UNIVERSITY OF TARTU

ANNUAL REPORT 2013

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Website:	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 2013 – 31 December 2013
Auditor:	BDO Eesti and Baker Tilly Baltics
Council:	11 members
Chairman of the Council:	Kersti Kaljulaid
Attached:	auditor's report

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UNIVERSITY OF TARTU

ACTIVITY REPORT 2013

RECTOR'S FOREWORD

Dear reader,

This is an overview of the most important activities and achievements of our national university in 2013. It was another year of steady progress, innovation and planning for a sustainable future. We focused both on innovations at the university as well as reforms in our operating environment, including the implementation of the new principles for higher education and research funding. Several activities that were initiated in 2013 will be completed in the coming years.

The most important objective of the university continues to be the assurance and improvement of quality in all our fields of activity. Since 2013, the Statutes of the University of Tartu (UT) stipulate more clearly the rights and responsibilities of the Senate in managing the quality of teaching and R&D activities.

The main keywords for developing the new strategic plan and statutes of the university were quality and effectiveness. While renewing our strategic plan we formulate the mission, responsibility and role of the university in society and its overarching goals and objectives, the primary task in drafting the new statutes is to modernize the governance practices and structure of the university. In order to realize the diverse professional capacity of the national university as a knowledge-based and fast-developing driver of society, national university must be supported by a flexible, effective and responsible governance and academic structure that facilitates the involvement of the entire university community in making and implementing decisions. In addition to the Senate that is formed on the basis of our areas of teaching and research, the amendments made to the Statutes in 2013 also stipulate four areas of teaching and research: *humaniora*, *medicina*, *socialia* and *realia et naturalia*. The drafting of the new statutes will continue in 2014 and the document is scheduled to take effect on 1 January 2016.

The higher education reform that was launched in 2013 guarantees all students admitted to UT equal opportunities to acquire free higher education (the number of student places remained the same, compared to the previous year, but all these places were tuition free). The number of free student places increased by almost 40%.

Another important part of the higher education reform is the gradual shift to the performance-based funding model. Since 2013, the teaching activities of UT are financed through a performance-based operating subsidy. The performance agreement signed with the Ministry of Education and Research stipulated our main performance indicators for 2013 as well as admission-related targets. The university has successfully achieved these.

2013 was the first year when the Council earmarked in the budget targeted funds for supporting teaching quality and research. Today we are happy to say that the funds allocated to the faculties and colleges have helped to successfully initiate and implement several quality-improvement projects. One that is definitely worth mentioning is the implementation of the system of teaching assistants that has gained the support

of the students and expanded opportunities to involve doctoral and master's students into the teaching process. A new procedure for awarding doctoral degrees was adopted in 2013. The new regulations clarify provision on how students are allowed to defend their thesis, how the defence meeting takes place and what are the responsibilities of the supervisor and the council that awards the doctoral degree.

Quality and cooperation were also the guiding principles in the development of teacher training that pertains to almost the whole university. In 2013, the most important objective was to organise the work of the teacher training and educational science study-programme group to ensure that the external evaluation taking place in the spring of 2014 would grant us the right to conduct master's and doctoral studies in this field for an indefinite period of time. A vocational studies module with a completely new content was developed and included in all teacher-training programmes in 2013. In cooperation with practising teachers, school managers and innovation schools, we made teacher training more practical and relevant to the actual work of teachers.

The development of entrepreneurship studies, which was one of the Council's main goals for 2013, has resulted in the establishment of a consortium of the Centre for Entrepreneurship and Innovation. For the 2014–2020 programming period of the EU structural assistance, UT will take the lead in developing a programme of entrepreneurship and entrepreneurship studies for Estonia as a whole.

To ensure a motivating work-environment worthy of our staff, including better pay conditions, we aim to restore UT's position as the provider of the best salaries on the market for academic positions. For that purpose, the minimum rates of various pay grades were increased in the spring of 2013 with additional raises scheduled to take effect on 1 January 2014 and in the spring of 2014.

Apart from all other activities in 2013, the ability of UT community to agree on the principles for strategic decisions and the readiness to make such decisions are worth a special mention. I am grateful to all our staff members for a busy year and for everyone's contribution to the development of UT. I hope that we continue to work towards common goals and that a strong cooperative spirit will prevail in implementing all on-going and new initiatives.

Professor Volli Kalm
Rector of the University of Tartu

GENERAL DATA ON THE UNIVERSITY OF TARTU 2009–2013

	2009	2010	2011	2012	2013
EMPLOYEES					
Number of employees (persons)	**3 517**	**3 493**	**3 596**	**3 778**	**3 739**
Number of employees (full time equivalent - FTE)	**2 957**	**2 947**	**3 025**	**3 161**	**3 129**
incl. academic staff	48,7%	49,2%	48,7%	47,9%	48,7%
Number of teaching and research staff (FTE)	**1 440**	**1 450**	**1 474**	**1 515**	**1 525**
incl. PhD holders	62,1%	66,8%	70,6%	71,5%	70,5%
Number of professors (FTE)	**164**	**163**	**173**	**177**	**180**
incl. female professors	21,3%	17,7%	19,2%	20,7%	20,8%
Percentage of international academic staff (FTE)	**4,8%**	**6,6%**	**6,9%**	**8,3%**	**9,4%**
STUDENTS					
Number of students	**17 493**	**18 136**	**18 047**	**17 370**	**16 025**
incl. first cycle of higher education	69,2%	68,0%	66,1%	64,3%	62,9%
incl. master's studies	23,2%	24,1%	25,7%	27,0%	28,0%
incl. doctoral studies	7,6%	7,9%	8,3%	8,7%	9,1%
Number of female students	**12 127**	**12 325**	**12 172**	**11 570**	**10 634**
percentage	69,3%	68,0%	67,4%	66,6%	66,4%
Number of students age 30 and over	**4 032**	**4 224**	**4 418**	**4 336**	**4 047**
percentage	23,0%	23,3%	24,5%	25,0%	25,3%
Number of international students	**343**	**438**	**484**	**546**	**579**
percentage	2,0%	2,4%	2,7%	3,1%	3,6%
Number of graduates	**2 726**	**3 145**	**3 132**	**3 038**	**3 117**
incl. PhD graduates	100	109	152	107	114
STRUCTURE					
Number of faculties	**10**	**9**	**9**	**9**	**9**
Number of colleges	**5**	**5**	**4**	**4**	**4**
Number of study programmes	**275**	**240**	**201**	**194**	**193**
incl. joint study programmes	3	4	6	7	8
incl. number of English-taught study programmes in the first and the second cycles of higher education	8	9	12	12	14
RESEARCH PUBLICATIONS					
Number of publications	**2127**	**2507**	**2479**	**2744**	**2879**
incl. high-level (1.1, 1.2, 2.1, 3.1) publications	58,7%	62,4%	64,3%	66,0%	68,0%
incl. number of publications of the ETIS category 1.1	804	943	952	1074	1175
UT'S POSITION IN TWO LEADING UNIVERSITY RANKINGS					
Times Higher Education World University Rankings			351–400	351–400	351–400
QS World University Rankings	501–600	551–600	501–550	501–550	461–470
QS World University Rankings by Subject				Communication and Media Studies 151–200	Communication and Media Studies 51–100 Modern Languages 151–200

Employee *figures are given as full time equivalent (FTE) as of 31 December.*

Student *figures regarding 2009–2011 are given as of 31 December, those of 2012 and 2013, 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 students who completed their studies during the period from 1 October of the previous calendar year to 30 September of the given calendar year.*

The number of ***study programmes*** *2009–2011 includes programmes in which students were enrolled as of 31 December. The number of study programmes 2012–2013 includes programmes in which students were enrolled as of 10 November.*

The number of ***publications*** *in 2013 includes those authored by persons who had a valid employment contract with UT or who were enrolled as regular or external doctoral students between 1 January 2013 and 31 December 2013. The number of publications in 2009–2012 includes those authored by persons associated with UT.*

GOVERNANCE OF THE UNIVERSITY OF TARTU

GOAL: UT is modernising the management of processes and units

The highest decision making body of the University of Tartu (UT) 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 first University Council was appointed on the 22 December 2011 for a five-year period. The Council comprises 11 members, five of whom were appointed by UT, 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 UT 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 UT Institute of Physics, Professor of Experimental Physics, Academician
Jüri Sepp	Vice Dean for Development, UT Faculty of Economics and Business Administration, Professor of Economic Policy
Aku Sorainen	founder and senior partner of Sorainen law firm
Kaja Tael	Estonian Ambassador to the Federal Republic of Germany
Paul Varul	Head of the UT Institute of Private Law, Professor of Civil Law

The **Senat** 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

Professor **Birute Klaas-Lang**
Professor **Art Leete**
Lecturer **Ain Riistan**
Professor **Anti Selart**

realia et naturalia

Head of Insitute **Leho Ainsaar**
Professor **Maia Kivisaar**
Professor **Enn Lust**
Professor **Jaak Vilo**

medicina

Professor **Hele Everaus**
Professor **Priit Kaasik** (until 7 Oct 2013)
Professor **Margus Lember** (since 7 Oct 2013)
Professor **Ruth Kalda**
Professor **Irja Lutsar**

socialia

Professor **Jüri Allik**
Professor **Toomas Haldma**
Professor **Marju Lauristin**
Professor **Raul Narits**

student representatives

Julius Juurmaa, Kristjan Korjus, Kaspar Kruup, Martin Noorkõiv, Kaupo Rebane

The **University Board** acts 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.

Professor **Volli Kalm** has served as the **Rector** of UT since 1 July 2012. The Rector is responsible for the day-to-day management of UT, lawful and expedient use of financial resources and exercises the highest administrative and disciplinary authority in UT within the limits of his competence and proceeding from Council and Senate resolutions.

Rector's Office as of 31 December 2013

Professor Volli Kalm

Rector

Martin Hallik

Vice Rector for Academic Affairs

Marco Kirm

Vice Rector fro Research

Erik Puura

Vice Rector for Development

Andres Liinat

Head of Administration

Taimo Saan

Head of Finance

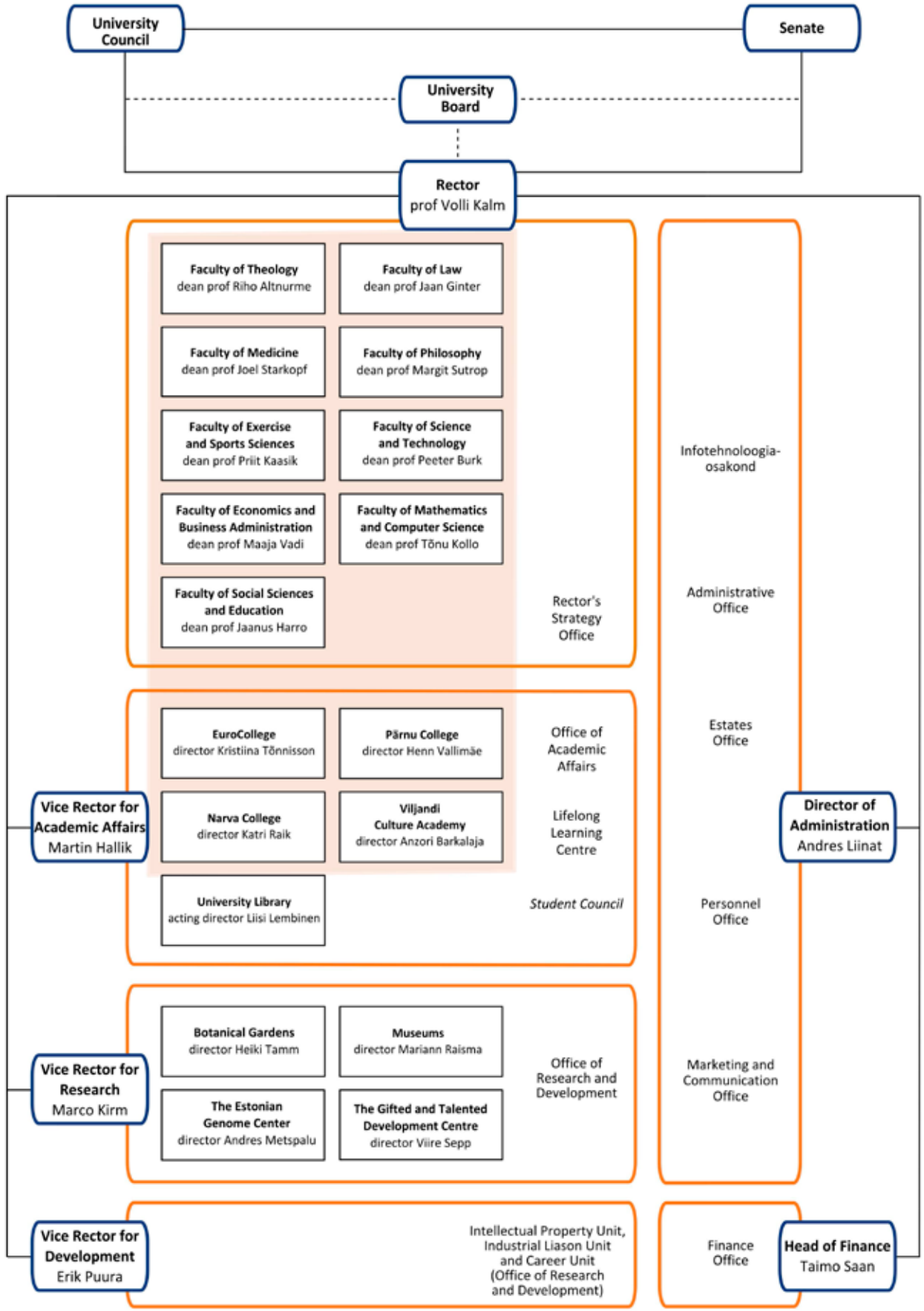
Ivar-Igor Saarniit

Academic Secretary

The University of Tartu Act was amended, and in 2012, UT adopted a new structure of governance, also involving external partners in the work of UT. The functions of the former UT Council were distributed between new governing bodies: the Council and the Senate. The governance structure continued to be improved and the **new Statutes** of UT continued to be developed in 2013. To achieve its strategic objectives, UT needs sectoral balance in its academic structure. The new statutes are being drawn up in compliance with the principle that the established areas of teaching and research, i.e. *humaniora*, *medicina*, *realia et naturalia* and *socialia*, are equally important. The strategic decisions at institutional level require removal of fragmentation and obstacles between the current structural units that are significantly smaller. The four areas of teaching and research will be reorganised into governance levels, resulting in a clearer responsibility, balanced development and involvement of staff. The new governance and structural model should contribute to equal opportunities for all UT staff members to participate in electing the governing bodies of UT and in preparing the decisions made in UT. The drafting of the new statutes will continue in 2014. The document will take effect on 1 January 2016.

The drafting of the **new Strategic Plan** for 2014–2020 began in 2013. The discussions regarding the strategic plan defined the role and goals of UT in its development as an organisation and in Tartu, Estonia, the Baltic Region, the European Union and the world. The discussions about the mission and vision of UT resulted in a conclusion that UT is equally national and international – UT engages in the development of the Estonian language and culture as well as international cutting-edge research. The strategic plan focuses on developing research-based, high-quality and practically-oriented studies as well as teaching and promoting entrepreneurship. The new strategic plan will be adopted in 2014.

Structure of the University of Tartu as of 31 December 2013



GENERAL ENVIRONMENT

The operating environment of UT depends on the strategies and funds of Estonia and the European Union. The 'Europe 2020' growth strategy of the EU has the objective of smart, sustainable and socially inclusive economic growth. To ensure smart economic growth, the strategy stipulates efficient investments into education, research and innovation.

HIGHER EDUCATION

'The five challenges of Estonian education', the draft Estonian education strategy for 2012–2020[1], emphasises that the following tasks for Estonian education need to be addressed as a matter of urgency: optimization of the network of educational institutions; improvement of the quality of teacher training, along with guaranteed equitable salaries for teachers; implementation of the provisions stipulated in the national curricula for basic schools and upper secondary schools and in 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.

One of the most important drivers of development in education is the **Lifelong Learning Strategy 2014–2020**. The five strategic objectives for lifelong learning are[2]:

- Changed teaching approach. The teaching approach that supports each student's individual and social development, study skills, creativity and entrepreneurship is implemented at all levels and types of education.
- Competent and motivated teachers and school managers. The work of school teachers, university teachers and school managers is valued and remunerated in compliance with the requirements and results.
- Lifelong learning opportunities match the needs of the labour market. Career services and study opportunities that are of high quality, flexible, diverse and match the development needs of the labour market have increased the number of professionally qualified people in each age group and region in Estonia.
- Digital revolution in lifelong learning has undergone a digital revolution. Studying and teaching makes more purposeful and effective use of modern digital technology, the digital skills of the society have improved and there is access to the new-generation digital infrastructure.
- Equal opportunities for engagement in lifelong learning, and increased number of learners.

The annual spending on higher education has increased in Estonia between 2000 and 2009 more rapidly than the OECD average, but the annual spending per student is still

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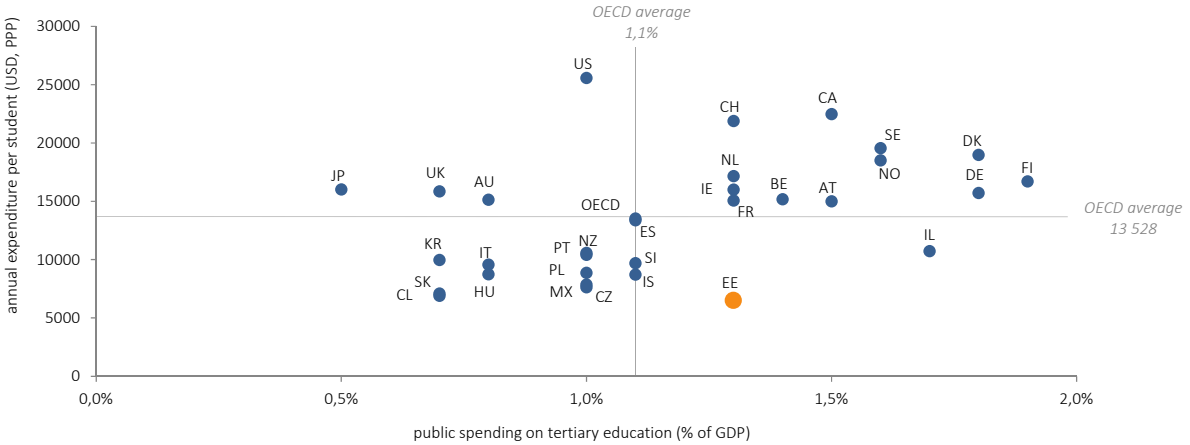
[1] *Eesti hariduse viis väljakutset. Eesti haridusstrateegia 2012–2020 projekt. Estonian Cooperation Assembly. kogu.ee/olemus-ja-roll/elukestva-oppe-strateegia/projekt-eesti-hariduse-viis-valjakutset/ (in Estonian)*

[2] *Elukestva õppe strateegia 2014–2020. Ministry of Education and Research. hm.ee/index.php?popup=download&id=12568 (in Estonian)*

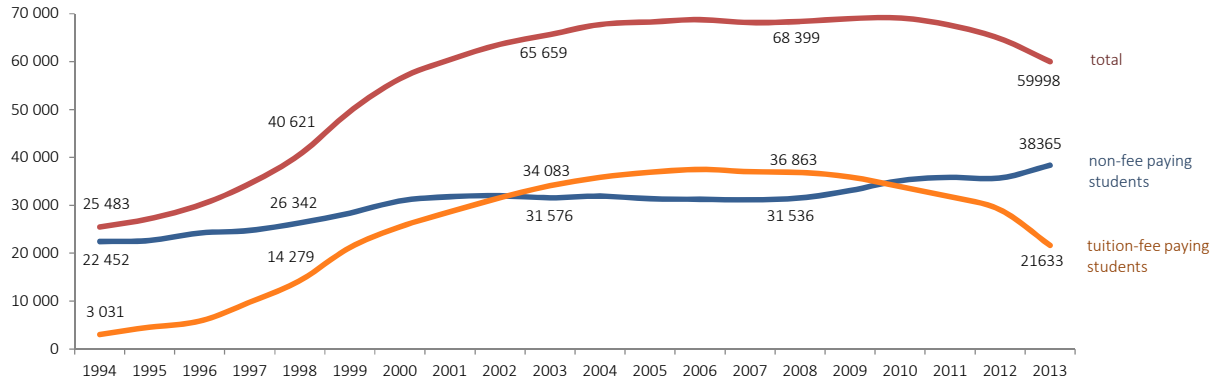


Public spending on higher education in OECD countries, as a percentage of GDP and per student in 2010 (PPP – purchasing power parity). Source: OECD

less than 50% of the OECD average. According to the 2010 statistics, our government spending on higher education institutions (HEIs) was 1.3% of GDP, i.e. more than the OECD average. Public and private sector expenditure together amounted to 1.6% of GDP, which is comparable with the OECD average. Although during the period 2000–2010, Estonian public expenditure on higher education showed one of the fastest growth rates among OECD countries, it was accompanied by an increase in student numbers. The annual spending per student in Estonia is less than 50% of the OECD average: 6501 US dollars in 2010 (OECD average is $13 528), considering purchasing power parity[3].

Population decline has also affected Estonian **student numbers**, which have decreased by 11% in the last three years. According to the Ministry of Education and Research (MoER), 9130 young people acquired general secondary education in 2013 (2% less than in the previous academic year). In the same year, 51% of them continued their studies at HEIs in Estonia.

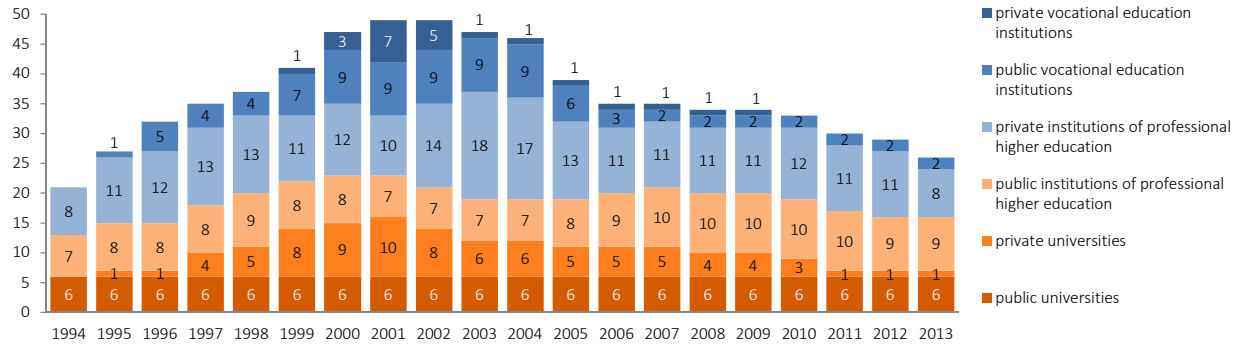
In 2013, a total of 59,998 students were enrolled in Estonian HEIs, 64% of them in state-commissioned, i.e. free, study places. The decrease in student numbers has mainly been due to the reduction in the number of fee-paying students, whereas the number of students enrolled in state-commissioned/free study places has increased considerably over the last five years.



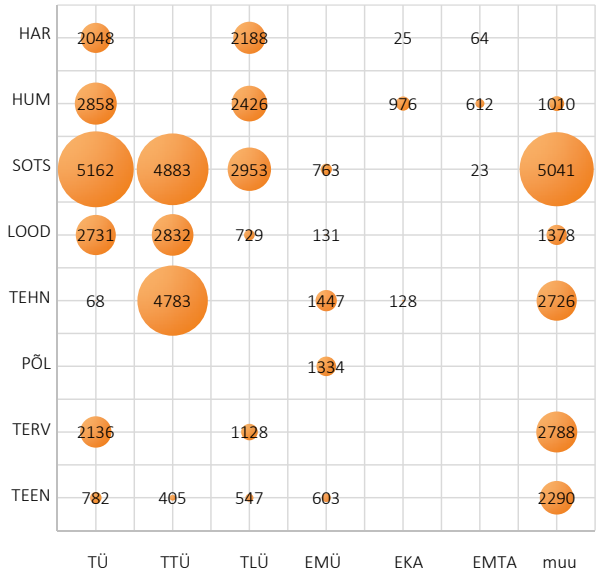
Student numbers in Estonia by sources of funding, 1994–2013. Source: Estonian Education Information System (EHIS)

During the period 2009–2011, a transitional evaluation of Estonian HEIs 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 specific HEI the right to teach and issue the respective 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 providing professional higher education. At the start of the 2013/2014 academic year, there were 26 HEIs in Estonia: 6 public universities, 1 private university, 9 public institutions of professional higher education, 8 private institutions of professional higher education, and 2 public vocational education institutions.

[3] *Education at a Glance 2013: OECD Indicators, OECD Publishing. oecd.org/edu/eag2013%20(eng)--FINAL%2020%20June%202013.pdf*



Institutions providing higher-education programmes, 1994–2013 (as of the start of the academic year). Source: EHIS

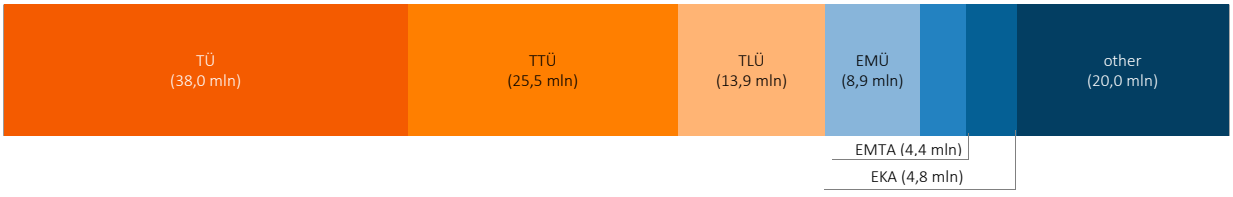


The number of students in Estonia by institutions and broad areas of study, 2013. Source: EHIS

HAR – education; HUM – humanities and arts; SOTS – social sciences, business and law; LOOD – sciences; TEHN – engineering, manufacturing and construction; PÕL – agriculture and veterinary; TERV – health and welfare; TEEN – services

The Ministry of Education and Research launched a **higher education funding reform** in 2011 with the aim was to make the system of higher education fairer to students, improve graduation rate at the level of higher education, reduce the sectoral fragmentation in higher education and increase the responsibility of HEIs for ensuring the quality of teaching and study. Since the 2013/2014 academic year, anybody who starts full-time university studies in Estonia and in Estonian has the right to do it for free. Since 2013, HEIs are financed not on the basis of state-commissioned education but a performance-based operating subsidy. The principles for allocating the operating subsidy are still being developed because the changes will be fully applicable starting from 2016.

The MoER has signed a **performance agreement** with each university. The performance agreements stipulate the main quantitative and qualitative performance indicators and admission targets. Under the performance agreement, the operating subsidy of a university depends on the quality of teaching and studies as well as performance. The performance agreement stipulates that, by March 2014, universities must discuss and agree on cooperation and division of tasks in the study programme groups under their responsibility.



Public operating subsidy to HEIs in Euros, 2013. Source: Ministry of Education and Research (MoER)

RESEARCH

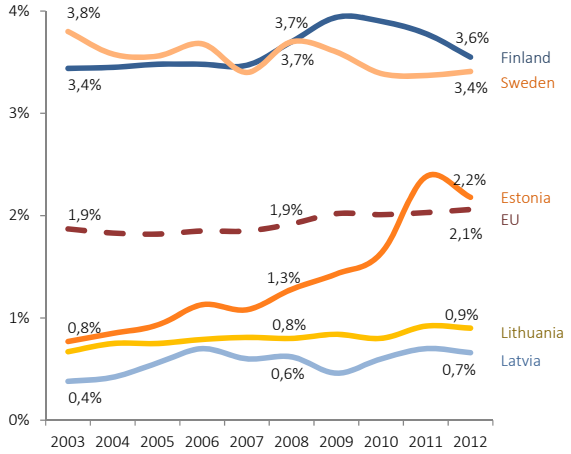
The European Commission contributes to the development of the European Research Area (ERA) through the **'Horizon 2020' framework programme**, which is one of the most important sources of financing for the ERA besides national financing for the research of the 28 Member States and associated countries[4]. 'Horizon 2020' is a common framework programme for research and innovation, which includes all the former financing instruments of the EU: the framework programme for research, the innovation part of the competitiveness and innovation framework programme, and the activities of the European Institute of Innovation and Technology.

[4] *Report from the Commission to the Council and the European Parliament: European Research Area Progress Report 2013, COM(2013) 637 final, Brussels, 20.9.2013. eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2013:0637:FIN:ET:PDF*

The Government of the Republic approved **'Knowledge-based Estonia', the Estonian Research, Development and Innovation Strategy 2014–2020**[5], in October 2013 and the Parliament adopted it in January 2014. The four most important objectives of the strategy are:

- Estonian research is of high quality and diverse
- R&D activities are in the interests of our society and economy
- R&D makes the structure of our economy more knowledge intensive
- Estonia is active and visible partner in the international research, development and innovation cooperation

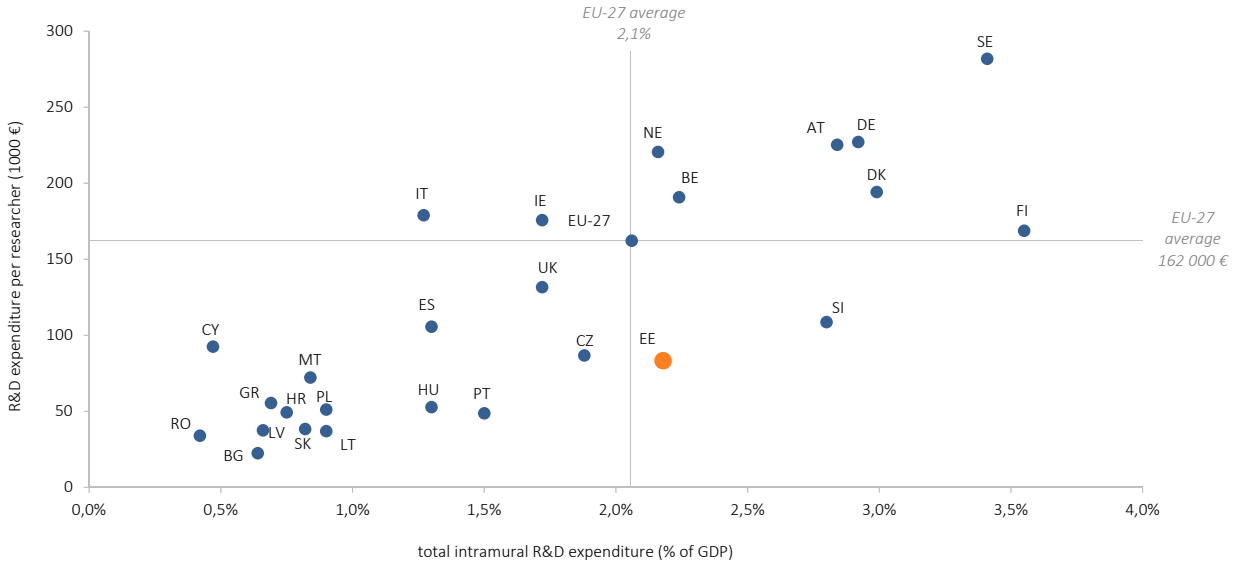
In cooperation with the Tallinn University of Technology, UT is implementing the **research and innovation policy monitoring programme** financed by the European Union. The programme aims to assess the current R&D support measures and analyse the issues that will become important for our country in the future. Within the programme, many studies have been conducted; for example, on strategic management in universities, management of cooperation between companies and HEIs, research financing instruments in Estonia, and innovation and research policy indicators. These have produced policy recommendations for developing the Estonian RD&I strategy 2014–2020.



Total research and development spending as a percentage of GDP in Estonia and neighbouring countries, 2003–2012. Sources: Statistics Estonia, Eurostat, Science and technology statistics (rd_e_gerdtot, data printout of March 2014)

According to Statistics Estonia, the **total Estonian public sector spending on R&D** amounted to 2.18% of the GDP in 2012. For comparison, in 2010, R&D investments amounted to 1.63% of the GDP. While the doubling of private-sector investments was a one-time occurrence connected with large investments in the technological development in the oil industry to launch a pilot plant[6], the growth in the public-sector investments was due to the climax of the implementation of EU structural-fund measures and increased external funding[7].

Although Estonia's total R&D expenditure as a percentage of GDP exceeds the EU average, our expenditure per researcher is just 55% of the EU average.



Total research and development spending as a percentage of GDP and per researcher in EU Member States, 2012. Source: Eurostat, Science and technology statistics (rd_p_persocc, rd_e_gerdtot, data printout of March 2014)

[5] *Eesti teadus- ja arendustegevuse ning innovatsiooni strateegia 2014–2020 „Teadmistepõhine Eesti". riigiteataja.ee/aktilisa/3290/1201/4002/strateegia.pdf# (in Estonian)*

[6] *Statistical Yearbook of Estonia 2013. Statistics Estonia. stat.ee/publication-download-pdf?publication_id=34208*

[7] *Tark ja tegus rahvas 2013–2016 (2012). Development plan for jurisdiction of Ministry of Education and Research. hm.ee/index.php?popup=download&id=11657 (in Estonian)*

TEACHING AND STUDIES

STUDENTS

ADMISSION OF STUDENTS

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

The higher education reform that was implemented in 2013 guarantees students admitted to a university equal opportunities to acquire free higher education. UT announced admission to 2231 study places in bachelor's studies, 983 in master's studies and 170 in doctoral studies, which is nearly 40% more than the previous state-commissioned student places. The total number of student places remained the same as the year before.

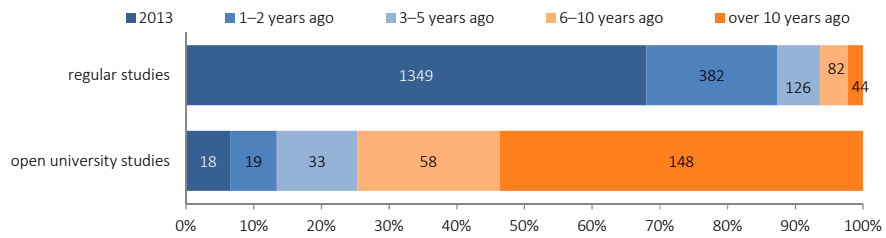
By the general rule, UT admits students on the basis of their grade ranking. However, certain study programmes apply a threshold-based admission system which guarantees all student candidates who pass the threshold a study place at UT. The threshold-based admission system is applied by the Faculty of Science and Technology, Faculty of Economics and Business Administration, and Faculty of Mathematics and Computer Science in admitting students to bachelor's programmes.

In 2013, a **total of 3889 new students**[8] were admitted to UT in all three cycles of higher education. The majority of them (3811) commenced studies in the first year of the respective higher-education cycle (2360 in the first cycle, 1270 in master's studies and 181 in doctoral studies). The rest resumed their studies which had been discontinued earlier or transferred to UT from another HEI by competing for vacant study places.

PERFORMANCE AGREEMENT OBLIGATION: UT shall admit at least 1800 people to the first cycle of its study programme groups in 2013

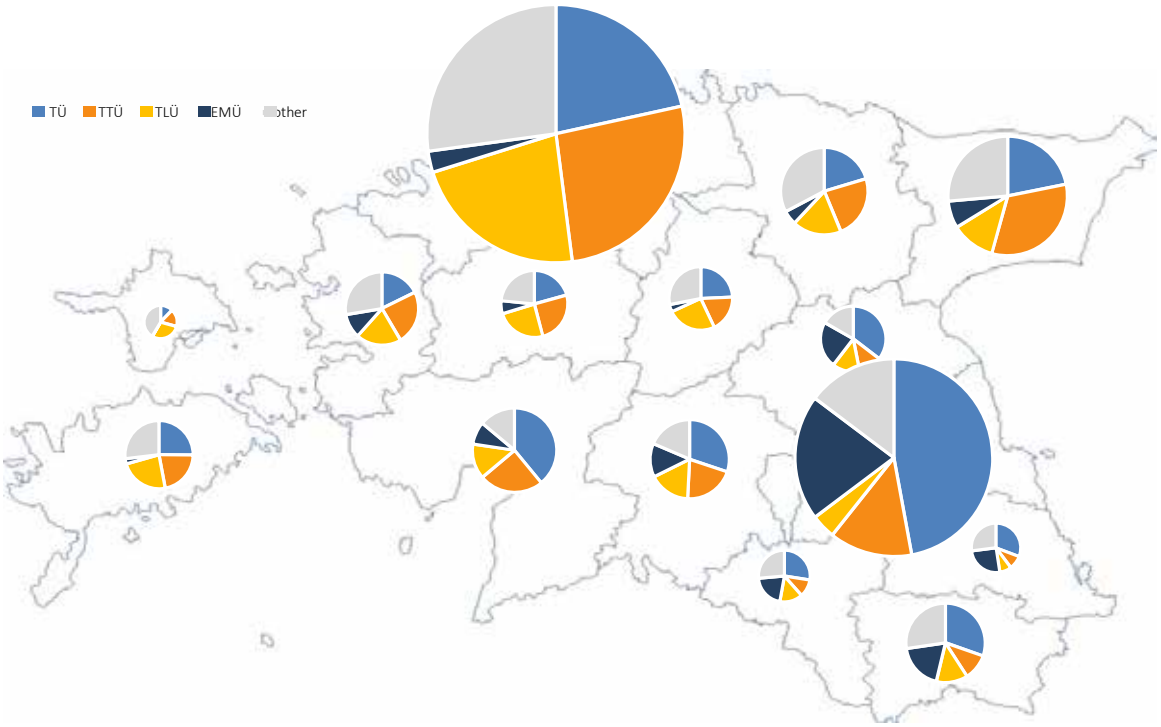
In 2013, UT admitted **2360 new students** into the **first cycle of higher education**: 1726 to bachelor's programmes, 367 to professional higher education programmes and 267 to integrated bachelor's and master's programmes.

The total number of students who completed their general secondary education in 2013 was 9130, 51% (4687) of whom continued their studies at a HEI in Estonia. Public universities admitted 7256 students to the first cycle of higher education. This indicates to a significant share of upper-secondary school graduates from earlier years and people who applied for distance learning. The proportion of fresh upper secondary school graduates among those admitted to the first cycle of higher education in 2013 was 58% (67% in regular studies and 5% in Open University studies).



Students admitted in 2013 into the first cycle of higher education by time elapsed since graduation from the secondary school. (The Figure does not include people who have graduated from a vocational education institution or whose year of graduation is not known.) Source: UT Study Information System

[8] *The number includes students who enrolled between 11 November 2012 and 10 November 2013 and continued their studies as of 10 November 2013.*

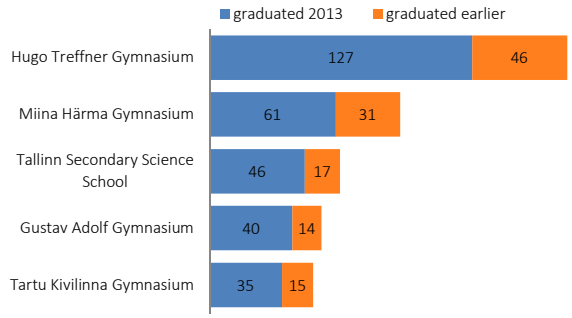


Secondary school graduates of 2013 in a given county admitted into the first cycle of higher education in Estonian HEIs. The largest number of newly enrolled students came from Harju County (1803) and the smallest, from Hiiu County (41). Source: EHIS

UT attracted students from all Estonian counties. The two counties providing the largest share of new students were Harju and Tartu Counties (both 27%). More students also enrolled from the counties where UT regional colleges are located (Ida-Viru, Pärnu and Viljandi Counties).

Fifty-eight of all Estonian upper secondary school graduates who scored 90 or more points in at least one national examination in 2013, and 60% 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 61% and 67%, respectively. Of those 730 graduates who were awarded a gold or silver medal for their study results in 2013, 268 (37%) continued their studies in UT.

On the basis of the results of Olympiads and subject contests, 244 people qualified for admission in 2013; 95 (39%) of them were admitted to UT under special conditions. Around 10% of them usually do not use this advantage and are admitted through standard admission procedure.



Upper secondary schools with the greatest number of 2013 graduates continuing their studies in the first cycle of higher education at UT. Source: UT Study Information System

The number of **new master's students** enrolled in 2013 was **1270**: 941 began regular studies and 329 were admitted to the Open University. The proportion of students coming to UT from other universities is also growing year by year. Of students who were admitted to master's programmes at UT in 2013, 31% had completed their previous studies elsewhere (incl. 10% in a foreign university, 4% in Tallinn University, 3% in Tallinn University of Technology and 2% in Estonian University of Life Sciences). In 2013, **181 doctoral students** began their studies in PhD programmes (9 more than in 2012 and 75 less than in 2011).

Each year, a **feedback survey** is conducted among the new students in the first and second cycles of higher education to find out the reasons for choosing that particular programme and the main sources of information about study opportunities, study programmes and study arrangements in UT. In 2013, 1677 (45%) of those who started their studies in the 2012/2013 academic year responded.

Most of them (more than 95%) had thought through reasons why to continue their studies at a university. The students of both cycles said that the reason for continuing their studies at a university was primarily their wish to engage in an interesting field of study and acquire more knowledge. Many also pointed to the occupational need to acquire professional education in their field. International students chose UT primarily for the high-quality education, favourable admission requirements, the location of UT and the affordable tuition fee.

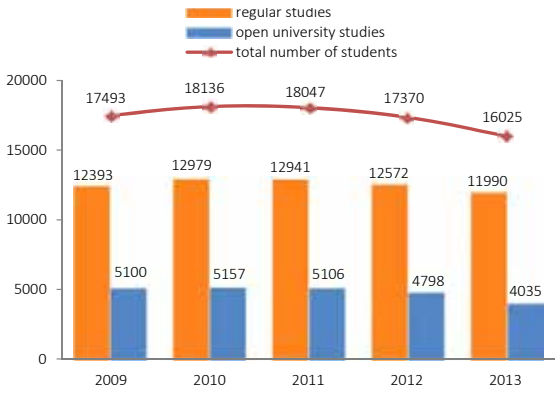
The survey revealed that 41% of the first-year students and 68% of the master's students worked on the side. The share of working students is bigger in the Open University. While regular students mostly worked part-time, Open University students worked mostly full-time, the reason being primarily financial need.

STUDIES

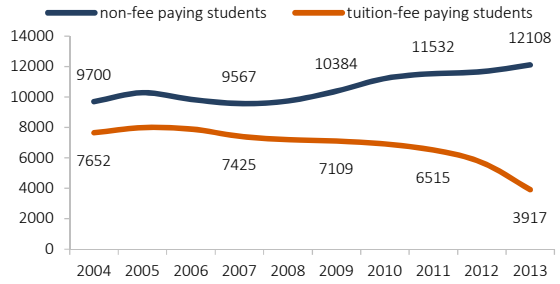
As of 10 November 2013, UT had **16,025 students**, including 579 international students. Of all students, 24% (3917 persons) were in non-state-commissioned (fee-paying) student places. Owing to the higher education reform, the number of fee-paying students decreased by 31% compared to the previous year.

As the only classical university in Estonia, UT is set apart from other universities by the wide spectrum of academic fields it covers. In 2013, students enrolled in nine faculties and four colleges attended a total of 193 study programmes, including eight joint programmes. Of all students enrolled in joint programmes, 105 were enrolled in programmes coordinated by UT and 240 in those coordinated by other HEIs. The faculty with the largest number of students in 2013 was the Faculty of Social Sciences and Education (2981 students). Breakdown of UT students by areas of teaching and research was as follows: 46% in *socialia*, 21% in *humaniora*, 21% in *realia et naturalia* and 12% in *medicina*.

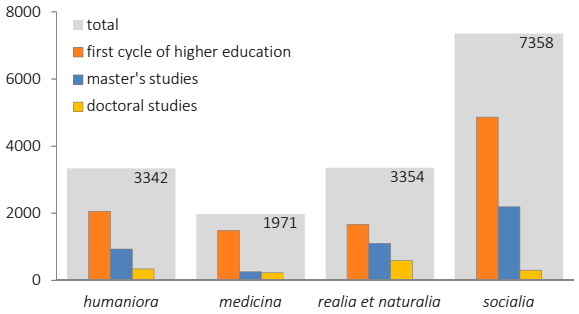
As a research university, UT devotes special attention to enhancing **postgraduate education** to support the development of knowledge-based society. During the last five years, the proportion of doctoral and master's students in our student body has increased, making up more than a third of our total student body in 2013. The proportion of postgraduate students was highest in *realia et naturalia*, where 50% of students were enrolled in the first cycle of higher education, 33% in master's and 17% in doctoral studies.



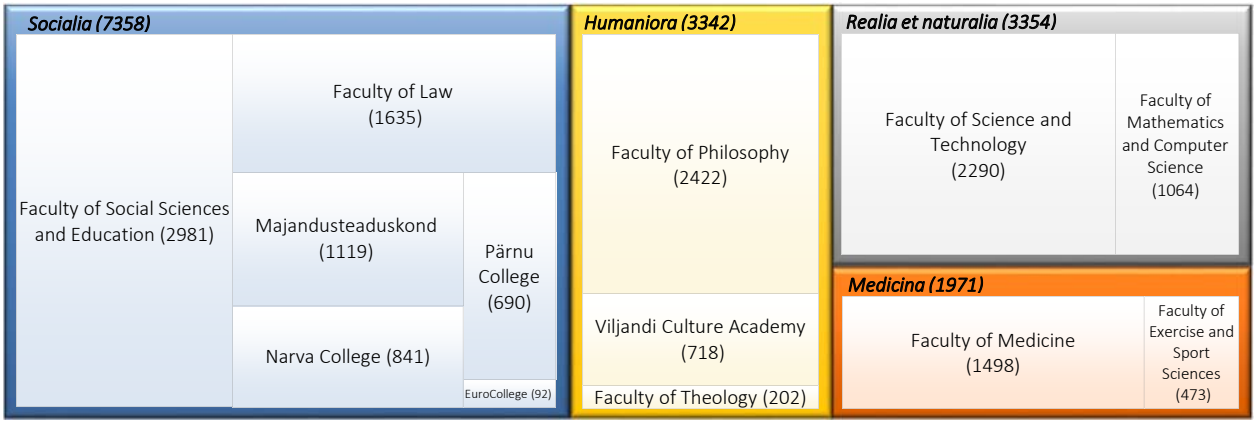
The number of UT students attending regular studies, Open University studies and in total, 2009-2013. Source: UT Study Information System



Year-to-year changes in the number of students on state-commissioned/free and non-state-commissioned/fee-paying student places, 2004–2013. Source: UT Study Information System



The number of students in the four areas of teaching and research and cycles, 2013. Source: UT Study Information System



UT student numbers by structural units and four broad areas of teaching and research, 2013.Source: UT Study Information System

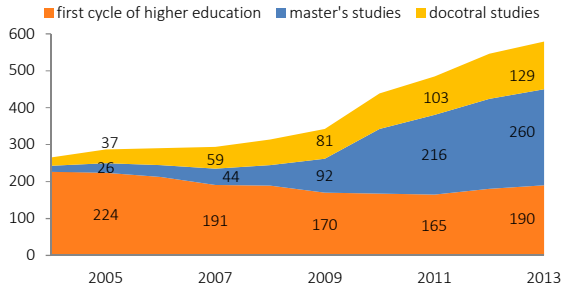
INTERNATIONAL STUDENTS AND STUDENT EXCHANGE

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

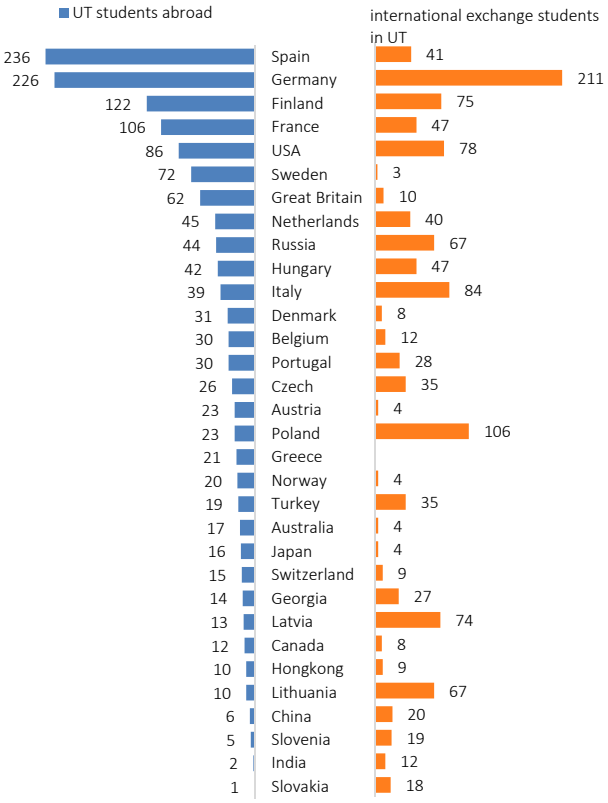
In 2013, 195 international students began their studies at UT. Foreign countries sending the largest number of new students to UT were Finland (24), Russia (19), Ukraine (18) and USA (14).

As of 10 November 2013, there were **579 international students** at UT (3.6% of the student body). The proportion of international students enrolled in PhD programmes, master's programmes and the first cycle of higher education was 8.9%, 5.8% and 1.9%, respectively. There were 260 international students in master's studies (45% of all international students at UT) and 129 in doctoral studies (22% of all international students in UT). A total of 73 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 32% of all international students in 2013, and in *socialia*, where 26% of our international students were enrolled in 2013.



International students at UT, by cycles of higher education, 2004–2013. Source: UT Study Information System



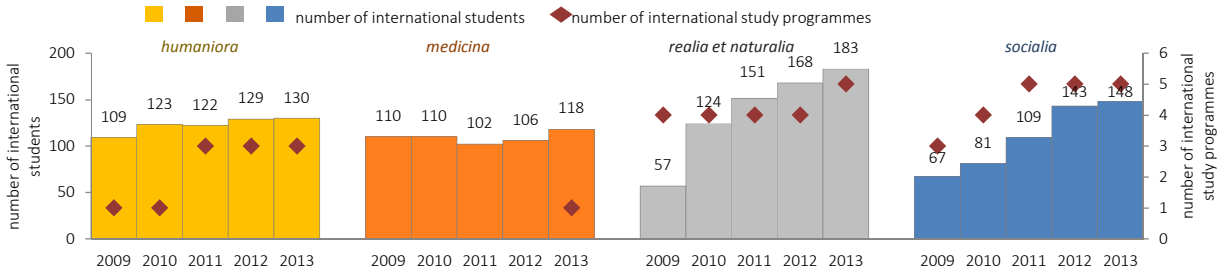
Countries with the busiest student exchange with UT in 2010/2011, 2011/2012 and 2012/2013 academic years. The Figure shows the countries which have either sent to or received from UT at least 10 students have come/gone within the last three years. Source: Office of Academic Affair

PERFORMANCE AGREEMENT OBLIGATION: UT shall increase international student mobility

In the 2012/2013 academic year, UT had **491 international exchange students**. Within the Erasmus Programme, a total of 264 exchange students attended UT (a 17% annual increase). A quarter of the exchange students in the Erasmus Programme came from one of UT's partner universities in Germany. Also students from Italy and Poland showed more interest in studying at UT. The number of international exchange students who used mobility schemes other than the Erasmus Programme (227) has increased by 10% from last year.

The DoRa programme for internationalisation and doctoral studies has been in place with support from the EU structural funds since 2008/2009. It has brought international exchange students to UT's PhD programmes and supported their short-term studies and research here. A total of 56 doctoral students from 26 countries used this opportunity in 2012/2013.

According to the data available to UT, the number of **our students who went abroad as exchange students** in 2012/2013 was **474**, 70 of them participated in practical training courses. Their number decreased by 9% from the previous academic year. Of those who studied or received practical training abroad, 289 students, or 61%, did that with the help of the EU Erasmus Programme. The most popular study abroad destinations were Spain (19%), Germany (17%) and France (10%). The number of UT students who went to study abroad outside Erasmus Programme, was 185.



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, 2009–2013. Source: UT Study Information System and Office of Academic Affairs

GRADUATION AND CONTINUATION OF STUDIES

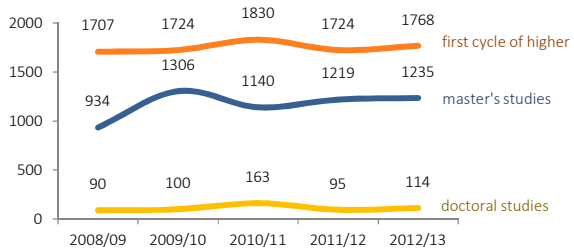
GOAL: UT graduates successfully enter the labour market or continue in postgraduate programmes

A total of **3117 students graduated from UT** in 2012/2013. The breakdown of graduates by the four areas of teaching and research was: 45% in *socialia*, 22% in *humaniora*, 22% in *realia et naturalia* and 11% in *medicina*. The number of cum laude graduates was 238.

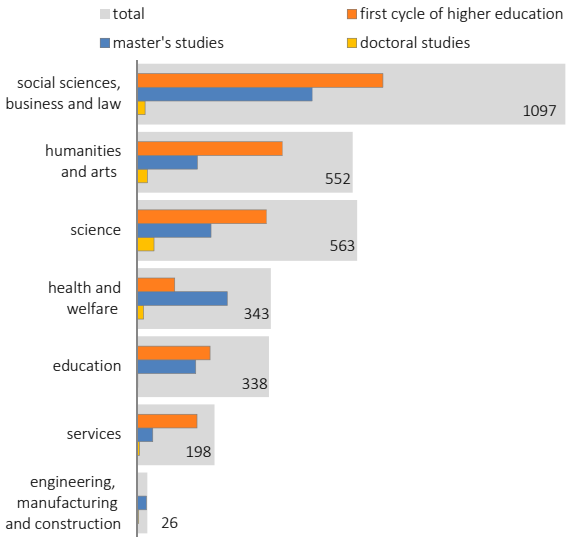
In 2013, 211 doctoral theses were defended in Estonia, more than half of these (114) at UT. Three PhDs were defended under the joint supervision agreement.

Forty-five percent of 2012/2013 graduates from UT bachelor's programmes continued their studies in one of UT's master's programmes in the 2013/2014 academic year. The fields of study with the largest number of graduates continuing their studies were natural and exact sciences (62%) and services (59%). These two areas topped the list last year as well.

Nine percent of 2012/2013 master's degree graduates continued their studies in UT's doctoral programmes. As in the previous year, the two fields with the largest proportion of students continuing their education at the postgraduate level were natural and exact sciences (33%), and technology, production and construction (22%).



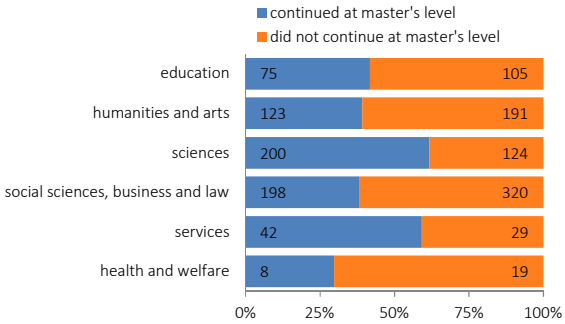
UT graduates by cycles of higher education, 2008/2009–2012/2013. Source: UT Study Information System



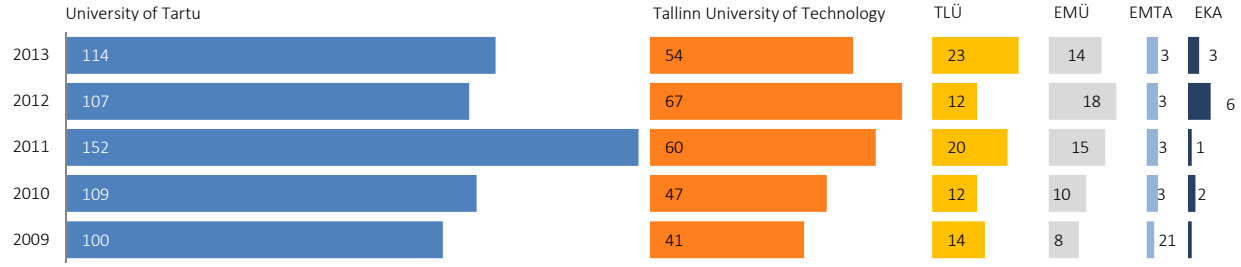
The number of UT graduates by fields of study and cycles, 2013. Source: UT Study Information System

DROPPING OUT

According to the Estonian Education Information System (EHIS), the average drop-out rate was in Estonian public universities in the 2012/2013 academic year was 19%[9]. The fields with the largest proportion of students discontinuing their education were natural and exact sciences (18.7%), and technology, production and construction (19%). The total **number of drop-outs from UT** in 2013 **was 2584** (15%). Thirty-five percent of them were in the first year of their studies and more than a half were enrolled in the bachelor's programmes. The main reasons for the termination of enrolment at UT were withdrawal from studies at the student's own request (34%), expiration of the study period (34%) and insufficient academic progress (21%). Compared to the previous year, the second group of these three has increased by 2%. The drop-out rate has also increased among third year students.



The number and proportion of 2012/2013 graduates from UT bachelor's programmes continuing or not continuing their studies in master's programmes in 2013/2014, by fields of study. Source: UT Study Information System

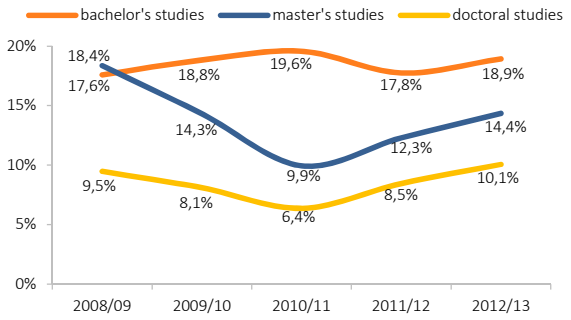


PhD graduates from Estonian public universities, 2009–2013. Source: EHIS

[9] *The share of students who dropped out in the 2012/2013 academic year in the 2012 student population.*

PERFORMANCE AGREEMENT OBLIGATION: UT shall reduce the drop-out rate in the first and second cycle of natural and exact sciences and apply measures to support studies

Percentage-wise, the highest drop-out rate at UT was in service (17.6%) and in social sciences, business and law (17.4%). In natural and exact sciences, the share was 16.3%. Several measures have been taken to reduce the drop-out rate (see section 'Measures to improve the quality of teaching and studies' for more detailed information). How much impact is the higher education reform that was launched in 2013 having on the drop-out rate is still unclear.



Natural and exact science drop-outs in the total student population by cycles, 2008/2009–2012/2013. Source: EHIS

STUDY PROGRAMMES

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

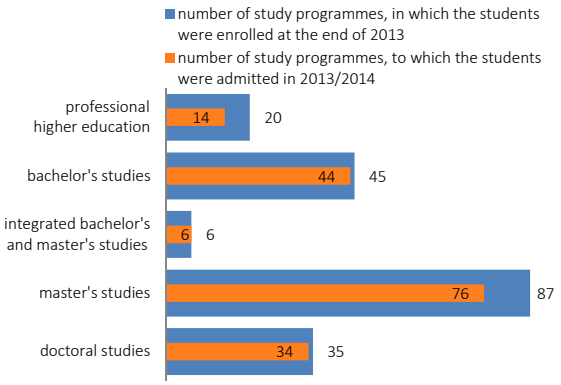
PERFORMANCE AGREEMENT OBLIGATION: UT, being a national university, shall ensure Estonian-language higher education in humanities, social sciences, medical science and natural sciences

In the 2013/2014 academic year, UT conducted **193 study programmes** and admitted new students to 174 programmes. The reform-induced changes in the number of study programmes are evident from the comparison with the 2006/2007 academic year, when there were both old programmes (4+2) and new programmes (3+2), although new students were admitted to the new ones only. Between 2009 and 2013, the number of study programmes has decreased by almost 30% (from 273 to 193).

Number of study programmes by cycles in 2006/2007 and 2013/2014

Level of study	2006/2007 study programmes, to which the students...		2013/2014 study programmes, to which the students...	
	...were admitted	...were enrolled	... were admitted	...were enrolled
Professional higher education	19	39	14	20
Bachelor's studies	47	88	44	45
Integrated Bachelor's and Master's studies	5	9	6	6
Teacher training		14		
Master's studies	81	129	76	87
Doctoral studies	36	70	34	35
Total	188	349	174	193

PERFORMANCE AGREEMENT OBLIGATION: UT shall reduce the number of study programmes for new students by at least 5%, and, taking into account the needs, mission and resources, reorganise teaching and studies in the study programmes with similar study outcomes or with less than 15 students in the first cycle and less than 10 students in master's studies



Number of UT study programmes in the 2013/2014 academic year (as to joint programmes, only those coordinated by UT are included). Source: Office of Academic Affairs

As of 10 November 2013, UT had four master's programmes where less than 10 students were enrolled. Admission to two of these had already ceased in the period from 2009 to 2010 and one new programme (financial mathematics in English) was opened in the 2013/2014 academic year. The master's programme in classical languages is still accepting students, although only two students were enrolled in 2013. All study programmes in the first cycle of higher education had more than 15 students.

The Faculty of Social Sciences and Education and the Faculty of Science and Technology cooperated in developing a new doctoral programme in educational science, which unites the two existing programmes. Admission to the joint study programme commenced in the 2013/2014 academic year.

In the period from 2008 to 2013, UT has opened **eight joint master's programmes** in cooperation with other Estonian public universities. The language of instruction in these programmes is typically English.

STUDY PROGRAMMES IN ENGLISH

GOAL: UT develops international study programmes

PERFORMANCE AGREEMENT OBLIGATION: UT shall increase the number of courses and study programmes taught in English

While in 2009, UT had eight **English-language study programmes** in the first and second cycle of higher education, the number increased to **14** by 2013. The majority of these are master's level programmes, including five joint programmes. Eight master's programmes have been created with the assistance of 'cool curricula' programme of the Ministry of Education and Research and the HEIs and companies cooperation measure.

This considerable additional funding has encouraged the creation of study programmes that combine the best competencies of universities (joint study programmes) and are of interest to both Estonian and international students. In addition to interdisciplinarity, the English-taught master's programmes devised with the help of external funding are aslo characterised by a larger share of Estonian students, especially in joint programmes. A total of 212 Estonian students were enrolled in the master's programmes taught in English in 2013; 66.2% (169) of them studied in joint programmes. UT also participates in three Erasmus Mundus joint programmes.

Study programmes taught in English in 2013/2014

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
medicina	
*** Medicine	Faculty of Medicine
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
* Financial Mathematics	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, *** integrated bachelor's and master's degree programmes*

International joint programmes in 2013/2014

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

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 I and AURORA II (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.

E-LEARNING

GOAL: UT supports the daily use of technology in classrooms

E-learning is mostly used in combination with class work in order to facilitate students' individual work. In 2013, UT had eight educational technologists who provided methodological and technical advice to teaching staff in developing and conducting online courses.

The use of e-learning at UT

	2011	2012	2013
Number of partially or entirely web-based courses	850	1264	1580
Number of courses taught fully online	111	110	108
The share of partially or entirely web-based courses of all courses	9%	14%	18%
Number of participants in web-based courses	26 870	38 614	46 672
Number of users of Moodle, UT's web-based study environment	18 902	24 753	27 537
Number of courses in Moodle, UT's web-based study environment	1475	2047	2545
Number of new e-courses developed within the framework of BeSt programme	68	50	73
Number of learning objects created within the framework of BeSt programme	115	72	117
Number of videos in UTTV (UT video portal)	1681	2175	2838
Number of academic staff members using online seminars	49	49	33
Total duration of online seminars (hrs)	3147	4680	2128

A survey was conducted in 2013 to find out the level of satisfaction of the heads of academic units and programme managers with the current situation of e-learning at UT and to get their opinions on the development options, shortcomings and priorities of e-learning. Of the programme managers, heads of institutes and vice deans for academic affairs, 26 people responded to survey, pointing out three primary reasons for developing e-learning: it supports students' individual work, makes teaching and studies more flexible and diverse, and enables easier use of external adjunct instructors/lecturers. The respondents considered it necessary to use e-learning more extensively and to develop it further. The prevailing view was that e-learning should be developed as an extension to traditional studies, especially in the Open University. Development of courses that are conducted fully online was not considered reasonable.

Teaching staff's e-learning skills continued to be developed within the 'e-teacher' training programme. The number of participants in the programme was 364, 87 of them from UT. In 2013, the development of new online courses and learning objects continued in the 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 Innovation Centre of the Estonian Information Technology Foundation for Education and in the e-learning materials collection of the DSpace open repository of UT Library.

In the spring of 2013, UT started developing two English-taught MOOCs (massive open online course), and by the end of the year, their content was ready: 'Estimation of measurement uncertainty in chemical analysis' (Prof. Ivo Leito, Lauri Jalukse and Irja Helm) and 'Energy policies in Europe' (the team of European College). Aside from texts, the courses include videos and lots of self-testing assignments.

16 online courses of UT were awarded a quality mark by the Estonian e-University consortium in 2013

DEVELOPMENT ACTIVITIES

ENTREPRENEURSHIP STUDIES

PERFORMANCE AGREEMENT OBLIGATION: UT shall improve courses and teaching methods that develop transferable skills and attitudes (incl. entrepreneurship and innovation awareness) necessary for achieving the study outcome in the first and second cycles of higher education, including by increasing practical training and involvement of practitioners as well as by ensuring opportunities to develop transferable skills in all study programme

To take transferable competencies into account as a part of study programmes, UT has developed two special courses for students to request taking these into account as part of earlier studies and work experience (both of these courses can be taken into account once in one cycle of education).

GOAL: UT develops entrepreneurship studies by launching a pilot project that develops students' skills, entrepreneurship and innovation

PERFORMANCE AGREEMENT OBLIGATION: UT, in cooperation with other universities and partners, shall be responsible for the development of entrepreneurship studies in Estonia

In 2013, 256 students completed a general course in entrepreneurship (3 ECTS credits) (incl. 39 in English), 38 students completed an online course on writing a business plan (3 ECTS credits), 99 students completed a basic course (6 ECTS credits) and 245 students completed a specialised (IT, social entrepreneurship, innovation and entrepreneurial pedagogics) entrepreneurship course (3/6 ECTS credits).

Viljandi Culture Academy launched mandatory entrepreneurship studies as a pilot project. All students are required to take a 6-ECTS-credit basic course of practical entrepreneurship during which an actual business project is developed. The course is followed by 6 ECTS credits worth of practical training during which students set up their own businesses or implement their projects. Support services are provided by mentors, the county development centre, Idea Lab, etc. Narva College has developed an entrepreneurship programme for all teacher training students. Continuing education is arranged in cooperation with Ida-Viru Entrepreneurship Centre.

The entrepreneurship training for teaching staff was conducted within the 'Central Balticum Entrepreneurship Interaction' (CB ENTREINT) project, and 16 teaching staff members from different HEIs completed it. In addition, training courses for the teaching staff were also conducted within the project of the 'Development of study materials and teaching methodology for entrepreneurship studies in Estonian HEIs' activity of the Primus Programme. This course was completed by 11 UT teaching staff members.

A basic course on entrepreneurship was developed in cooperation with Tallinn University of Technology, Tallinn University and Estonian Entrepreneurship University of Applied Sciences. It consists of video lectures where the teaching staff are talking about topics a beginning entrepreneur needs to know. UT's video lectures were produced within the framework of the entrepreneurship development project under the Primus Programme funded by the EU structural funds. The aim of the project is to increase entrepreneurial attitudes among students and enhance the competitiveness of university graduates in the job market.

A concept of entrepreneurship studies has been developed. On the basis of this, regional mentoring networks have been set up depending on the specifics of educational institutions. To set up a team to develop entrepreneurship studies, UT organised a study trip to Denmark to learn about the networking experience there. A national broad-based work group to develop entrepreneurship studies began work in 2013. Its task is to develop an entrepreneurship and business studies programme for the next SF programming period. The working group includes representatives of universities, ministries, implementing agencies, general education schools and other organisations active in the field. The work group is led by UT.

The 'Kaleidoscope' competition of business plans and concepts developed during entrepreneurship courses was launched in 2013. There were 12 teams totalling around 30 students who were selected during various courses that participated in the first competition. Apart from the jury, the competition was monitored by members of the mentoring network, with whom participants could discuss their business problems. Several teams were assigned a supervisor and were offered an opportunity to realise their service or product; others received an opportunity to take part in the incubation programme, either at the Idea Lab or at the Tartu Centre for Creative Industries.

Negotiations were started with faculties and colleges to set up an entrepreneurship and innovation centre. The Faculty of Philosophy, the Faculty of Science and Technology, the Faculty of Economics and Business Administration, the Faculty of Mathematics and Computer Science, the Faculty of Social Sciences and Education, Narva College, Pärnu College and Viljandi Culture Academy expressed the desire to participate in the consortium.

TEACHER TRAINING

GOAL: UT rearranges teaching and research in teacher training and educational science programme group and takes measures to receive the right to conduct teaching for a specified, instead of unspecified, period of time in this study programme group in 2014

During the short period of time that has elapsed since the 2011 transitional evaluation of study programmes, several changes have been implemented in the organisation of teacher training. All UT's teacher training and educational science programmes were modified in 2013 by including a common teachers' vocational studies module (60 ECTS credits) with completely new content in the programmes. The new module is characterised by new teaching and study methods, lots of seminars and practical training, integrated topics, no overlapping and close cooperation with schools. The new study programmes were introduced in September 2013. In the development of both practical training as well as teacher training as a whole there is close cooperation with practising teachers and school managers, and a network of innovation schools has been set up. Doctoral studies are also conducted under a new programme, and the programme council is at work. The transitional evaluation of master's and doctoral programmes will take place in May 2014.

Research activities were supported by the Research Development Fund of UT. 2013 was a successful year for educational scientists: two project proposals received a positive funding decision under the EU Seventh Framework Programme for Research. A technology education working group has been formed, involving several faculties.

DOCTORAL STUDIES

PERFORMANCE AGREEMENT OBLIGATION: UT shall improve the quality and outcome of doctoral supervision, including providing support to the development of doctoral studies in educational sciences

Although UT continues to be the leading provider of doctoral-level education in Estonia, there are some quality and effectiveness issues that need to be addressed systemically.

A new procedure for awarding doctoral degrees was adopted in 2013 to replace the former Constitutive Regulations of Research Degrees. The new regulations contain clearer provisions on how students are allowed to defend their thesis and how the defence meeting takes place. The aim of the amendments was to make the procedure for applying for and awarding doctoral degrees more transparent and to clarify the responsibilities of supervisors and the council that grants the degrees. The new rules also regulate more clearly joint supervision agreements and clarify requirements for publications related to doctoral theses.

As of the 2013/2014 academic year, doctoral students who fail to be evaluated or receive a negative evaluation will be deleted from the matriculation register. Student receives a negative evaluation if, during the year of review, he or she completes less than 50% of the coursework and research established in his or her individual work plan.

Separate admission regulations for doctoral studies were adopted in 2013. For the first time, admission will be project and topic based in 2014. This should guarantee doctoral students the availability of resources required for research and the best supervisors. Doctoral student places are allocated on the basis of efficiency indicators of doctoral studies. All places must be filled through public competition in order to ensure that the best candidates are admitted.

'Thinking of the future of doctoral studies in Estonia', a conference on the development of doctoral studies held in October 2013

MEASURES TO IMPROVE THE QUALITY OF TEACHING AND STUDIES

GOAL: UT takes measures to ensure high-quality teaching and studies by supporting studies and teaching improvement activities in faculties and colleges

Since 2012, UT grants and an **annual award to promote the quality of studies**. The award is given to an institute, college or faculty for successfully planned, executed and effective activities to support the quality of studies. In 2013, the 30,000 Euro award was given to Pärnu College, which was commended for its commitment to talking purposeful steps to improve the quality of teaching and studies.

A **fund to support teaching and studies** was set up in UT in 2013. It is used to finance targeted activities of faculties, colleges and institutes to improve the quality of degree studies. According to the 2013 budget , the fund comprised 609,363 Euros. These means were used mainly for supporting the creation of the system of teaching assistants.

Involving students of different cycles of higher education (incl. doctoral students) in teaching is one of the many activities that contribute to an improvement of the quality of degree studies. Seven faculties and colleges requested the involvement of **teaching assistants** in teaching degree courses. A continuing education programme was developed to improve the teaching and supervising skills of teaching assistants. It was financed from the Primus Programme of the EU structural funds in the autumn of 2013. This is not a one-off project, but rather targeted effort to improve the quality of teaching and studies. Forty-five teaching assistants completed the training course in 2013.

Thanks to teaching assistants, students receive more feedback, their individual work is better supervised (especially in the event of bulky lecture series) and it is possible to conduct more seminars and practical training sessions than one university lecturer could possibly manage to offer. The teaching staff have more time to plan and improve the courses they teach. Such a cooperation also improves the transferable skills of students and teachers. It is also important that it contributes to the education of the next generation of academic leaders by offering: students gain their first teaching experiences. Teaching assistants have pointed out that teaching others helps them understand the subject better because teaching allows the recollection of basic knowledge and offers several self-development opportunities.

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**. When providing feedback, students analyse their study experience, give feedback to the lecturer, answer 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 UT 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.

A total of91,915 qualifying responses were received from studentsin the 2012/2013 academic year. The feedback covered 2734 teaching staff members. With respect to the teaching staff, students agreed more with the statements that the lecturer's attitude in teaching supported learning and that the study materials recommended by the lecturer were relevant in terms of content and usefulness (92% of the respondents agreed with these statements). There was somewhat less agreement with the statements that the lecturer presented the subject in an engaging way and provided sufficient feedback on independent work (84–86% respondents agreed with the statements). Summarising the aspects of teaching and course arrangements, students gave courses an average rating of 4.06. There has not been much change in comparison with the result from the previous year (4.00).

UT students' grade for courses in the 2012/2013 academic year. Source: Study Information System

Recipients of the 2013 Teacher of the Year Award

Krõõt Kaljusto-Munck
humaniora
Faculty of Philosophy
Teacher of English

Innar Tõru
medicina
Faculty of Medicine
Senior Assistant of Psychiatrics

Toomas Tammaru
realia et naturalia
Faculty of Science and Technology
Professor of Zoology

Kristel Ruutmets
socialia
Faculty of Social Sciences and Education
Lecturer of English Didactics

Each year, based on student feedback, UT acknowledges members of the 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, the three best lecturers of each faculty and college were also acknowledged.

Starting from the academic year 2007/2008, **feedback is also requested from students in their last year of studies** (excl. doctoral studies) with regard to the organisation of studies, the study process, the study environment, support services, and graduates' future plans for education and employment. In 2013, a total of 1847 students responded to the feedback survey (29% of students in the first and second cycles of higher education). Ninety-two percent of respondents agreed with the statement that upon completing the programme, learning outcomes described in the syllabus are achieved. Less satisfaction was claimed with respect to general skills and competencies (communication, public speaking, teamwork, time management, entrepreneurship, etc.), with 83% of repondents agreeing agreed to the statement, and with the logical links between courses (82%) agreed to the statement.

STUDY SUPPORT

GOAL: UT improves its study-support services

Support services to students

- Three student advisors at the Office of Academic Affairs assist and counsel students in matters pertaining to study organisation or in case of the existence 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 the internationalisation of studies by assisting UT students in finding suitable student exchange opportunities in foreign universities and provide support to international degree and exchange students in taking up their studies at UT.
- 153 tutors in academic units provide assistance in their respective fields of study to first-year and international students commencing their studies at UT.
- 13 support students in academic units provide support to students with special needs.
- Two psychologists at the Office of Academic Affairs provide psychological counselling 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 entrepreneurship advisor 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.

As of the beginning of the 2013/2014 academic year, 105 students had registered as 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 21 students.

Studentweb, a new information portal of Estonian HEIs, was launched in 2013. The portal was created to support students in their studies and to provide information of cooperation opportunities with companies. It brings together student candidates, students, alumni, employees and companies searching for trainees. The new online environment provides companies an easy and convenient way to find trainees and future employees from among the students and alumni of our major Estonian HEIs. All Estonia's public universities and many institutions of professional higher education participate in the Studentweb. The creation of the information portal was financed under the 'Development of cooperation and innovation of HEIs' measure of the EU structural funds.

153 students acted as tutors in UT in 2013. At an acknowledgement ceremony that has become a tradition, certificates were given to 91 new tutors who had completed the tutors' training programme in 2013

TEACHING, DEVELOPMENT AND CREATIVE ACTIVITIES IN THE REGIONS

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

On 12 June, the directors of Haapsalu, Kohtla-Järve, Kuressaare, Narva, Pärnu, Rakvere and Viljandi Colleges of three universities met for a seminar on the role of regional colleges in Estonian society and higher education. The discussions revealed the need for a more active regional policy and the readiness and capability of regional colleges to have their say in it. The speakers pointed out opportunities to make better use of regional colleges as a resource underused so far in the development of counties.

Narva College

An Educational Innovation Centre was established at Narva College in 2013 which combines the traditional strengths of the College: the Counselling Centre of Ida-Viru County, the Estonian Home in Narva and the Parenting Academy. The new service provided by the Centre is the School of Didactics designed to support students in their didactical studies, in preparing for practical teacher training and to provide opportunities for teaching simulation. The School of Didactics makes it possible to engage practicing teachers in the teaching process and continuing education through seminars and workshops. The school was founded with the assistance from the Eduko Development Programme for Education Sciences and Teacher Training.

In 2013, Narva College expanded its offer of business courses and courses for organisations. The target group of the Narva Management School, which started its activities in 2012, are the top and middle managers and senior specialists from the public and private sectors of Ida-Viru County. Each month, some trainers and opinion leaders well-known in Estonia talked at the Management School about their main activities, Ida-Viru County and Narva.

*Media businessman **Hans H. Luik** talking at the Narva Management School about online news and comments*

Children's University lecture 'What does a gene do inside our bodies?' at UT Narva College

Narva College also continued with its Children's University. A total of seven lectures took place in Narva and Tallinn, where academicians, professors and celebrities from various walks of life talked to 350 pupils aged 8–12. As part of the preliminary college of Narva College, courses in Estonian were conducted for upper secondary school pupils about national defence, language studies, debating and event management. The main objectives of the preliminary college are to offer upper secondary school pupils opportunities to use Estonian and give them an idea about university studies, study arrangements and grading system.

The UT Seniors' Programme, that ienjoys great popularity in Tartu, Tallinn, Pärnu, Kuressaare and Viljandi, expanded its activities to Narva as well. The lectures of the Seniors' Programme in Narva were held in Russian. Senior's Programme is a new initiative that provides elderly citizens of Narva opportunities to learn new things and spend time together. In response to seniors' wishes, the focus was on the history of Narva and Estonia, Estonian nature, political and cultural life, communication between generations, etc.

***August Puuste**, the oldest participant in the Seniors' Programme, celebrated his 100th birthday*

Pärnu College

The 2013 award for promoting the quality of teaching and studies at UT was given to Pärnu College for its effective activities in supporting the quality of teaching and studies. Pärnu College has targeted its efforts at increasing the number of students who graduate within the standard timeframe. The specific measure that helped was a change in the research practice to improve the quality of final theses.

Henn Vallimäe was re-elected as Director of UT Pärnu College in 2013. The primary aim of the College is to focus on the promotion of its main strengths, i.e. tourism economy and wellness services. During his second term as Director, Henn Vallimäe sees as his main task the consolidation of the study programmes of the College, promotion of internationalisation and enhancing the role of the College in strengthening the contacts between UT and the Pärnu region.

In May 2013, Pärnu College organised an international health tourism conference. 2013 was a Health Tourism Year in Estonia. 2013 also marked a special anniversary year – the first health tourism institution in Estonia was opened 200 years ago. This is a reminder of how well-established Estonian resort traditions are and how far back our health tourism history reaches.

The Seniors' Programme of the UT Pärnu College reached its fifth season in 2013. 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.

Viljandi Culture Academy

139 young artists and culture professionals graduated from Viljandi Culture Academy in 2013, more than half of them studied creative arts subject. For the first time, the diploma works of theatre, dance and music students were "exported" from Viljandi under the code name of 'Cultural Mission' in 2013. The works were presented in Tartu, Rakvere and Tallinn with the aim of bringing the work of talented young actors, directors, musicians, cultural entrepreneurs, dance teachers, leisure managers and artisans to a wider audience.

The continuing education offered by Viljandi Culture Academy received recognition by the Estonian Federation of the Blind. On the International White Cane Day on 16 October, the Federation awarded the 'Achievement of the Year 2013' honorary title to the training course for audio describers and audio/visual description consultants offered by the Cultural Education Department of the Academy. The course prepared 10 professional audio describers and four audio description consultants whose services can be used in theatres, galleries, museums and cinemas to make the event accessible to the visually impaired, dyslexics, the elderly and those who cannot comprehend the visual whole.

Starting from 2013, Studia Vernacula, a journal of artisanry studies published by Viljandi Culture Academy, is issued as a peer-reviewed journal with an international board of editors. The journal, which is published once a year, features translations of the most important texts on handicraft and artisan culture, research articles and topical case reports and overviews.

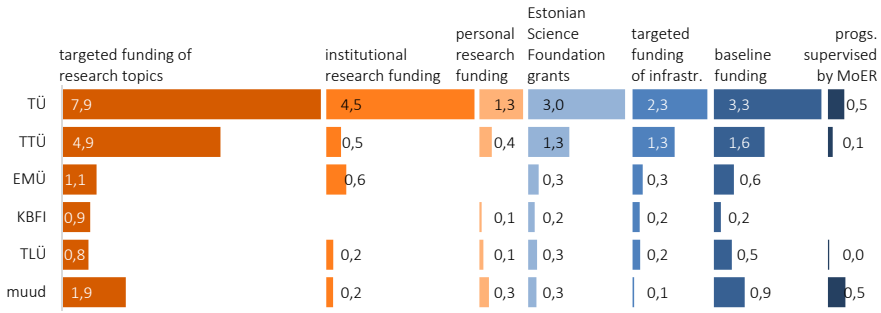
Viljandi Culture Academy performing arts graduates in the Ugala Theatre's production of 'When the Robbers Came to Cardamom Town'

RESEARCH

GOAL: UT R&D in all fields of teaching and research is internationally recognised and the best in Estonia

FINANCING

Estonian R&D institutions were allocated **public research funding** in the amount of 43.7 million euros in 2013. UT's share of these funds was 52%. Compared to 2012, the amount of funding UT received from national programmes[10] has increased. This growth is mainly due to the increase in funding received through the institutional research grant scheme.



Public research-financing for Estonian R&D institutions in 2013 (€ million). Source: Office of Research and Development

In 2012, fundamental changes were introduced in the national research funding system. Institutional research grants and personal research grants were introduced as two new complementary funding instruments. **Institutional research grants** enable research and development institutions to fund high-level R&D activities and to modernize and maintain the infrastructure required for that. **Personal research grants** are applied for through public competition and are meant to cover the costs of high-level R&D activities of researchers or small research groups working at R&D institutions.

UT was successful in applying for funding under the institutional and personal research grant scheme in 2013. Institutional research grants amounted to a total of 6 million euros, and UT received 4.5 million for 21 research topics. Only one entirely new research topic received funding – 'Provably secure and verifiable systems' lead by Prof. **Dominique Unruh** at the Faculty of Mathematics and Computer Science. Other research topics that received financing were either reorganised continuations of existing projects or expansions of them. The average institutional research grant was 215,800 euros in UT, but the average value of a target-financed research topic was 108,347 euros in 2013.

The success rate of UT in applying for personal research grants was 30%, which is higher than the average for other universities and R&D institutions (14%). Forty-two 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 1.34 million euros, which constituted nearly 63% of all allocated funding. Eleven start-up and 16 exploratory research projects received funding.

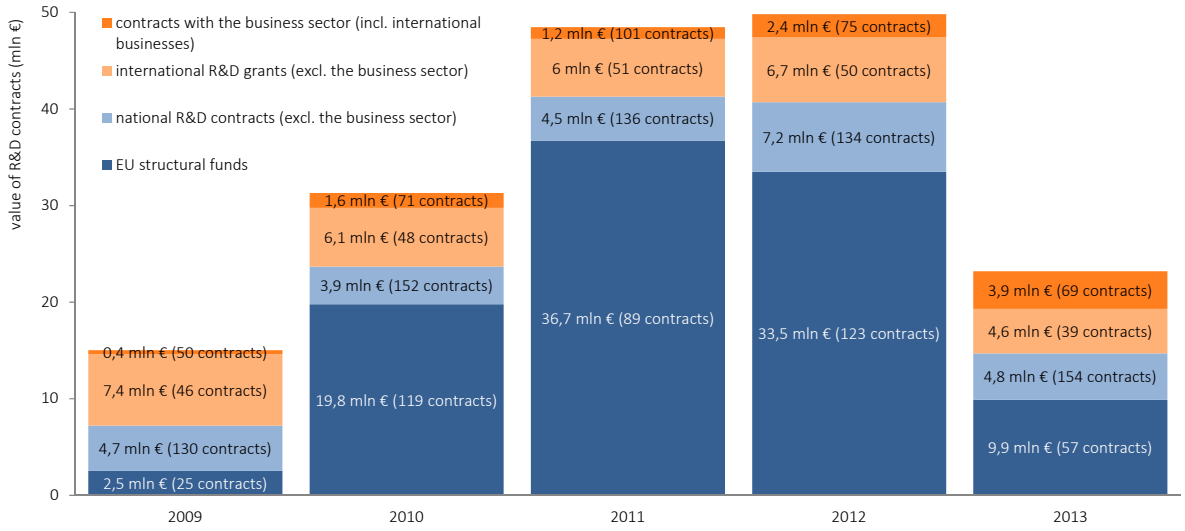
[10] *Target financing, grants from the Estonian Science Foundation, institutional research grants, personal research grants, baseline funding and national programmes of the MoER.*

The **UT Development Fund** was established in 2009 to support the teaching and research areas with high international potential for further developing them as priority fields at the university. The University Council adopted the new Statutes of the Development Fund in 2013. According to the statutes, the Fund finances three activities: high-level R&D projects, innovative activities, including development projects involving the whole University, and involvement of renowned researchers and university lecturers. So far, support from the Development Fund has been allocated twice, to a total of eight applicants. The third call for proposals was conducted in 2013.

GOAL: UT applies various measures to encourage research activities in faculties and institutes where research income accounts for less than 20% of their budgetary income

To promote research activities in structural units where the share of research income is small, a **central research support fund** was established in 2013. The fund comprised 224,059 euros in 2013. The first call resulted in five applications being approved: those of the Institute of Educational Science, the Institute of Sociology and Social Policy, the Institute of Germanic, Romance and Slavonic Languages, the Faculty of Law and the Department of Pharmacy of the Faculty of Medicine. Research groups used the support received to improve their competitiveness in applying for research grants.

The financial volume of R&D agreements (excluding public financing agreements) has decreased significantly as the SF programming period ended. In 2012, UT signed 382 R&D agreements for a total of 49.8 million Euros, whereas in 2013, the amount was just 23.15 million Euros (319 agreements). The significant decrease in the share of structural funds can be explained by the fact that the funding allocated during the EU SF programming period that ended in 2013 had already been disbursed in the earlier years and only a few bigger calls for projects were conducted in 2013.



The number and value (€ million) of UT's R&D contracts (excl. national financing), 2009–2013. Source: Office of Research and Development

COOPERATION WITH INDUSTRY

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

PERFORMANCE AGREEMENT OBLIGATION: UT shall increase cooperation with companies in its teaching, research and development activities

UT has conducted several successful R&D cooperation projects with private and public companies in Estonia. UT researchers have world-class experience and knowhow to share with Estonian and foreign companies.

For the fourth year running, UT organised an **information day** for entrepreneurs and other interested parties in order to present the training, cooperation and innovation opportunities UT offers. The main focus of the Entrepreneurs' Day 2013 was on high-quality real estate. At a seminar, researchers, banking experts and real estate managers and developers discussed the criteria affecting the quality of real estate, e.g. location, geological aspects and human geography. Apart from this, construction solutions for a passive house were presented to the seminar participants, who were also offered an opportunity to take part in a demonstration of how interior climate parameters are measured.

The number of **R&D contracts signed with companies** in 2013 decreased from the previous year (69 and 75, respectively) but their value has increased. The total value of new R&D contracts with companies amounted to 3.9 million Euros in 2013

UT and the Nestlé Institute of Health Sciences in Lausanne, Switzerland, signed a three-year cooperation agreement under which molecular and genetic factors affecting body weight will be investigated in cooperation with the UT Estonian Genome Centre.

PATENTS, PATENT APPLICATIONS AND INVENTIONS

In 2013, UT researchers announced 10 new inventions regarding which an analysis of their commercialisation possibilities commenced. During the year, ten new patent applications were submitted. The share of inventions in the portfolio was reduced, compared to the previous year, but software and know-how were added to the list of intellectual property to be commercialised.

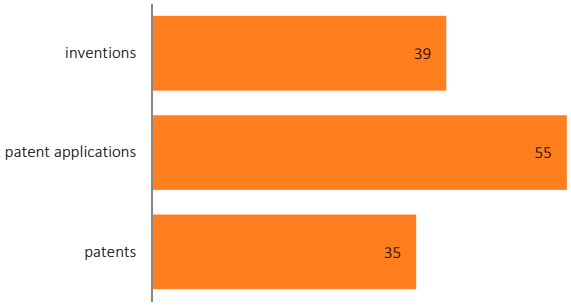
Direct revenues from licencing of industrial property amounted to around 100,000 euros, plus indirect revenues such as R&D projects, study outcomes, new publications and increased network of business partners. UT received eight patents:

Several **spin-off companies** started operations where intellectual property licensed from UT is an important part of the business model. The quality of the basic research conducted at UT and expanding cooperation with the business sector create 'fertile soil' for new high-tech spin-offs. In the period from 2010 to 2013, 13 new companies were added to the list of companies that have their roots in UT. By the end of 2013, the number of spin-offs having connections with UT was 43.

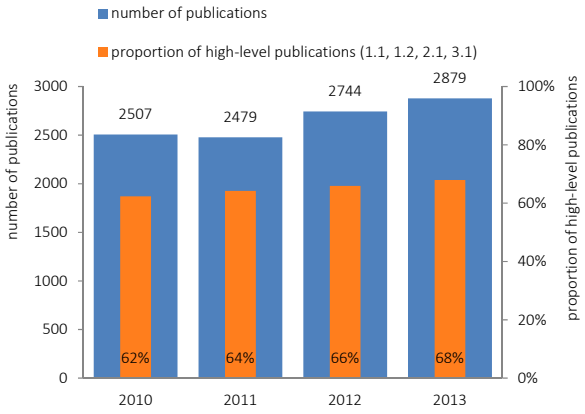
PUBLICATIONS

According to the Estonian Research Information System (ETIS), the academic community of UT produced 2879 publications in 2013, which is 135 more than in 2012[11]. The average number of publications published per academic staff member (FTE) was 1.89 in 2013. The number of high-level publications (categories 1.1, 1.2, 2.1 and 3.1 in ETIS) has increased each year. According to ETIS, the academic community of UT produced **1957 high-level publications**, which is 68% of all scientific publications in 2013. 1175 publications by UT staff members were classified as 1.1 in ETIS in 2013.

*Rector **Volli Kalm** and State Archivist **Priit Pirsko** signed a cooperation agreement between UT and the National Archives of Estonia, which highlights joint efforts in preparing top-level specialists, in this preserving documental heritage and ensuring high-quality scientific research of it*

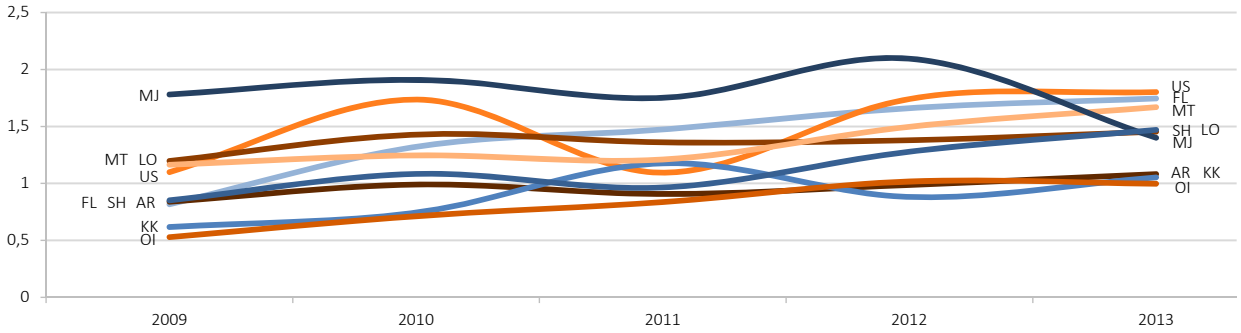


UT patent portfolio in 2013. Source: Office of Research and Development. Source: Office of Research and Development



Publications by members of UT academic staff and the share of high-level publications, 2010–2013. Source: ETIS

[11] *As seen in ETIS on 10 March 2014. The changes in the number of publications may be the result of the new method applied. The number of publications includes those of all persons who had a valid employment contract with UT or who were regular or external doctoral students here between 1 January 2013 and 31 December 2013.*



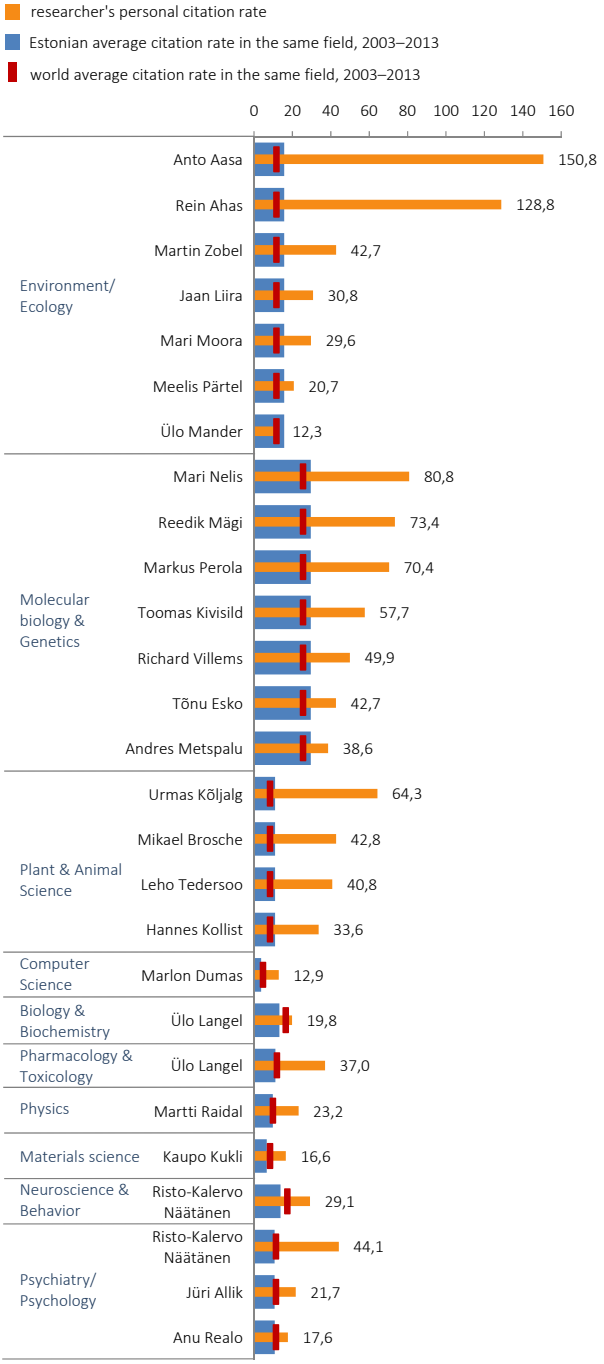
Number of high-level scientific publications per academic employeeby faculties, 2009–2013. Source: ETIS

Whereas in 2008, 0.83 high-level scientific publications were published per employee, in 2013, the same indicator stood at 1.28. As a five-year average (2009–2013), the indicator has been the highest at the Faculty of Economics. The biggest growth in the number of publications per academic employee occured at the *humaniora* faculties, which overtook *realia et naturalia* as the most productive research domain.

According to the Essential Science Indicators (ESI) database, Estonia was represented in all ESI categories (as of 1 November 2013). ESI includes 50% of the most-cited countries (e.g. Latvia and Lithuania are not represented in all categories). Researchers associated with Estonia have published 11,314 articles in journals that are included in the ESI database. These articles have been citied in 118,918 cases in other articles indexed in ESI. This means that an article is cited an average of 10.5 times which is slightly less than the international average (10.9) within the last ten-and-a-half years (2003–2013).

Field rankings for UT as of January 2014 (Essential Science Indicators)

Field	Papers	Citations	Citations per paper
Clinical Medicine	795	7712	9,7
Chemistry	685	7187	10,49
Environment/Ecology	535	9991	18,67
Plant & Animal Science	710	9284	13,08
Geosciences	377	3754	9,96
Social Sciences general	618	2161	3,5
Biology & Biochemistry	340	4435	13,04
Molecular Biology & Genetics	329	10123	30,77
Psychiatry/Psychology	242	2812	11,62



UT researchers among the world's top 1% of most-cited scientists, according to the Thomson Reuters Essential Science Indicators database (January 2014). Source: Office of Research and Development

RESEARCH AWARDS AND OTHER RECOGNITION

Mikhail Brik

Peeter Hõrak

Jaan Eha

Jaan Aarik

Helle Jaaniste

National awards in eight research areas are given annually by the Government of the Republic of Estonia to recognise researchers and research groups for outstanding achievements in scientific research. Six researchers from UT received the award in five research areas in 2013.

Mikhail Brik, UT Professor of Computer Modelling of Materials, received the award in the field of exact sciences for the research cycle on *'Ab initio* and semi-empirical modelling of physical properties of pure and doped functional materials and functional alloys'.

Jaanus Remme, UT Professor of Molecular Biology, received the award in the field of chemistry and molecular biology for the research cycle on 'The biogenesis of ribosomes and their functioning in bacteria'.

Peeter Hõrak, UT Professor of Physiological Ecology of animals and Senior Research Fellow of Evolutional Animal Ecology, received the award in the field of geological and biological sciences for the research cycle on 'Immunological function and oxidative stress in animal ecology'.

Andres Tvauri, Senior Research Fellow of Archaeology, received the award in the field of humanities for the monograph on 'The Migration Period, Pre-Viking Age and Viking Age in Estonia'.

Jaan Eha, UT Professor of Cardiology, and MD **Mihkel Zilmer** received the award in the field of medicine for the research cycle on transplantation in the cardiovascular system.

In December, the plenary session of the General Assembly of the **Estonian Academy of Sciences elected four new members** from among 16 candidates, with two out of four new Academicians being from UT. The title of Academician in exact sciences was bestowed on **Jaan Aarik**, UT Professor of Solid State Technology. In the field of law, the title of an Academician was bestowed on **Lauri Mälksoo**, Professor of the UT Institute of Public Law. Mälksoo is the first Academician to be elected in the field of law since 1946.

At the 'Let's give interest in science a chance to grow' scientific education conference, the Estonian Research Council gave **awards for popularisation of science**. A lifetime achievement award for long-time popularisation of astronomy was given to **Helle Jaaniste**, coordinator at the UT Old Observatory, and **Jaak Jaaniste**, president of the astronomy club at the Observatory. The science popularisation award in the category of the best activity or a series of activities in the popularisation of science and technology was given to

Jaanus Remme

Andres Tvauri

Mihkel Zilmer

Lauri Mälksoo

Jaan Jaaniste

Alvo Aabloo

Alvo Aabloo, UT Professor of Polymeric Materials, for the activities of MTÜ Robootika in popularising robotics among pupils.

Mart Noorma, Associate Professor at UT Institute of Physics and the project manager of EstCube-1 student satellite, received the **Educational Award of the Cultural Foundation of the President**. The special Physical Sciences Award was given to **Jaan Kalda**, mentor of young physicians at the UT Gifted and Talented Development Centre.

Mart Noorma

Jaak Vilo

In the eve of the 95th anniversary of the Republic of Estonia, the President of the Republic Toomas Hendrik Ilves bestowed state decorations on 99 persons **in recognition of services rendered to Estonia**. Among others, the decorations were given to four UT professors. The Order of the White Star, 3rd class, was awarded to Professor **Urmas Varblane**, an economist and member of the Estonian Academy of Sciences, and Professor **Jaak Vilo**, a bioinformatics scientist and member of the Estonian Academy of Sciences. The Order of the Estonian Red Cross, 1st class, was given to neurologist **Toomas Asser**, Professor at the Faculty of Medicine and member of the Estonian Academy of Sciences. Professor **Irja Lutsar**, specialist in infectious diseases and founder of the Foundation for Clinical Studies in Children, received the Order of the Estonian Red Cross, 2nd class.

Urmas Varblane

Toomas Asser

Seven UT students were awarded a research prize of the Estonian Academy of Sciences. Out of a total of 72 research papers that were submitted for the competition, 12 were selected by the jury for a prize, including 7 by UT students. UT students were successful in the 2013 Estonian national **competition for student research**, receiving 31 monetary prizes and 24 letters of appreciation. One of the main prizes was awarded to **Mardo Kõivomäe** for his doctoral thesis in molecular biology, supervised by UT Senior Research Fellow **Mart Loog.**

Irja Lutsar

Marco Kirm

The European Group for Blood and Marrow Transplantation (EBMT) gave UT Professor of Haematology and Oncology **Hele Everaus** the Clinical Service Award in recognition of her outstanding life-time achievement in BMT. UT Vice-Rector for Research **Marco Kirm** received the Baltic Assembly prize for his outstanding activities in promoting cooperation between the Baltic States. BPW Estonia awarded **Katri Raik**, Director of UT Narva College, the title of the **Woman of the Year**.

Hele Everaus

Katri Raik

The 2013 **'Contribution to Estonian National Identity' award of UT** was given to Professor Emeritus **Anu Raud**, an Estonian textile artist, a keeper and collector of cultural heritage and a long-term teacher of the Estonian Academy of Arts and Viljandi Culture Academy.

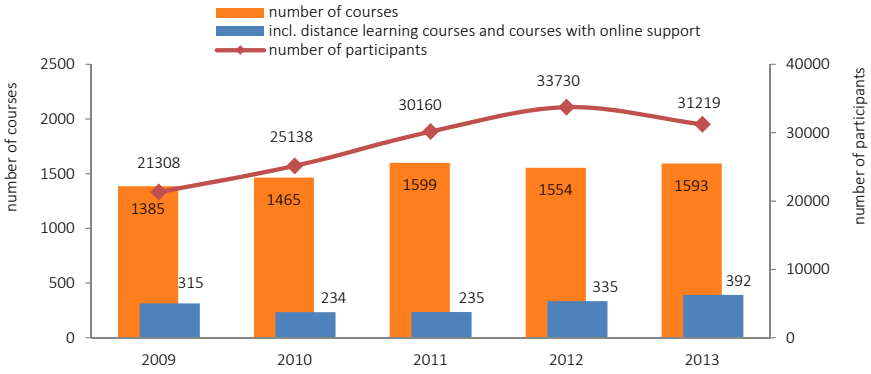
Anu Raud

CONTRIBUTION TO SOCIETY

CONTINUING EDUCATION

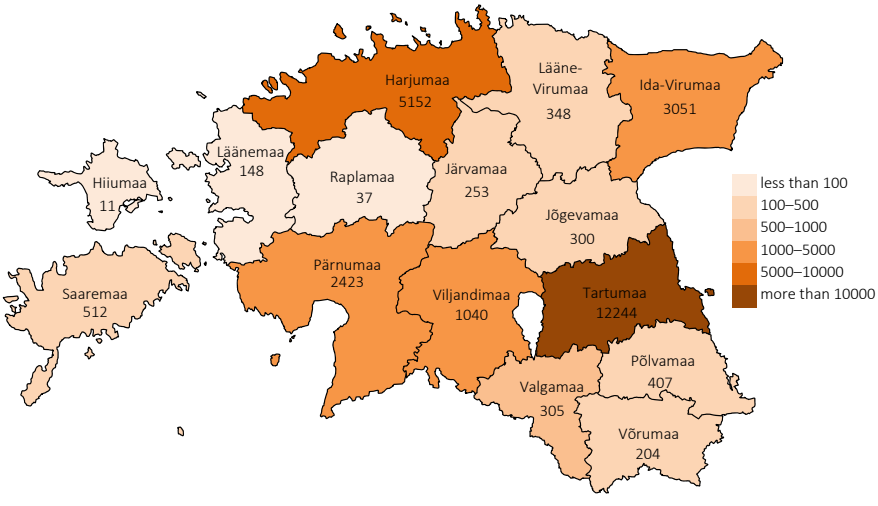
GOAL: UT promotes a mentality of lifelong learning by being open to various target groups

UT continues to be the largest provider of continuing education in Estonia. In 2013, a total of 31,219 learners participated in 1593 different courses (incl. 203 degree courses) offered by UT. Almost 3000 of them attended 118 fully web-based courses. Compared to 2012, the number of courses increased by 2.5%, whereas the number of participants decreased by 7.5%. The number of continuing education courses with online support and distance courses increased by 17%. A half of the almost 1200 course instructors were UT employees, others were external practitioners. The income from the provision of continuing education increased 17%, reaching 4.17 million euros. The increase was mainly due to commissioned and procured training courses.

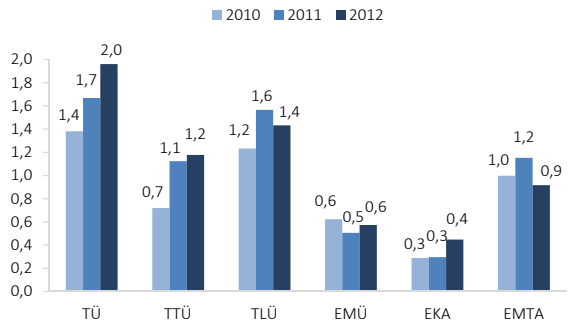


UT continuing education courses (incl. courses with online support and distance courses) and their participants, 2009–2013. Source: Lifelong Learning Centre

PERFORMANCE AGREEMENT OBLIGATION: UT shall ensure lifelong learning opportunities and conduct teaching, research, development and creative activities in cooperation with regional and other relevant partners in Narva, Pärnu and Viljandi



Participation in UT continuing education courses by counties in 2013 (excl. abroad, online and distance courses). Source: Lifelong Learning Centre



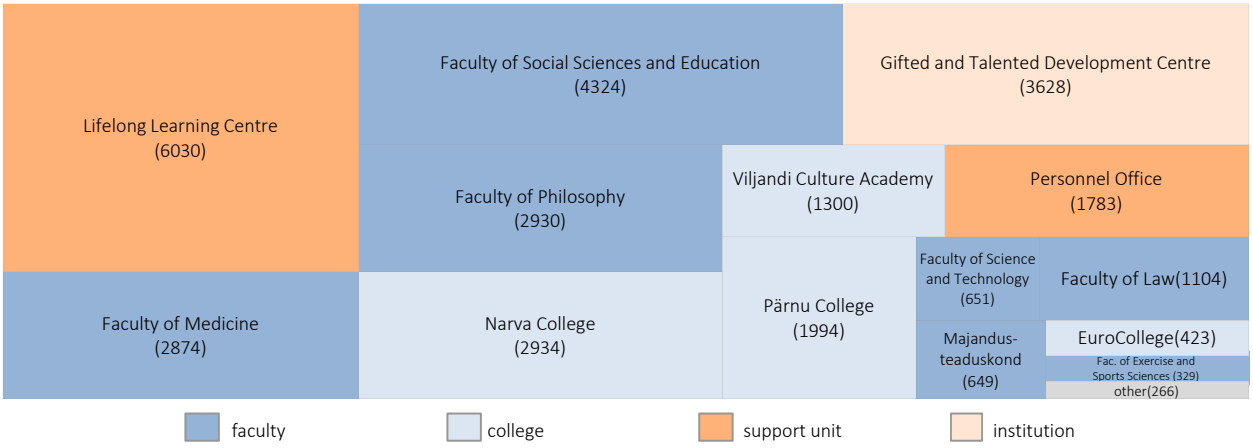
The number of participants in continuing education courses per one student in Estonian HEIs, 2010–2012. Source: Lifelong Learning Centre

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

Training courses for employees were commissioned from UT by several companies and organisations all over Estonia. In 2013, the biggest training cooperation projects were offered to companies such as Molycorp Silmet AS, Olvi OYJ, Ericsson Eesti AS and Playtech Estonia OÜ.

Outside Estonia, courses were conducted in Latvia, Lithuania, Finland, Russia and Belgium. For example, Olvi OJY and its subsidiaries ordered training courses that the Faculty of Economics conducted in Finland and Lithuania. Narva College conducted courses in Russia. UT European College conducted courses for officials taking part in the decision-making processes of the EU in Belgium. The Faculty of Philosophy conducted a course on Livonian language and literature in Latvia. The main continuing-education target groups in the public sector were educators (around 40% of courses), healthcare providers (10% of courses), legal specialists, civil servants and senior specialists of ministries and national boards.

The unit offering the largest number of courses (219) was the Faculty of Social Sciences and Education. The courses of the Lifelong Learning Centre had the biggest number of participants (6030), followed by those of the Faculty of Social Sciences and Education (4324) and the Gifted and Talented Development Centre (3628).



Participants in UT continuing education courses by organising units in 2013. Source: Lifelong Learning Centre

The 18 programmes of the International Summer University attracted 2014 participants from 28 countries, with the USA, China, Finland and Japan accounting for the largest share of participants.

The UT Seniors' Programme was offered in Tartu, Tallinn, Pärnu, Kuressaare, Narva and Türi in 2013, and it had more than 2000 participants. Participants' feedback has been very positive, and interest in the programme has increased every year. The Seniors' Programme has been often recognised for promoting local life.

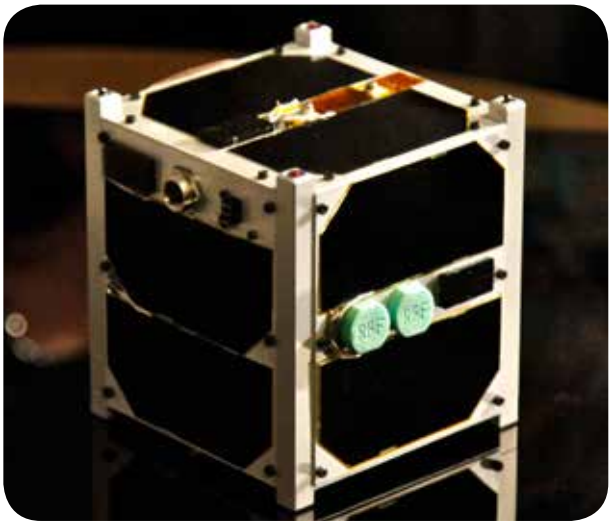
CONTINUING EDUCATION OF TEACHERS

Within the programme of occupational and adaptation year of teacher training, 57 young teachers completed the junior teacher support programme and 108 teachers completed a mentoring course in the 2012/2013 academic year. In September 2013, 63 young teachers were admitted to the junior teacher support programme and a further 110 to the mentoring course.

In 2013, the team responsible for the development of the occupational and adaptation year programme made a presentation at an international conference, based on the survey conducted among junior teachers participating in the occupational year programme. The development seminars planned for the implementers of the Tallinn University and UT occupational year programme will continue in the 2013/2014 academic year.

PROMOTING SCIENCE

A survey conducted by the UT Institute of Sociology and Social Policy on the contacts of the people of Tartu with science[12] investigated how the popularisation of science initiatives affect people's interest in science. The survey indicated that people associate the concept of 'the city of science' primarily with the universities and research centres located in Tartu, e.g. Ahhaa Science Centre. The image of Tartu as a city of science is a positive one; Tartu is seen as a pleasant place to work and live, and citizens of Tartu consider themselves to be members of this innovative community.



The ESTCube-1 student satellite project of UT was voted one of the winners of the entrepreneurship competition 'Give credit to entrepreneurship promoters'

ESTCube-1, Estonia's first satellite, was sent to orbit in 2013. In cooperation with Finnish and German partners, ESTCube-1 will test a novel electric solar sail that was invented by **Pekka Janhunen**, a researcher at the Finnish Meteorological Institute. The electric sail is a new space propulsion concept which uses the solar wind momentum for producing thrust, and is seen as enabling in the future both interplanetary flights as well as removal of space litter.

One of the main objectives of ESTCube-1 is the popularisation of science and education. The project allowed Estonian students to apply their theoretical knowledge of space science in practice. More than 100 students from UT, the Tallinn University of Technology, the Estonian Aviation Academy and the Estonian University of Life Sciences participated in the student satellite project. The project was led by the researchers from UT and Tartu Observatory.

PERFORMANCE AGREEMENT OBLIGATION: In order to preserve and develop the Estonian culture and the Estonian language, UT shall advance disciplines that investigate Estonia and its people

UT is the only classical university in Estonia by being both an international research university as well as an **Estonian national university**. The responsibility of a national university is to advance disciplines that study Estonia and its people, promote Estonian-language education and preserve the nation's cultural heritage in possession of UT in order to preserve and refine Estonian culture and the Estonian language. In 2012, ten professorships were established at UT to carry out this task.

*Professor **Ülo Matjus** delivering a lecture on 'Wanderings in the Estonian history of thought' in the national-science lecture series*

In 2013, a **national-science lecture series** was launched where each national science professor explains the nature of his or her professorship. The wide range of topics covered and popular approach of the lectures has provided interesting listening and food for thought to audiences ranging from secondary school pupils to culture lovers. Each lecture is followed by an interactive activity, such as a language-related quiz, a group discussion, a film watching or a creative writing workshop.

Cooperation with upper secondary schools

GOAL: UT has a 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 the Estonian education system as a support and competence centre for the development of gifted pupils who have a deeper interest in science. UT has a partnership agreement with 19 schools and close cooperation ties with 23 schools.

[12] *Soo, Kadri ja Rämmer, Andu (2013). Teaduslinn Tartu. Tartlaste kokkupuuted teadusega. ssi.ut.ee/sites/default/files/ssi/places_tartu_ee.pdf (in Estonian)*

UT is offering the following opportunities to schools:

- an information event for the seniors of upper-secondary schools;
- a visit to UT, providing information on faculties and study programmes;
- lectures by scientists or alumni;
- a practical training event at UT labs;
- Open Days, with free buses (train) bringing pupils from different regions to UT;
- student shadow programme for pupils;
- science days in various regions all over Estonia

A total of 1156 pupils completed studies in 40 different courses offered by GTDC during the 2012/2013 academic year. 1002 pupils from 161 schools who completed the courses received a certificate acknowledging their completion of the course requirements. Forty-six percent of them showed excellent or very good study results. Almost a half (45%) of the pupils who completed courses at GTDC between 2011 and 2013 continued their education at UT in 2013. More than a half of the 162 secondary school leavers who had completed courses at GTDC continued their education at UT.

GTDC developed three new courses in the 2012/2013 academic year: 'Economic Studies', 'Entrepreneurship Studies' and 'Carriers of Russian culture in Estonia'. In cooperation with other structural units and external partners, the scope of the courses of the 2013/2014 academic year has been extended (e.g. a technology course 'Building a rocket out of scrap pipe') and new cooperation partners have been found (e.g. the 'School for Heritage guides' in cooperation with the Estonian National Museum).

The largest of subject competitions was the mathematics competition 'Cangaroo' with more than 13,100 participants from 356 schools. In addition to numerous courses, competitions and study sessions, the Centre coordinated national olympiads that attracted almost 9000 pupils. Olympiads were organized in 13 subjects.

Teams (a total of 91 pupils) coached at the GTDC took part in 15 international subject contests, including 10 global olympiads, one European olympiad, three Baltic olympiads and one Estonian-Finnish contest. Pupils coached at the Centre won 35 individual and team medals, including 3 gold, 10 silver, and 27 bronze medals.

Idea Lab

The activities of the UT Idea Lab, established in 2011, were in full swing. Idea Lab is a place where enthusiastic students cooperate to develop innovative and practical solutions to interesting problems submitted by students, scientists and companies. Interdisciplinary student teams are supervised by scientific and business mentors.

In 2013, the Idea Lab organised 33 events that attracted almost 700 participants. The events were organised in cooperation with the Estonian Association of Information Technology and Telecommunications, the Estonian Business Angels Network (EstBAN), Tallinn Science Park (Tehnopol), the Estonian Academy of Arts, the Smart City Lab, the SEIKU Incubator of Social Entrepreneurship and the Estonian Development Fund. Aside from that, an international training event was organised with the Stockholm School of Economics in Riga, where students had an opportunity to develop their ideas and present them.

During the two seasons in 2013, 20 teams with a total of 85 students and early-career researchers received assistance in developing their projects. One season lasted 11 weeks, during which student teams developed their concepts, made paper prototypes and conducted customer surveys and testing. In the spring season, the Idea Lab teams developed new services for model helicopters, built a book scanner, and investigated opportunities for creating a network of running tracks that could be built at a low cost and for making nursing home clients happier. In the autumn season, the teams developed a programme

UT Idea Lab opened an innovative electronics lab at the prototyping centre in order to facilitate implementation of new ideas and enhance educational and business cooperation. The facility is meant for students, researchers and entrepreneurs who can use modern diagnostics equipment and create and test innovative prototypes there.

for streamlining research, educational and commercial services of nanosatellites, new military technologies, measuring instruments for more effectively growing algae and a new joint shopping solution for mobiles.

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

According to the media audit of 2013, Estonia's biggest media channels published 434 pieces of science news from UT, which is more than all other Estonian public universities put together. The Novaator portal of UT science news publishes natural, exact and social science news from Estonia and abroad.

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

Library

In 2013, the UT Library had 51,963 registered users, 54% of whom were members of UT community. The main building of the library saw almost 215,000 visits and lent more than 795,000 information carriers. There were more than 3.3 million online visits.

During the year, the collections in use increased by 45,000 information carriers, reaching a total of 3.9 million. In 2013, the UT computer network offered access to 120 scientific databases that include full texts or abstracts of 87,000 scientific journals, numerous reference works, and electronic versions of monographs by leading publishers.

For the second time, the UT Library received the international Marketing Award of the International Federation of Library Associations and Institutions. This year's award went to the Talking Textbooks project led by **Olga Einasto**, Head of Circulation and Services Department of UT Library. The project aims was to help blind and visually challenged students in using the study materials and preparing for exams. For that purpose, study materials have been digitalized, read out loud and recorded as audio files.

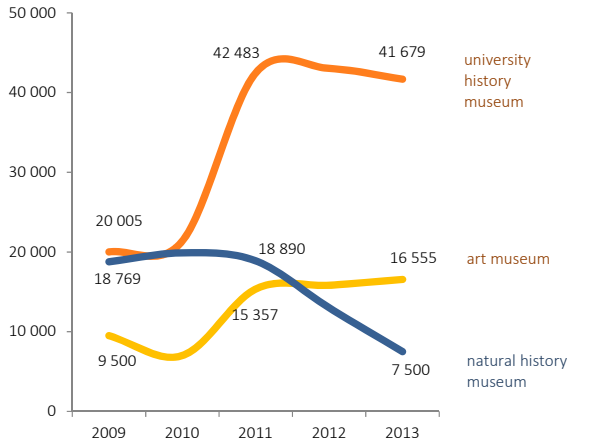
Since 2013, the UT Library has an ink and Braille printer that all visitors can use. It can print in Braille and ordinary script, which means it can also be used by people who come to contact with visually challenged people.

2013 was also the year when the Library obtained a long-awaited lift which enables visitors in wheelchairs an easy access to all floors of the library. A leisure area for meetings and communication was opened on the third floor.

The UT Museums and Botanical Garden were active in organising educational programmes targeted at pupils and teachers.

Museums

For UT museums, 2013 was a year of preparations for changes. A museum reform was prepared, which foresees the creation of two separate museums starting from 1 January 2014: the UT Museum and the UT Natural History Museum with the Botanical Garden. The UT Museum will unite the UT History Museum, the Old Observatory, the Old Anatomical Theatre and the Art Museum.



Visitors to UT museums, 2009–2013. (The exposition of the Natural History Museum was closed to visitors in 2013; the figure shows the participants of its events.) Source: UT Museums

In 2013, UT museums received more than 65,000 visits; together with the participants in the 'Science City' festival and those who attended various events in the White Hall of the UT History Museum, the number of visitors exceeded 86,000. The number of visits to the Dome Cathedral has increased considerably. The share of excursions and educational programmes has increased as well. The educational programmes offered by the Old Observatory have been especially popular (111 programmes with 1751 participating pupils).

During repairs at the **UT History Museum**, a well-preserved tomb from the Middle Ages was discovered in the lobby. This prompted a change in the original idea of exhibiting the tombstone, it was decided to showcase at whole section of the church as a burial place (the burial chamber, a replica of the skeleton and the tombstone). This is a unique exposition in Estonia because no other burial chambers in such a well-preserved state have been found, let alone

Family Day at the UT History Museum in the company of the Mad Scientist

The oldest lift in Tartu (Schindler & Co, 1927–1928) was restored in 2013 and can be used again

displayed, in Estonia. This little exhibit was a nominee for the Estonian annual museum awards event in the category of heritage protection.

The weightiest of the exhibition projects of 2013 was the annual exhibition of the museum, 'Estonia in space –space in Estonia', which was organised in cooperation with the Museum of the Tallinn University of Technology. For the first time, an exhibition project was launched in cooperation with two university museums, which enabled the best specialists of the two universities to contribute. The exhibition was also nominated for the annual museum award in the category of exhibitions.

An interactive exhibition environment called the 'Mad Scientist's Study' was opened for the youngest of the Museum's visitors in 2013. It is a new science popularisation initiative which offers attractive and stimulating activities for 5- to 15-year-olds.

Opening of the 'Temple of the Muses' exhibition at the UT Art Museum on its 210th anniversary

The exhibition of the **UT Natural History Museum** was closed to visitors in 2013, but the museum organised events throughout the year that attracted almost 7400 participants. The new exhibition of the museum is scheduled to be opened in the autumn of 2014.

The UT Natural History Museum takes part in a big European project, Building the European Biodiversity Observation Network, which aimes to provide scientists, policymakers and the general public access to huge amounts of biodiversity data. The Museum has led the development of the unique eBiodiversity portal that provides access to a database that includes 23,370 species in Estonia. EBiodiversity can be viewed as a prototype of the system to be created.

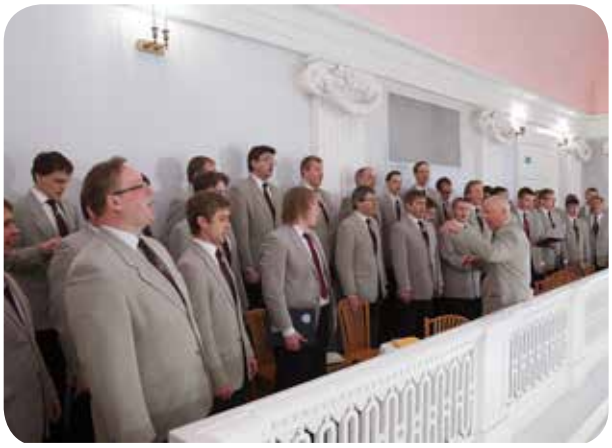
The UT Natural History Museum has increased its visibility in Estonia, by offering natural science education to the general public, including schools, and by developing a biodiversity information system. The Museum is the leading partner in the international 'BalticDiversity' project that develops a common biodiversity portal for the Baltic and Nordic region (the project partners are Swedish and Finnish natural history museums, the Estonian University of Life Sciences and the Tallinn University of Technology). The project aims to set up a network of national databases of Sweden, Finland and Estonia by connecting the biggest natural science collections and natural history museums of these countries in order to provide access to this information when making nature conservation decisions, for the purposes research and education, as well as to make it available to the general public.

In June 2013, the **UT Botanical Garden** celebrated its 210th anniversary. On this occasion, two new and rare exhibits were unveiled in the garden: 'To the Gardner', a decorative sculpture by Ahti Seppet, and a 'Moss Garden', a new addition to the Garden's collections.

CULTURE AND SPORTS ACTIVITIES

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

The UT Academic Female Choir participated in a high-level choral competition in Maribor, Slovenia, in April, reaching the GP round. The choir shared the 4th position and was voted the best in the category of female and male choirs.



*The Tartu Academic Male Choir performing at the ceremonial meeting and concert to celebrate the 95th anniversary of the Republic of Estonia in UT Assembly Hall (conductor: **Alo Ritsing**).*

The UT Brass Band Popsid performing on Chisinau main square during the band's concert tour in Moldova.

*The UT Folk Art Ensemble at the 2013 Tartu County Dance Festival in Raadi, Tartu. In the front row trainers and leaders of the ensemble (from left to right): **Margit Metsla, Kärt Vuks, Aveli Asber** and **Mae Viires**.*

*The best female athlete of the UT Academic Sports Club in 2013 was high jumper **Anna Iljuštšenko,** whose best result was a bronze medal at the Summer Universiade in Kazan.*

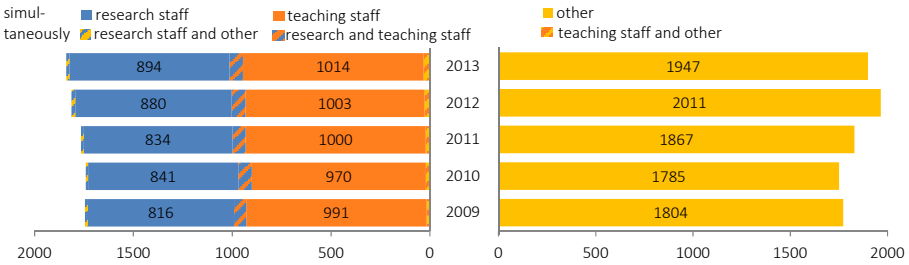
*400-metre hurdler **Rasmus Mägi**, who had a successful season in 2013 winning a bronze at the European Athletics U23 Championships finishing 16th at the World Championships and setting a new Estonian record, was voted the best male athlete of the UT Academic Sports Club for the second year in a row.*

ORGANISATON

EMPLOYEES

GOAL: UT employs highly qualified, international staff

At the end of 2013, UT had **3739 employees**, 183 of them from abroad. Forty-nine percent of UT staff (1840 of 3739) were employed in academic positions. As regards the positions of teaching and research staff, the number of research fellows was the biggest (511 persons fulfilling 415.5 positions) at the end of 2013, its growth being the fastest in the last ten years and it being the most increased group of academic employees in absolute numbers.



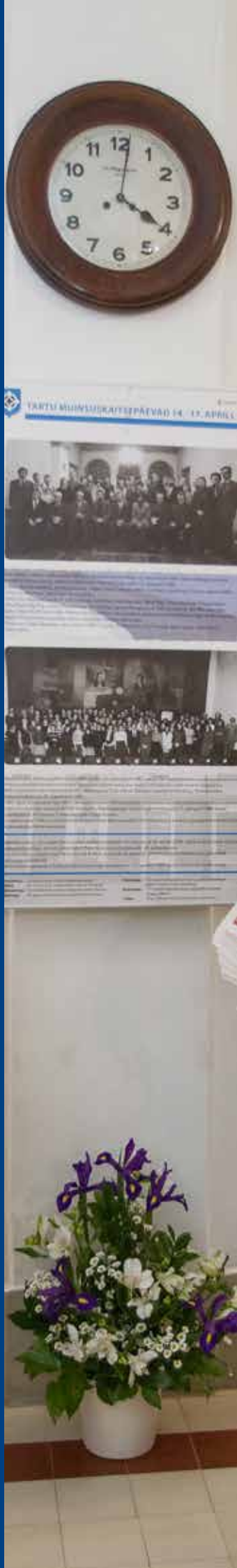
The number of teaching staff, researchers and other employees at UT, 2004–2013. Source: Personnel Office

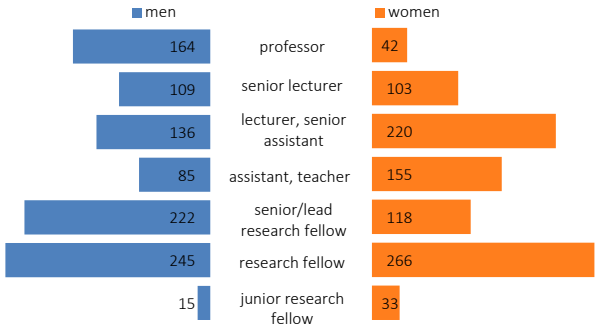
Resulting from the amendments to the Research and Development Organisation Act, which came into effect on 1 July 2012, the position of an early-stage researcher has been created as a new research staff post that does not depend on the completion of doctoral studies. As is the case with other research staff positions, UT is free to decide whether and how many early-stage researcher positions it will create. It is the lowest ranking position in the research staff category. At the end of 2013, UT had 48 early-stage researchers filling 37.7 positions.

The requirement to have a PhD degree or a corresponding qualification applies to professors, senior lecturers, lead research fellows and senior research fellows of UT. As of 2018, this requirement will also be extended to lecturers. While five years ago, only 59% of academic staff were PhD holders, by 2013 the figure had increased to 67%. Eighty percent of all academic staff members and 45% of all UT employees had a degree.

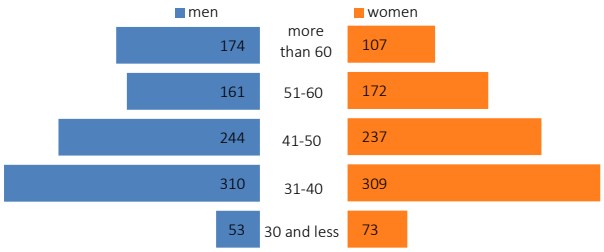
	professor	senior lecturer	lecturer, senior assistant	assistant, teacher	senior/lead research fellow	research fellow	junior research fellow
2013	180,1	177,5	282,4	151,5	279,2	415,5	37,7
2012	177,4	174,0	281,3	153,4	281,7	444,7	2,7
2011	172,9	172,4	285,4	153,2	268,5	421,5	
2010	163,4	179,8	269,4	152,2	260,1	424,7	
2009	164,4	172,9	266,7	179,9	250,9	405,6	
2008	157,1	182,4	260,7	182,3	242,2	387,8	
2007	167,2	178,0	260,1	193,6	234,6	382,2	
2006	157,6	182,2	270,7	194,3	209,9	325,3	
2005	155,3	178,2	263,1	202,7	183,4	288,0	
2004	144,8	184,3	255,4	181,5	139,2	295,3	

UT academic staff (FTE) by positions, 2004–2013. (The figure does not show the position of the visiting lecturer that was filled 0.7 FTE.) Source: Personnel Office





The gender ratio of UT employees by positions in 2013. Source: Personnel Office



Breakdown of UT academic staff by gender and age in 2013. Source: Personnel Office

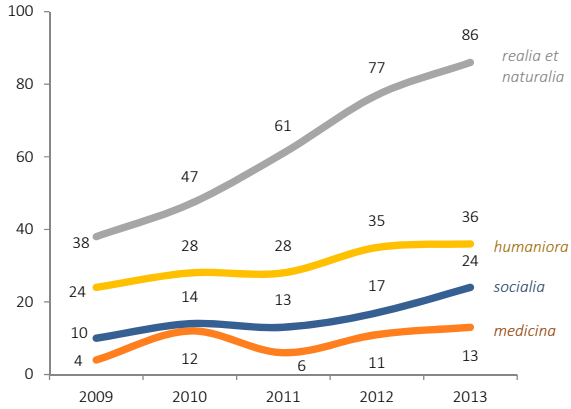
At the end of 2013, 57% of all employees and 49% of academic staff were women. The gender-balance was even among the positions of research fellows and senior lecturers. The percentage of women was the biggest among early-stage researchers (69%) and assistants and teachers (65%). In 2013, 23 professors were elected, eight of whom assumed the position for the first time. Six of the professors elected in 2013 were women. At the end of 2013, UT had 206 professors, 42 (20%) of them women.

The average age of UT employees was 44 in 2013. 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 55 years old.

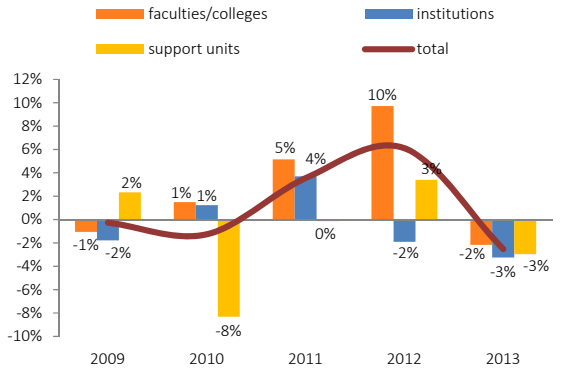
UT staff are internationally diverse. At the end of 2013, UT staff included **183 foreign nationals** from 42 countries. The number of international teaching and research staff increased by 13%, compared to 2012 (from 141 to 160), and amounted to nearly 9% of all academic staff.

In terms of appointments, the largest number (70 persons) of international faculty worked as research fellows (43%). Thirty foreigners were employed as senior research fellows and 24 as professors.

Sixty-four percent of non-academic employees were working in academic units, 21% in the support structure and 15% in other UT institutions. The non-academic staff has decreased by 3%, compared to 2012, in all structural units. A large part of the non-academic employees are in fact also 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 R&D activities, make up more than 70% at UT.



International teachers and researchers in UT by areas of teaching and research, 2009–2013. Source: Personnel Office



The change in the number of non-academic employees in academic units, institutions and administrative support units in comparison with the previous year, 2009–2013. Source: Personnel Office

The average gross monthly salary[13] 2of our employees was 1203 euros in 2013, having increased 4.9% in a year[14].

[13] *Since 2014, the gross monthly salary has been calculated using a new method: the average monthly salary is calculated as a sum of the average FTE basic salary and the average variable component of remuneration (per employee and month). This means that the variable component is not converted into FTE, because the analyses have shown that its amount (incl. additional remuneration, performance fees and bonuses) does not correlate with employees' workload. The new method was approved by the Board of the non-profit association Universities Estonia and will be used by all public universities in Estonia since 2014.*

[14] *To ensure comparability with the indicators of 2012, the salary data of 2012 has been recalculated using the new method, resulting in the average gross salary of 1147 euros in 2012.*

The gross monthly salary of research stuff showed the fastest growth (6.5%), followed by that of teaching staff (4.2%) and non-academic staff (3.7%). Like elsewhere on the labour market, the average salary of male employees was slightly higher than that of female employees with similar duties. The gender-related wage gap is at least partially explained by the differences between the fields of study and their governing functions. However, the increase in the average gross salary of male employees was slower than that of female employees (4.5 and 4.8%, respectively).

TRAINING COURSES FOR EMPLOYEES

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

In 2013, UT employees were offered 180 training events that were attended a total of 2628 times. English language courses were attended by 106 academic and 129 non-academic staff members. Compared to 2012, the number of participants has increased significantly (last year, the number of employees who took courses in English was 169).

Forty international employees and their family members took part in Estonian language courses in 2013. International staff members were also offered six events on Estonian culture which were attended 87 times.

To facilitate the adaptation of new international employees, an orientation seminar on the structure, work arrangements and academic traditions of UT was organised at the beginning of the autumn semester. It was followed by the traditional rector's reception. Also the 'Welcome Guide for International Staff 2013/2014', a manual providing practical information about working at UT and living in Estonia, was published by the start of the autumn semester.

Eighteen mentor and mentee pairs took part in the governance mentoring programme in 2013. The number of governance-related internal training events and their participants has shown a slight increase from 7 events with 108 participants in 2012 to 16 events with 142 participants in 2013.

PERFORMANCE AGREEMENT OBLIGATION: UT shall develop university teachers' teaching and supervising skills

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 61 training courses were offered on topics such as learning and teaching, teaching methods, grading, providing feedback, academic writing, individual and group supervising of research papers, public speaking, etc. In addition to the courses that are conducted each year, new continuing education courses on teaching were developed, focusing especially on teaching methods and strategies for active learning. 2013 also saw the publication of a manual of teaching methods for university lecturers by Mari Karm, Senior Lecturer at the Faculty of Education.

In 2013, courses on teaching and supervising skills were attended a total of 928 times; 61% (563) of course attendances were by UT teachers.

PERFORMANCE AGREEMENT OBLIGATION: UT shall ensure the existence of Estonian study materials necessary for active teaching methods to be applied

The coordination of printing activities at the university is the duty of the UT Publishing Committee, its members representing all areas of teaching and research at UT. The main task of the Committee is the overall direction of the publishing policy and to distribute grants to support UT publications. In 2013, 44 500 Euros of support was given for the compilation or translation of 20 textbooks in(to) Estonian and publishing them as e-books.

WORK ENVIRONMENT

Thirty-two percent of employees (1125) responded to the annual job satisfaction survey. In general, staff members were happy with their work: 92% 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%). The results from the three previous years were similar.

Events for UT employees in 2013

Rector's New Year's Reception for UT employees (January)

Winter Sports Day for UT employees and their family members in the Kääriku Sports and Recreation Centre (February)

Ceremonial meeting and concert to celebrate the 95th anniversary of the Republic of Estonia in the UT Assembly Hall, presentation of national decoration (February)

Spring Sports Day for UT community members and their families at Raadi District (May)

Rector's reception to honour the retiring employee (May)

Opening of the 2013/2014 academic year (September)

UT Remembrance Day at the Raadi cemetery (September)

Autumn Sports Day for UT employees and students in the UT sports building (September)

Rector's reception for new international staff members (October)

UT Family Day (October)

Open Days at the Univeristy Main Building (November)

Celebration of the 94th anniversary of Estonian-language University, reception in the UT History Museum hosted by Rector Professor Volli Kalm (December)

INTERNATIONAL COOPERATION

Internationalisation of the university was the subject of several discussions at UT in 2013. According to the understanding of the Strategic Planning Committee, the internationalisation strategy will form a part of the University's new Strategic Plan that will be completed in 2014. During the drafting of the Strategic Plan, the Strategic Planning Committee discussed the objectives, activities and bottlenecks of internationalisation with UT employees, including international staff members.

The list of UT international partners expanded in 2013 to include six new universities: Shanghai Academy of Social Sciences (SASS), Salisbury University in Maryland (USA), Charleston College (USA), Charles University in Prague, Baku State University and Canterbury Christ Church University (UK).

Under the auspices of the long-established German-Estonian Academic Week 'Academica', two interdisciplinary conferences were organised on socially important topics: 'Germany in Europe, Europe in Germany', in late September and early October, which featured a presentation by the President of the European Parliament **Martin Schulz**, and a conference in late October on the sources, developments and perspectives of modern state administration in Estonia and Germany to celebrate 20 years of the establishment of administrative courts in Estonia. In addition to the conferences which were directed to the general public, 'Academica' programme also included traditional lectures at the faculties and institutes.

University continued to develop contacts with universities in north-western Russia. During the external meeting of the Rector's Office in St. Petersburg in November, UT leaders met their counterparts at the Herzen State Pedagogical University, St. Petersburg State University and St. Petersburg Mining Institute. The visit also included a tour of the science and technology campus of the St. Petersburg State University in Peterhof and a discussion of opportunities for the joint use of research infrastructure. At the end of October and beginning of November, there were Pskov State University Days at UT. In addition to the meeting between the leaders of the two universities, the delegation led by the Rector of Pskov State University **Yuri Demyanenko** also visited the European College and Language Centre and met local representatives at Narva and Pärnu Colleges and Viljandi Culture Academy. The Pskov delegation also included **Vera Yemelyanova**, the first deputy governor of Pskov Oblast.

The Nordic-Baltic Culture Centre, in which UT participates as a partner, was opened at the University of Shanghai for Science and Technology (USST) in October. The aim of the centre is to increase the cultural exchange programme between the USST and its partners in the Nordic-Baltic region. The Centre has a permanent exhibition on the Nordic and Baltic countries, including promotional materials on Estonian education, science, culture and business. The Centre is located in a historical three-storey building at the heart of the USST campus.

*President of the European Parliament **Martin Schulz** was the guest of honour at the Academica 2013 conference 'Germany in Europe, Europe in Germany' on the economic crisis in Europe. He gave a public lecture in the UT Assembly Hall on 1 October discussing youth unemployment in Europe.*

A seminar 'Twenty Years of English-Language Studies at the University of Tartu: What's Next?' was held in the University Assembly Hall on 11 October to celebrate 20 years of teaching in English at UT. In 1993, UT was the first in Estonia to offer a full semester of courses taught in English; the programme was called 'Semester in the Baltics'. In addition to looking back on the development of UT's English-taught courses over the last two decades, the seminar offered an opportunity to discuss the current status of internationalisation and the University's plans for the future.

On 11 March **Marco Clemente**, Italian Ambassador in Estonia, unveiled a memorial plaque to Indro Montanelli, an Italian journalist and historian, in the lobby of the academic building of UT Faculty of Philosophy (Ülikooli 17). Montanelli, who was exiled to Tartu for his criticism of the Italian fascist government, taught courses on the Italian language and culture at UT for a year starting in September 1937.

In March UT hosted a visited by **Anton Ivanov**, Chairman of the Supreme Court of Arbitration of Russia, who gave a public lecture in the Assembly Hall on 'The Rule of Law and the Russian Court System'. The lecture provided an overview of the judicial system of Russia, its structure, functions, current objectives and courses of development.

On 21 June, UT was honoured by the visit of **János Áder**, President of the Republic of Hungary, who paid a courtesy call to Tartu during his state visit to Estonia from 20 to 22 June. At UT he met the University leadership and professors, lecturers and students of the Department of Finno-Ugric Studies.

*President of the Republic of Hungary **János Áder** during his visit to UT*

FEEDBACK FROM SOCIETY

For the fifth year running, the reputation survey of Estonia's universities conducted by TNS Emor confirmed that UT continues to be the most reputable university in Estonia. Sixty-eight percent of all respondents named UT as their first choice. Adding the responses of those who mentioned UT as their second choice, it can be said that 84% of Estonia's citizens consider UT as being the HEI with the best reputation in Estonia. For comparison, the percentage of respondents giving their preference to the Tallinn University of Technology was 47%.

Sending EstCube-1 student satellite into orbit was voted one of the most remarkable achievements in the annual 'Achievement of the Year 2013' competition, organised jointly by the municipality of Tartu and *Postimees* newspaper. The student satellite also won the first ever Feat of the Year prize awarded by the Estonian Public Broadcasting, and **Mart Noorma**, satellite project manager and Vice-Dean for Academic Affairs of the Faculty of Science and Technology, was awarded the honorary title of the Person of the Year by *Postimees* newspaper.

*As a result of the public vote, the footprints of UT Associate Professor and project manager of EstCube-1 **Mart Noorma** were added to the Alley of Pioneers of Tartu, an honour granted to people who, through their work or actions, have significantly contributed to the development and promotion of Tartu*

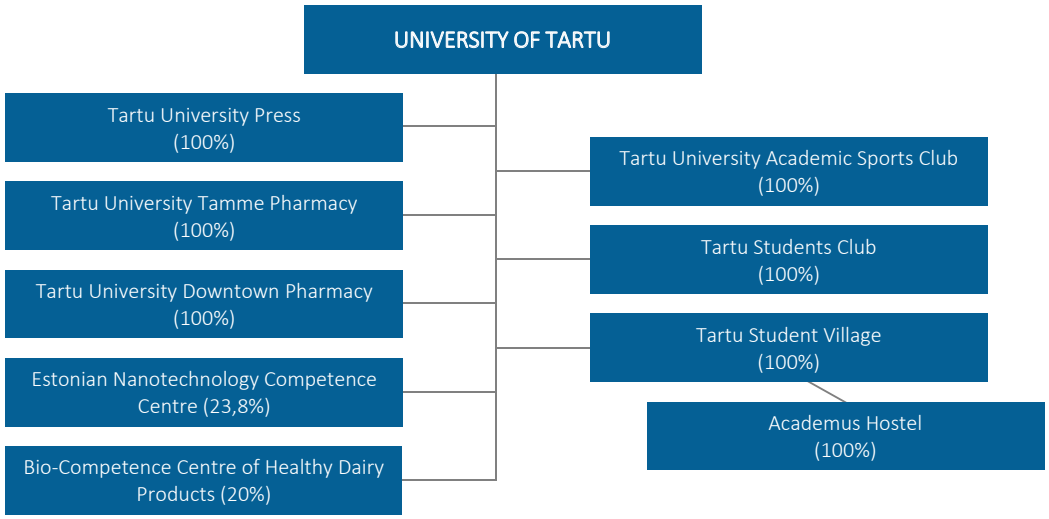
In 2013, the websites of UT faculties and colleges adopted the design of the UT external website which, according to the international Webometrics ranking, continues to be among the top 3% of the world's best university websites. The website of Universitas Tartuensis, the oldest university periodical in Estonia which celebrated its 65th anniversary this year, was overhauled to make it more informative and usef-friendly and to include more images.

UT was by far the most visible Estonian university in the media in 2013: university was featured in more than 11,000 news items, which is a record. The field that was covered the most compared to other Estonian public universities was science (36% of all stories). UT also made a developmental leap in social media, with the number of followers and readers of UT news increasing considerably. In 2013, UT was the most popular university in social media in Estonia.

FINANCING ACTIVITIES

GOAL: The UT 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 nine other legal entities, and its total operating expenditure in the financial year amounted to 173.9 million euros.



Key characteristics describing the legal entities in the consolidation group of UT

Legal entity	Field of activity	Operating income (EUR)	Result for financial year (EUR)	Balance sheet total (EUR)	Net assets (EUR)
University of Tartu	higher education, research	167 662 023	19 685 188	282 473 305	241 650 382
Tartu University Tamme Pharmacy	sale of medicine	1 680 118	26 141	390 305	154 456
Tartu University Downtown Pharmacy	sale of medicine	942 104	8 244	225 477	88 576
Tartu University Press	publishing	459 419	-22 790	271 036	231 436
Academus Hostel	accommodation	328 697	21 608	148 230	100 008
Bio-Competence Centre of Healthy Dairy Products	research in natural sciences	1 806 683	77 022	956 025	403 070
Estonian Nanotechnology Competence Centre	nanotechnological research	2 053 225	3 209	499 214	111 836
Tartu Student Village	student accommodation	2 633 549	19 528	818 485	448 223
Tartu University Academic Sports Club	students' sports activities	2 535 051	263 945	502 704	377 645
Tartu Students Club	students' cultural activities	412 868	32 985	235 044	208 720
The consolidated group of UT		173 865 018	20 026 433	284 994 951	243 295 746

UT receipts have increased for the third year in a row and were the largest in university's history in 2013. Financial support from the EU Structural Funds, which accounts for the bulk of the increase, helped UT survive the economic recession between 2008 and 2011, and was the main driver of development in 2012 and 2013. UT has always paid much attention to the competitiveness of salaries – pay level has continued to increase each year. No increase in revenues is is projected for the next three years; thus expenditure has to be kept under strict control.

Key figures (consolidated)

FINANCIAL FIGURES	2009	2010	2011	2012	2013
Operating income	129 836 514	118 098 960	127 016 281	154 632 821	173 865 018
Operating expenses	117 367 351	127 218 304	129 010 250	142 967 029	153 683 725
Financial income and expenses	57 520	-244 463	-354 567	-308 659	-148 560
Result for financial year	12 526 683	-9 438 967	-2 348 536	11 352 933	20 026 433
Balance sheet total	259 142 561	248 026 146	251 068 082	263 711 188	284 994 951
Current assets	31 016 323	34 134 013	35 196 814	38 729 641	46 225 795
Fixed assets	228 132 629	213 892 133	215 871 269	224 981 547	238 769 156
Current liabilities	20 803 242	17 083 933	19 725 480	24 263 512	28 507 023
Non-current liabilities and provisions	14 642 159	16 677 297	19 426 222	16 178 363	13 192 182
Net assets	223 703 552	214 264 916	211 916 380	223 269 313	243 295 746
Loans from banks	20 055 475	18 938 965	22 033 722	19 377 697	16 171 351

FINANCIAL RATIOS	2009	2010	2011	2012	2013
Operating expenses / operating income	90,4%	107,7%	101,6%	92,5%	88,4%
Loans / operating income	15,4%	16,0%	17,3%	12,5%	9,3%
Current assets / current liabilities	149,1%	199,8%	178,4%	159,6%	162,2%
Fixed assets /balance sheet total	88,0%	86,2%	86,0%	85,3%	83,8%
Loans /balance sheet total	7,7%	7,6%	8,8%	7,3%	5,7%
Net assets /balance sheet total	86,3%	86,4%	84,4%	84,7%	85,4%

Main events in 2013

- Implementation of the higher education reform with the aim of improving the quality of higher education and providing free access to higher education for all capable students. The state compensates the resulting recduction in the number of fee-paying student places, by increasing the university's operating subsidy. The system of study allowances was changed from the performance-based approach to the one based on needs.
- Renovation of the academic building at Näituse 2 (for €2.26 m). The building now accommodates 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 (for €1.17 m). As a result, working conditions of the employees of the Academic Affairs Office, Life-long Learning Centre, Administrative Office and Rector's Office were improved.
- First stage of renovation works on the façade of the academic building at Vanemuise 46 (estimated cost: €0.6 m) and continuation of the renovation of the premises of the Natural History Museum (estimated cost: €1.3 m).
- Sale of registered immovables not necessary to the university's core activities at Nooruse 9, Küütri 2, Tähe 4 and Pirni 2 for 4.2 million Euros.
- Owing to the cash flow deficit associated with the management of the EU (29.3%), UT had to resort to bank overdraft for the first time.

Main events in 2014

- Finalisation and adoption of the new Statues and Strategic Plan of UT.
- Increase in the minimum salaries in all pay grades at least 15%.
- Completion of the Centre for Translational Medicine building (estimated cost: €9 m).
- Composition of the new buildings of the Institute of Physics (estimated cost: €20 m).
- Formation of two new entities were formed on the basis of UT museums and the Botanical Garden: the UT Museum and the UT Natural History Museum with the Botanical Garden.
- Renovation of the Old Anatomical Theatre. The building will accommodate the Educational Technology Centre, the Department of Arts of the Faculty of Philosophy, the Gifted and Talented Development Centre, and a museum.
- Partial renovation of dormitories at Pepleri 14 and Raatuse 22.
- Renovation ofhe greenhouse of the Botanical Garden's Palm House (estimated cost: €0.6 m)

UNIVERSITY OF TARTU

CONSOLIDATED FINANCIAL STATEMENTS 2013

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(In thousands of euros) As at 31 December	Note	2013	2012
ASSETS			
Current assets			
Cash and cash equivalents	3	10,575	3,883
Receivables and prepayments	4	35,126	34,062
Inventories	6	525	785
Total current assets		46,226	38,730
Non-current assets			
Investments in associates	7	107	91
Investments in financial assets		2	0
Receivables and prepayments		10	11
Investment property	8	1,705	1,754
Property and equipment	9	234,237	220,474
Intangible assets	10	2,708	2,651
Total non-current assets		238,769	224,981
TOTAL ASSETS		284,995	263,711
LIABILITIES AND NET ASSETS			
Liabilities			
Current liabilities			
Borrowings	11	3,033	3,336
Payables and deferred income	14	25,041	20,927
Provisions	16	433	0
Total current liabilities		28,507	24,263
Non-current liabilities			
Borrowings	11	13,192	16,179
Total non-current liabilities		13,192	16,179
Total liabilities		41,699	40,442
Net assets			
Capital of the university		144,182	144,182
Accumulated surpluses		79,087	67,734
Surplus for the year		20,027	11,353
Total net assets		243,296	223,269
TOTAL LIABILITIES AND NET ASSETS		284,995	263,711

The notes on pages 56 to 92 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

(In thousands of euros)	Note	2013	2012
Revenue			
Revenue from operating activities	17	21,445	22,352
State budget funding for education activities	18	49,648	43,749
State budget funding for research activities	19	20,974	19,983
Grants related to assets	20	37,403	30,038
Grants related to income	21	43,842	37,818
Other income	22	554	693
Total revenue		**173,866**	**154,633**
Expenses			
Goods, materials and services used	23	-13,206	-10,880
Operating expenses	24	-44,880	-39,868
Scholarships		-7,367	-7,265
Staff costs	25	-70,051	-65,709
Depreciation, amortisation and impairment losses	26	-16,262	-16,231
Other expenses	28	-1,919	-3,014
Total expenses		**-153,685**	**-142,967**
Surplus on operating activities		**20,181**	**11,666**
Share of profit of associates	7	16	30
Gain/loss on investments in financial assets		2	-2
Interest income		5	39
Interest expense		-172	-377
Other finance income		1	1
Surplus before income tax		**20,033**	**11,357**
Income tax expense		-6	-4
Surplus for the year		**20,027**	**11,353**

The notes on pages 56 to 92 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(In thousands of euros)	Note	2013	2012
Cash flows from operating activities			
Surplus on operating activities		20,181	11,666
Adjustments for			
Depreciation, amortisation and impairment losses	26	16,262	16,231
Recognition of assets under construction as an expense	9	108	34
Other non-monetary transactions with property and equipment	9	-9	1
Loss on sale of property and equipment	28	163	1,824
Non-monetary grants related to assets	9	-250	-2,062
Recognition of a provision	16	433	0
Change in receivables and prepayments		-1,662	-11,000
Change in inventories	6	260	-240
Change in payables and deferred income		2,993	4,294
Interest paid		-173	-391
Corporate income tax paid		-6	-4
Net cash from operating activities		**38,300**	**20,353**
Cash flows from investing activities			
Paid on acquisition of property and equipment	9	-10,029	-7,837
Proceeds from sale of property and equipment		4,517	2,730
Paid for assets under construction		-20,618	-17,316
Prepayments made for property and equipment	9	-1,970	-2,895
Proceeds from sale of investment property		0	75
Paid on acquisition of intangible assets	10	-298	-178
Prepayments made for intangible assets	10	-2	-3
Recovery of a non-current receivable		2	2
Proceeds from sale of investments in financial assets		0	1,500
Interest received		2	36
Net cash used in investing activities		**-28,396**	**-23,886**
Cash flows from financing activities			
Repayment of loans received	11, 13	-3,206	-2,657
Payment of finance lease principal	11, 12	-6	-20
Net cash used in financing activities		**-3,212**	**-2,677**
Net cash flow		**6,692**	**-6,210**
Cash and cash equivalents at beginning of year	**3**	**3,883**	**10,093**
Increase/decrease in cash and cash equivalents		6,692	-6,210
Cash and cash equivalents at end of year	**3**	**10,575**	**3,883**

The notes on pages 56 to 92 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 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
Transfer of surplus to accumulated surpluses	0	11,353	-11,353	0
Surplus for the year	0	0	20,027	20,027
Balance at 31 December 2013	144,182	79,087	20,027	243,296

The notes on pages 56 to 92 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 2013 have been prepared in accordance with accounting principles generally accepted in the Republic of Estonia (the Estonian GAAP). The main requirements of the Estonian GAAP, which is based on internationally recognised accounting and reporting standards, are set out in the Estonian Accounting Act and, in more detail, the Estonian Accounting Standards Board guidelines and General Rules for State Accounting. The latter have to be observed by the state, state accounting entities, local government units, other legal persons governed by public law, and other accounting entities controlled by the above persons, either directly or indirectly, through other persons under their control or significant influence.

These consolidated financial statements for 2013 have been prepared on the assumption that the University of Tartu and the group are going concerns. The financial year began on 1 January 2013 and ended on 31 December 2013. The financial statements are presented in thousands of euros.

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

The consolidated statement of financial performance has been prepared based on Income statement format 1 in Annex 2 to the Accounting Act. Because of the specific nature of the core activity of the University of Tartu group, certain account titles in the statements of financial performance and changes in net assets as well as the structure of the statements have been modified.

The consolidated financial statements for 2013 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 (liquidated and deleted from the registry on 30 September 2013), OÜ Academus Hostel, MTÜ Tartu Üliõpilasküla, MTÜ Tartu Üliõpilasmaja, MTÜ Tartu Ülikooli Akadeemiline Spordiklubi, and its associates Eesti Nanotehnoloogiate Arenduskeskuse AS and OÜ Tervisliku Piima Biotehnoloogiate Arenduskeskus. For further information on the subsidiaries and associates, please refer to notes 2 and 7 respectively.

1.2. Preparation of consolidated financial statements

1.2.1. Basis of consolidation

In preparing the consolidated financial statements, the financial statements of the parent 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.

1.2.2. Subsidiaries

Subsidiaries are entities controlled by the University of Tartu group. Control is presumed to exist when the group 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 (foundations and non-profit associations). The existence of control of 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 of 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 interest acquired 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 financial assets. The remaining carrying amount of an investment at the date it ceases to be a subsidiary is regarded as its cost thereafter.

1.2.3. Associates

Associates are entities over which the University of Tartu group 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 group'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 essence 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 1.11. *Impairment of assets*.

1.2.4. Interests in foundations and non-profit associations

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

- when a group entity has control of a foundation or a non-profit association (generally over 50% of voting power), the interest is accounted for as a wholly-held investment;
- 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 of 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 has control (holds over 50% of voting power) of all non-profit associations that are accounted for as subsidiaries (see note 2).

The University of Tartu is involved in the activities of nine 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:

- Tartu University Hospital Foundation;
- Science Centre AHHAA Foundation;
- Estonian Information Technology Foundation;
- Tartu Science Park Foundation;
- University of Tartu Foundation;
- Estonian Agrenska Foundation;
- Saaremaa University Centre Foundation;
- Viljandi County Creative Incubators Foundation;
- Iuridicum Foundation.

The University of Tartu group has significant influence over the following foundations:

(In thousands of euros)	Domicile	Net assets As at 31 December		Representation of the group in terms of council members
		2013	2012	
Tartu University Hospital Foundation	Estonia	83,702	84,434	3 members of 8
Science Centre AHHAA Foundation	Estonia	12,132	12,534	2 members of 6
Tartu Science Park Foundation	Estonia	4,509	4,598	5 members of 10
University of Tartu Foundation	Estonia	2,799	2,645	2 members of 8
Iuridicum Foundation	Estonia	11	8	4 members of 6

1.2.5. Investments in financial assets (shares and other equity instruments)

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

The University of Tartu group has equity interests in two companies:

- Reproduktiivmeditsiini TAK AS – 7.69% interest;
- Tarkvara Tehnoloogia Arenduskeskus AS – 2% interest.

1.2.6. Parent company's financial statements presented in the notes to the consolidated financial statements

The notes to the consolidated financial statements include the unconsolidated primary financial statements of the group's parent (the consolidating entity): the statements of financial position, financial performance, cash flows and changes in net assets. The parent'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.

1.3. 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 in transit. In the statement of financial position, overdrafts are presented within current 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.

1.4. Receivables and prepayments

Trade receivables, accrued income and other current and non-current receivables (including loans provided and deposits) 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 by applying a discount rate of 6% per year.

Receivables are measured on an individual basis: the recoverability of each invoice is assessed 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 for 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 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.

1.5. Impairment of financial assets

At each reporting date 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.

1.6. 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 the rendering of services. Inventories encompass not only goods purchased for sale, materials, work in progress and finished goods but also equipment and real estate held for resale and capitalised expenses directly attributable to the provision of services for which revenue cannot yet be recognised using the stage of completion method.

Inventories are initially 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. Fuel excise duty incurred on the acquisition of inventories is capitalised and added to the cost of the inventories.

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

The cost of goods is assigned using the FIFO formula. 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.

1.7. 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 and which is not used in the operating activity of any public sector entity. 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 expenditure directly attributable to its acquisition (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 line with General Rules for State Accounting, non-recoverable duties, levies and taxes incurred on the acquisition of investment property are recognised as an expense. In line with General Rules for State Accounting, after initial recognition investment property is measured at its cost less any accumulated depreciation and any impairment losses.

Depreciation is charged using the straight-line method. Each 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 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 incurred in connection with investment properties 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 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 reclassification, the investment property is accounted for using the accounting policies applied to the class of assets the property was transferred to.

1.8. 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, materials acquired for the library collections (see accounting policy 1.9), assets belonging to museum collections (museum exhibits) and assets belonging to and in the possession of the University of Tartu group that have been entered in the national registry 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 registry of cultural property are recognised as items of property and equipment when their cost exceeds the threshold for recognition 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 staff training expenses), administration and other general overhead costs and borrowing costs. In line with General Rules for State Accounting, non-recoverable duties, levies 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 acquired under 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 the 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 assets with significant residual value only the depreciable amount (cost less residual value) is expensed over the 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 are 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 2–25%;
- Equipment and vehicles 10–80%;
- Library collections 0%;
- Other items of property and equipment 2–35%.

Assets with an unlimited useful life (land, assets entered in the national registry of cultural property, assets belonging to museum collections and materials belonging to library collections) are not depreciated. Assets acquired for decor and design that do not have permanent value and assets belonging to auxiliary museum collections that are to be replaced after certain periods are depreciated over their estimated useful lives.

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 intended manner). 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.

As a public sector entity that applies the Estonian GAAP, the University of Tartu group does not conduct impairment tests or recognise impairment losses for items of property and equipment that are required for rendering public service unless the value of such an item has declined due to damage or the item has been partly or fully retired from use due to some other reason. When there is indication that other items of property and equipment could be impaired, the group tests them for impairment. 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 item is written down to its recoverable amount (see also accounting policy 1.11).

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

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 from derecognition of property and equipment are recognised in the statement of financial performance in the period of derecognition.

1.9. Library collections

Section 41, subsection 2 clause 2, of General Rules for State Accounting provides that public libraries whose core activity is storage and lending of library materials may, by way of an exception, recognise the materials 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 materials acquired for the collections of the library of the University of Tartu since January 2004. Materials acquired for 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 in the collections of the library of the University of Tartu have been recognised as items of property and equipment in the group's statement of financial position:

- library materials that the University of Tartu has acquired since 2004;
- library materials received from other libraries by means of exchange (measured at their cost in the library's exchange collection);
- library materials paid for by the ELNET consortium that have been acquired for the University of Tartu (recognised in revenue as non-monetary grants related to assets).

The following materials in the collections of the library whose cost is unknown and fair value cannot be measured reliably are accounted for in unit terms off the statement of financial position:

- library materials acquired before 2004;
- library materials received through donations;
- legal deposit copies sent to the library of the University of Tartu by Estonian publishing houses.

The library collections recognised in the statement of financial position are not depreciated. Library materials are expensed in full when they are retired from use or it becomes apparent that they have been lost.

1.10. 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 recognition 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 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, rights and licences, 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 of the University of Tartu.

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 20–34%;
- Other intangible assets 20%.

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 1.11).

1.11. Impairment of assets

As a public sector entity that applies the Estonian GAAP, the University of Tartu group does not conduct impairment tests or recognise impairment losses for non-current assets required for rendering public service unless the value of an asset has declined due to damage or the asset has been partly or fully retired from use due to some other reason. In the case of other non-current assets, including items of property and equipment with unlimited useful lives (land, assets entered in the national registry of cultural property, assets belonging to museum collections and materials belonging to library collections) and depreciable and amortisable assets, the group assesses at each reporting date whether there is any indication of impairment. If such indication exists, the group estimates the recoverable amount of the asset and compares it to the asset's carrying amount.

An impairment loss is recognised in an amount by which an asset's carrying amount 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 or 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.

1.12. Financial liabilities

Upon initial recognition financial liabilities (trade payables, borrowings, accrued expenses, and other current and non-current payables) except for derivative financial instruments with a negative fair value are measured at their cost that includes 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 1.14).

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 twelve months after the reporting date or the group does not have an unconditional right to defer settlement of the financial liability for at least twelve 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.

1.13. Leases

A finance lease is a lease that transfers all significant risks and rewards of ownership of an asset to the lessee. In line with General Rules for State Accounting, a lease is also classified as a finance lease when the leased asset cannot be easily replaced with another. An operating lease is a lease other than a finance lease.

1.13.1. 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 current and non-current borrowings.

Assets 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.

1.13.2. 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. Assets leased out under operating leases 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.

1.14. 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.

1.15. Deferred income

Deferred income comprises tuition fees received for the next periods, 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 tuition fees received for the autumn term of the 2013/2014 academic year, 80% have been included in revenue for 2013. The remaining 20% has been recognised as deferred income and will be taken to revenue in 2014.

When a grant or co-financing payment has been received but has not yet been used for incurring expenses or acquiring assets, it is recognised as deferred income (see accounting policy 1.16).

1.16. Government grants and non-designated funding

Government grants (grants) comprise support received for a designated purpose subject to compliance with certain conditions in transactions where the group does not provide any goods or services directly in return (non-exchange transactions). To be eligible to a grant, the activities of the University of Tartu group have to comply with certain criteria. Grants are accounted for in accordance with General Rules for State Accounting.

Support and funding received falls into the following categories:
- domestic grants;
- international grants;
- non-designated funding.

Domestic grants comprise grants received from Estonian residents including other public sector entities (except international grants intermediated by residents). International grants comprise grants received from non-residents including international organisations. Non-designated funding comprises funding provided without a designated purpose and without any stipulations, which the group as the recipient may use at its own discretion.

Grants are recognised in the statement of financial position when cash has been transferred or received or on the same date when the receivables, liabilities, income and expenses associated with the grants are recognised. A grant is recognised as income in the period in which the operating costs are incurred or the non-current asset is acquired unless the terms of the grant involve the risk that the grant may be reclaimed or may not be received. Non-designated funding is recognised as income when it has been received.

Grants comprise grants related to income and grants related to assets. Grants related to income are recognised using the principle of matching revenues and expenses. 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 asset. Grants related to assets are recognised as income on an accrual basis, i.e. in the period in which the asset is acquired. The cost of an asset acquired with a grant is recognised as an item of property and equipment or an intangible asset based on the nature of the asset.

On recognising grants in the statement of financial performance, the group differentiates between grants received and grants intermediated. Intermediation of grants occurs when the group receives a grant for providing it to another party and not for covering its operating expenses or acquiring assets. When grants are intermediated, income from grants received for intermediation equals expenses from grants intermediated by the group.

When the expenses to be covered by a grant have been incurred or the asset to be financed with a grant has been acquired and there is no material risk that the grant will not be received but the grant has not been transferred, the grant is recognised as income and a receivable. When a grant has been received but relevant expenses have not been incurred or the asset has not been acquired, the grant is recognised as deferred income in the statement of financial position (see accounting policy 1.15).

Non-monetary grants comprise:

- grants received through three-party transactions where the grant provider or intermediary transfers cash to the supplier of goods or services from whom the group as the grant recipient receives the goods or services;
- grants received through transactions where the grant provider transfers goods or services to the group without direct sale from the supplier of the goods or services.

When a non-monetary grant is provided through a transaction where the grant provider or intermediary transfers cash directly to the supplier, the grant is recognised based on a notice sent by the grant provider or intermediary in the same way as if the cash moved via the grant recipient to the supplier (except for movements in the bank account; instead, on the payment date the grant recipient closes the payable to the supplier and the receivable or prepayment received from the grant provider or intermediary).

Non-monetary 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 grants are measured at their fair value or, if this cannot be determined, at their carrying amount in the transferor's financial statements.

When it appears that some conditions attaching to the grant have not been met and the group as the grant intermediary or recipient is liable to the grant provider for the recipient's compliance with the conditions of the grant and use of the funds for their designated purpose, the group recognises a receivable from the grant recipient and a payable to the grant provider, and reduces income from grants received and expenses from grants provided.

1.17. 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 be used more than twelve 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 consolidated financial statements as contingent liabilities.

1.18. Revenue and expenses (except grant revenue)

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 rendering of education services comprises tuition fees collected and to be collected by the University of Tartu from its day-time and open-university students, participants in training programmes, etc. Revenue is recognised in the same period in which the service is rendered. When part of education service is rendered in the next financial year, relevant portion of tuition fees is recognised in the statement of financial position within *Deferred income* (see accounting policy 1.15).

Revenue from rendering 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 the sale of goods is recognised when all significant risks 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.

Interest income is recognised when it is probable that it will be received and its amount can be measured reliably. Interest income is recognised using the effective interest rate method.

1.19. Corporate income tax

In accordance with the effective Estonian Income Tax Act, in Estonia corporate earnings are not subject to tax. Instead, corporate income tax is levied on dividend distributions, fringe benefits, gifts, donations, entertainment expenses, expenses not related to the taxpayer's business and transfer price adjustments. From 1 January 2008 the amount of tax payable on dividend distributions is calculated as 21/79 of the amount of the net dividend. Under certain circumstances, dividends received may be redistributed without additional income tax expense. The income tax payable on the distribution of dividends is recognised as a liability and an expense in the period in which the dividends are declared regardless of the period for which the dividends are declared or the period in which the dividends are ultimately distributed. The obligation to pay income tax arises on the 10th day of the month following the disbursement of the dividends.

Owing to the specific nature of the taxation system, there are no temporary differences between the carrying amounts and tax bases of the assets and liabilities of companies registered in Estonia that could result in deferred tax assets or liabilities. The contingent income tax liability that would arise if all of the undistributed earnings of subsidiaries that are companies were distributed as dividends is not recognised in the statement of financial position.

Income tax calculated and paid on dividends distributed by a subsidiary to the parent is recognised as an expense in the consolidated statement of financial performance.

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 a 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 a foreign currency are translated 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 a foreign currency that are measured at fair value are translated into the functional currency using the exchange rates of the European Central Bank quoted at the date the fair value was determined. Non-monetary assets and liabilities denominated in a foreign currency that are not measured at fair value are not translated at the reporting date but are continuously measured by applying the exchange rates of the European Central Bank quoted at the dates of the transactions.

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. SUBSIDIARIES OF THE GROUP

	Domicile	Ownership interest	
		31 December 2013	31 December 2012
OÜ Tartu Ülikooli Kirjastus	Estonia	100%	100%
OÜ Tartu Ülikooli Tamme Apteek	Estonia	100%	100%
OÜ Tartu Ülikooli Kesklinna Apteek	Estonia	100%	100%
OÜ Kääriku Puhke- ja Spordikeskus (liquidated)	Estonia	(deleted from registry on 30 September 2013)	100%
OÜ Academus Hostel (until 23 January 2014 OÜ Tartu Üliõpilasküla Hostel)	Estonia	100%	100%
MTÜ Tartu Üliõpilasküla	Estonia	100%	100%
MTÜ Tartu Üliõpilasmaja	Estonia	100%	100%
MTÜ Tartu Ülikooli Akadeemiline Spordiklubi	Estonia	100%	100%

The University of Tartu has control (over 50% of voting power) of all subsidiaries that are non-profit associations. Accordingly, non-profit associations are fully consolidated.

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, the group's subsidiary 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 activity 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 Tehvandi Sports Centre Foundation (SA Tehvandi Spordikeskus). Liquidation of OÜ Kääriku Puhke- ja Spordikeskus commenced in 2012 and was completed on 30 September 2013.

NOTE 3. CASH AND CASH EQUIVALENTS

(In thousands of euros)	31 December 2013	31 December 2012
Cash on hand	71	53
Current accounts and overnight deposits	10,130	3,476
Term deposits with a short maturity	362	350
Card payments in transit	12	4
Total	10,575	3,883

In 2013, interest income on current accounts and term deposits with a short maturity amounted to 5 thousand euros (2012: 40 thousand euros). Interest rates for deposits and current accounts ranged from 0.01 to 0.80% per year (2012: 0.01-2.30%).

NOTE 4. RECEIVABLES AND PREPAYMENTS

(In thousands of euros)	31 December 2013	31 December 2012
Trade receivables	2,104	2,643
Accounts receivable	2,138	2,850
Allowance for impairment	-34	-208
Prepaid taxes	212	226
Other receivables	84	53
Advances to authorised persons	31	25
Security deposits	26	21
Other accrued income	18	0
Interest receivable	1	3
Miscellaneous receivables	8	4
Grants receivable *(note 5)*	31,459	29,988
Prepayments for services	1,267	1,152
Prepayments related to education and research activities	491	500
Prepaid subscriptions to education publications and periodicals	429	359
Prepaid grants and co-financing	188	189
Prepaid work-related travel expenses	71	40
Prepaid attendance and membership fees	32	14
Prepayments to staff	29	31
Other prepayments	27	19
Total	**35,126**	**34,062**

Movements in the impairment allowance:

(In thousands of euros)	2013	2012
Impairment allowance at beginning of year	**-208**	**-82**
Recovery of receivables considered impaired in previous years	171	52
Items considered impaired during the year	-33	-184
Items written off as irrecoverable during the year	36	6
Impairment allowance at end of year	**-34**	**-208**

NOTE 5. GRANTS RECEIVABLE

(In thousands of euros)	As at 31 December 2013	2012
Projects of sub-measure for modernising research infrastructure of national priority (Archimedes Foundation)	3,552	1,589
Centres of excellence projects (Archimedes Foundation)	3,129	3,033
Projects of measure for modernising research apparatus and equipment (Archimedes Foundation)	2,736	3,161
Projects of programmes funded by European Social Fund (Archimedes Foundation, Estonian Research Council)	2,349	2,004
Programme Mobilitas	1,227	948
Programme Eduko	375	168
Programme Dora	365	530
Programme Primus	247	253
Programme BeSt	135	105
Projects of environmental conservation and technology R&D programme KESTA (Estonian Research Council)	2,317	900
Project for building a new Physics Building for the University of Tartu (Archimedes Foundation)	1,700	2,658
Projects of European territorial cooperation programme	1,654	2,547
Projects for supporting R&D in biotechnology (Archimedes Foundation)	1,525	926
Project for building an academic building for Narva College (Archimedes Foundation)	1,401	1,401
Projects of PhD schools programme (Archimedes Foundation)	1,110	1,416
Project for developing the Centre of Translational Medicine (Archimedes Foundation)	1,109	2,255
Projects for supporting R&D in materials technology (Archimedes Foundation)	1,007	535
Projects of measure for modernising small-scale research infrastructure (Archimedes Foundation)	727	1,115
Projects funded by European Fisheries Fund (Agricultural Registers and Information Board)	707	1,190
Projects funded by Enterprise Estonia Foundation	687	739
Projects of 7th EC Framework Programme	617	607
Projects of health promotion research programme TerVE (Estonian Research Council)	609	337
Projects for modernising study infrastructure in professional higher education and teacher training (Archimedes Foundation)	576	172
Projects for modernising study and work environment at higher education and R&D institutions (Archimedes Foundation)	560	219
Projects for supporting R&D in healthcare (Archimedes Foundation)	484	242
Projects of internationalisation of research programme (Ministry of Education and Research)	450	230
Projects for supporting R&D in information technology (Archimedes Foundation)	331	0
Projects for supporting R&D in environmental technology (Archimedes Foundation)	306	281
Projects funded by Environmental Investment Centre	290	442
Projects of sub-measure for supporting cooperation between universities and enterprises (Archimedes Foundation)	235	394
International support projects	234	235
Projects for implementing Estonia's national information and communications technology education and R&D programme 2011-2015 (ICTP) (Estonian Information Technology Foundation)	233	155
Projects for performance funding of doctoral studies (Ministry of Education and Research)	201	0
Projects of programme for monitoring research and innovation policy (Archimedes Foundation)	201	148
Projects of measure for supporting R&D in energy technology (Archimedes Foundation)	150	256
Projects for supporting biomedical research (Wellcome Trust)	122	286
Projects of sub-measure for popularisation of science "Teeme" (Archimedes Foundation)	60	59
Projects funded by INNOVE Foundation	35	250
Other projects funded by Estonian Research Council	26	17
Other	29	189
Total	**31,459**	**29,988**

NOTE 6. INVENTORIES

(In thousands of euros)	31 December 2013	31 December 2012
Finished goods	81	68
Goods purchased for sale	276	274
Prepayments to suppliers	168	443
Total	525	785

The group wrote down inventories whose net realisable value had decreased below cost and expensed unusable goods as follows:

(In thousands of euros)	2013	2012
Finished goods	39	18
Goods purchased for sale	6	3
Total	45	21

In 2013 and 2012, no inventory write-downs were reversed.

NOTE 7. INVESTMENTS IN ASSOCIATES

(In thousands of euros)	OÜ Tervisliku Piima Biotehnoloogiate Arenduskeskus	Eesti Nano-tehnoloogiate Arenduskeskuse AS	Total
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
University of Tartu share of profit for 2013	15	1	16
Carrying amount at 31 December 2013	80	27	107
Cost at 31 December 2013	1	7	8
Ownership interest of University of Tartu			
As at 31 December 2012	*20%*	*23.80%*	
As at 31 December 2013	*20%*	*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 77 thousand euros, which increased the year-end value of the investment of the University of Tartu by 15 thousand euros. Eesti Nanotehnoloogiate Arenduskeskuse AS ended the year with a profit of 3 thousand euros, which increased the value of the investment of the University of Tartu by 1 thousand euros.

The following table provides an overview of movements in the associates' equity:

(In thousands of euros)	OÜ Tervisliku Piima Biotehnoloogiate Arenduskeskus	Eesti Nano-tehnoloogiate Arenduskeskuse AS	Total
As at 31 December 2012			
Share capital	6	29	35
Statutory capital reserve	1	3	4
Retained earnings (prior periods)	221	34	255
Profit for the year	98	42	140
Total equity	326	108	434
Share of University of Tartu	65	26	91
Ownership interest of University of Tartu	*20%*	*23.8%*	
As at 31 December 2013			
Share capital	6	29	35
Statutory capital reserve	1	3	4
Retained earnings (prior periods)	319	76	395
Profit for the year	77	3	80
Total equity	403	111	514
Share of University of Tartu	80	27	107
Ownership interest of University of Tartu	*20%*	*23.8%*	

NOTE 8. INVESTMENT PROPERTY

(In thousands of euros)	Riia 191, Tartu city	Ülikooli 20, Tartu city	Apartments, Tartu city	Total
Cost				
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
Rental income for 2013	*0*	*22*	*5*	*27*
Property management expenses for 2013	*0*	*25*	*1*	*26*
Of which expenses re-invoiced to tenants	*0*	*10*	*1*	*11*
As at 31 December 2013	94	1,953	86	2,133
Depreciation				
As at 31 December 2011	0	243	157	400
Depreciation for the year *(note 26)*	0	50	12	62
Depreciation of assets sold	0	0	-83	-83
As at 31 December 2012	0	293	86	379
Depreciation for the year (*note 26)*	0	49	0	49
As at 31 December 2013	0	342	86	428
Carrying amount				
As at 31 December 2011	94	1,710	98	1,902
As at 31 December 2012	94	1,660	0	1,754
As at 31 December 2013	94	1,611	0	1,705

NOTE 9. 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 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
Reclassification	0	14,954	1,665	0	11	-15,922	-708	0
Reclassification 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**
Additions	21	9	10,531	543	88	20,500	1,970	33,662
Non-monetary additions	250	13	0	0	0	0	0	263
Reclassification	0	5,505	4,584	0	5	-6,468	-3,626	0
Recognition as an expense	0	0	0	0	0	-108	0	-108
Sales and write-off	-54	-16,374	-835	-35	-101	0	0	-17,399
As at 31 December 2013	**2,444**	**223,969**	**69,859**	**8,403**	**4,637**	**20,188**	**591**	**330,091**
Depreciation								
As at 31 December 2011	**0**	**47,349**	**32,442**	**0**	**2,958**	**0**	**0**	**82,749**
Depreciation for the year *(note 26)*	0	6,785	6,018	0	456	0	0	13,259
Write-down *(note 26)*	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**
Depreciation for the year *(note 26)*	0	6,504	6,945	0	473	0	0	13,922
Accumulated depreciation of non-monetary additions	0	4	0	0	0	0	0	4
Depreciation of items sold and written off	0	-10,361	-809	0	-101	0	0	-11,271
As at 31 December 2013	**0**	**47,981**	**44,153**	**0**	**3,720**	**0**	**0**	**95,854**
Carrying amount								
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**
As at 31 December 2013	**2,444**	**175,988**	**25,706**	**8,403**	**917**	**20,188**	**591**	**234,237**

NOTE 10. 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 2011	2,545	604	100	0	0	3,249
Additions	32	89	0	57	3	181
Reclassification	0	60	0	-57	-3	0
Reclassification from property and equipment	0	89	0	0	0	89
As at 31 December 2012	2,577	842	100	0	0	3,519
Additions	19	91	147	41	2	300
Reclassification	0	41	0	-41	0	0
Write-off	0	-41	-65	0	0	-106
As at 31 December 2013	2,596	933	182	0	2	3,713
Amortisation						
As at 31 December 2011	298	282	65	0	0	645
Amortisation for the year *(note 26)*	90	110	23	0	0	223
As at 31 December 2012	388	392	88	0	0	868
Amortisation for the year *(note 26)*	90	137	14	0	0	241
Amortisation of assets written off	0	-39	-65	0	0	-104
As at 31 December 2013	478	490	37	0	0	1,005
Carrying amount						
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 2013	2,118	443	145	0	2	2,708

At 31 December 2013, the biological material and health records database contained 52,370 samples, which comprised of the gene donors' biological material (chromosomal DNA, white blood cells and blood plasma) and descriptions of their state of health (health, health behaviour and the environment). At 31 December 2012, the database contained 52,092 samples.

NOTE 11. BORROWINGS

(In thousands of euros)	31 December 2013	31 December 2012
Short-term borrowings		
Finance lease liabilities *(note 12)*	6	6
Current portion of long-term loans *(note 13)*	2,980	3,206
Derivative financial instruments	47	124
Total	3,033	3,336
Long-term borrowings		
Finance lease liabilities *(note 12)*	1	7
Loans *(note 13)*	13,191	16,172
Total	13,192	16,179

NOTE 12. FINANCE AND OPERATING LEASES

Finance leases – the group as a lessee

(In thousands of euros)	Equipment and vehicles
As at 31 December 2012	
Cost at 31 December 2012	85
Accumulated depreciation as at 31 December 2012	-47
Of which depreciation for 2012	-12
Carrying amount at 2012	38
Principal payments made in 2012	20
Interest payments made in 2012	1
As at 31 December 2013	
Cost at 31 December 2013	44
Accumulated depreciation at 31 December 2013	-26
Of which depreciation for 2013	-9
Carrying amount at 2013	18
Principal payments made in 2013	6
Interest payments made in 2013	0
Finance lease liabilities at 31 December 2012	13
Finance lease liabilities at 31 December 2013	7
Payable within 1 year	6
Payable between 1 and 5 years	1
Interest rates	0%
Maturity date	In 2015
Base currency	EUR

In the reporting year, the group had one effective finance lease contract: the lease of a digital copying-printing press Xerox 700 by the University of Tartu. The finance lease of a Volkswagen Multivan Comfortline by MTÜ Tartu Üliõpilasmaja expired in 2012 (cost: 40,814 euros).

Operating leases – the group as a lessor

(In thousands of euros)	Buildings and structures	
	31 December 2013	31 December 2012
Operating lease income for the reporting year	250	321
Rentals receivable within 1 year	68	220
Rentals receivable between 1 and 5 years	93	647
Rentals receivable in more than 5 years	219	210
Cost of assets leased out	6,788	11,338
Carrying amount of assets leased out	5,261	7,401

Operating lease income includes rental income on both investment property and items of property and equipment. Where part of an asset has been leased out under an operating lease, the cost and carrying amount of the asset are included in the cost and carrying amount of assets leased out based on the proportionate area that has been leased out.

Under agreement no 716 on the creation of usufruct and a real right contract, signed by the University of Tartu and 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 Tehvandi Sports Centre Foundation from 1 April 2012. The usufruct is without charge until 31 December 2021. From 1 January 2022 the University of Tartu may charge a usufruct fee, the size of which has to be agreed between the University of Tartu and Tehvandi Sports Centre Foundation by 31 December 2020 at the latest.

Operating leases – the group as a lessee

(In thousands of euros)	Buildings and structures	Equipment and vehicles
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
As at 31 December 2013		
Operating lease payments made in 2013	546	9
Payable within 1 year	256	16
Payable between 1 and 5 years	52	35

NOTE 13. LOANS AND ASSETS PLEDGED AS LOAN COLLATERAL

The group uses bank loans for making long-term investments and financing the construction and renovation of buildings. In the tables below, loans (1)-(6) and (8) have been taken by the University of Tartu and loan (7) has been taken by OÜ Academus Hostel.

In 2013 and 2012, no new loans were taken either by the University of Tartu or other members of the group. In 2013, loan (7) taken by OÜ Academus Hostel and loan (8) taken by the University of Tartu were repaid in full.

(In thousands of euros)	Balance at 31 December 2013	Repayable			Maturity date	Base currency / Interest rate[1]
		Within 12 months	Between 1 and 5 years	In over 5 years		
SEB Pank AS (1)	325	217	108	0	1 Jun 2015	EUR6+0.55%
Nordea Bank Finland Plc (2)	2,485	710	1,775	0	14 Jun 2017	GBP LIBOR1+0.13%[2]
Nordea Bank Finland Plc (3)	3,196	639	2,557	0	29 Dec 2018	GBP LIBOR6+1.00%[3]
SEB Pank AS (4)	2,045	334	1,363	348	3 Nov 2019	EUR6+0.49%
Pohjola Bank Plc (5)	3,320	480	1,920	920	28 Dec 2020	EUR3+0.80%
Pohjola Bank Plc (6)	4,800	600	2,400	1,800	8 Dec 2021	EUR3+0.96%
Total	16,171	2,980	10,123	3,068		

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

[2] *The University of Tartu had 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 took advantage of differences in the interest rates of the British pound and the euro in the inter-bank market, set the real interest rate of the loan taken by the University of Tartu for the above term at 1 month Euribor plus 0.03%.*

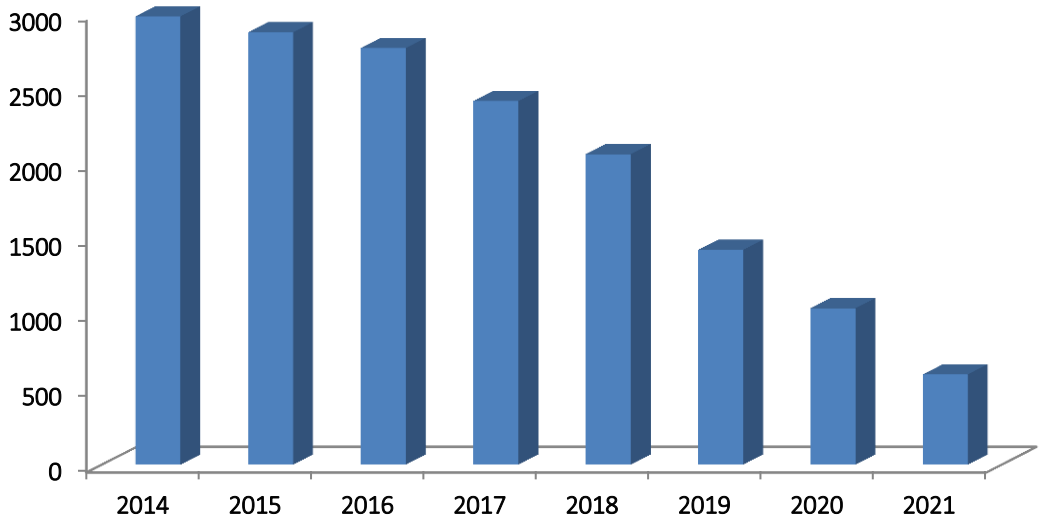
[3] *The University of Tartu has entered into a derivative contract (a cross currency swap) with Nordea Bank Finland Plc for the period 29 June 2012 to 30 June 2014. The derivative, which takes advantage of differences in the interest rates of the British pound and the euro in the inter-bank market, 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 2012	Repayable			Maturity date	Base currency / Interest rate[1]
		Within 12 months	Between 1 and 5 years	In over 5 years		
SEB Pank AS (1)	541	217	324	0	1 Jun 2015	EUR6+0.55%
Nordea Bank Finland Plc (2)	3,196	710	2,486	0	14 Jun 2017	GBP LIBOR1+0.13%[2]
Nordea Bank Finland Plc (3)	3,834	638	2,557	639	29 Dec 2018	GBP LIBOR6+1.00%[3]
SEB Pank AS (4)	2,377	331	1,352	694	3 Nov 2019	EUR6+0.49%
Pohjola Bank Plc (5)	3,800	480	1,920	1,400	28 Dec 2020	EUR3+0.80%
Pohjola Bank Plc (6)	5,400	600	2,400	2,400	8 Dec 2021	EUR3+0.96%
Swedbank AS (7)	116	116	0	0	26 Mar 2013	EUR6+0.82%
SEB Pank AS (8)	114	114	0	0	1 Jun 2013	EUR6+0.98%
Total	19,378	3,206	11,039	5,133		

Loans (1) and (4) 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 (Tartu city). The mortgage amounts to 4.79 million euros and collateral claims may amount to 0.48 million euros. At 31 December 2013, the carrying amount of the property was 11.63 million euros (31 December 2012: 11.98 million euros).

Loan (5) from Pohjola Bank Plc is secured with a mortgage of an immovable property with a building located at Raatuse 22 (Tartu city). The mortgage amounts to 4.32 million euros. At 31 December 2013, the carrying amount of the property was 4.53 million euros (31 December 2012: 4.65 million euros).

Loan (6) from Pohjola Bank Plc is secured with a mortgage of an immovable property with a building located at Lossi 36 (Tartu city). The mortgage amounts to 5.94 million euros. At 31 December 2013, the carrying amount of the property was 6.24 million euros (31 December 2012: 6.45 million euros).



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

NOTE 14. PAYABLES AND DEFERRED INCOME

(In thousands of euros)	31 December 2013	31 December 2012
Security deposit liabilities	222	150
Trade payables	4,839	3,739
Payables to staff	2,205	2,274
Vacation pay liabilities	2,133	2,178
Payables for work-related travel and office expenses	60	81
Other payables to staff	12	15
Taxes payable	2,980	3,086
Social security tax	1,655	1,588
Personal income tax	915	870
Value added tax	176	353
Unemployment insurance contributions	136	183
Statutory funded pension contributions	71	68
Corporate income tax	27	24
Other payables	6,331	3,498
Intermediation of grants and co-financing	4,416	2,776
State-provided study allowances	1,639	479
Designated scholarships	257	223
Miscellaneous payables	19	20
Deferred income	8,464	8,180
Deferred income from grants and co-financing *(note 15)*	7,837	7,342
Prepaid tuition fees	506	794
Advances under research and development contracts	118	41
Other deferred income	3	3
Total	25,041	20,927

NOTE 15. DEFERRED INCOME FROM GRANTS AND CO-FINANCING

(In thousands of euros)	31 December 2013	31 December 2012
Deferred income from Estonian residents		
Archimedes Foundation	2,435	3,276
Estonian Research Council	1,636	1,234
Information Technology Foundation for Education	181	29
Ministry of Defence	167	0
Ministry of Education and Research	156	258
Ministry of Foreign Affairs	97	51
Ministry of the Environment	93	0
Ministry of Justice	55	0
National Institute for Health Development	47	0
Environmental Investment Centre	25	93
Integration and Migration Foundation Our People	21	56
Environmental Board	12	38
Estonian Patent Office	0	92
Other domestic support	27	18
Deferred income from non-residents		
7th EC Framework Programme	1,928	1,120
Other international support	957	1,077
Total	**7,837**	**7,342**

NOTE 16. PROVISIONS

Projects that receive support are generally funded on the principle of reimbursement: the University of Tartu as the support recipient first incurs expenses using its own funds after which the expenses are reimbursed by the intermediary of support against a relevant application and supporting documentation. Execution of projects and receipt of support is also influenced by the evaluation of the eligibility of expenses incurred by the intermediary of support. Based on project expenses incurred in higher-risk procurements and expenses that were considered ineligible for support in 2013, management has recognised in the statement of financial position as at 31 December 2013 a provision of 433 thousand euros for support that will probably have to be repaid. The provision is expected to realise in 2014.

NOTE 17. REVENUE FROM OPERATING ACTIVITIES

(In thousands of euros)	2013	2012
Education activities	8,213	9,919
Research and development activities	4,647	3,734
Lease and rental activities	4,181	4,204
Sale of goods	2,709	2,931
Other services	1,695	1,564
Total	21,445	22,352

Revenue from operating activities by geographical area:

(In thousands of euros)	2013	2012
Estonia	20,381	22,037
Other EU member states	581	192
Other countries	483	123
Total	21,445	22,352

NOTE 18. STATE BUDGET FUNDING FOR EDUCATION ACTIVITIES

(In thousands of euros)	2013	2012
Funding for higher education	39,309	33,470
Funding for medical residents	10,228	7,666
Other state budget funding	111	2,613
Total	49,648	43,749

NOTE 19. STATE BUDGET FUNDING FOR RESEARCH ACTIVITIES

(In thousands of euros)	2013	2012
Grants for research topics	7,935	11,632
Institutional research support	4,546	0
Base financing for research institutions	3,296	3,357
Funding for research institutions' infrastructure expenses	2,299	3,339
Funding for maintenance of institutional research support infrastructure	1,271	0
State budget funding for scientific and research information for the library	819	807
Funding for national programmes	808	848
Total	20,974	19,983

NOTE 20. GRANTS RELATED TO ASSETS

(In thousands of euros)	2013	2012
Acquisition of assets in projects of sub-measure for modernising research infrastructure of national priority (Archimedes Foundation)	11,952	2,398
Construction of a new Physics Building for the University of Tartu (Archimedes Foundation)	9,262	2,623
Acquisition of assets in projects of measure for modernising research apparatus and equipment (Archimedes Foundation)	6,255	5,006
Development of the Centre of Translational Medicine (Archimedes Foundation)	4,692	2,231
Acquisition of assets in projects of measure for modernising small-scale research infrastructure (Archimedes Foundation)	1,247	1,268
Modernisation of the study environment and exposition of the Natural History Museum of the University of Tartu (Environmental Investment Centre)	917	140
Modernisation of study infrastructure in professional higher education and teacher training (Archimedes Foundation)	778	52
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)	536	461
Acquisition of research equipment in projects for supporting R&D in energy technology, biotechnology, materials technology, environmental technology and healthcare technology (Archimedes Foundation)	512	109
Acquisition of assets in projects funded by the European Fisheries Fund (Agricultural Registers and Information Board)	322	95
Free acquisition of an immovable property at Ülikooli 17, Tartu city (Tartu County Government)	250	0
Acquisition of research equipment for centres of excellence (Archimedes Foundation)	234	628
Acquisition of assets in the University of Tartu proto lab project (Enterprise Estonia Foundation)	154	0
Acquisition of assets in projects of 7th EC Framework Programme	140	63
Acquisition of assets through research grants (Estonian Research Council)	33	107
Acquisition of assets in projects of the Mobilitas programme (Estonian Research Council)	28	18
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)	3	19
Acquisition of assets in projects of European territorial cooperation programme	2	18
Acquisition of assets in projects of the environmental conservation and technology R&D programme KESTA (Estonian Research Council)	1	14
CO_2 investment projects (Ministry of Finance)	0	7,851
Construction of an academic building for Narva College (Archimedes Foundation)	0	4,527
Research building at Riia 23b, Tartu city (Citrina Foundation UK Limited)	0	2,045
Creation of software-portal in Tudengiveeb project (Archimedes Foundation)	0	44
Hostel programme (Tartu city)	0	37
Other grants related to assets (domestic)	54	134
Other grants related to assets (international)	31	150
Total	37,403	30,038

NOTE 21. GRANTS RELATED TO INCOME

(In thousands of euros)	2013	2012
Domestic grants related to income	9,884	10,017
Including		
Grants from the Estonian Research Council	4,919	4,957
Grants from the Ministry of Education and Research	1,460	2,233
Grants from Archimedes Foundation	187	416
International grants related to income	33,958	27,801
Including		
Intermediated grants from Archimedes Foundation	16,790	13,523
Intermediated grants from the Estonian Research Council	4,090	3,378
Grants from the EU and its institutions	2,882	2,902
Intermediated grants from Innove Foundation	292	631
Total	43,842	37,818

In 2013, the University of Tartu as a recipient and intermediary of grants reduced grant income by a total of 88 thousand euros because of repayment claims received (2012: 3 thousand euros).

NOTE 22. OTHER INCOME

(In thousands of euros)	2013	2012
Non-designated funding from non-residents	139	236
Marketing services provided by pharmacies	132	130
Non-designated funding from Estonian residents	122	51
Membership fees	50	50
Donations from individuals and legal persons	12	65
Income from sale of business	0	90
Miscellaneous income	99	71
Total	554	693

NOTE 23. GOODS, MATERIALS AND SERVICES USED

(In thousands of euros)	2013	2012
Services purchased	10,948	8,429
Goods purchased	2,169	2,431
Materials purchased	89	20
Total	13,206	10,880

NOTE 24. OPERATING EXPENSES

(In thousands of euros)	2013	2012
Costs of education and research activities	16,554	12,662
VAT expense	10,239	8,260
Work-related travel expenses	3,322	3,195
Electricity expenses	1,847	1,597
Utilities and maintenance expenses (excluding heating and electricity)	1,563	1,600
Heating expenses	1,423	1,610
Office equipment maintenance and software expenses	1,288	1,295
Office expenses and fixtures and fittings	1,184	1,575
Expenses on assets of immaterial value	1,144	1,037
Repair costs	1,086	1,189
Lease and rental expenses	978	886
Transport expenses	934	971
Purchase of professional publications and literature	815	675
Expenses on research apparatus and equipment maintenance and supplies	665	824
Advertising expenses	394	481
Communications and postal expenses	226	232
Miscellaneous operating expenses	1,218	1,779
Total	44,880	39,868

NOTE 25. STAFF COSTS

(In thousands of euros)	2013	2012
Salary expenses	52,124	48,739
Other remuneration	289	249
Taxes on staff costs	17,638	16,721
Total	70,051	65,709
Average number of staff converted to the full-time equivalent	3,277	3,240

NOTE 26. DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES

(In thousands of euros)	2013	2012
Depreciation of property and equipment *(note 9)*	13,922	13,259
Loss on write-off of property and equipment *(note 27)*	2,013	1,009
Amortisation of intangible assets *(note 10)*	241	223
Depreciation of investment property *(note 8)*	49	62
Write-off of items of library collections *(note 9)*	35	32
Loss on write-off of intangible assets *(note 27)*	2	0
Write-down *(note 9)*	0	1,646
Total	16,262	16,231

NOTE 27. LOSS ON WRITE-OFF OF PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

(In thousands of euros)	2013	Reason for write-off
Property and equipment		
Puusepa 8, Tartu city	1,000	Termination of contract on granting use of assets without charge
Ülikooli 18, Tartu city	391	Write-off of parts replaced during renovation
Näituse 2, Tartu city	257	Write-off of parts replaced during renovation
Vanemuise 46, Tartu city	233	Write-off of parts replaced during renovation
Lossi 38, Tartu city	118	Write-off of parts replaced during renovation
Lossi 40, Tartu city	12	Write-off of parts replaced during renovation
Equipment and vehicles	2	Write-off of unusable equipment
Total	**2,013**	
Intangible assets		
Software	2	Write-off of obsolete software
Total	**2**	

(In thousands of euros)	2012	Reason for write-off
Property and equipment		
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 right of superficies (building rights)
Boiler plant of OÜ Kääriku Puhke- ja Spordikeskus, Kääriku, Valga county	1	Write-off of parts replaced during renovation
Total	**1,009**	

NOTE 28. OTHER EXPENSES

(In thousands of euros)	2013	2012
Entertainment expenses	937	880
Expenses from recognition of a provision for grant funds *(note 16)*	433	0
Membership fees	190	155
Loss on sale of property and equipment	163	1,824
Awards and gifts	90	117
Miscellaneous expenses	106	38
Total	**1,919**	**3,014**

NOTE 29. RELATED PARTY DISCLOSURES

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

- the group's associates;
- non-profit associations that are not part of the University of Tartu group but are under the group's significant influence;
- foundations in which the University of Tartu group is a founder;
- members of management of the University of Tartu (members of the council, the rector, vice rectors, deans, heads of functions and directors of institutions) and economic entities under their control or significant influence;
- close family members of members of management of the University of Tartu and economic entities under their control or significant influence;
- members of the management boards of the subsidiaries of the University of Tartu and economic entities under their control or significant influence.

(In thousands of euros)	Sales		Purchases	
	2013	2012	2013	2012
Services	**1,074**	**1,234**	**5,488**	**4,608**
Associates	643	755	547	447
Non-profit associations	16	16	302	350
Foundations	270	320	4,534	3,716
Companies	145	143	105	95
Goods	**3**	**16**	**189**	**174**
Non-profit associations	0	0	0	2
Foundations	3	8	11	18
Companies	0	8	178	154
Non-current assets	**0**	**0**	**15**	**55**
Companies	0	0	15	55
Total	**1,077**	**1,250**	**5,692**	**4,837**

In the consolidated statement of financial performance, sales to related parties are presented within *Revenue from operating activities* and purchases from related parties are presented within *Goods, materials and services used* and *Operating expenses*.

(In thousands of euros)	Receivables		Prepayments		Liabilities	
As at 31 December	2013	2012	2013	2012	2013	2012
Associates	75	315	0	0	29	0
Non-profit associations	2	0	136	190	1	1
Foundations	24	11	0	0	361	333
Companies	6	0	0	0	7	3
Total	**107**	**326**	**136**	**190**	**398**	**337**

In the consolidated statement of financial position, receivables from and prepayments made to related parties are reported within *Receivables and prepayments* and liabilities to related parties are reported within *Payables and deferred income*.

(In thousands of euros)	Grant income			
	Grants related to assets		Grants related to income	
	2013	2012	2013	2012
Non-profit associations	0	0	99	78
Foundations	125	19,481	10,729	23,265
Total	**125**	**19,481**	**10,828**	**23,343**

In the consolidated statement of financial performance, grants income from related parties are reported within *Grants related to assets* and *Grants related to income*.

(In thousands of euros)	Grant receivables		Grant liabilities		Deferred income from grants	
As at 31 December	2013	2012	2013	2012	2013	2012
Foundations	4,047	22,287	149	13	1,817	4,590
Companies	0	0	0	5	0	0
Total	**4,047**	**22,287**	**149**	**18**	**1,817**	**4,590**

In the consolidated statement of financial position, grant-related receivables from and liabilities to related parties are reported within *Receivables and prepayments* and *Payables and deferred income* respectively.

Through a member of the council of the University of Tartu, related parties also include Nordea Bank Finland Plc. At 31 December 2013, the University of Tartu and Nordea Bank Finland Plc had two loan agreements: one with the carrying amount of 2.49 million euros (2012: 3.20 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 3.20 million euros (2012: 3.83 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 13). In the consolidated statement of financial position, loan liabilities to related parties are reported within *Borrowings*.

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

(In thousands of euros)	2013	2012
MTÜ Tartu Ülikooli Akadeemiline Spordiklubi	72	107
University of Tartu	58	45
OÜ Tartu Ülikooli Kirjastus	38	29
MTÜ Tartu Üliõpilasküla	32	31
MTÜ Tartu Üliõpilasmaja	30	33
OÜ Tartu Ülikooli Kesklinna Apteek	18	20
OÜ Academus Hostel	15	8
OÜ Tartu Ülikooli Tamme Apteek	4	8
Total	**267**	**281**

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 2013, contingent termination benefits payable to members of group entities' executive and higher managements totalled 79 thousand euros (2012: 88 thousand euros).

In 2013 and 2012, no receivables from related parties were written down.

NOTE 30. CONTINGENT LIABILITIES

Liabilities that may result from tax audits

The tax administrator may audit the group's tax accounting within five 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 created three mortgages for the benefit of Swedbank AS on the following properties: Vanemuise 46 in Tartu city; Pepleri 14 in Tartu city and apartments 9, 24 and 32 at Ujula 2a in Tartu city. 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 mortgage on Ujula 2a amounts to 0.33 million euros.

The group has created a mortgage for the benefit of SEB Pank AS on a property located at Nooruse 1 in Tartu city. The mortgage amounts to 4.79 million euros.

At the end of 2013, the University of Tartu did not have any effective contractual commitments (including any loan commitments) that the mortgages created for the benefit of Swedbank AS and SEB Pank AS should have secured.

Other contingent liabilities

Based on an agreement on the termination of a building rights contract, a building rights contract, and an agreement 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 Tartu city, 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. Under 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 Tartu city, 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 an agreement on the creation of usufruct and a real right contract, signed between the University of Tartu and 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 Tehvandi Sports Centre Foundation for all investments 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. At 31 December 2013, the University of Tartu had agreed to compensate Tehvandi Sports Centre Foundation on the expiry of the usufruct for investments of 155 thousand euros which will be depreciated at the rate of 3% per year from the month of their implementation.

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 (may be terminated by giving 3 months' notice). At 31 December 2013 the facility was not in use.

NOTE 31. ASSETS ACCOUNTED FOR OFF THE STATEMENT OF FINANCIAL POSITION

In 2013, assets with a cost of 640 euros to 1,999.99 euros were accounted for off the statement of financial position. At the year-end, the total cost of such assets was 10.80 million euros (2012: 10.38 million euros).

The materials of the library of the University of Tartu are accounted for in detail in the library information system ESTER. At 31 December 2013, the estimated total value of the library's collections was 35.28 million euros (2012: 32.73 million euros), of which 8.40 million euros (2012: 7.89 million euros) was recognised in the statement of financial position (see note 9).

At the reporting date, the collection of the Botanical Gardens of the University of Tartu included 8,552 taxonomic units (species and varieties) of trees, bushes and other plants (2012: 8,340).

Detailed accounts of items stored in museum collections are kept by the museums. From 2011, the assets included in 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 0.02 million euros (2012: 0.01 million euros). Altogether, at the reporting date the museums had 1,307,608 stored items (2012: 1,199,333): the History Museum had 145,941 stored items (2012: 72,543), the Art Museum had 30,305 stored items (2012: 30,305), the Natural History Museum had 1,131,309 stored items (2012: 1,096,432), the library had 30 stored items (2012: 30) and the faculty of medicine had 23 stored items (2012: 23).

NOTE 32. UNCONSOLIDATED FINANCIAL STATEMENTS OF THE UNIVERSITY OF TARTU

University of Tartu statement of financial position (unconsolidated)

(In thousands of euros)	31 December 2013	31 December 2012
ASSETS		
Current assets		
Cash and cash equivalents	9,142	2,614
Receivables and prepayments	34,726	33,794
Inventories	265	527
Total current assets	44,133	36,935
Non-current assets		
Investments in subsidiaries and associates	69	69
Investments in financial assets	2	0
Receivables and prepayments	10	11
Investment property	1,705	1,754
Property and equipment	233,846	219,941
Intangible assets	2,708	2,651
Total non-current assets	238,340	224,426
TOTAL ASSETS	282,473	261,361
LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities		
Borrowings	3,033	3,221
Payables and deferred income	24,165	19,996
Provisions	433	0
Total current liabilities	27,631	23,217
Non-current liabilities		
Borrowings	13,192	16,179
Total non-current liabilities	13,192	16,179
Total liabilities	40,823	39,396
Net assets		
Capital of the university	144,182	144,182
Accumulated surpluses	77,783	66,605
Surplus for the year	19,685	11,178
Total net assets	241,650	221,965
TOTAL LIABILITIES AND NET ASSETS	282,473	261,361

University of Tartu statement of financial performance (unconsolidated)

(In thousands of euros)	2013	2012
Revenue		
Revenue from operating activities	15,952	16,756
State budget funding for education activities	49,648	43,749
State budget funding for research activities	20,974	19,983
Grants related to assets	37,403	30,038
Grants related to income	43,354	37,339
Other income	330	356
Total revenue	**167,661**	**148,221**
Expenses		
Goods, materials and services used	-9,463	-6,967
Operating expenses	-44,278	-38,867
Scholarships	-6,519	-6,450
Staff costs	-68,319	-63,984
Depreciation, amortisation and impairment losses	-16,153	-16,123
Other expenses	-3,102	-4,327
Total expenses	**-147,834**	**-136,718**
Surplus on operating activities	**19,827**	**11,503**
Share of profit of subsidiaries	24	16
Gain/loss on investments in financial assets	2	-2
Interest income	3	34
Interest expense	-172	-374
Other finance income	1	1
Surplus before income tax	**19,685**	**11,178**
Surplus for the year	**19,685**	**11,178**

University of Tartu statement of cash flows (unconsolidated)

(In thousands of euros)	2013	2012
Cash flows from operating activities		
Surplus on operating activities	19,827	11,503
Adjustments for		
Depreciation, amortisation and impairment losses	16,153	16,123
Recognition of assets under construction as an expense	108	34
Other non-monetary transactions with property and equipment	-9	1
Loss on sale of property and equipment	194	1,826
Non-monetary grants related to assets	-250	-2,062
Recognition of a provision	433	0
Change in receivables and prepayments	-1,531	-11,011
Change in inventories	262	-208
Change in payables and deferred income	3,048	4,266
Interest paid	-173	-388
Net cash from operating activities	**38,062**	**20,084**
Cash flows from investing activities		
Paid on acquisition of property and equipment	-9,996	-7,674
Proceeds from sale of property and equipment	4,419	2,710
Paid for assets under construction	-20,619	-17,316
Prepayments made for property and equipment	-1,970	-2,895
Proceeds from sale of investment property	0	75
Paid on acquisition of intangible assets	-298	-178
Prepayments made for intangible assets	-2	-3
Recovery of a non-current receivable	2	2
Proceeds from sale of investments in financial assets	0	1,500
Interest received	3	31
Dividends received	24	16
Net cash used in investing activities	**-28,437**	**-23,732**
Cash flows from financing activities		
Repayment of loans received	-3,091	-2,636
Payment of finance lease principal	-6	-6
Net cash used in financing activities	**-3,097**	**-2,642**
Net cash flow	**6,528**	**-6,290**
Cash and cash equivalents at beginning of year	**2,614**	**8,904**
Increase/decrease in cash and cash equivalents	6,528	-6,290
Cash and cash equivalents at end of year	**9,142**	**2,614**

University of Tartu statement of changes in net assets (unconsolidated)

(In thousands of euros)	Capital of the university	Accumulated surpluses	Deficit/surplus for the year	Total
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
Transfer of surplus to accumulated surpluses	0	11,178	-11,178	0
Surplus for the year	0	0	19,685	19,685
Balance at 31 December 2013	144,182	77,783	19,685	241,650

University of Tartu adjusted unconsolidated net assets

(In thousands of euros)	31 December 2013	31 December 2012
Unconsolidated net assets of the University of Tartu	241,650	221,965
Less: carrying amount of interests in subsidiaries and associates	-69	-69
Plus: value of interests in subsidiaries and associates under the equity method	1,715	1,373
Total	243,296	223,269

INDEPENDENT AUDITORS' REPORT

SIGNATURES TO ANNUAL REPORT 2013

The annual report for of the University of Tartu for the year ended 31 December 2013 consists of an activity report and consolidated financial statements.

Management of the University of Tartu has prepared the activity report and the consolidated financial statements. The financial statements are accompanied by an independent auditors' 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

/signed digitally/

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Taimo Saan
Head of Finance

/signed digitally/

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Signe Võsoberg-Pastik
Chief Accountant