Archimedes Foundation, a wheelchair ramp was constructed in front of the main entrance of the Visiting Centre.

Its growing plant collections and improvement of infrastructure has attracted many new visitors to the Botanical Garden, in 2012 their number reached 115,300. In 2012, UT Botanical Garden were voted "The Child and Youth Friendly Institution 2011" at an annual competition organised by the municipality of Tartu.

UT Botanical Garden

CULTURE AND SPORTS ACTIVITIES

GOAL: UT provides supportive conditions for its staff members to participate in cultural activities and recreational and competitive sports

"Cultural Pearl 2011", the most important annual award and title granted by Tartu County, was awarded to Triin Koch, conductor of the UT Chamber Choir and UT Academic Female Choir

The UT Academic Female Choir won the first prize in the choir competition organised by Estonian Female Song Society on 11 March 2012. Triin Koch received the best conductor award

Roosi Karjam, also known as Kihnu Roosi, explains to the dancers of Tartu University's Folk Art Ensemble the correct way of wearing Kihnu traditional attire

Tartu Academic Male Choir celebrated its 100th anniversary with a magnificent concert in the University Assembly Hall in April 2012. The founder and first conductor of the choir was composer, choir and orchestra conductor Juhan Simm. Each season, the repertoire of the choir includes pieces by its current conductor, Alo Ritsing, many of whose works have been awarded first prizes in national choir music competitions

The best male athlete of the UT Academic Sports Club in 2012 was 400 metre hurdler Rasmus Mägi, whose season's best achievement, apart from his participation in the Olympic Games, was the 5th place at the European Championships

The UT Brass Band Popsid play at the opening ceremony of the Faculty of Social Sciences and Education new building in February 2012

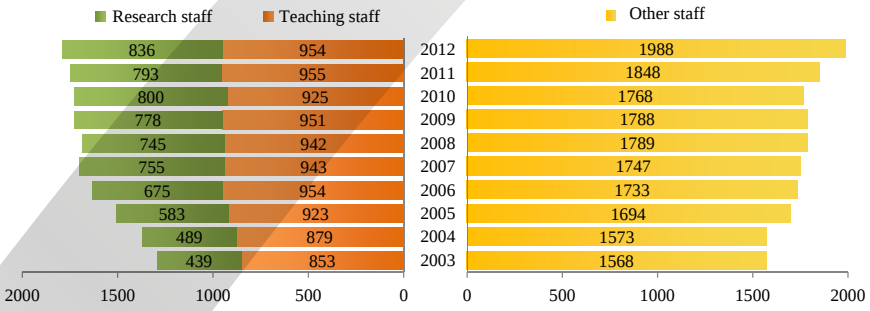
The title of the UT Academic Sports Club's best female athlete went to Estonia's top cyclist and best female athlete of the city of Tartu Grete Treier, who finished 17th in women's road race at London Olympics

ORGANISATION

EMPLOYEES

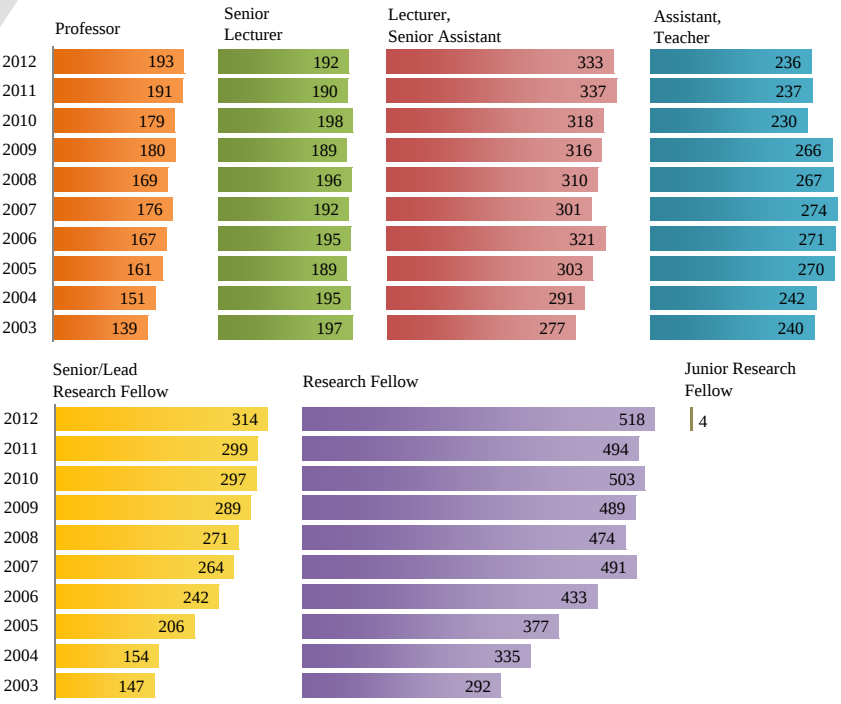
GOAL: UT employs highly qualified, international staff

At the end of 2011, UT had 3778 employees, 158 of them from abroad.



The number of teaching staff, researchers and other employees at UT, 2003–2012

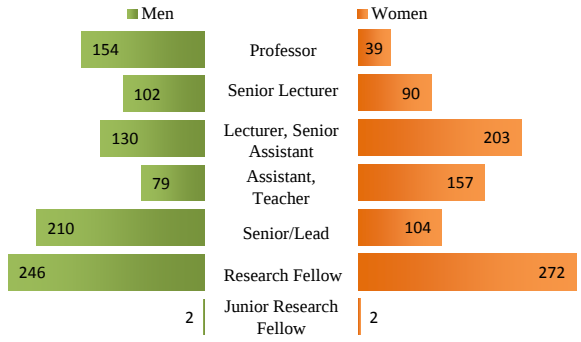
47% of UT staff were employed in academic positions. As regards the positions of teaching and research staff, the number of research fellows was the biggest (518) at the end of 2012, its growth being the fastest in the last ten years and it being the largest group of academic employees in absolute numbers.



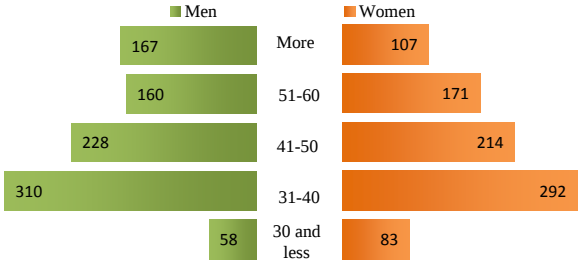
UT academic staff by positions, 2003–2012

Resulting from the amendments to the Research and Development Organisation Act which came into effect on 1 July 2012, the position of an early-stage researcher has been created as a new research staff post. As is the case with other research staff position, the university is free to decide whether and how many early-stage researcher positions it will create. It is the lowest ranking position in the academic staff category, with no PhD requirement.

The requirement to have a PhD degree or a corresponding qualification applies to professors, senior lecturers, leading research fellows and senior research fellows of UT. As of 2018, this requirement will be also be extended to lecturers. While five years ago, only 57% of academic staff were PhD holders, by 2012 the figure had increased to 68% among academic staff members. 83% of all academic staff members and 45% of all UT employees had a degree.



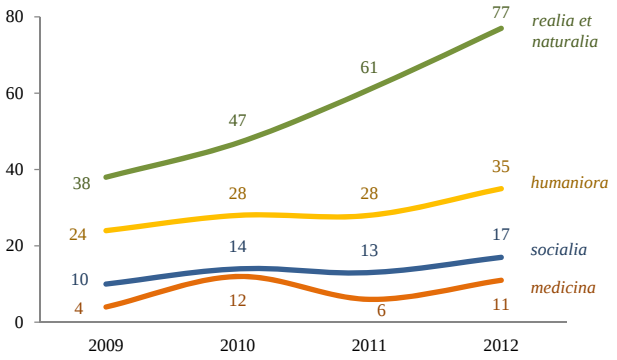
The gender ratio of UT employees by positions in 2012



Breakdown of UT academic staff by gender and age in 2012

At the end of 2012, 58% of all employees and 48% of academic staff were women. The gender-balance is more even among the positions of research fellows and senior lecturers. The percentage of women is largest in the positions of assistants and teachers (67%) and lecturers and senior assistants (61%). In 2012, 35 professors were elected in 2012, four of whom assumed the position for the first time. 10 of the professors elected in 2012 were women. At the end of 2012, UT had 193 professors, incl. 39 female professors (20%).

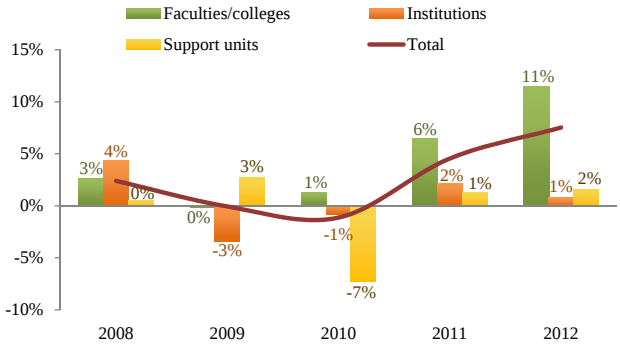
UT staff are internationally diverse. At the end of 2012, UT staff included 158 foreign nationals from 36 countries. The number of international academic and research staff increased by 26%, compared to 2011 (from 112 to 141), and amounted to nearly 8% of all staff.



International teachers and researchers in UT by areas of teaching and research, 2009–2012

In terms of appointments, the largest number of international faculty worked as research fellows (47%). 26 of international academic staff members were employed as senior research fellows and 22 as professors.

64% of non-academic employees were working in the academic units, 21% in the support structure and 21% in other UT institutions. More than a half of the new non-academic staff positions have been created in connection with the growing project management needs.



The change in the number of non-academic employees in academic units, institutions and administrative support units in comparison with the previous year, 2008–2012

The increase in the number of non-academic staff has been mainly due to the new non-academic positions being created at the Faculty of Science and Technology. At the same time, a large part of the non-academic employees are in fact involved in research and development. Employees who are directly involved with research and development activities, incl. non-academic staff who spend at least 10% of their working time on research and development activities, make up more than 70% at UT.

The average age of UT employees was 44 in 2012. The average age of academic staff was 46 years, with 15% being older than 60. The average UT research fellow was 39, and the average professor 54 years old.

The average gross monthly salary was 1252 euros in 2012, and it increased 5.4% during 2012. The average salary of male employees was slightly higher than that of female employees with similar duties. The difference in salary can largely be explained by the fact that women often work in lower positions and lower-paid areas of teaching and research.

GOAL: UT facilitates the self-development and mobility of its employees and development of support services for international staff

In 2012, UT employees were offered 150 internal training events which were attended a total of 2358 times. In organising leadership related training courses the focus in 2012 was on governance mentoring programme, which was launched a year earlier, and case study-based leadership seminars. Somewhat smaller number of leadership courses were offered in 2012 when compared with the previous year?/The number of leadership courses offered in 2012 was somewhat smaller than in the previous year?. At the same time, the total number of participants in leadership trainings has increased. 19 mentors and 20 mentees took part in the governance mentoring programme in 2012.

A new format of welcome seminars for new staff members was introduced in 2012. Welcome seminars were organised both in Estonian and English. The number of international staff at UT has constantly increased. 47 international academic staff members, visiting professors and researchers and their spouses took part in Estonian language courses in 2012.

New employee's roundtable "University today and tomorrow" at the UT Art Museum

With the support from the EU Structural Funds, training events on teaching and academic supervising skills continued to be organised for academic staff members, doctoral students and specialists involved in teaching, programme managers, and advisors of Estonian higher education institutions. A total of 89 training courses were offered on topics such as learning and teaching, teaching methods, grading, providing feedback, academic writing, public speaking, etc. In 2012, teaching and supervising skills development courses were attended a total of 1278 times; 54% (691) of course attendances were by persons holding a teaching position at UT. In 2012, UT employed 17 teacher mentors who supported beginning university teachers.

A little more that 30% of employees (1087) responded to the annual job satisfaction survey. In general, staff members were happy with their work – 93% of the respondents agreed (fully, in general or more likely) with a statement to that effect. Employees also considered their work to be important (97%) and interesting (97%) and were proud to be working at UT (92%).

Events for UT employees in 2012

January

- Rector's New Year's Reception for UT employees
- Rector's meeting with alumni from the field of IT

February

- Winter Sports Day for UT employees and their family members in the Kääriku Sports and Recreation Centre
- Ceremonial meeting and concert to celebrate the 94th anniversary of the Republic of Estonia in the UT Assembly Hall, presentation of national decorations by the President of the Republic

May

- UT collective work day on the bank of the River Emajõgi

- "Sports Afternoon" for UT community members and their families

- Rector's reception to honour the retiring faculty and staff members

June

- "Thank You and Farewell" event in the UT Botanical Garden hosted by the outgoing Rector Professor Alar Karis on the occasion of his departure from office

August

- Inauguration of the new Rector Professor Volli Kalm

September

- UT Remembrance Day at the Raadi cemetery
- Autumn Sports Day for UT employees, students and alumni

October

- Rector's reception for new international staff members

- UT Family Day

December

- Celebration of the 93rd anniversary of Estonian-language University, reception in the UT History Museum hosted by Rector Professor Volli Kalm

In 2012, UT website was transferred to a new Content Management System (CMS) with a new design and layout. Target group based user surveys conducted during the same year indicated good results – the volume of information available on the web increased and its accessibility improved. According to the Webometrics Ranking of World Universities, which measures the volume, visibility and impact of the web pages published by a total of more than 20,000 higher education institutions in the world, UT's web site ranked among the top 3% in the world in 2012. In the next phase of website development planned for 2013, web pages of all UT faculties (incl. their sub-units) and colleges will be transferred to the same platform and design.

The UT internal web and newsletter user surveys indicate that within less than a year from its inception, the weekly electronic newsletter has become the most used and valued internal communication channel among UT employees. In autumn 2012, an English-language newsletter for international staff was launched, which has also received positive feedback.

PARTNERSHIPS AND INTERNATIONALISATION

In 2012, the list of UT partner universities grew to include eight new universities: Universidad Mayor in Chile, Jawaharlal Nehru University in India, the universities of Chung Ang, Soongsil and Pusan in South Korea, George Mason University in USA, Abai Pedagogical University in Kazakhstan, and the University of Shanghai for Science and Technology in the PR of China.

2012 saw a remarkable widening of contacts with universities in Asia with several official delegations exchanged and a number of cultural events organised. On the initiative of Pusan National University, UT's new partner in Korea, a week-long Korean Festival was held in Tartu from 15–20 October, offering a diverse programme encompassing music, dance and film.

As an important step in developing cooperation links with higher education institutions in Russia, UT delegation visited the recently established Pskov State University in March 2012. A cooperation protocol specifying collaboration activities between the two universities was signed for 2012–2013. The delegation of Pskov State University returned the visit in September.

Latvian ex-president Vaira Vike-Freiberga delivered a public lecture in the University Assembly Hall on 27 November in which she discussed the impact of global economy on development cooperation. The lecture was organised within the framework of the international "Kapuscinski Development Lectures" series, named after Polish reporter and writer Ryszard Kapuscinski (1932–2007)

The 16th German-Estonian academic week *Academica*, held from 18–22 November, brought to Tartu top researchers from nine German universities. In addition to traditional scientific lectures at the faculties, the programme of this year's *Academica* included an international workshop on "Ethics, Science and Protection of Intellectual Property. New Technologies, Old Rights and Difficult Moral Dilemmas" which was directed to general audiences.

FEEDBACK FROM SOCIETY

According to the annual survey conducted among Estonian employees by Estonian online job portal CV Keskus to identify Estonia's most valued employers, UT was the only university to receive a very good rating, placing 16th. The list was dominated by well-known corporations, with Eesti Energia, Skype and Swedbank in the top three places. According to the findings of the survey, respondents assigned high value to the reliability of UT as the employer and to opportunities for personal development. The list of Estonia's most valued employers reveals that large enterprises are considered to offer more job security and stability.

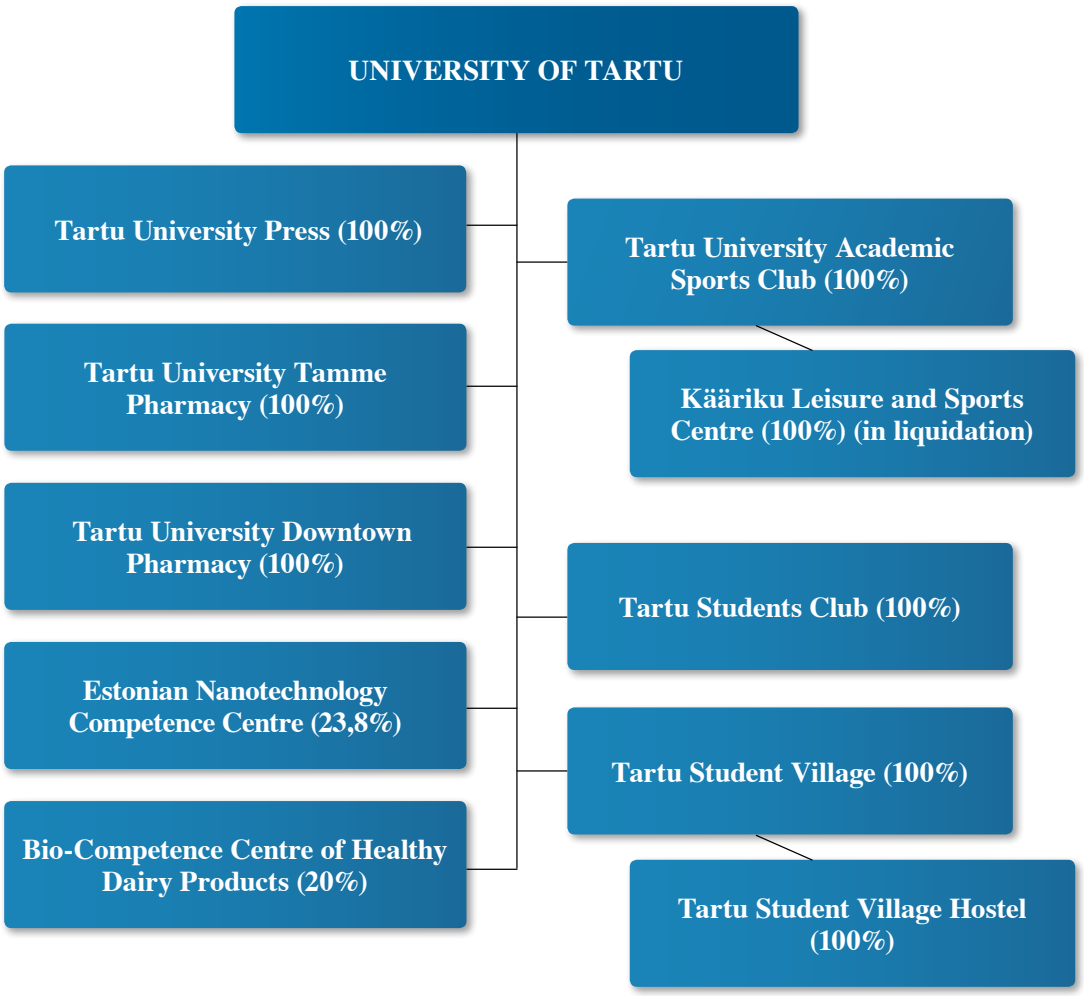
For the fourth year running, the reputation survey of Estonia's universities conducted by TNS Emor confirmed that UT continues to be by far the most reputable university in Estonia. 58% of all respondents named UT as the first university, which is the best result to date. Not only is UT the most reputable university, but it has also secured its leading position, as the proportion of respondents who select UT as the most reputable university has grown year by year. In the detailed UT's reputation profile, which was compiled on the basis of respondents' choices from among a set of adjectives, the most frequent choices were: 'academic', 'international' and 'traditional', and when all opinions are considered also 'high-level' and 'prestigious'.

The renovation of the Tartu railway station was voted the 2012's most remarkable achievement in Tartu in the annual "Achievement of The Year 2012" competition, organised jointly by the municipality of Tartu and Postimees newspaper. Three events associated with the University of Tartu also ranked high in the opinion poll: the organisation of the 2012 International Physics Olympiad (IPhO2012), renovation of the former maternity hospital on Toome Hill into the Faculty of Social Sciences and Education building, and the completion of the new world class research facilities for the Estonian Bio-centre and the University of Tartu Estonian Genome Centre.

FINANCING ACTIVITIES

GOAL: UT's financial strategy contributes to achieving our mission, vision and the targets listed in the Strategic Plan

The consolidated group of UT consisted of the university and ten other legal entities, and its total operating costs in the financial year amounted to 154.6 million euros.



Key characteristics describing the legal entities belonging in the consolidated group of UT

Legal entity	Field of activity	Operating income (EUR)	Result for financial year	Balance sheet total (EUR)	Net assets (EUR)
University of Tartu	higher education, research	148 220 902	11 177 682	261 360 617	221 965 194
Tartu University Press	publishing	510 167	19 505	302 489	254 226
Tartu University Tamme Pharmacy	sale of medicine	1 885 557	39 352	433 301	152 015
Tartu University Downtown Pharmacy	sale of medicine	987 347	3 550	218 454	80 332
Kääriku Leisure and Sports Centre	accommodation	165 585	34 665	1 212	884
Tartu Student Village Hostel	accommodation	314 681	13 590	238 542	78 400
Bio-Competence Centre of Healthy Dairy Products	research in natural sciences	1 765 690	97 957	993 562	326 048
Estonian Nanotechnology Competence Centre	nanotechnological research	1 791 023	42 165	576 210	108 627
Tartu Student Village	student accommodation	2 509 635	32 166	837 528	428 695
Tartu Students Club	students' cultural activities	423 236	44 707	194 170	175 735
Tartu University Academic Sports Club	students' sports activities	2 639 121	51 186	252 567	113 700
The consolidated group of UT		154 632 821	11 352 933	263 711 188	223 269 313

UT's receipts in 2012 were the largest in university's history. The previous record year, 2008, was followed by two years of steep decline in revenue. The last two years have again seen a rapid increase in revenue, with structural assistance from the EU accounting for the bulk of the increase. During the years of economic recession, 2008–2011, the majority of Estonian private enterprises as well as many institutions in the public sector saw themselves forced to cut back on expenditure, incl. wages. This was not the course of action taken by UT – university's expenditure, incl. wages, continued to increase during these years. As there will be no significant increase in revenues in the foreseeable future, growth in expenditure has to be kept under strict control.

KEY FIGURES (CONSOLIDATED)

FINANCIAL FIGURES	2008	2009	2010	2011	2012
Operating income	140 043 204	129 836 514	118 098 960	127 016 281	154 632 821
Operating expenses	112 279 984	117 367 351	127 218 304	129 010 250	142 967 029
Financial income and expenses	-287 602	57 520	-244 463	-354 567	-308 659
Result for financial year	27 475 618	12 526 683	-9 438 967	-2 348 536	11 352 933
Balance sheet total	259 781 678	259 142 561	248 026 146	251 068 082	263 711 188
Current assets	33 854 000	31 016 323	34 134 013	35 196 814	38 729 641
Fixed assets	225 934 069	228 132 629	213 892 133	215 871 269	224 981 547
Current liabilities	27 922 999	20 803 242	17 083 933	19 725 480	24 263 512
Non-current liabilities and provisions	20 688 201	14 642 159	16 677 297	19 426 222	16 178 363
Net assets	211 176 869	223 703 552	214 264 916	211 916 380	223 269 313
Loans from banks	22 503 291	20 055 475	18 938 965	22 033 722	19 377 697

FINANCIAL RATIOS	2008	2009	2010	2011	2012
Operating expenses / operating income	80.2%	90.4%	107.7%	101.6%	92.5%
Loans / operating income	16.1%	15.4%	16.0%	17.3%	12.5%
Current assets / current liabilities	121.2%	149.1%	199.8%	178.4%	159.6%
Fixed assets / balance sheet total	86.9%	88.0%	86.2%	86.0%	85.3%
Loans / balance sheet total	8.7%	7.7%	7.6%	8.8%	7.3%
Net assets / balance sheet total	81.3%	86.3%	86.4%	84.4%	84.7%

Main economic events in 2012

- UT's governance structure was changed as of 1 January 2012. The highest decision-making body of UT is the 11-member Council, which is responsible for the university's economic activities and long-term development. The Council adopts the university's statutes and approves its strategic plan and budget. The UT Senate, consisting of 22 members, acts as the university' academic decision-making body which is responsible for teaching, research and development activities.
- Starting from 1 July 2012, the duties of the Rector have been fulfilled by Volli Kalm, UT Professor of Applied Geology. The Rector's Office consists of three Vice Rectors: Vice Rector for Academic Affairs Martin Hallik, Vice Rector for Research Marco Kirm, and Vice Rector for Development Erik Puura.
- Completion of the new academic building of Narva College (cost 9.92 million euros).
- Beginning of the construction of the new Physics Building and the Translational Medicine Building (predicted cost 20 million euros and 9 million euros, respectively).
- Partial renovation of the Old Anatomical Theatre, Library and the building complex at Kääriku with funding from the proceeds of the sale of CO2 quota (for 0.91 million, 4.92 million and 0.99 million euros, respectively).
- Liquidation of the Kääriku Leisure and Sports Centre. Organisation of recreation and sports activities in Kääriku was handed over to the Tehvandi Sports Centre Foundation.

Main events in 2013

- Implementation of the higher education reform in Estonia, with the aim of improving the quality of higher education and providing free access to higher education for all capable students.
- Planned completion of the Centre for Translational Medicine building.
- Renovation of the academic building at Näituse 2 (predicted cost 2.38 million euros). The building will accommodate the staff of the Institute of Psychology and the Department of Special Pedagogy of the Institute of Education.
- Renovation of the right wing of the University Main Building (predicted cost 0.95 million euros) to improve the working conditions of the employees of the Academic Affairs Office, Life-long Learning Centre, and Administrative Office.
- The planned income from EU structural fund projects amounts to 41.43 million euros, which is the highest figure to date, both in absolute and relative terms (28.4% of total planned income).

UNIVERSITY OF TARTU

CONSOLIDATED FINANCIAL STATEMENTS 2012

CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (In thousands of euros)	**Note**	**31 December 2012**	**31 December 2011**
Current assets			
Cash and cash equivalents	2	3,883	10,093
Investments in financial assets		0	1,500
Receivables and prepayments			
Trade receivables	3	2,643	1,978
Prepaid and recoverable taxes	4	226	204
Other receivables	5	53	61
Government grants receivable	6	29,988	20,125
Prepayments for services	7	1,152	691
Total receivables and prepayments		34,062	23,059
Inventories	8	785	545
Total current assets		**38,730**	**35,197**
Non-current assets			
Investments in associates	9	91	61
Investments in financial assets		0	2
Receivables and prepayments		11	12
Investment property	10	1,754	1,902
Property and equipment	11		
Land		2,227	2,252
Buildings and structures		182,982	179,303
Equipment and vehicles		17,562	15,624
Library collections		7,895	7,218
Other items of property and equipment		1,297	1,525
Assets under construction		6,264	5,307
Prepayments for property and equipment		2,247	61
Total property and equipment		220,474	211,290
Intangible assets	12	2,651	2,604
Total non-current assets		**224,981**	**215,871**
TOTAL ASSETS		**263,711**	**251,068**

The notes on pages 53 to 90 are an integral part of these consolidated financial statements.

LIABILITIES AND NET ASSETS (In thousands of euros)	Note	31 December 2012	31 December 2011
Liabilities			
Current liabilities			
Loans and borrowings			
Finance lease liabilities	13	6	21
Current portion of long-term loans	14	3,206	2,620
Derivative financial instruments		124	148
Total loans and borrowings		3,336	2,789
Payables and deferred income			
Security deposit liabilities		150	131
Trade payables		3,739	3,750
Payables to employees	15	2,274	2,217
Taxes payable	4	3,086	2,895
Other payables	16	3,498	1,587
Deferred income	17	8,180	6,356
Total payables and deferred income		20,927	16,936
Total current liabilities		**24,263**	**19,725**
Non-current liabilities			
Loans and borrowings			
Finance lease liabilities	13	7	13
Loans	14	16,172	19,414
Total loans and borrowings		16,179	19,427
Total non-current liabilities		**16,179**	**19,427**
Total liabilities		**40,442**	**39,152**
Net assets			
Capital of the University		144,182	144,182
Accumulated surpluses		67,734	70,082
Surplus/deficit for the year		11,353	-2,348
Total net assets		**223,269**	**211,916**
TOTAL LIABILITIES AND NET ASSETS		**263,711**	**251,068**

The notes on pages 53 to 90 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

(In thousands of euros)	Note	2012	2011
Revenue			
Revenue from operating activities	18	22,352	22,477
State budget funding for education activities	19	43,749	41,128
State budget funding for research activities	20	19,983	19,813
Grants related to assets	21	30,038	9,370
Grants related to income	22	37,818	32,653
Other income	23	693	1,575
Total revenue		**154,633**	**127,016**
Expenses			
Goods, materials and services used	24	-10,880	-11,039
Operating expenses	25	-39,868	-31,335
Scholarships		-7,265	-7,008
Personnel expenses	26	-65,709	-61,533
Depreciation, amortisation and impairment losses	27	-16,231	-16,536
Other expenses	28	-3,014	-1,558
Total expenses		**-142,967**	**-129,009**
Surplus/deficit on operating activities		**11,666**	**-1,993**
Share of profit of associates	9	30	15
Loss on investments in financial assets		-2	0
Interest income		39	94
Interest expense		-377	-465
Other finance income		1	1
Surplus/deficit before income tax		**11,357**	**-2,348**
Income tax expense		-4	0
Surplus/deficit for the year		**11,353**	**-2,348**

The notes on pages 53 to 90 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(In thousands of euros)	Note	2012	2011
Cash flows from operating activities			
Surplus/deficit on operating activities		11,666	-1,993
Adjustments for			
Depreciation, amortisation and impairment losses	27	16,231	16,536
Recognition of assets under construction as an expense	11	34	68
Other non-monetary transactions with non-current assets	11	1	19
Gain/loss on sale of non-current assets	23, 28	1,824	-455
Non-monetary grants related to assets	11	-2,062	0
Change in receivables and prepayments		-11,000	-9,416
Change in inventories	8	-240	-16
Change in payables and deferred income		4,294	1,067
Interest paid		-391	-462
Corporate income tax paid		-4	0
Net cash from operating activities		**20,353**	**5,348**
Cash flows from investing activities			
Purchases of property and equipment	11, 13	-7,837	-7,250
Proceeds from sale of property and equipment		2,730	766
Paid for assets under construction		-17,316	-9,499
Prepayments for property and equipment	11	-2,895	-843
Proceeds from sale of investment property		75	174
Purchases of intangible assets	12	-178	-157
Prepayments for intangible assets	12	-3	-66
Recovery of a non-current receivable		2	2
Purchases of investments in financial assets		0	-1,500
Proceeds from sale of investments in financial assets		1,500	0
Interest received		36	107
Net cash used in investing activities		**-23,886**	**-18,266**
Cash flows from financing activities			
Proceeds from loans received	14	0	5,400
Repayment of loans received		-2,657	-2,305
Payment of finance lease principal	13	-20	-33
Net cash used in/from financing activities		**-2,677**	**3,062**
Net cash flow		**-6,210**	**-9,856**
Cash and cash equivalents at beginning of year	**2**	**10,093**	**19,949**
Decrease in cash and cash equivalents		-6,210	-9,856
Cash and cash equivalents at end of year	**2**	**3,883**	**10,093**

The notes on pages 53 to 90 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(In thousands of euros)	Capital of the University	Accumulated surpluses	Surplus/deficit for the year	Total
Balance at 31 December 2010	**144,182**	**79,521**	**-9,439**	**214,264**
Transfer of deficit to accumulated surpluses	0	-9,439	9,439	0
Deficit for the year	0	0	-2,348	-2,348
Balance at 31 December 2011	**144,182**	**70,082**	**-2,348**	**211,916**
Transfer of deficit to accumulated surpluses	0	-2,348	2,348	0
Surplus for the year	0	0	11,353	11,353
Balance at 31 December 2012	**144,182**	**67,734**	**11,353**	**223,269**

The notes on pages 53 to 90 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Significant accounting policies

1.1. General information

The consolidated financial statements of the University of Tartu as at and for the year ended 31 December 2012 have been prepared in accordance with accounting principles generally accepted in the Republic of Estonia (the Estonian GAAP). The principal requirements of the Estonian GAAP are provided in the Estonian Accounting Act and the guidelines issued by the Estonian Accounting Standards Board. The University of Tartu also observes General Rules for State Accounting, which are based on the Estonian GAAP.

The consolidated financial statements have been prepared on the historical cost basis except where described otherwise in these accounting policies.

The consolidated financial statements for 2012 have been prepared on the assumption that the University of Tartu and the group are going concerns. The financial year began on 1 January 2012 and ended on 31 December 2012. The financial statements are presented in thousands of euros.

The consolidated statement of financial performance has been prepared based on format 1 in annex 2 to the Accounting Act. Because of the specific nature of the activity of the University of Tartu as a legal person governed by public law, certain account titles in the statements of financial performance and net assets as well as the structure of the statements have been modified.

The consolidated financial statements for the year ended 31 December 2012 comprise the financial information of the University of Tartu (the parent), its subsidiaries OÜ Tartu Ülikooli Kirjastus, OÜ Tartu Ülikooli Tamme Apteek, OÜ Tartu Ülikooli Kesklinna Apteek, OÜ Kääriku Puhke- ja Spordikeskus (in liquidation), OÜ Tartu Üliõpilasküla Hostel, MTÜ Tartu Üliõpilasküla, MTÜ Tartu Üliõpilasmaja and MTÜ Tartu Ülikooli Akadeemiline Spordiklubi, and its associates Eesti Nanotehnoloogiate Arenduskeskuse AS and OÜ Tervisliku Piima Biotehnoloogiate Arenduskeskus. All subsidiaries, which are business entities, are wholly owned by the University of Tartu. The University of Tartu has a 20-50% interest in the associates (see note 9) and control (over 50% of voting power) over all subsidiaries that are non-profit associations. Accordingly, non-profit associations are fully consolidated. All subsidiaries and associates operate in Estonia.

In 2012, the University of Tartu started liquidating the subsidiary OÜ Kääriku Puhke- ja Spordikeskus (in liquidation). According to plan, the liquidation proceedings should be completed in 2013.

1.2. Changes in accounting policies and presentation of information

The group adopted early, from 1 January 2012, the Estonian Accounting Standards Board guidelines that are effective for annual periods beginning on or after 1 January 2013. The adoption of the revised guidelines did not have a material effect on the group's accounting policies or presentation of information. Because of amendments made to General Rules for State Accounting, as from 2012 government grants received for covering the VAT expense incurred on the purchase of non-current assets are accounted for as government grants related to assets. In the comparative period, i.e. in 2011, government grants received for covering the VAT expense incurred on the purchase of non-current assets were accounted for as government grants related to income. Comparative information has not been retrospectively adjusted because an assessment of the balance of the costs to be incurred by gathering the required information and the benefits to be derived from that information indicated that the information could not have been gathered with reasonable cost and effort.

1.3. Preparation of consolidated financial statements

1.3.1. Basis of consolidation

In preparing the consolidated financial statements, the financial statements of the University of Tartu and all the subsidiaries under its control are combined line by line. Intra-group balances and intra-group transactions and any resulting unrealised profits are eliminated in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are also eliminated unless the costs cannot be recovered. The accounting policies of the subsidiaries are adjusted where necessary to ensure consistency with the policies adopted by the group.

1.3.2. Subsidiaries

Subsidiaries are entities controlled by the University of Tartu. Control is presumed to exist when the parent holds, directly or indirectly, over 50% of the voting power of an entity or has the power to govern an entity's operating and financial policies by some other means.

The term 'subsidiary' also covers non-corporate entities such as foundations and non-profit associations. The existence of control and significant influence over non-corporate entities is determined considering, among other factors, whether the assets of the entity will transfer to the group when the entity is liquidated. When the group has control over a foundation or a non-profit association (generally over 50% of voting power), the investment is accounted for as a wholly-held investment.

Acquisitions of subsidiaries are accounted for by applying the purchase method (except for business combinations involving entities under common control that are accounted for using the modified purchase method). Under the purchase method, the acquired subsidiary's assets, liabilities and contingent liabilities (i.e. the net assets acquired) are recognised at their fair values and any difference between the cost of the business combination and the fair value of the net assets acquired is recognised as positive or negative goodwill.

From the date of acquisition, the group's interest in an acquired subsidiary's assets, liabilities and contingent liabilities and any positive goodwill acquired is recognised in the consolidated statement of financial position and the group's interest in the acquired subsidiary's revenues and expenses is recognised in the consolidated statement of financial performance. Negative goodwill is recognised as income immediately.

When a subsidiary is sold during the reporting period, its revenues and expenses are included in the consolidated statement of financial performance until the date of sale. The difference between the sales price and the carrying amount of the subsidiary's net assets (including goodwill) as at the date of sale is recognised as a gain/loss on the sale of the subsidiary. If part of a subsidiary is sold and the group's interest in the subsidiary decreases below 50% (the group loses control) but the group does not lose all influence, consolidation of the entity is discontinued as of the date of sale and the group's remaining interest in the entity's assets, liabilities and goodwill is accounted for as an investment in an associate or an investment in a financial asset. The remaining carrying amount of an investment at the date it ceases to be a subsidiary is regarded as its cost thereafter.

1.3.3. Associates

Associates are entities over which the University of Tartu has significant influence but not control. Significant influence is presumed to exist when the group holds 20-50% of the voting power of an entity.

When the group has significant influence (generally 20-50% of voting power) in a foundation or non-profit association, no investment is recognised in the statement of financial position. Contributions to the capital of such an entity are recognised as an expense (support provided).

In the consolidated statement of financial position, investments in associates are accounted for using the equity method. Under the equity method, an investment is initially recognised at cost. The carrying amount of the investment is adjusted for the investor's share of subsequent changes in the investee's equity (both changes in the investee's profit or loss and other items of equity) and for elimination or depreciation or amortisation of any differences identified in the purchase price allocation between the fair values and the carrying amounts of the investee's assets, liabilities and contingent liabilities. Unrealised profits on transactions between the investor and the associate are eliminated to the extent of the investor's interest in the investee. Unrealised losses are also eliminated unless they result from impairment. If the group's share of losses of an associate exceeds the carrying amount of the investment in the associate, the carrying amount of the investment is reduced to zero and such non-current receivables that in substance form part of the investment are written down. Further losses are accounted for off the statement of financial position. If the group has incurred legal or constructive obligations on behalf of the associate, both the liability and loss under the equity method are recognised in the consolidated financial statements. Other receivables from the associate are measured based on their recoverability.

At each reporting date the group assesses whether there is any indication that the recoverable amount of an investment may have decreased below its carrying amount. If such indication exists, the investment is tested for impairment. The recoverable amounts of investments are estimated as described in policy 1.12. *Impairment of assets*.

1.3.4. Interests in foundations and non-profit associations

The group's interests in foundations and non-profit associations are accounted for as follows:

(a) when a group entity has control over a foundation or a non-profit association (generally over 50% of voting power), the interest is accounted for as a wholly-held investment;

(b) when the group has significant influence over a foundation or a non-profit association (generally 20-50% of voting power), no investment is recognised in the consolidated statement of financial position (contributions to the investee's capital are accounted for as expenses on support provided).

The existence of control and significant influence over non-corporate entities is determined considering, among other factors, whether the assets of the entity will transfer to the group when the entity is liquidated.

The University of Tartu is involved in the activities of ten foundations through the councils of the foundations to which it has appointed its representative(s). The University of Tartu is a founding member in the following foundations:

1) Tartu University Hospital Foundation
2) Science Centre AHHAA Foundation
3) Estonian Information Technology Foundation
4) Tartu Science Park Foundation
5) University of Tartu Foundation
6) Estonian Agrenska Foundation
7) Saaremaa University Centre Foundation
8) Viljandi County Creative Incubators Foundation
9) Iuridicum Foundation
10) Centre for Strategic Initiatives Foundation (was deleted from the registry on 30 May 2012).

The following table provides an overview of the group's interests in more significant foundations (the net assets of the foundation and the group's representation):

(In thousands of euros)	Foundation				
	Tartu University Hospital Foundation	Science Centre AHHAA Foundation	Estonian Information Technology Foundation	Tartu Science Park Foundation	University of Tartu Foundation
Net assets					
As at 31 December 2011	83,144	10,391	5,496	4,542	2,481
As at 31 December 2012	83,434	12,534	6,326	4,598	2,645
Representation of the University of Tartu					
In the council	3 members of 8	2 members of 6	1 member of 5	5 members of 10	2 members of 8

1.3.5. Investments in financial assets

Current and non-current investments in financial assets (shares and other equity instruments) whose fair value cannot be measured reliably are measured at cost less any impairment losses.

The University of Tartu has equity interests in two companies:

1) Reproduktiivmeditsiini TAK AS – ownership interest 7.69%
2) Tarkvara Tehnoloogia Arenduskeskus AS – ownership interest 2%

1.3.6. Parent entity's unconsolidated financial statements presented in the notes to the consolidated financial statements

In conformity with the Estonian Accounting Act, the notes to the consolidated financial statements have to include the unconsolidated primary financial statements of the group's parent (the consolidating entity): the statements of financial position, financial performance and cash flows and the statement of changes in net assets. The parent entity's unconsolidated financial statements are prepared using the same accounting policies as those applied on the preparation of the consolidated financial statements except that in the unconsolidated financial statements investments in subsidiaries and associates are measured at cost less any impairment losses.

1.4. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, balances on current accounts (excluding overdrafts), term deposits with a maturity of up to three months and card payments made but not yet received. In the statement of financial position, overdrafts are presented within current loans and borrowings.

In the statement of cash flows, cash flows from operating activities are reported using the indirect method. Cash flows from investing and financing activities are reported using the direct method.

1.5. Receivables and prepayments

Trade receivables, accrued income and other current and non-current receivables (including loan and deposit receivables) are measured at their amortised cost. The amortised cost of current receivables is generally equal to their nominal value (less any write-down for impairment). Therefore, current receivables are measured at the amount that is expected to be recoverable. Non-current receivables are recognised initially at their fair value. After initial recognition, they are measured at amortised cost using the effective interest rate method. Non-current receivables that do not bear interest are measured at their present value, which is determined by applying a discount rate of 6% per year.

The recoverability of receivables is assessed on an individual basis: the recoverability of each invoice is reviewed separately. In estimating the recoverability of receivables, the group takes into account both the information available at the reporting date and the information that may affect the recoverability of receivables that becomes available by the date the financial statements are authorised fort issue. A receivable is written down if there is objective evidence indicating that the receivable or part of it will not be settled in accordance with the originally agreed settlement terms. Evidence that a receivable may be impaired includes the debtor's bankruptcy or significant financial difficulty and non-adherence to settlement terms.

Impaired (doubtful) receivables are recognised as an expense. Impaired receivables are carried in the trade receivables ledger until they are collected or considered irrecoverable and written off the statement of financial position.

When it becomes apparent that a receivable cannot be expected to be collected, the item is considered irrecoverable and is written off the statement of financial position. A receivable is considered irrecoverable when the group has no means for collecting it (the debtor has been liquidated or has gone bankrupt and the assets in the bankrupt's estate are not sufficient for settling the debt, etc) or when the costs of collecting the receivable would exceed estimated income from the recovery of the receivable.

When a receivable that has been classified as impaired (doubtful) is collected, the previously recognised impairment loss is reversed by reducing expenses from impairment of receivables in the period in which the item is recovered.

1.6. Impairment of financial assets

The group assesses whether there is any indication that a financial asset or a group of financial assets measured using the amortised cost or cost method may be impaired. If such indication exists, financial assets measured at amortised cost are written down to the present value of their expected future cash flows (discounted at the financial asset's original effective interest rate) and financial assets measured at cost are written down to the amount that could reasonably be expected to be collected if the financial asset were sold at the reporting date. An impairment loss is recognised as an expense in the statement of financial performance.

1.7. Inventories

Inventories are assets, which are: held for sale in the ordinary course of the group's activity; in the process of production for such sale; or in the form of materials or supplies to be consumed in the production process or in the rendering of services. Inventories encompass not only goods purchased for sale, materials, work in progress and finished goods but also equipment and properties (real estate) held for resale and capitalised expenses directly related to the provision of services for which revenue cannot yet be recognised using the stage of completion method.

On initial recognition, inventories are measured at cost. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Borrowing costs are not included in the cost of inventories and, in accordance with General Rules for State Accounting, non-recoverable duties and taxes paid on the purchase of inventories are recognised as an expense.

The cost of goods is assigned using the FIFO formula. In the statement of financial position, inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

1.8. Investment property

Investment property comprises property (land or a building or part of a building) that the group leases out to a non-public sector entity to earn rentals or holds for capital appreciation but does not use in its operating activity. Buildings and premises that are used by group entities are recognised as items of property and equipment.

An investment property is measured initially at its cost that includes any directly attributable transaction charges (e.g. notary's fees, stamp duties, fees for legal and advisory services, and other expenditures without which the transaction would probably not have occurred). Borrowing costs are not included in the cost of investment property and, in accordance with General Rules for State Accounting, non-recoverable duties and taxes paid on the purchase of investment property are recognised as an expense. In accordance with General Rules for State Accounting, after initial recognition investment property is measured at cost less any accumulated depreciation and any impairment losses.

Depreciation is charged using the straight-line method. Each item of investment property is assigned a depreciation rate that corresponds to its useful life. Where an investment property consists of significant parts that have different useful lives, the parts are accounted for separately and assigned depreciation rates that correspond to their useful lives. The depreciation rates assigned to the group's investment properties range from 2 to 20% per year. Exceptions include properties without buildings (plots of land), which are not depreciated.

Subsequent costs on an item of investment property are added to the carrying amount of the property if it is probable that future economic benefits associated with the costs will flow to the group and the costs can be measured reliably. Current maintenance and repair costs are recognised as an expense as incurred. When part of an investment property is replaced, the cost of the new part is added to the carrying amount of the property if it meets the definition of investment property and the recognition criteria and the carrying amount of the replaced part is written off the statement of financial position.

An item of investment property is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Gains and losses arising from derecognition of investment property are recognised in the period in which the property is derecognised in the statement of financial performance within *Other income* and *Other expenses* respectively.

When the purpose of use of an investment property is changed, the property is reclassified. From the date of transfer, the investment property is accounted for using the accounting policies applied to the class of assets the property was transferred to.

1.9. Property and equipment

Property and equipment are assets that the group uses for meeting its statutory responsibilities, rendering services or for administrative purposes, which it expects to use for a period exceeding one year, and whose cost amounts to at least 2,000 euros. As an exception, land, books acquired for the library collections (see accounting policy 1.10), assets belonging to museum collections (museum exhibits) and assets belonging to and in the possession of the University of Tartu that have been entered in the national register of cultural property are recognised as items of property and equipment regardless of cost.

Assets acquired for museum collections are recognised as items of property and equipment in an aggregated set (total amount). Accounts in unit and title terms are kept in the museums' information systems.

Items of artistic value that are not recognised as assets of museum collections or assets entered in the national register of cultural property are recognised as items of property and equipment when their cost exceeds the threshold for recognising tangible items as items of property and equipment and they are depreciated over their estimated useful lives.

Assets whose useful lives exceed a year but cost is less than 2,000 euros are recognised as an expense on implementation. Expensed items of immaterial value whose cost extends from 640 to 1,999.99 euros are accounted for off the statement of financial position.

Items of property and equipment are initially recognised at cost. The cost of an item of property and equipment comprises its purchase price and any costs directly attributable to bringing the item to the location and condition necessary for it to be capable of operating in the intended manner. Costs not included in the cost of an item of property and equipment include the costs of opening a new facility, the costs of introducing a new product or service (including the costs of advertising activities), the costs of conducting business in a new location or with a new class of customer (including employee training expenses), administration and other general overhead costs and borrowing costs. In accordance with General Rules for State Accounting, non-recoverable duties and taxes are not capitalised as part of the cost of an item of property and equipment. In the statement of financial position, property and equipment is carried at cost less any accumulated depreciation and any impairment losses. Assets being acquired with finance leases are accounted for similarly to assets that have been purchased.

Subsequent costs on an item of property and equipment are capitalised and added to the carrying amount of the item if they meet the definition of property and equipment and recognition criteria (including the criterion of it being probable that they will participate in the generation of future economic benefits for the group) and their cost exceeds the threshold for recognising assets as items of property and equipment, i.e. 2,000 euros. Other repair and maintenance costs are recognised as an expense as incurred.

Depreciation is charged using the straight-line method. Each item of property and equipment is assigned a depreciation rate that corresponds to its useful life. In the case of an asset with significant residual value only the depreciable amount (cost less residual value) is charged to expenses over the estimated useful life of the asset. When an asset's residual value increases to an amount greater than the asset's carrying amount, depreciation of the asset is discontinued.

Where an item of property and equipment consists of significant parts that have different useful lives, the parts are accounted for separately and assigned depreciation rates that correspond to their useful lives.

The group assigns classes of property and equipment the following annual depreciation rates:

- Land 0%
- Buildings and structures 2-30%
- Equipment and vehicles 15-50%
- Library collections 0%
- Other items of property and equipment 2-35%

Assets with an unlimited useful life (land, assets entered in the national register of cultural property, assets belonging to museum collections, books belonging to the library collections, publications and data media) are not depreciated.

Depreciation of an asset begins when it is available for use, i.e. in the location and condition necessary for it to be operating in the manner intended by management. Depreciation of an asset ceases when the asset's depreciable amount has been fully depreciated or the asset is permanently retired from use. Depreciation rates and methods and residual values are reviewed at each reporting date.

When there is indication that the useful life or residual value of an asset has changed significantly, depreciation accounting is adjusted prospectively.

When the recoverable amount of an item of property and equipment (i.e. the higher of its net selling price and value in use) is less than its carrying amount, the carrying amount of the item is written down to its recoverable amount (see also accounting policy 1.12). The carrying amount of an item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Gains and losses arising from derecognition of property and equipment are recognised in the statement of financial performance in the period of derecognition.

1.10. Library collections

Under section 41, subsection 2 clause 2, of General Rules for State Accounting, public libraries whose core activity is storage and lending of books may recognise the books as items of property and equipment regardless of cost. In line with General Rules for State Accounting, the group's statement of financial position includes the books acquired for the collections of the library of the University of Tartu since January 2004. Books, publications and other data media acquired for the library collections are recognised as items of property and equipment in an aggregated set (total amount). Accounts in unit and title terms are kept in the library's information system. In the statement of financial position, library collections are measured at cost.
The following items of the library collections of the University of Tartu have been recognised as items of property and equipment in the group's statement of financial position:
(a) books, publications and other data media that the University of Tartu has acquired since 2004;
(b) books, publications and other data media received from other libraries by means of exchange (measured at cost in the library's exchange collection);
(c) data media paid for by the ELNET consortium that has been acquired for the University of Tartu (recognised in revenue as non-monetary grants related to assets).

The following books of the library collections whose cost is unknown and fair value cannot be measured reliably are accounted for in unit terms off the statement of financial position:
(a) books, publications and other data media acquired before 2004;
(b) books, publications and other data media received by way of donations;
(c) legal deposit copies sent to the library of the University of Tartu by Estonian publishing houses.

The books, publications and other data media recognised in the statement of financial position are not depreciated. A book is expensed in full when it is retired from use or it becomes apparent that it has been lost.

1.11. Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance that are expected to be used for more than one year and have a cost that exceeds the threshold for recognising items as non-current assets. Intangible assets (software, rights of use and other intangible assets) are recognised in the statement of financial position when the group controls the asset, it is probable that future economic benefits attributable to the asset will flow to the group, the cost of the asset can be measured reliably and the asset did not arise from internal expenditures on research and development. Research and development expenditures are recognised as an expense as incurred. An intangible asset is measured initially at cost, which comprises its purchase price and other directly attributable costs of acquisition. After initial recognition, an intangible asset is carried at cost less any accumulated amortisation and any accumulated impairment losses.

The group's intangible assets comprise the biological material and health records database of the Estonian Genome Centre, an institution of the University of Tartu, software and other intangible assets. Detailed accounts of the biological material and health records database are kept in the information system of the Estonian Genome Centre.

All of the group's intangible assets are assumed to have finite useful lives. Intangible assets are amortised on a straight-line basis over their estimated useful lives. Each intangible asset is assigned an amortisation rate that corresponds to its useful life. When the useful life of an intangible asset cannot be estimated reliably, it is assumed that the useful life extends to up to 10 years. Amortisation rates and methods are reviewed at each reporting date. The following annual amortisation rates are assigned by the group:

- Biological material and health records database 3.33%;
- Software 20-50%;
- Other intangible assets 3.33-50%.

When there is indication that the useful life or residual value of an asset has changed significantly, amortisation accounting is adjusted prospectively (see also accounting policy 1.12).

1.12. Impairment of assets

The group assesses at the end of each reporting period whether there is any indication that an item of property and equipment that has an unlimited useful life (land, assets entered in the national register of cultural property, assets belonging to museum collections and books, publications and data media belonging to the library collections) or a depreciable or amortisable asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset and compares it with the asset's carrying amount.

An impairment loss is recognised in an amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset or the smallest group of assets that generates largely independent cash flows. An impairment loss is recognised as an expense in the period in which it is incurred.

At the end of each reporting period the group assesses whether there is any indication that the recoverable amount of an asset may have increased (except for goodwill whose impairment losses are not reversed). If an impairment test indicates that the recoverable amount of an asset of a group of assets (a cash-generating unit) has risen above its carrying amount, the previously recognised impairment loss is reversed and the asset's carrying amount is increased to an amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised in the statement of financial performance by reducing expenses from impairment losses.

1.13. Financial liabilities

Upon initial recognition financial liabilities (trade payables, loans received, accrued expenses, debt securities issued and other current and non-current payables) except for derivative financial instruments with a negative fair value are measured at their cost plus any directly attributable transaction costs. After initial recognition, financial liabilities are measured at their amortised cost. Derivative financial instruments are measured at their fair value. Derivative financial instruments with a negative fair value are recognised as financial liabilities (see accounting policy 1.15).

The amortised cost of current financial liabilities is generally equal to their nominal value. Therefore, current financial liabilities are carried in the amount payable. Non-current financial liabilities are recognised initially at the fair value of the consideration received (less any transaction costs). Thereafter they are measured at their amortised cost using the effective interest rate method. Interest expense on financial liabilities is recognised on an accrual basis in the statement of financial performance in *Interest expense*.

A financial liability is classified as current when it is due to be settled within 12 months after the reporting date or the group does not have an unconditional right to defer settlement of the financial liability for at least 12 months after the reporting date. Liabilities which become payable on demand at the reporting date due to breach of the provisions of the loan contract are also classified as current. A financial liability is derecognised when it is discharged or cancelled or expires.

1.14. Leases

A finance lease is a lease that transfers all significant risks and rewards of ownership of the asset to the lessee.
An operating lease is a lease other than a finance lease.

1.14.1. The group as a lessee

As a lessee, the group recognises finance leases as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. Lease payments are apportioned between the finance charge (interest expense) and the reduction of the outstanding liability. Interest expense on the lease is recognised in the period in which it is incurred in *Interest expense* in the statement of financial performance. The finance lease liability (net of the finance charge) is classified into the current and non-current portions. Assets being acquired with finance leases are depreciated similarly to assets that are owned, over the shorter of their estimated useful life and lease term. Depreciation expense is recognised in the statement of financial performance within *Depreciation, amortisation and impairment losses*.

Operating lease payments are recognised as an expense on an accrual basis over the lease term.

1.14.2. The group as a lessor

Assets leased out under operating leases are presented in the group's statement of financial position according to the nature of the asset, i.e. similarly to other assets. The assets are depreciated using a depreciation policy that is consistent with the group's normal depreciation policy for similar assets. Operating lease payments received are recognised as income on a straight-line basis over the lease term.

1.15. Derivative financial instruments

When a derivative financial instrument is recognised initially, it is measured at its fair value at the date of signature of the underlying contract. After initial recognition, derivatives are re-measured to fair value at each reporting date. Gains and losses on changes in the fair value of derivative financial instruments are recognised as income and expenses respectively in the statement of financial performance in the period in which they arise.

1.16. Deferred income

Deferred income comprises tuition fees received for the next financial year, government grants and co-financing received in advance, prepayments received under research and development services contracts and other prepaid income that has not been recognised as income for the reporting year.

Out of the tuition fees paid for the autumn term of the 2012/2013 academic year, 80% have been included in the revenue for 2012. The remaining 20% has been recognised as deferred income and will be taken to revenue in 2013.

When a government grant or co-financing payment has been received but has not yet been used for incurring expenditures or acquiring assets, it is recognised as deferred income (see accounting policy 1.17).

1.17. Government grants

1.17.1. General principles

Government grants comprise funding and support received and provided for a designated purpose and subject to compliance with certain conditions. Government grants are accounted for in accordance with General Rules for State Accounting.

A government grant is recognised as revenue in the period in which the related operating expenses are incurred or the related asset is acquired if the conditions attaching to the grant do not involve any substantial risk that the grant may be have to be repaid or may not be received. A grant is recognised in the statement of financial position when the cash is transferred or received or at the date when the receivables, payables, revenue and expenses related to the grant are recognised under the accrual accounting principle. Government grants are classified into domestic and foreign grants which are further classified into grants related to income and grants related to assets. The main condition for grants related to assets is that the group as the grant recipient has to purchase, build or otherwise acquire a certain non-current asset. Revenues and expenses from receipt and provision of grants and intermediation of grants are accounted for separately.

When a grant or co-financing payment has been received but has not yet been used for incurring expenditures or acquiring assets, it is recognised as deferred income (see accounting policy 1.16). When the expenditure related to the grant has been incurred or the asset related to the grant has been acquired and there is no substantial risk that the grant will not be received although the group has not yet received the grant, the grant is recognised as revenue and a receivable.

1.17.2. Intermediation of government grants

Intermediation of government grants occurs when the group receives a grant for providing it to another party and not for covering its operating expenses or acquiring assets, i.e. when the group acts as a grant intermediary. When grants are intermediated, income from grants received for intermediation purposes equals expenses from grants intermediated by the group.

1.17.3. Non-designated government grants

Non-designated government grants are grants provided without a designated purpose and without special conditions, which the group as the grant recipient may use at its discretion. Non-designated grants are recognised as revenue as of the date of receipt.

1.17.4. Non-monetary government grants

Non-monetary government grants are measured at the fair value of the goods and services received. Assets received from other public sector entities by way of non-monetary government grants are measured at their fair value or, if this cannot be determined, at their carrying amounts in the transferor's financial statements.

1.18. Provisions and contingent liabilities

A provision is recognised when the group has a present legal or constructive obligation as a result of a past obligating event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is recognised in the statement of financial position in an amount which is management's best estimate of the expenditure required to settle the underlying obligation at the end of the reporting period. When it is probable that the provision will have to be used more than 12 months after the reporting date, it is measured at its discounted value unless the effect of discounting is immaterial

Other possible or present obligations whose realisation is not probable or amount cannot be measured sufficiently reliably are disclosed in the notes to the financial statements as contingent liabilities.

1.19. Revenue and expenses

Revenue and expenses are recognised on an accrual basis.

Revenue is measured at the fair value of consideration received or receivable for the sale of goods or rendering of services in the ordinary course of the group's activities, taking into account any discounts and rebates allowed by the group.

Revenue from the sale of goods is recognised when all significant risks and rewards of ownership of the goods have been transferred to the buyer, the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the group.

Revenue from the rendering of services is recognised when the service has been rendered or, if the service is rendered over an extended period, using the stage of completion method. Revenue from services rendered over an extended period is recognised by reference to the stage of completion of the transaction at the end of the reporting period, assuming that the outcome of the transaction (i.e. the revenue and costs associated with the transaction) can be estimated reliably and it is probable that the economic benefits associated with the transaction will flow to the group. When the outcome of a contract or project involving the rendering of services cannot be estimated reliably but it is probable that the group will at least recover the contract costs incurred, revenue is recognised to the extent of contract costs incurred.

Revenue from education activities comprises tuition fees collected and to be collected from day-time students, open university students, participants in further training programmes, etc. Revenue is recognised in the same academic term during which the service was rendered. When part of the tuition fee transfers to the next financial year, it is recognised in the statement of financial position within *Deferred income* (see accounting policy 1.16).

Government grants comprise assistance and support received and provided for a designated purpose and subject to compliance with certain conditions. A government grant is recognised as revenue in the period in which the related operating expenses are incurred or the related asset is acquired if the conditions attaching to the grant do not involve any substantial risk that the grant may be have to be repaid or may not be received. When a grant has been received but has not yet been used for incurring expenditures or acquiring assets, it is recognised as deferred income. When the expenditure related to the grant has been incurred or the asset related to the grant has been acquired and there is no substantial risk that the grant will not be received but the group has not yet received the grant, the grant is recognised as revenue and a receivable (see accounting policy 1.17).

Interest income is recognised when it is probable that economic benefits associated with the transaction will flow to the group and the amount of the income can be measured reliably. Interest income is recognised using the effective interest rate method.

1.20. Foreign currency transactions

The functional currency of all group entities is the euro. The consolidated financial statements are presented in euros.

A transaction in foreign currency is recorded by applying the official exchange rate of the European Central Bank quoted at the date of the transaction. At the reporting date, monetary assets and liabilities denominated in foreign currency are retranslated into the functional currency using the exchange rates of the European Central Bank ruling at that date. Exchange gains and losses arising on translation are recognised in the statement of financial performance in the period in which they arise. Non-monetary assets and liabilities denominated in foreign currency that are not measured at fair value are not retranslated at the reporting date but are continuously measured by applying the exchange rate of the European Central Bank quoted at the date of the transaction.

1.21. Events after the reporting period

The consolidated financial statements reflect all significant events affecting the valuation of assets and liabilities that became evident between the reporting date and the date on which the financial statements were authorised for issue but are related to the reporting or prior periods. Subsequent events that are indicative of conditions that arose after the reporting date but which will have a significant effect on the result of the next financial year are disclosed in the notes to the consolidated financial statements.

Note 2. Cash and cash equivalents

(In thousands of euros)	31 December 2012	31 December 2011
Cash on hand	53	39
Cash in current accounts and overnight deposits	3,476	6,580
Term deposits with a short maturity	350	3,469
Card payments made but not yet received	4	5
Total	**3,883**	**10,093**

In 2012, interest income on current accounts and term deposits with a short maturity amounted to 40 thousand euros (2011: 94 thousand euros). Interest rates for deposits and current accounts ranged from 0.01 to 2.30% per year (2011: 0.08-2.25%).

Note 3. Trade receivables

(In thousands of euros)	31 December 2012	31 December 2011
Trade receivables	2,851	2,060
Allowance for impairment	-208	-82
Total	**2,643**	**1,978**

Movements in the impairment allowance:

(In thousands of euros)	31 December 2012	31 December 2011
Impairment allowance at beginning g of year	**-82**	**-54**
Recovery of receivables considered impaired in prior years	52	25
Items considered impaired during the year	-184	-59
Items considered irrecoverable during the year	6	6
Impairment allowance at end of year	**-208**	**-82**

Note 4. Prepaid taxes and taxes payable

(In thousands of euros)	31 December 2012	31 December 2011
Prepaid taxes		
Balance on the prepayment account	226	204
Total	**226**	**204**
Taxes payable		
Social security tax	1,588	1,530
Personal income tax	870	831
Value added tax	353	281
Unemployment insurance contributions	183	176
Funded pension contributions	68	51
Corporate income tax	24	26
Total	**3,086**	**2,895**

Note 5. Other receivables

(In thousands of euros)	31 December 2012	31 December 2011
Advances to authorised persons	25	18
Security deposits receivable	21	2
Interest receivable	3	7
Government grants and co-financing reclaimed from partners	0	31
Miscellaneous receivables	4	3
Total	**53**	**61**

Note 6. Government grants receivable

(In thousands of euros)	31 December 2012	31 December 2011
In projects of the measure for modernising research apparatus and equipment (Archimedes Foundation)	3,161	3,216
In centres of excellence projects (Archimedes Foundation)	3,033	2,100
In the project for building a new Physics Building for the University of Tartu (Archimedes Foundation)	2,658	0
In projects of the European territorial cooperation programme	2,547	1,841
In the project for developing the Centre of Translational Medicine (Archimedes Foundation)	2,255	24
In projects of programmes funded by the European Social Fund (Archimedes Foundation, Estonian Research Council)	2,004	1,659
Programme Mobilitas	*948*	*683*
Programme Dora	*530*	*301*
Programme Primus	*253*	*332*
Programme Eduko	*168*	*201*
Programme BeSt	*105*	*142*

In projects of the sub-measure for modernising research infrastructure of national priority (Archimedes Foundation)	1,589	400
In projects of the PhD schools programme (Archimedes Foundation)	1,416	1,347
In the project for building an academic building for Narva College (Archimedes Foundation)	1,401	3,363
In projects funded by the European Fisheries Fund (Agricultural Registers and Information Board)	1,190	685
In projects of the measure for modernising small-scale research infrastructure (Archimedes Foundation)	1,115	1,676
In projects for supporting R&D in biotechnology (Archimedes Foundation)	926	0
In projects of the environmental conservation and environmental technology R&D programme KESTA (Estonian Research Council)	900	0
In projects funded by the Enterprise Estonia Foundation	739	1,008
In projects of the 7th EC Framework Programme	607	291
In projects for supporting R&D in materials technology (Archimedes Foundation)	535	0
In projects funded by the Environmental Investment Centre	442	159
In projects of the sub-measure for supporting cooperation between universities and enterprises (Archimedes Foundation)	394	337
In projects of the health promotion research programme TerVE (Estonian Research Council)	337	0
In projects for supporting biomedical research (Wellcome Trust)	286	176
In projects for supporting R&D in environmental technology (Archimedes Foundation)	281	0
In projects of the measure for supporting R&D in energy technology (Archimedes Foundation)	256	600
In projects funded by the INNOVE Foundation	250	186
In projects for supporting R&D in healthcare (Archimedes Foundation)	242	0
In international support projects	235	281
In projects of the internationalisation of research programme (Ministry of Education and Research)	230	0
In projects for modernising the study and work environment at higher education and R&D institutions (Archimedes Foundation)	219	0
In projects for modernising study infrastructure in professional higher education and teacher training (Archimedes Foundation)	172	0
In projects for implementing Estonia's national information and communications technology education and R&D programme 2011-2015 (ICTP) (Estonian Information Technology Foundation)	155	0
In projects of the programme for monitoring research and innovation policy (Archimedes Foundation)	148	114
In projects of the sub-measure for popularisation of science "Teeme" (Archimedes Foundation)	59	54
In projects of the 6th EC Framework Programme	18	150
In CO_2 investment projects (Ministry of Finance)	0	238
In projects of the Norwegian/EEA financial mechanisms (Ministry of Finance)	0	140
In other projects funded by the Archimedes Foundation	84	40
In other projects funded by the Estonian Research Council	17	0
Other	87	40
Total	**29,988**	**20,125**

Note 7. Prepayments for services

(In thousands of euros)	31 December 2012	31 December 2011
Prepayments related to education and research activities	500	177
Prepaid subscriptions to education publications and periodicals	359	363
Prepaid government grants and co-financing	189	0
Prepaid work-related travel expenses	40	73
Prepaid attendance and membership fees	14	30
Prepayments to employees	31	27
Other prepayments	19	21
Total	**1,152**	**691**

Note 8. Inventories

(In thousands of euros)	31 December 2012	31 December 2011
Materials and supplies	0	10
Finished goods	68	22
Goods purchased for sale	274	308
Prepayments to suppliers	443	205
Total	**785**	**545**

In the reporting period, the group wrote down inventories whose net realisable value had decreased below cost and expensed unusable goods as follows:

(In thousands of euros)	2012	2011
Finished goods	18	38
Goods purchased for sale	3	12
Total	**21**	**50**

In 2012 and 2011, no inventory write-downs were reversed.

Note 9. Investments in associates

(In thousands of euros)	OÜ Tervisliku Piima Biotehnoloogiate Arenduskeskus	Eesti Nanotehnoloogiate Arenduskeskuse AS	Total
Carrying amount at 31 December 2010	**26**	**20**	**46**
Cost at 31 December 2010	*1*	*7*	*8*
University of Tartu share of profit/loss for 2011	19	-4	15
Carrying amount at 31 December 2011	**45**	**16**	**61**
Cost at 31 December 2011	*1*	*7*	*8*
University of Tartu share of profit for 2012	20	10	30
Carrying amount at 31 December 2012	**65**	**26**	**91**
Cost at 31 December 2012	*1*	*7*	*8*
Interest of University of Tartu			
As at 31 December 2011	*20.00%*	*23.80%*	
As at 31 December 2012	*20.00%*	*23.80%*	

Both associates operate in Estonia. Neither associate is a listed company. OÜ Tervisliku Piima Biotehnoloogiate Arenduskeskus ended the financial year with a profit of 98 thousand euros, which increased the year-end value of the investment of the University of Tartu by 20 thousand euros. Eesti Nanotehnoloogiate Arenduskeskuse AS ended the year with a profit of 42 thousand euros, which increased the value of the investment of the University of Tartu by 10 thousand euros.
The following table provides an overview of movements in the associates' equity:

(In thousands of euros)	OÜ Tervisliku Piima Biotehnoloogiate Arenduskeskus	Eesti Nanotehnoloogiate Arenduskeskuse AS	Total
As at 31 December 2011			
Share capital	6	29	35
Statutory capital reserve	1	3	4
Retained earnings	126	50	176
Profit/loss for the year	95	-16	79
Total equity	**228**	**66**	**294**
Share of University of Tartu	**45**	**16**	**61**
Interest of University of Tartu	*20.00%*	*23.80%*	
As at 31 December 2012			
Share capital	6	29	35
Statutory capital reserve	1	3	4
Retained earnings	221	34	255
Profit for the year	98	42	140
Total equity	**326**	**108**	**434**
Share of University of Tartu	**65**	**26**	**91**
Interest of University of Tartu	*20.00%*	*23.80%*	

Note 10. Investment property

(In thousands of euros)	Riia 191, Tartu city	Ülikooli 20, Tartu city	Apartments, Tartu city	Total
Cost				
As at 31 December 2010	**94**	**1,953**	**513**	**2,560**
Sales	0	0	-258	-258
Rental income for 2011	*0*	*26*	*7*	33
Property management expenses for 2011	*0*	*24*	*10*	34
Of which expenses re-invoiced to tenants	*0*	*18*	*9*	27
As at 31 December 2011	**94**	**1,953**	**255**	**2,302**
Sales	0	0	-169	-169
Rental income for 2012	*0*	*22*	*6*	28
Property management expenses for 2012	*0*	*23*	*9*	32
Of which expenses re-invoiced to tenants	*0*	*13*	*9*	22
As at 31 December 2012	**94**	**1,953**	**86**	**2,133**
Depreciation				
As at 31 December 2010	**0**	**194**	**148**	**342**
Depreciation for the year (note 27)	0	49	33	82
Depreciation of assets sold	0	0	-24	-24
As at 31 December 2011	**0**	**243**	**157**	**400**
Depreciation for the year (note 27)	0	50	12	62
Depreciation of assets sold	0	0	-83	-83
As at 31 December 2012	**0**	**293**	**86**	**379**
Carrying amount				
As at 31 December 2010	**94**	**1,759**	**365**	**2,218**
As at 31 December 2011	**94**	**1,710**	**98**	**1,902**
As at 31 December 2012	**94**	**1,660**	**0**	**1,754**

Note 11. Property and equipment

(In thousands of euros)	Land	Buildings and structures	Equipment and vehicles	Library collections	Other items of property and equipment	Assets under construction	Prepayments for property and equipment	Total
Cost								
As at 31 December 2010	**2,276**	**221,313**	**40,647**	**6,502**	**4,399**	**5,513**	**442**	**281,092**
Additions	0	31	6,476	754	33	10,711	843	18,848
Transfers	0	10,577	1,390	0	105	-10,849	-1,223	0
Recognition as an expense	0	0	0	0	-18	-68	-1	-87
Sales and write-off	-24	-5,269	-447	-38	-36	0	0	-5,814
As at 31 December 2011	**2,252**	**226,652**	**48,066**	**7,218**	**4,483**	**5,307**	**61**	**294,039**
Additions	18	586	6,307	709	217	17,002	2,895	27,734
Non-monetary additions	21	2,039	327	0	0	0	0	2,387
Transfers	0	14,954	1,665	0	11	-15,922	-708	0
Transfers to intangible assets	0	0	0	0	0	-89	0	-89
Recognition as an expense	0	0	0	0	0	-34	-1	-35
Sales and write-off	-64	-9,415	-786	-32	-66	0	0	-10,363
As at 31 December 2012	**2,227**	**234,816**	**55,579**	**7,895**	**4,645**	**6,264**	**2,247**	**313,673**
Depreciation								
As at 31 December 2010	**0**	**42,504**	**27,008**	**0**	**2,547**	**0**	**0**	**72,059**
Depreciation for the year (note 27)	0	6,870	5,854	0	446	0	0	13,170
Depreciation of items sold and written off	0	-2,025	-420	0	-35	0	0	-2,480
As at 31 December 2011	**0**	**47,349**	**32,442**	**0**	**2,958**	**0**	**0**	**82,749**
Depreciation for the year (note 27)	0	6,785	6,018	0	456	0	0	13,259
Write-down (note 27)	0	1,646	0	0	0	0	0	1,646
Accumulated depreciation of non-monetary additions	0	0	325	0	0	0	0	325
Depreciation of items sold and written off	0	-3,946	-768	0	-66	0	0	-4,780
As at 31 December 2012	**0**	**51,834**	**38,017**	**0**	**3,348**	**0**	**0**	**93,199**
Carrying amount								
As at 31 December 2010	**2,276**	**178,809**	**13,639**	**6,502**	**1,852**	**5,513**	**442**	**209,033**
As at 31 December 2011	**2,252**	**179,303**	**15,624**	**7,218**	**1,525**	**5,307**	**61**	**211,290**
As at 31 December 2012	**2,227**	**182,982**	**17,562**	**7,895**	**1,297**	**6,264**	**2,247**	**220,474**

Note 12. Intangible assets

(In thousands of euros)	Biological material and health records database	Software	Other intangible assets	Assets acquired in stages	Prepayments for intangible assets	Total
Cost						
As at 31 December 2010	**2,504**	**502**	**90**	**0**	**0**	**3,096**
Additions	41	116	0	0	66	223
Transfers	0	56	10	0	-66	0
Write-off	0	-70	0	0	0	-70
As at 31 December 2011	**2,545**	**604**	**100**	**0**	**0**	**3,249**
Additions	32	89	0	57	3	181
Transfers	0	60	0	-57	-3	0
Transfers from property and equipment	0	89	0	0	0	89
As at 31 December 2012	**2,577**	**842**	**100**	**0**	**0**	**3,519**
Amortisation						
As at 31 December 2010	**215**	**261**	**40**	**0**	**0**	**516**
Amortisation for the year (note 27)	83	91	25	0	0	199
Amortisation of items written off	0	-70	0	0	0	-70
As at 31 December 2011	**298**	**282**	**65**	**0**	**0**	**645**
Amortisation for the year (note 27)	90	110	23	0	0	223
As at 31 December 2012	**388**	**392**	**88**	**0**	**0**	**868**
Carrying amount						
As at 31 December 2010	**2,289**	**241**	**50**	**0**	**0**	**2,580**
As at 31 December 2011	**2,247**	**322**	**35**	**0**	**0**	**2,604**
As at 31 December 2012	**2,189**	**450**	**12**	**0**	**0**	**2,651**

As at 31 December 2012, the biological material and health records database contained 52,092 samples, which comprised of the gene donors' biological material (chromosomal DNA, white blood cells and blood plasma) and descriptions of their state of health (their health, health behaviour and environment). As at 31 December 2011, the database contained 51,843 samples.

Note 13. Finance and operating leases

Finance leases – the group as a lessee

(In thousands of euros)	Equipment and vehicles
As at 31 December 2011	
Cost as at 31 December 2011	**96**
Accumulated depreciation as at 31 December 2011	-45
Of which depreciation for 2011	*-16*
Carrying amount as at 2011	**51**
Principal payments made in 2011	33
Interest payments made in 2011	1
As at 31 December 2012	
Cost as at 31 December 2012	**85**
Accumulated depreciation as at 31 December 2012	-47
Of which depreciation for 2012	*-12*
Carrying amount as at 2012	**38**
Principal payments made in 2012	20
Interest payments made in 2012	1
Finance lease liabilities as at 31 December 2011	**34**
Finance lease liabilities as at 31 December 2012	**13**
Payable within 1 year	6
Payable between 1 and 5 years	7
Interest rates	0%
Maturity date	In 2015

At the beginning of the reporting year, the group had two effective finance lease contracts: one on the lease of a commercial vehicle, Volkswagen Multivan Comfortline, by MTÜ Tartu Üliõpilasmaja and the other on the lease of a digital copying-printing press Xerox 700 by the University of Tartu. By the beginning of 2012 the finance lease of a commercial vehicle, Ford Mondeo (with a cost of 11 thousand euros), by MTÜ Tartu Üliõpilasküla had expired. The finance lease of the Volkswagen Multivan Comfortline by MTÜ Tartu Üliõpilasmaja expired in 2012.

Operating leases – the group as a lessor

(In thousands of euros)	Buildings and structures	
	31 December 2012	31 December 2011
Operating lease income for the reporting year	321	328
Rentals receivable within 1 year	220	247
Rentals receivable between 1 and 5 years	647	762
Rentals receivable in more than 5 years	210	284
Cost of assets leased out	**11,338**	**8,269**
Carrying amount of assets leased out	**7,401**	**5,346**

The figures on operating lease income include rental income earned on both investment property and items of property and equipment. Where part of a non-current asset (a property) has been leased out under the terms of an operating lease, the cost and carrying amount of the asset are determined based on the proportion of the asset that has been leased out.

Operating leases – the group as a lessee

(In thousands of euros)	Buildings and structures	Equipment and vehicles
As at 31 December 2011		
Operating lease payments made in 2011	490	19
Payable within 1 year	155	17
Payable between 1 and 5 years	229	28
As at 31 December 2012		
Operating lease payments made in 2012	500	19
Payable within 1 year	160	9
Payable between 1 and 5 years	192	17

Note 14. Loans and assets pledged as collateral

The group uses bank loans for making long-term investments and financing the construction and renovation of buildings. In the tables below, loan (1) has been taken by OÜ Tartu Üliõpilasküla Hostel and loans (2) – (8) have been taken by the University of Tartu.

In 2012, no new loans were taken either by the University of Tartu or other members of the group. In 2011, the University of Tartu took a loan of 5.40 million euros from Pohjola Bank Plc to finance construction work at Lossi 36 (in the city of Tartu). Other group entities did not take new loans in 2011.

(In thousands of euros)	Balance at 31 December 2012	*Repayable*			Maturity date	Base currency / Interest rate[1]
		Within 12 months	*Between 1 and 5 years*	*In over 5 years*		
Swedbank AS (1)	116	*116*	*0*	*0*	26 Mar 2013	EUR6+0.82%
SEB Pank AS (2)	114	*114*	*0*	*0*	1 Jun 2013	EUR6+0.98%
SEB Pank AS (3)	541	*217*	*324*	*0*	1 Jun 2015	EUR6+0.55%
Nordea Pank Finland Plc (4)	3,196	*710*	*2,486*	*0*	14 Jun 2017	GBP LIBOR1+0.13%[2]
Nordea Pank Finland Plc (5)	3,834	*638*	*2,557*	*639*	29 Dec 2018	GBP LIBOR6+1.00%[3]
SEB Pank AS (6)	2,377	*331*	*1,352*	*694*	3 Nov 2019	EUR6+0.49%
Pohjola Bank Plc (7)	3,800	*480*	*1,920*	*1,400*	28 Dec 2020	EUR3+0.80%
Pohjola Bank Plc (8)	5,400	*600*	*2,400*	*2,400*	8 Dec 2021	EUR3+0.96%
Total	**19,378**	**3,206**	**11,039**	**5,133**		

[1] *The contractual interest rates of all loans taken by the group are equal to their effective interest rates.*

[2] *The University of Tartu has entered into a derivative contract (a cross currency swap) with Nordea Bank Finland Plc for the period 16 April 2012 to 14 April 2014. The derivative, which takes advantage of differences in the interest rates of the British pound and the euro in the inter-bank market, sets the real interest rate of the loan taken by the University of Tartu for the above term at 1 month Euribor plus 0.03%.*

[3] *The University of Tartu has entered into a derivative contract (a cross currency swap) with Nordea Bank Finland Plc for the period 29 June 2012 to 30 June 2014. The derivative, which takes advantage of differences in the interest rates of the British pound and the euro in the inter-bank market, sets the real interest rate of the loan taken by the University of Tartu for the above term at 6 month Euribor plus 0.65%.*

(In thousands of euros)	Balance at 31 December 2011	*Repayable*			Maturity date	Base currency / Interest rate[4]
		Within 12 months	*Between 1 and 5 years*	*In over 5 years*		
Swedbank AS (1)	136	*20*	*116*	*0*	26 Mar 2013	EUR6+0.82%
SEB Pank AS (2)	388	*274*	*114*	*0*	1 Jun 2013	EUR6+0.98%
SEB Pank AS (3)	758	*217*	*541*	*0*	1 Jun 2015	EUR6+0.55%
Nordea Pank Finland Plc (4)	3,906	*710*	*2,840*	*356*	14 Jun 2017	EUR1+0.13%
Nordea Pank Finland Plc (5)	4,473	*639*	*2,556*	*1,278*	29 Dec 2018	EUR6+1.00%
SEB Pank AS (6)	2,693	*310*	*1,315*	*1,068*	3 Nov 2019	EUR6+0.49%
Pohjola Bank Plc (7)	4,280	*400*	*1,920*	*1,960*	28 Dec 2020	EUR3+0.80%
Pohjola Bank Plc (8)	5,400	*50*	*2,400*	*2,950*	8 Dec 2021	EUR3+0.96%
Total	**22,034**	**2,620**	**11,802**	**7,612**		

[4] *The contractual interest rates of all loans taken by the group are equal to their effective interest rates.*

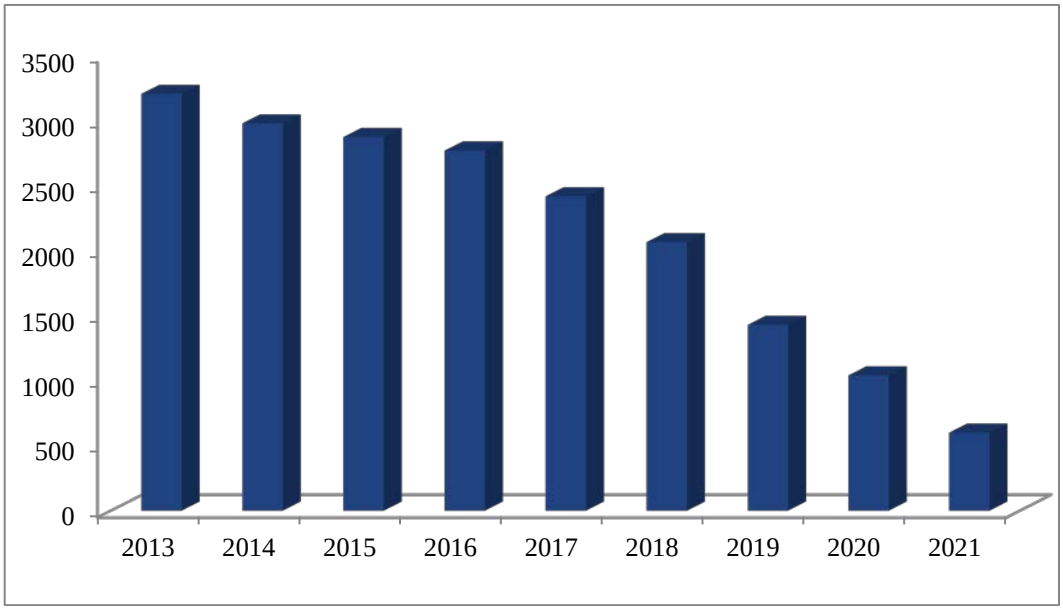
Loan (1) taken from Swedbank AS is secured with mortgages of apartments at Ujula 2-9, Ujula 2-17, Ujula 2-24 and Ujula 2-32 (in the city of Tartu). The total value of the mortgages is 0.33 million euros. At 31 December 2012, the total carrying amount of the apartments was 0.18 million euros (31 December 2011: 0.19 million euros).

Loans (2), (3) and (6) taken from SEB Pank AS are secured with a mortgage of an immovable property with three buildings located at Ülikooli 16, Jakobi 2 and Lossi 3 (in the city of Tartu). The mortgage amounts to 4.79 million euros and collateral claims may amount to 0.48 million euros. At 31 December 2012, the carrying amount of the property was 11.98 million euros (31 December 2011: 12.18 million euros).

Loan (7) from Pohjola Bank Plc is secured with a mortgage of an immovable property with a building at Raatuse 22 (in the city of Tartu). The mortgage amounts to 4.32 million euros. At 31 December 2012, the carrying amount of the property was 4.65 million euros (31 December 2011: 4.77 million euros).

Loan (8) from Pohjola Bank Plc is secured with a mortgage of an immovable property with a building at Lossi 36 (in the city of Tartu). The mortgage amounts to 5.94 million euros. At 31 December 2012, the carrying amount of the property was 6.45 million euros (31 December 2011: 6.48 million euros).

Repayments of loan principal by year (in thousands of euros)



Note 15. Payables to employees

(In thousands of euros)	31 December 2012	31 December 2011
Vacation pay liabilities	2,178	2,163
Payables for work-related travel expenses	45	17
Payables for office and similar expenses	36	22
Other payables to employees	15	15
Total	**2,274**	**2,217**

Note 16. Other payables

(In thousands of euros)	31 December 2012	31 December 2011
Intermediation of government grants and co-financing	2,776	1,005
State-provided study allowances	479	341
Designated scholarships	223	198
Miscellaneous payables	20	43
Total	**3,498**	**1,587**

Note 17. Deferred income

(In thousands of euros)	31 December 2012	31 December 2011
Prepaid government grants and co-financing	7,342	5,387
Prepaid tuition fees	794	914
Prepayments under research and development contracts	41	51
Other deferred income	3	4
Total	**8,180**	**6,356**

Deferred income from prepaid government grants and co-financing by provider:

(In thousands of euros)	31 December 2012	31 December 2011
Grant and co-financing prepayments from Estonian residents		
Archimedes Foundation	3,276	1,094
Estonian Research Council (formerly Estonian Science Foundation)	1,234	1,004
Ministry of Education and Research	258	376
Environmental Investment Centre	93	58
Estonian Patent Office	92	30
Integration and Migration Foundation Our People	56	39
Ministry of Foreign Affairs	51	24
Environmental Board	38	0
Estonian Information Technology Foundation	29	25
Tiger Leap Foundation	0	25
Other Estonian residents	18	47
Grant and co-financing prepayments from non-residents		
7th EC Framework Programme	1,120	1,807
Other foreign residents	1,077	858
Total	**7,342**	**5,387**

Note 18. Revenue from operating activities

(In thousands of euros)	2012	2011
Teaching activities	9,919	10,757
Rental and lease activities	4,204	3,850
Research and development contracts	3,734	3,052
Sale of goods	2,931	2,878
Other services	1,564	1,940
Total	**22,352**	**22,477**

Revenue from operating activities by geographical area:

(In thousands of euros)	2012	2011
Estonia	22,037	22,077
Other EU member states	192	313
Other countries	123	87
Total	**22,352**	**22,477**

Note 19. State budget funding for education activities

(In thousands of euros)	2012	2011
Allocations for state-funded higher education	33,470	32,187
Funding for medical residents	7,666	7,986
Funding for the creation of professorships	1,242	0
Funding for the Gifted and Talented Development Centre	443	303
Funding for the remuneration of professors and docents emeritus	342	361
Funding for the preservation of historical heritage	313	0
Funding for EuroCollege	108	108
Funding for special education in the field of natural sciences	63	157
Funding for the development of a reporting system	63	0
Funding for organising disbursement of study allowances	27	26
Funding for senior citizens' university programme	10	0
Funding for the studies of Belarusian students	2	0
Total	**43,749**	**41,128**

Note 20. State budget funding for research activities

(In thousands of euros)	2012	2011
Government grants for research topics	11,632	11,406
Base financing for research institutions	3,357	3,402
Funding for research institutions' infrastructure expenses	3,339	3,282
Funding for national programmes	848	904
State budget funding for scientific and research information for the library	807	819
Total	**19,983**	**19,813**

Note 21. Grants related to assets

(In thousands of euros)	2012	2011
CO_2 investment projects (Ministry of Finance)	7,851	275
Acquisition of assets in projects of the measure for modernising research apparatus and equipment (Archimedes Foundation)	5,006	3,277
Construction of an academic building for Narva College (Archimedes Foundation)	4,527	2,375
Construction of a new Physics Building for the University of Tartu (Archimedes Foundation)	2,623	0
Acquisition of assets in projects of the sub-measure for modernising research infrastructure of national priority (Archimedes Foundation)	2,398	79
Development of the Centre of Translational Medicine (Archimedes Foundation)	2,231	20
Research building at Riia 23b, Tartu city (Citrina Foundation UK Limited)	2,045	0
Acquisition of assets in projects of the measure for modernising small-scale research infrastructure (Archimedes Foundation)	1,268	1,976
Acquisition of research equipment for centres of excellence (Archimedes Foundation)	628	198
Increasing the accessibility of the buildings of the University of Tartu through projects for improving the study and work environment of higher education and R&D institutions (Archimedes Foundation)	461	1
Modernisation of the study environment and exposition of the Natural History Museum of the University of Tartu (Environmental Investment Centre)	140	2
Acquisition of research equipment in projects for supporting R&D in energy technology, biotechnology, materials technology, environmental technology and healthcare technology (Archimedes Foundation)	109	367
Acquisition of assets through research grants (Estonian Research Council)	107	13
Acquisition of assets in projects funded by the European Fisheries Fund (Agricultural Registers and Information Board)	95	207
Acquisition of assets in projects of the 7th EC Framework Programme	63	23
Modernisation of study infrastructure in professional higher education and teacher training (Archimedes Foundation)	52	0
Software-information portal project Tudengiveeb (Archimedes Foundation)	44	0
Hostel programme (City of Tartu)	37	37
Acquisition of assets in projects for implementing Estonia's national information and communications technology education and R&D programme 2011-2015 (ICTP) (Estonian Information Technology Foundation)	19	0
Acquisition of assets in projects of the Mobilitas programme (Estonian Research Council)	18	6
Acquisition of assets in projects of the European territorial cooperation programme	18	318
Acquisition of land free of charge at P. Kerese 14A in Narva city; Kalda 1a in Pärnu city; Lai 34/36 in Tartu city (Ministry of Education and Research)	15	0
Acquisition of assets in projects of the environmental conservation and environmental technology R&D programme KESTA (Estonian Research Council)	14	0
Acquisition of a Braille printer (Archimedes Foundation)	6	0
Renovation of the Old Observatory (Enterprise Estonia Foundation)	0	70
Acquisition of a robotic scanner for the library (Estonian Information Systems Authority)	0	68
Other grants related to assets (domestic)	113	50
Other grants related to assets (foreign)	150	8
Total	**30,038**	**9,370**

Note 22. Grants related to income

(In thousands of euros)	2012	2011
Domestic grants for covering operating expenses	**10,017**	**11,482**
Including		
Grants from the Estonian Research Council (formerly Estonian Science Foundation)	4,957	4,780
Grants from the Ministry of Education and Research	2,233	2,117
Grants from Archimedes Foundation	416	2,412
Foreign grants for covering operating expenses	**27,801**	**21,171**
Including		
Intermediated grants from Archimedes Foundation	13,523	9,284
Grants from the Estonian Research Council (formerly Estonian Science Foundation)	3,378	1,231
Grants from the EU and its institutions	2,902	2,961
Intermediated grants from Innove Foundation	631	502
Total	**37,818**	**32,653**

In 2012, the University of Tartu as a recipient and intermediary of grants reduced grant revenue by a total of 3 thousand euros because of repayment claims received (2011: 59 thousand euros).

Note 23. Other income

(In thousands of euros)	2012	2011
Non-designated funding from non-residents	236	248
Marketing services provided by pharmacies	130	118
Income from sale of business operations	90	0
Donations from individuals and legal persons	65	515
Non-designated funding from Estonian residents	51	86
Membership fees	50	50
Contractual penalty payments received	1	18
Net gain on sale of non-current assets	0	455
Miscellaneous income	70	85
Total	**693**	**1,575**

Note 24. Goods, materials and services used

(In thousands of euros)	2012	2011
Services purchased	8,429	8,504
Goods purchased	2,431	2,499
Materials purchased	20	36
Total	**10,880**	**11,039**

Note 25. Operating expenses

(In thousands of euros)	2012	2011
Costs of education and research activities	12,662	8,682
VAT expense	8,260	6,558
Work-related travel expenses	3,195	2,635
Heating expenses	1,610	1,317
Utilities and maintenance expenses (except heating and electricity)	1,600	1,408
Electricity expenses	1,597	1,504
Office expenses and fixtures and fittings	1,575	1,572
Office equipment maintenance and software expenses	1,295	1,108
Repair costs	1,189	981
Expenses on assets of immaterial value	1,037	738
Transport expenses	971	930
Rental and lease expenses	886	789
Expenses on research apparatus and equipment maintenance and supplies	824	445
Professional publications expenses	675	524
Advertising expenses	481	381
Communications and postal expenses	232	307
Miscellaneous operating expenses	1,779	1,456
Total	**39,868**	**31,335**

Note 26. Personnel expenses

(In thousands of euros)	2012	2011
Salaries	48,739	45,914
Other remuneration	249	0
Taxes on personnel expenses	16,721	15,619
Total	**65,709**	**61,533**
Average number of staff converted to the full-time equivalent	*3,240*	*3,134*

Note 27. Depreciation, amortisation and impairment losses

(In thousands of euros)	2012	2011
Depreciation of property and equipment (note 11)	13,259	13,170
Write-down (note 11)	1,646	0
Loss on write-off of property and equipment	1,009	3,047
Amortisation of intangible assets (note 12)	223	199
Depreciation of investment property (note 10)	62	82
Write-off of items of library collections (note 11)	32	38
Total	**16,231**	**16,536**

In the reporting period, the following items of property and equipment were written down and the following impairment losses were recognised:

(In thousands of euros)	Impairment loss	Basis for write-down	Method used in estimating value	Discount rate applied
Nooruse 9, Tartu city	1,078	Fair value	Sales contract	
Kerese 14, Narva city	568	Value in use	Discounted cash flow method	11%
Total	**1,646**			

In 2011, no non-current assets were written down.

Losses incurred on the write-off of property and equipment in 2012:

(In thousands of euros)	Loss	Reason for write-off
Buildings		
Struwe 1, Tartu city	830	Write-off of parts replaced during renovation
Lossi 38, Tartu city	128	Write-off of parts replaced during renovation
Sadama 3, Pärnu city	50	Termination of building rights
Boiler plant of OÜ Kääriku Puhke- ja Spordikeskus, Kääriku, Valga county	1	Write-off of parts replaced during renovation
Total	**1,009**	

Losses incurred on the write-off of property and equipment in 2011:

(In thousands of euros)	Loss	Reason for write-off
Buildings		
Jakobi 2, Tartu city	2,263	Write-off of parts replaced during renovation
Viljandi 13b, Türi town	502	Write-off due to discontinuance of operations
Jakobi 5, Tartu city	116	Write-off of parts replaced during renovation
Mehaanika 1, Türi town	55	Write-off due to discontinuance of operations
Lossi 40, Tartu city	47	Write-off of parts replaced during renovation
Veski 6, Tartu city	47	Termination of usufruct
Equipment and vehicles	16	Depreciation
Other items of property and equipment	1	Depreciation
Total	**3,047**	

Note 28. Other expenses

(In thousands of euros)	2012	2011
Loss on sale of non-current assets	1,824	0
Entertainment expenses	880	791
Membership fees	155	121
Awards and gifts	117	90
Miscellaneous expenses	38	556
Total	**3,014**	**1,558**

Note 29. Related party disclosures

For the purposes of these consolidated financial statements, related parties include:

(a) the group's associates;
(b) non-profit associations in which the University of Tartu is a member and which are not part of its consolidated group;
(c) foundations in which the University of Tartu is a founder;
(d) members of management of the university (members of the council, the rector, vice rectors, deans, heads of functions and directors of academic and research institutions) and economic entities under their control or significant influence;
(e) close family members of members of management of the university and economic entities under their control or significant influence;
(f) members of the subsidiaries' management boards and economic entities under their control or significant influence.

(In thousands of euros)	Sales		Purchases	
	2012	2011	2012	2011
Sales and purchases of services	**1,234**	**1,011**	**4,608**	**4,092**
Associates	755	564	447	166
Non-profit associations	7	8	336	194
Associations and societies	9	19	14	12
Foundations	320	298	3,716	3,625
Companies	143	122	95	95
Sales and purchases of goods	**16**	**6**	**174**	**165**
Non-profit associations	0	0	2	1
Foundations	8	1	18	12
Companies	8	5	154	152
Sales and purchases of non-current assets	**0**	**0**	**55**	**0**
Companies	0	0	55	0
Total	**1,250**	**1,017**	**4,837**	**4,257**

(In thousands of euros)	Receivables		Prepayments made	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Associates	315	72	0	0
Non-profit associations	0	1	190	74
Associations and societies	0	1	0	0
Foundations	11	26	0	0
Companies	0	38	0	0
Total	**326**	**138**	**190**	**74**

(In thousands of euros)	Payables	
	31 December 2012	31 December 2011
Non-profit associations	0	1
Associations and societies	1	0
Foundations	333	314
Companies	3	1
Total	**337**	**316**

Through a member of the council of the University of Tartu, related parties also include Nordea Bank Finland Plc. At 31 December 2012, the University of Tartu and Nordea Bank Finland Plc had two loan agreements: one with the carrying amount of 3.20 million euros (2011: 3.91 million euros), maturity date of 14 June 2017 and contractual interest rate of 1 month GBP LIBOR plus 0.13% and the other with a carrying amount of 3.83 million euros (2011: 4.47 million euros), maturity date of 29 December 2018 and contractual interest rate of 6 month GBP LIBOR plus 1.00%. The contractual interest rates of the group's loans equal their effective interest rates (see note 14).

Remuneration provided to group entities' council and management board members:

(In thousands of euros)	2012	2011
MTÜ Tartu Ülikooli Akadeemiline Spordiklubi	107	109
University of Tartu[5]	45	1,634
MTÜ Tartu Üliõpilasmaja	33	32
MTÜ Tartu Üliõpilasküla	31	30
OÜ Tartu Ülikooli Kirjastus	29	26
OÜ Tartu Ülikooli Kesklinna Apteek	20	20
OÜ Tartu Üliõpilasküla Hostel	8	9
OÜ Tartu Ülikooli Tamme Apteek	8	6
Total	**281**	**1,866**

[5] *In connection with the amendment of the University of Tartu Act, from January 2012 the University of Tartu implemented an updated management model that involves external partners in the activities of the university. The functions of the former council were divided between the new governing bodies: the council and the senate. The highest decision-making body of the university is the council, which as from 1 January 2012 has eleven members: five are nominated by the senate, five are nominated by the Minister of Education and Research and one is nominated by the Estonian Academy of Sciences. The first composition of the council was approved on 22 December 2011 for a term of five years.*

The group has no obligation to provide termination benefits to members of the council of the University of Tartu. Subsidiaries' management board members are entitled to termination benefits in accordance with the terms and conditions of their service contracts. At the end of 2012, contingent termination benefits payable to members of group entities' executive and higher managements totalled 88 thousand euros (2011: 94 thousand euros).

In 2012 and 2011, no receivables from related parties were written down.

Note 30. Contingent liabilities

Potential liabilities from a tax audit

The tax administrator may audit the group's tax accounting within six years after the deadline for the submission of a tax return. On the detection of a misstatement or omission, the tax administrator may charge additional tax, late payment interest and penalty payments. The group's management is not aware of any circumstances that might cause the tax administrator to determine significant additional tax to be paid by the group.

Mortgages

The group has mortgaged two properties to Swedbank AS: Vanemuise 46 (in the city of Tartu) and Pepleri 14 (in the city of Tartu). The mortgage on Vanemuise 46 amounts to 1.60 million euros and associated collateral claims may total 0.16 million euros. The mortgage on Pepleri 14 amounts to 0.32 million euros and associated collateral claims may total 0.03 million euros. The group has mortgaged one property to SEB Pank AS: Nooruse 1 (in the city of Tartu). The mortgage amounts to 4.79 million euros. At the end of 2012, the above mortgages did not secure any effective contractual commitments of the University of Tartu.

Other contingent liabilities

Based on an agreement on the termination of a building rights contract, a building rights contract, and agreement no 4831/2009 on the creation of the right of pre-emption, entered into by the University of Tartu, the Ministry of Education and Research and Citrina Foundation UK Limited, the building rights contract on the property at Riia 23b in the city of Tartu, entered into by the University of Tartu and Citrina Foundation UK Limited on 27 May 1998, was terminated, new building rights were created for the benefit of the administrator of state assets, the Ministry of Education and Research, for a term of 50 years and it was decided that the buildings would remain in the ownership of the University of Tartu. In line with the agreement, the University of Tartu undertook to sign a no-charge rental agreement with the Estonian Biocentre for a term of at least 50 years on the premises of the research building at Riia 23b in the city of Tartu, as outlined in the building plans attached to the agreement. The Estonian Biocentre will pay the utilities charges and other management expenses arising from the part of the building placed at its disposal. If the University of Tartu does not meet the said obligation, Citrina Foundation UK Limited may charge a contractual penalty of 1.02 million euros.

In accordance with agreement no 716 on the creation of usufruct and a real right contract, signed between the University of Tartu and the Tehvandi Sports Centre Foundation on 22 March 2012, a fixed-term usufruct of 50 years was created on the Kääriku property for the benefit of the Tehvandi Sports Centre Foundation as from 1 April 2012. Under the agreement, on the expiry of the usufruct the University of Tartu will compensate the Tehvandi Sports Centre Foundation for all investments made that have been agreed with the University of Tartu in writing. The compensation will be calculated by applying a 3% annual depreciation rate. Investments that have not been agreed with the University of Tartu need not be compensated on the expiry of the usufruct. Nor is there any obligation to compensate the holder of the usufruct for expenditures financed from the EU structural funds or other funds by way of non-returnable support. By 31 December 2012, the holder of the usufruct had not made any investments that had been agreed with the University of Tartu in writing.

Note 31. Assets accounted for off the statement of financial position

In 2012, assets with a cost of 640 euros to 1,999 euros were accounted for off the statement of financial position. At the year-end, the total cost of such assets was 10.38 million euros (31 December 2011: 9.79 million euros).

The books of the library of the University of Tartu are accounted for in detail in the library information system ESTER. At 31 December 2012, the estimated total value of the library's collections was 32.73 million euros (31 December 2011: 30.58 million euros) of which 7.89 million euros (31 December 2011: 7.22 million euros) was recognised in the statement of financial position (see note 11).

At 31 December 2012, the collection of the Botanical Gardens of the University of Tartu included 8,340 taxonomic units (species and varieties) of trees, bushes and other plants (31 December 2011: 7,995 units).

Detailed accounts of the items stored at the collections of the museums are kept by the museums. As from 2011, the assets included in the museum collections are recognised in the statement of financial position in aggregated sets. At the year-end, the aggregate value of the museum collections was 0.01 million euros (2011: 0.01 million euros). Altogether, at the reporting date the museums had 1,199,333 stored items (31 December 2011: 1,186,748): the History Museum had 72,543 stored items (31 December 2011: 72,022), the Art Museum had 30,305 stored items (31 December 2011: 30,298), the Natural History Museum had 1,096,432 stored items (31 December 2011: 1,084,375), the library had 30 stored items (31 December 2011: 30) and the faculty of medicine had 23 stored items (31 December 2011: 23).

Note 32. Events after the reporting date

In accordance with an agreement signed on 27 July 2003 between MTÜ Tartu Ülikooli Akadeemiline Spordiklubi and OÜ Kääriku Puhke- ja Spordikeskus based on an agreement signed on 12 February 2003 between the University of Tartu and MTÜ Tartu Ülikooli Akadeemiline Spordiklubi, OÜ Kääriku Puhke- ja Spordikeskus acted as the operator of the leisure and sports centre located on the Kääriku property. OÜ Kääriku Puhke- ja Spordikeskus discontinued its business as the operator of the leisure and sports centre located on the Kääriku property on 31 March 2012 and from 1 April 2012 the business was taken over by the Tehvandi Sports Centre Foundation (SA Tehvandi Spordikeskus). The liquidation of OÜ Kääriku Puhke- ja Spordikeskus commenced in 2012 and the liquidation report was prepared as at 30 September 2012. The final balance sheet of OÜ Kääriku Puhke- ja Spordikeskus (in liquidation) was prepared as at 31 March 2013. According to plan, the liquidation proceedings will be completed in 2013.

From 15 January 2013, the University of Tartu has had access to an overdraft facility at SEB Pank AS. The limit is 9 million euros and the facility has no fixed expiry date (it may be terminated by giving 3 months' notice). From 25 February 2013, the University of Tartu has also had access to an overdraft facility at Swedbank AS. The limit is 3 million euros and the expiry date of the facility is 31 December 2013. The overdraft facility made available by Swedbank AS is secured with mortgages of two immovable properties - Vanemuise 46 in Tartu city and Pepleri 14 in Tartu city.

Note 33. Unconsolidated financial statements of the University of Tartu

UNIVERSITY OF TARTU statement of financial position (unconsolidated)

ASSETS (In thousands of euros)	**31 December 2012**	**31 December 2011**
Current assets		
Cash and cash equivalents	2,614	8,904
Investments in financial assets	0	1,500
Receivables and prepayments		
Trade receivables	2,338	1,643
Receivables from subsidiaries	92	83
Prepayments to subsidiaries	6	11
Prepaid and recoverable taxes	207	190
Other receivables	23	51
Government grants receivable	29,988	20,125
Prepayments for services	1,140	676
Total receivables and prepayments	33,794	22,779
Inventories	527	319
Total current assets	**36,935**	**33,502**
Non-current assets		
Investments in subsidiaries and associates	69	69
Investments in financial assets	0	2
Receivables and prepayments	11	12
Investment property	1,754	1,902
Property and equipment		
Land	2,227	2,252
Buildings and structures	182,705	179,002
Equipment and vehicles	17,438	15,482
Library collections	7,895	7,218
Other items of property and equipment	1,165	1,484
Assets under construction	6,264	5,307
Prepayments for property and equipment	2,247	61
Total property and equipment	219,941	210,806
Intangible assets	2,651	2,593
Total non-current assets	**224,426**	**215,384**
TOTAL ASSETS	**261,361**	**248,886**

LIABILITIES AND NET ASSETS (In thousands of euros)	31 December 2012	31 December 2011
Liabilities		
Current liabilities		
Loans and borrowings		
Finance lease liabilities	6	6
Current portion of long-term loans	3,091	2,600
Derivative financial instruments	124	148
Total loans and borrowings	3,221	2,754
Payables and deferred income		
Security deposit liabilities	22	9
Trade payables	3,125	3,160
Payables to subsidiaries	13	19
Payables to employees	2,181	2,132
Taxes payable	2,988	2,803
Other payables	3,496	1,571
Deferred income	8,171	6,340
Total payables and deferred income	19,996	16,034
Total current liabilities	**23,217**	**18,788**
Non-current liabilities		
Loans and borrowings		
Finance lease liabilities	7	13
Loans	16,172	19,298
Total loans and borrowings	16,179	19,311
Total non-current liabilities	**16,179**	**19,311**
Total liabilities	**39,396**	**38,099**
Net assets		
Capital of the University	144,182	144,182
Accumulated surpluses	66,605	69,290
Surplus/deficit for the year	11,178	-2,685
Total net assets	**221,965**	**210,787**
TOTAL LIABILITIES AND NET ASSETS	**261,361**	**248,886**

UNIVERSITY OF TARTU statement of financial performance (unconsolidated)

(In thousands of euros)	2012	2011
Revenue		
Revenue from operating activities	16,756	16,935
State budget funding for education activities	43,749	41,128
State budget funding for research activities	19,983	19,813
Grants related to assets	30,038	9,370
Grants related to income	37,339	31,953
Other income	356	1,341
Total revenue	**148,221**	**120,540**
Expenses		
Goods, materials and services used	-6,967	-7,233
Operating expenses	-38,867	-30,530
Scholarships	-6,450	-6,221
Personnel expenses	-63,984	-59,710
Depreciation, amortisation and impairment losses	-16,123	-16,417
Other expenses	-4,327	-2,743
Total expenses	**-136,718**	**-122,854**
Surplus/deficit on operating activities	**11,503**	**-2,314**
Share of profit of subsidiaries	16	0
Loss on investments in financial assets	-2	0
Interest income	34	87
Interest expense	-374	-459
Other finance income	1	1
Surplus/deficit for the year	**11,178**	**-2,685**

UNIVERSITY OF TARTU statement of cash flows (unconsolidated)

(In thousands of euros)	2012	2011
Cash flows from operating activities		
Surplus/deficit on operating activities	11,503	-2,314
Adjustments for		
Depreciation, amortisation and impairment losses	16,123	16,417
Recognition of assets under construction as an expense	34	68
Other non-monetary transactions with non-current assets	1	19
Gain/loss on sale of non-current assets	1,826	-441
Non-monetary grants related to assets	-2,062	0
Change in receivables and prepayments	-11,011	-9,442
Change in inventories	-208	-27
Change in payables and deferred income	4,266	1,270
Interest paid	-388	-456
Net cash from operating activities	**20,084**	**5,094**
Cash flows from investing activities		
Purchases of property and equipment	-7,674	-7,153
Proceeds from sale of property and equipment	2,710	740
Paid for assets under construction	-17,316	-9,484
Prepayments for property and equipment	-2,895	-822
Proceeds from sale of investment property	75	174
Purchases of intangible assets	-178	-157
Prepayments for intangible assets	-3	-66
Proceeds from liquidation of a subsidiary (repayment of shares)	0	70
Recovery of a non-current receivable	2	2
Purchases of investments in financial assets	0	-1,500
Proceeds from sale of investments in financial assets	1,500	0
Interest received	31	104
Dividends received	16	0
Net cash used in investing activities	**-23,732**	**-18,092**
Cash flows from financing activities		
Proceeds from loans received	0	5,400
Repayment of loans	-2,636	-2,251
Payment of finance lease principal	-6	-26
Net cash used in/from financing activities	**-2,642**	**3,123**
Net cash flow	**-6,290**	**-9,875**
Cash and cash equivalents at beginning of year	**8,904**	**18,779**
Decrease in cash and cash equivalents	-6,290	-9,875
Cash and cash equivalents at end of year	**2,614**	**8,904**

UNIVERSITY OF TARTU statement of changes in net assets (unconsolidated)

(In thousands of euros)	Capital of the University	Accumulated surpluses	Surplus/deficit for the year	Total
Balance at 31 December 2010	**144,182**	**78,194**	**-8,904**	**213,472**
Transfer of deficit to accumulated surpluses	0	-8,904	8,904	0
Deficit for the year	0	0	-2,685	-2,685
Balance at 31 December 2011	**144,182**	**69,290**	**-2,685**	**210,787**
Transfer of deficit to accumulated surpluses	0	-2,685	2,685	0
Surplus for the year	0	0	11,178	11,178
Balance at 31 December 2012	**144,182**	**66,605**	**11,178**	**221,965**

UNIVERSITY OF TARTU adjusted unconsolidated net assets

(In thousands of euros)	31 December 2012	31 December 2011
Unconsolidated net assets of the University of Tartu	221,965	210,787
Less: carrying amount of interests in subsidiaries and associates	-69	-69
Plus: value of interests in subsidiaries and associates under the equity method	1,373	1,198
Total	**223,269**	**211,916**

SÕLTUMATU VANDEAUDIITORI ARUANNE

Tartu Ülikooli nõukogule

Oleme auditeerinud kaasnevat Tartu Ülikooli ja selle tütarettevõtete konsolideeritud raamatupidamise aastaaruannet, mis sisaldab konsolideeritud bilanssi seisuga 31. detsember 2012, konsolideeritud tulemiaruannet, netovara muutuste aruannet ja rahavoogude aruannet eeltoodud kuupäeval lõppenud majandusaasta kohta ning lisasid, mis sisaldavad aastaaruande koostamisel kasutatud oluliste arvestuspõhimõtete kokkuvõtet ja muud selgitavat informatsiooni.

Rektori kohustused konsolideeritud raamatupidamise aastaaruande osas

Rektor vastutab konsolideeritud raamatupidamise aastaaruande koostamise ja õiglase esitamise eest kooskõlas Eesti hea raamatupidamistavaga ning sellise sisekontrolli eest, nagu juhtkond peab vajalikuks, et võimaldada kas pettusest või veast tulenevate oluliste väärkajastamisteta konsolideeritud raamatupidamise aastaaruande koostamist.

Vandeaudiitori kohustus

Meie kohustuseks on avaldada auditi põhjal arvamus konsolideeritud raamatupidamise aastaaruande kohta. Viisime auditi läbi kooskõlas rahvusvaheliste auditeerimisstandarditega. Need standardid nõuavad, et me oleme vastavuses eetikanõuetega ning et me planeerime ja viime auditi läbi omandamaks põhjendatud kindlustunnet, et konsolideeritud raamatupidamise aastaaruanne ei sisalda olulisi väärkajastamisi.

Audit hõlmab konsolideeritud raamatupidamise aastaaruandes esitatud arvnäitajate ja avalikustatud informatsiooni kohta auditi tõendusmaterjali kogumiseks vajalike protseduuride läbiviimist. Nende protseduuride hulk ja sisu sõltuvad audiitori otsustustest, sealhulgas hinnangust riskidele, et konsolideeritud raamatupidamise aastaaruanne võib sisaldada pettustest või vigadest tulenevaid olulisi väärkajastamisi. Asjakohaste auditi protseduuride kavandamiseks võtab audiitor nende riskihinnangute tegemisel arvesse konsolideeritud raamatupidamise aastaaruande koostamiseks ja õiglaseks esitamiseks juurutatud sisekontrollisüsteemi, kuid mitte selleks, et avaldada arvamust sisekontrolli tulemuslikkuse kohta. Audit hõlmab ka kasutatud arvestuspõhimõtete asjakohasuse, juhtkonna poolt tehtud raamatupidamislike hinnangute põhjendatuse ja konsolideeritud raamatupidamise aastaaruande üldise esituslaadi hindamist.

Usume, et kogutud auditi tõendusmaterjal on piisav ja asjakohane meie arvamuse avaldamiseks.

Arvamus

Meie arvates kajastab konsolideeritud raamatupidamise aastaaruanne kõigis olulistes osades õiglaselt Tartu Ülikooli ja selle tütarettevõtete finantsseisundit seisuga 31. detsember 2012 ning nende sellel kuupäeval lõppenud majandusaasta finantstulemust ja rahavoogusid kooskõlas Eesti hea raamatupidamistavaga.

AS PricewaterhouseCoopers

/allkirjastatud digitaalselt/

Tiit Raimla
Vandeaudiitor, litsents nr 287

/allkirjastatud digitaalselt/

Janno Hermanson
Vandeaudiitor, litsents nr 570

8. mai 2013

Signatures to annual report 2012

The annual report for of the University of Tartu for the year ended 31 December 2012 consists of an activity report and consolidated financial statements.

The management of the University of Tartu has prepared the activity report and the consolidated financial statements. The financial statements are accompanied by an independent auditor's report. The rector of the University of Tartu has reviewed the annual report and has approved it for presentation to the council of the university.

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Volli Kalm
Rector, professor

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Taimo Saan
Head of Finance

_____
Signe Võsoberg-Pastik
Chief Accountant

UNIVERSITY OF TARTU
ANNUAL REPORT 2012