



annual report 2012

CBS



COPENHAGEN BUSINESS SCHOOL
HANDELSHØJSKOLEN

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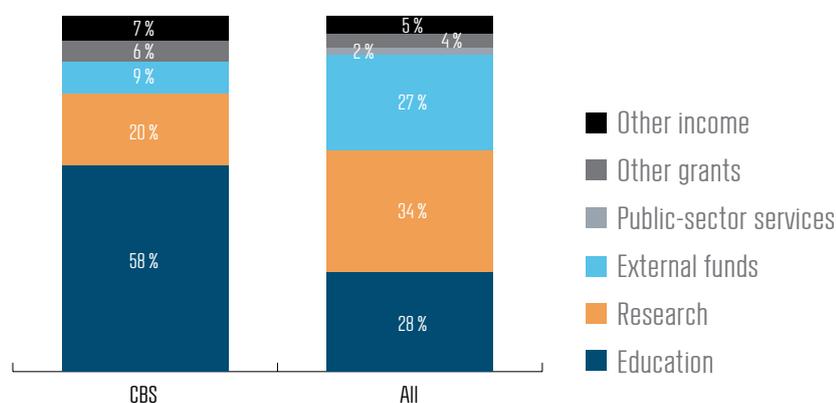
PROFILE

CBS is a government-financed self-governing educational and research institution under the Ministry of Science, Innovation and Higher Education.

CBS is committed to creating value. Entitled "Business in Society" (BiS), CBS' strategy, together with its development contract, sets forth the university's objective of asserting itself in society. CBS wants research to be of practical use and value-creating, and CBS graduates to find or create jobs shortly after graduation.

The Danish government's strategy aims for knowledge and education to bring Denmark out of the ongoing financial crisis. CBS is part of these efforts, and the three-year basic grant is one of the tools. While the grant ensures financial stability and facilitates planning, it does not strengthen CBS' financial muscle.

SOURCES OF INCOME, 2011



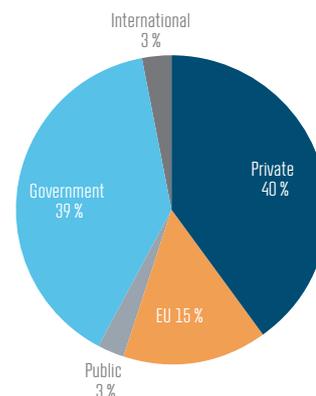
Unlike other universities, CBS generates the major part of its income from educational activities.

In 2011, educational activities contributed 58% of total income. In 2012, the share was around 61%.

Source: Financial highlights, Danish universities, 2011.
 Note: As 2012 figures are not yet available for the entire sector, 2011 figures are shown.

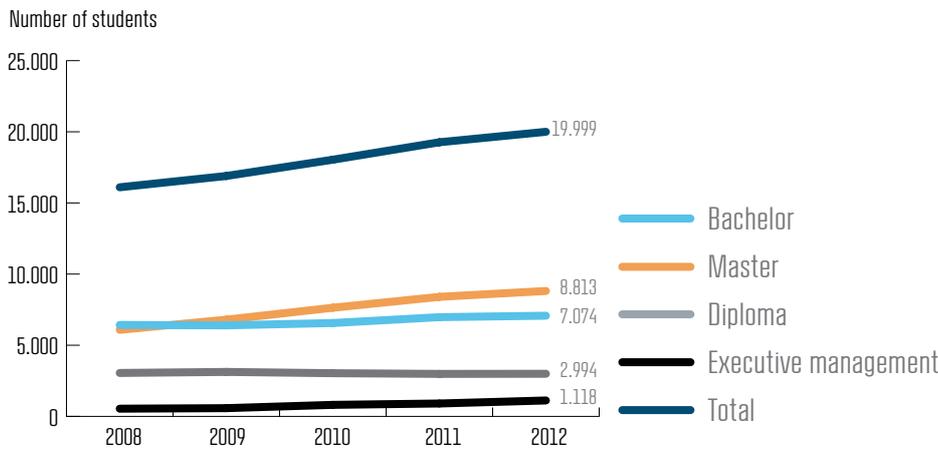
GRANTS ASSURED IN 2012 FOR EXTERNALLY FUNDED RESEARCH PROJECTS

Grant provider	Grants assured in 2012	Share
Private	67.851.717	40%
EU	24.866.218	15%
Public	5.195.968	3%
Government	67.153.651	39%
Foreign providers	5.824.067	3%
	170.891.621	100%



The table shows assured grants recorded in CBS' accounting system.

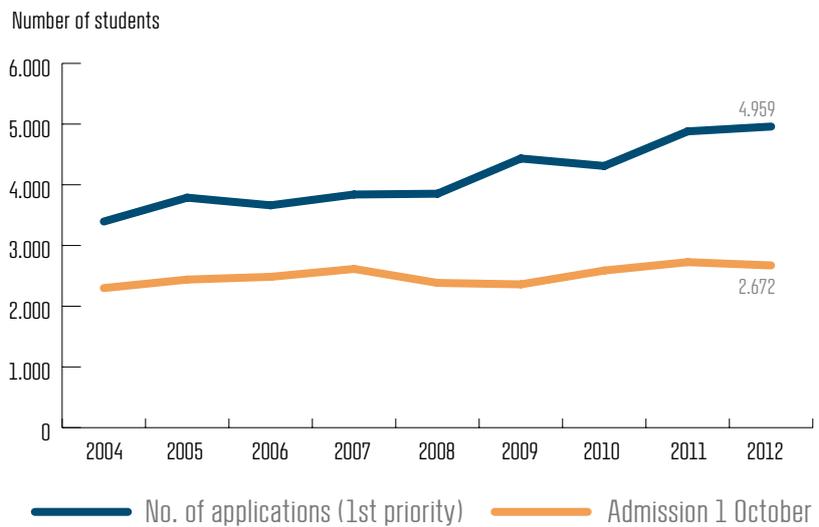
CONTINUED GROWTH IN CBS' STUDENT POPULATION IN 2012



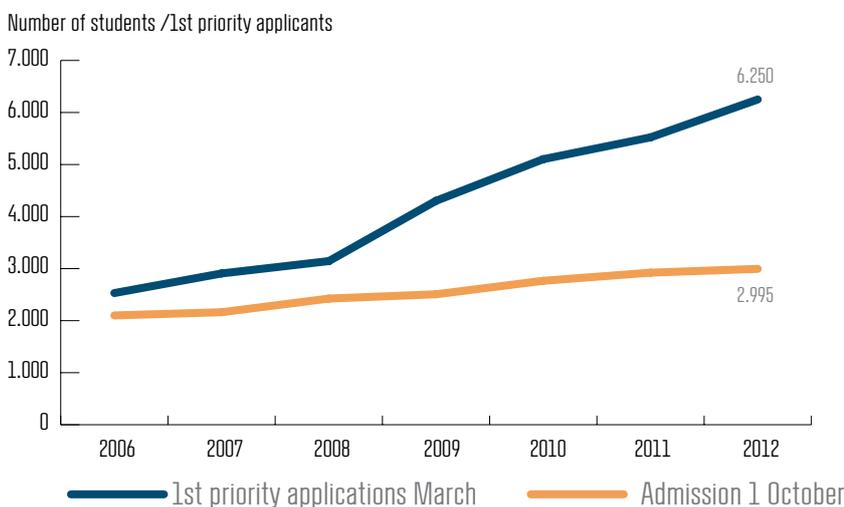
The chart shows that the number of CBS students is increasing – also in 2012.

INCREASE IN APPLICATIONS FOR AND ADMISSION TO CBS' BACHELOR PROGRAMMES

In the past few years, the number of applications for admission to CBS' bachelor programmes has significantly exceeded the number of available slots. This has led to restriction of admission for all programmes except BSc in Business, Asian Language and Culture (Japanese).



INCREASE IN APPLICATIONS FOR AND ADMISSION TO CBS' MASTER PROGRAMMES



CBS has seen a strong increase in the number of applications for its master programmes. However, during the subsequent review procedure, many applicants turn out to lack the necessary qualifications. Also, many foreign applicants end up turning down offered study places at CBS.

Source: CBS' admission system based on data from March and CBS' programme administration system. Please note that admissions are stated at 1 October after early dropouts.

FACTS & FIGURES

	2008	2009	2010	2011	2012	Change between 2011 and 2012 in %
Number of students (population):						
Bachelor (note a)	6.425	6.401	6.560	6.973	7.074	1%
Master	6.083	6.771	7.635	8.400	8.813	5%
Diploma	3.052	3.163	3.034	2.986	2.994	0%
Executive management programmes	541	675	809	905	1.118	24%
Number of CBS students studying abroad	920	1.000	1.165	1.288	1.437	12%
Number of foreign students (full-time programmes)	1.626	1.903	2.415	2.942	3.106	6%
Number of PhD students	189	192	202	210	258	23%
Number of employees (headcount) (note b)	1.960	2.330	2.385	2.380	2.359	-1%
Academic staff (VIP)	530	566	594	614	690	12%
Part-time academic staff (DVIP)	798	720	797	792	730	-8%
Technical-administrative staff (TAP)	632	662	628	617	549	-11%
Student assistants and invigilators	362	403	366	357	392	10%
Number of permanent foreign researchers (note c)	25	26	68	78	96	23%
Cooperation & development agreements, exchange students	367	390	329	335	333	-1%
Number of corporate partners	23	23	20	20	28	40%

NOTES:

a) Population is exclusive of Japanese propaedeutic course attendants (1 year's introductory language training before start of real programme).

b) Please note that the sum of VIP, DVIP and TAP may exceed the total as some employees are counted as both TAP and VIP.

c) The increase between 2008 and 2010 in the number of foreign researchers may be partially put down to the fact that professors with special responsibilities were not included in prior years, and partially to an actual increase in the number of foreign associate professors and professors at CBS in 2010.

MANAGEMENT'S REVIEW

Profit for the year

CBS realised a profit of DKK 4 million for 2012. At year-end 2011, CBS projected a profit of DKK 50 million. As the year progressed, this forecast was reduced to DKK 26 million against the backdrop of additional investments in IT and copiers totalling DKK 19 million and a DKK 5 million grant reduction due to an imbalance between ingoing and outgoing exchange student credits. The opening budget was based on expectations as to actual spending potential within the institution and targeted a result below the budget, as a result of which above-budget funds were allocated to, primarily, the field of education. Against this background, a profit of DKK 4 million is considered an achievement as it indicates that the students had more classes and that there was generally a higher than expected level of activity in the educational and research environments.

Looking ahead, CBS will face a higher level of activity and budget deficits. This challenge calls for steady and tight financial control and strong management focus. 2012 saw the number of teaching hours go up by some 2,500, while at the same time more academic staff was hired, the number of CBS students increased and administration efficiency was enhanced. CBS is developing in the planned favourable direction, but the critical research anchoring is vulnerable because CBS (compared with other universities) receives moderate basic research funds relative to student FTEs. This is not a robust business model for delivering research-based teaching.

Even when disregarding off-budget movements of DKK 24 million, CBS managed to boost both educational and research activity levels. Sustaining this momentum will present a major challenge in the years ahead and CBS intends to

partially finance both research projects and campus expansion by equity, inevitably incurring a budget deficit.

Growth is putting pressure on premises

The pressure on CBS' premises has grown over the past few years as the number of students has increased by 25% with no accompanying growth in campus facilities. At present, CBS is renting external premises to accommodate the growing number of students, but teaching conditions here are not ideal and timetables include a great deal of late classes. On the positive side, CBS is full of life from morning till night but looking ahead, more space is needed to accommodate the growing number of researchers and students.

CBS' investment plans are aligned with the political wish for growing student intakes and more academic staff – measures bound to put even more pressure on premises.

External funds strengthen programmes and research

CBS pursues an ambitious target of doubling external grants over the next ten years. April's opening of Center for Financial Frictions (FRIC) illustrates how research activities benefited from external funds in 2012. FRIC received DKK 48 million from the Danish National Research Foundation covering six years of research (with the possibility of a 4-year extension). FRIC is the result of many years' hard work in the Department of Finance to create opportunities across disciplines, countries and universities. FRIC's mandate is to analyse the impact of financial frictions before and after the financial crisis.

Entrepreneurship - a matter near to our heart

Four out of ten research publications on entrepreneurship released in Denmark are published by CBS researchers. CBS is committed to strengthening entrepreneurship, and 2012 saw a number of initiatives in this field:

In 2012, CBS was assured a DKK 40 million grant from the A.P. Møller Foundation for a professorship in entrepreneurship and accompanying staff at CBS.

In 2012, Copenhagen School of Entrepreneurship (CSE) celebrated the past few years' successful counselling of entrepreneurial students at a grand award show.

2012 also saw increased focus on linking innovation and entrepreneurship closer together. Copenhagen Innovation and Entrepreneurship Lab (CIEL) offered innovation programmes involving the Technical University of Denmark, the University of Copenhagen and CBS in inter-disciplinary cooperation based on entrepreneurship and sustainability.

In 2012, CBS also stepped up its efforts in relation to Symbion, the science park. Symbion provides development support for entrepreneurs, currently housing more than 200 businesses within cleantech, IT, etc. Through Symbion, CBS has set up incubator environments to commercialise the knowledge of CBS and CBS students. More specifically, the cooperation will entail:

- Three industrial PhDs enrolled at CBS and funded by Symbion
- 20 traineeships for CBS students in Symbion businesses
- Symbion businesses teaching ten cases each year at CBS
- Participation in Accelerace Camps for CBS entrepreneurship students
- Symbion setting up a presence on CBS' campus within the next few years

In 2012, CBS also decided to launch an entrepreneurship BiS platform for start-up

in 2013. CBS' BiS platforms are interdisciplinary entities supporting CBS' strategy, "Business in Society" (BiS).

More research-based teaching, more flexibility

When the Auditor General issued his "Report to the Public Accounts Committee on University Teaching" in August 2012, a number of universities laid down guidelines for the number of weekly classes to be included in each degree programme.

CBS did not lay down any such rigid rules dictating specific numbers of lessons. Earlier in the year, CBS had prepared a "Code for curriculum planning", requiring degree programmes to be full-time programmes but maintaining flexibility as to the number of lessons because needs differ from programme to programme and from semester to semester.

CBS is intent on meeting those needs so as to provide the best conditions for a full-time degree programme. Another focus area for CBS in 2012 was to provide more research-based teaching.

CBS defines research-based teaching on the basis of, e.g., ACE Denmark's criteria, which rank programmes based on the extent to which they strengthen the ability to reflect critically and master the academic working process and insights into one or more research areas on the basis of, e.g., lecturers' own research.

Digital projects in 2012

The two largest ongoing IT projects at CBS are related to digitalisation of the program-

me administration and optimisation of the e-infrastructure, both setting out to prepare CBS for the future:

- > Digitalisation of the programme administration: The objective is to improve the services and efficiency of the administrative support provided to students and personnel through increased digitalisation.

- > Optimisation of e-infrastructure: Digital teaching, research, dissemination and administration require a robust digital infrastructure. Over two years, a total amount of DKK 26.7 million will be invested in replacing and standardising all material parts of the e-infrastructure, including a significant upgrade of CBS' network and data centre.

Other digitalisation projects in 2012 included the opening of a new examination hall on Amager designed for electronic written examinations so that students no longer need to bring their own computers and printers.

2012 also saw IT being used in new ways with measures including CBS' ICT project, touch screens in class rooms, the development of teaching games to simulate leadership, the use of clickers to get fast response from students during lectures and the broadcasting of more lectures to increase teaching flexibility.

New regulations, cooperation and management code

In terms of administration and management, 2012 saw the adoption of new regulations, the establishment of new

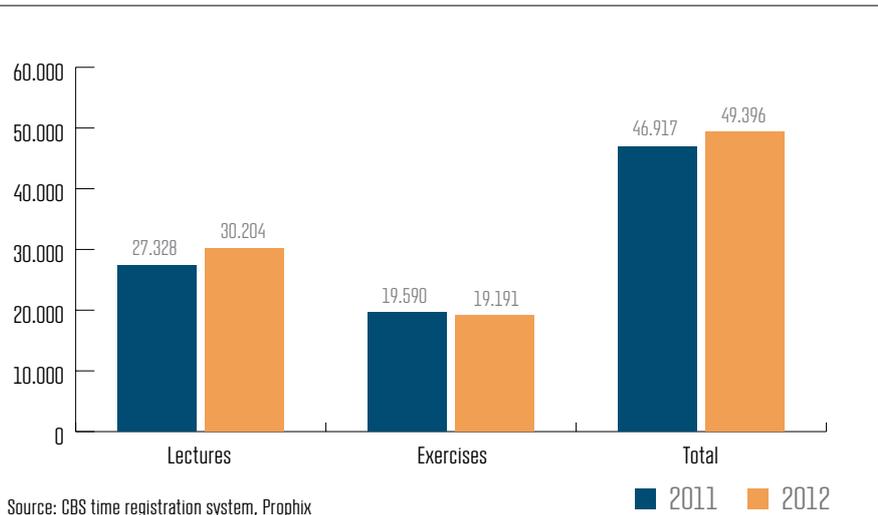
departmental cooperation bodies and the development of a management code, www.cbs.dk/codex, for CBS as a whole and a new development contract with fewer and more strategic (measurable) goals than previously. The development contract, which is described in detail later on in the annual report, targets:

- > higher student satisfaction
- > faster programme completion
- > appointment of more academic staff
- > more research being carried out at internationally recognised levels
- > more innovation and entrepreneurship teaching as training in these areas is expected to benefit Denmark.

CBS adopted new regulations in 2012 following the amendment of the University Act in 2011 to supplement "one-tier management" by greater co-determination of personnel and students. A significant element of the new regulations is the greater role of the Academic Council as an advisory body for the President – in academic as well as institutional matters. In consequence of the new regulations, CBS, in cooperation with all departments, developed a new management code in 2012. Starting in 2013, this code provides a framework for management, cooperation and involvement among executives and personnel at CBS. A management code was also drawn up to include students in relevant decision-making processes.

Satisfied and happy employees are a key priority for CBS, and satisfaction surveys are carried out every other year. In 2012,

INCREASE IN THE NUMBER OF REGISTERED LESSONS IN 2012



The number of lectures and exercises provided to bachelor and master students in 2012 was up by around 2,500 on 2011. Relating this to the number of students, this means that each student had 2% more lessons in 2012 than in 2011.

The columns show lectures and exercises on all CBS' full-time programmes in 2011 and 2012.

the response rate was 80. The study showed high job satisfaction with employees expressing loyalty towards CBS, seeing development potential for themselves and feeling confidence in management. Despite the additional indication of heavy workloads, the survey was satisfactory, taken as a whole.

Outlook for 2013

The 2013 budget adopted by the Board of Directors projects a deficit of DKK 50 million. A deficit is also projected for 2014. Against this background, CBS will in the coming years convert a significant part of its equity into investments in, primarily, more lessons, more academic staff and expansion of teaching premises. These measures are rendered necessary by a larger student population and the wish for a higher quality of education. Using equity is, of course, a short-term solution, and Senior Management and the Board of Directors face a huge challenge in the years ahead balancing finances while at the same time delivering world-class teaching and research.

The budget deficit will constitute a major management challenge in 2013 as CBS' activity-based income (primarily the year's student FTE count) is subject to considerable uncertainty. It will therefore take stringent financial control to meet the year's budget targets. CBS' future goals are set forth in the investment plan, the Business in Society strategy and the development contract:

In 2013, the digitalisation of the programme administration will continue. The transition to STADS, the programme administration system to replace SPARC, will also take place in 2013, offering improved digital process support.

CBS' central administration (Shared Central Services) and central research support will be evaluated in 2013 – with a particular view to improving user cooperation.

2013 will also see the implementation of the departmental strategies prepared in 2012. Strategies will be drawn up to procure additional external funding to support CBS' research activities, which are currently strongly underfunded compared with student activities. Striking a balance between the time spent by research staff on applying for funds, conducting research and providing teaching, respectively, is a notorious challenge in the academic world. Given CBS' ambitious target for increased external research funding, this will be a focus area for CBS in 2013.

CBS took on additional academic staff again in 2012 and these efforts will continue in 2013. CBS looks forward to finalising and announcing the appointments in relation to the professorship in entrepreneurship to be funded by the A.P. Møller Foundation.

CBS will continue its internationalisation process in 2013, welcoming more international researchers and students. While this will materially enrich CBS' research and educational environments, it will also entail challenges in relation to integrating international researchers and students in the activities and development of CBS. This will be another focus area in 2013. CBS is growing, making campus expansion yet another focus area in 2013. The work is already underway and will continue in 2013.

In 2013, the first students will be enrolled in two new programmes in European Business and Project Management, and additional temporary facilities will be rented to boost capacity.

In 2013, strong efforts will be made to improve and systematise CBS' corporate relations and optimise alumni relations.

FINANCIAL HIGHLIGHTS

	2010	2011	2012	Change between 2011 and 2012 in %
Income (DKKm)				
1 Education	685	735	755	3 %
2 Research	239	250	243	-3 %
3 External funding (note a)	99	110	103	-6 %
4 Research-based public-sector services	0	0	0	0 %
5 Basic grants	70	77	73	-5 %
6 Other income	102	89	62	-30 %
Costs by purpose (DKKm) (note b)				
7 Education	632	615	639	4 %
8 Research	355	387	476	23 %
9 Dissemination and knowledge exchange	49	48	37	-23 %
10 Research-based public-sector services	0	0	0	0 %
11 General management, administration and services	129	94	80	-15 %
Staff, FTE				
12 VIP	557	556	613	10 %
13 DVIP	208	217	227	5 %
14 TAP	663	622	605	-3 %
Balance sheet (DKKm)				
15 Equity	201	316	270	-15 %
16 Balance sheet total	1.446	1.522	1.482	-3 %
Buildings				
17 Total building space (gross area in m ²)	118.306	118.306	117.688	-1 %

NOTES:

- a) External funding includes income relating to income-generating activities (UK90), externally funded research projects (UK95) and other externally funded projects (UK97). The item is therefore not consistent with the basis of computation applied in the development contract reporting.
- b) The statement by purpose for 2012 has been changed, cf. "Guidelines on classification of university costs according to main area and purpose" from December 2012. The number relating to building-related costs has gone out. Building-related costs are instead allocated to other main purposes in accordance with the guidelines. Building-related costs for 2009-11 have been allocated to other purposes on a proportionate basis for the sake of comparability. The original numbers for 2009-11, including a specification under buildings, may be found in the Annual Report for 2011.
- c) Ordinary students with other nationalities than Danish (exchange students are not included).
- d) The statement of the number of research publications has been changed as from 2011 to include more types of research publications.
- e) Funds relating to subsidised research activities (UK 95) from non-governmental national or international institutions.

FINANCIAL HIGHLIGHTS

	2010	2011	2012	Change between 2011 and 2012 in %
Activity and output information				
Students, full-time programmes				
18 No. of students admitted to bachelor programmes	2.588	2.759	2.672	-3%
19 No. of students admitted to master programmes	2.766	2.922	2.995	2%
20 No. of students enrolled	14.256	15.408	15.887	3%
21 Student FTE count	9.586	10.117	10.481	4%
Graduates				
22 No. of graduated bachelor students	1.799	1.753	1.821	4%
23 No. of graduated master students	1.560	1.850	1.973	7%
Open and part-time programmes				
24 Student FTEs	1.615	1.650	1.595	-3%
25 No. of executive management and diploma graduates	1.418	1.307	1.390	6%
Internationalisation				
26 No. of students staying abroad (exchange students)	1.165	1.288	1.437	12%
27 No. of foreign students at CBS (exchange students)	1.116	1.148	1.100	-4%
28 No. of full-programme foreign students (note c)	2.415	2.942	3.106	6%
PhD programmes				
29 No. of PhD students enrolled	218	210	258	23%
30 No. of PhD students admitted	40	46	90	96%
31 No. of approved PhD theses	40	36	37	3%
Research and dissemination output				
32 No. of publications (note d)		1.617	1.762	9%
33 No. of patents pending	0	0	0	0%
34 No. of inventions pending	0	0	0	0%
35 No. of corporate projects	125	82	95	16%
36 No. of external projects	340	269	290	8%
37 Amount of corporate cooperation (DKKm) (note e)	17,6	18,9	26,0	38%

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INTERNATIONAL ACCREDITATIONS AND RANKINGS

International accreditations

CBS is still among the only around 50 business schools in the world to have obtained accreditations from all three of the most recognised accreditation institutes. In 2012, the MBA/MPA programmes were re-accredited by AMBA, and CBS has been recommended for another five years' accreditation. All three international accreditations have thus been renewed within the past few years.

More ranking successes

CBS' CEMS Master in International Management programme is still ranked among the best by the Financial Times, taking up third position. Eduniversal continues to rank CBS third best among 1000 schools in the world and second best among 245 schools in Western Europe. Webometrics, which measures web visibility, ranked CBS best in the world in 2012 (up from fifth in 2011). In University of Texas at Dallas's ranking of research, CBS has advanced to a position as number 81 in the world and an impressive number six in Europe.

Why does CBS fall back in some rankings?

In FT's ranking of Master in General Management programmes, where CBS participates with six MSc in Business Administration programmes, CBS dropped to number 43 in 2012, due partly to a growing number of providers and partly to developments in graduate salaries, careers and employment, which are to some extent determined by business cycles.

In the MBA area, CBS fell back in both the Financial Times' Executive MBA ranking (no. 92 in the world and no. 32 in Europe) and in the Economist's Full-Time MBA ranking (no. 96 in the world and no. 32 in Europe). In both these rankings, post-graduation pay levels play a decisive role, and as CBS deliberately takes in students with

CBS ON RANKING LISTS

	2008	2009	2010	2011	2012
Financial Times					
CEMS Master in International Management	3	1	2	2	3
Master in General Management	22	22	22	38	43
Executive MBA World	69	58	47	76	92
Executive MBA Europe	26	18	21	29	32
European business schools	37	31	23	40	39
Economist - MBA					
Full-time MBA World			98	83	96
Full-time MBA Europe			35	29	32
QS Top Business Schools in Europe					
Full-time MBA Europe			17	11	
University of Texas at Dallas - Top 100 Business School Research Rankings					
World				94	81
Europe				6	6
Aspen Institute - Beyond Grey Pinstripes					
World		62		43	
Europe		8		8	
Eduniversal					
World	2	3	3	3	3
Europe	1	2	2	2	2
Webometrics					
World	2	3	5	5	1
Europe	1	1	1	2	1

far more experience than in other schools (nine years' job experience for FT MBA and 17 years' job experience for EMBA), salary levels will already be fairly high and post-graduation salary increases therefore less dramatic.

EDUCATION

More than ever

More lessons, more students, smaller classes and more feedback from lecturers to students were key elements of the development of CBS' degree programmes in 2012. These measures were financed by taximeter funding. Due to CBS' moderate research grants, taximeter funds have also been earmarked for the hiring of additional research staff with a view to strengthening research-based teaching. Recruiting of academic staff was intensified in 2012. Moreover, the curriculum planning process has been accelerated and the administra-

tion streamlined, enabling earlier lecturer allocation and budget planning as well as a reduction of the number of examination types.

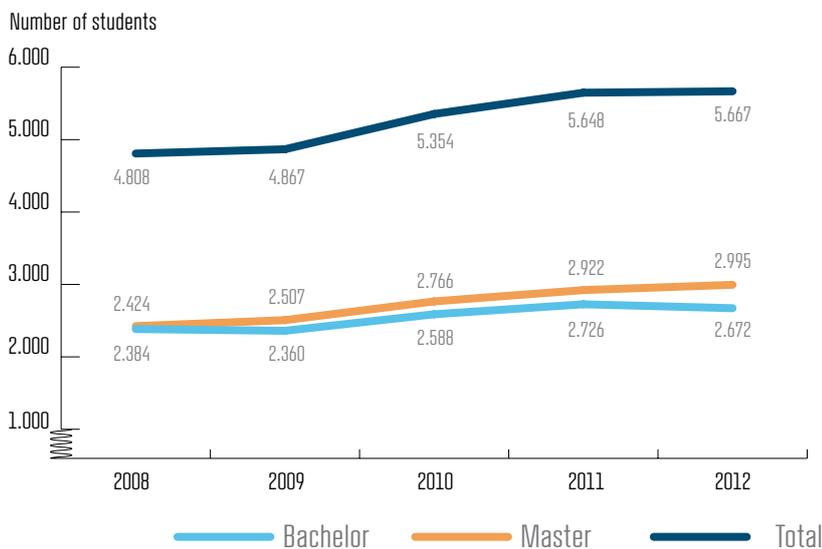
Code for quality – not for number of lessons

As stated very clearly in “Code for curriculum planning”, CBS is confident that better degree programmes do not require students to spend more time in school but programmes to be full-time studies with programme management ensuring the best possible learning by deploying the most

appropriate teaching methods.

One of the goals included in the development contract is improved student satisfaction. Students should want to recommend their degree programme to others and raise their ranking of teaching and administrative services. Generally speaking, CBS' students are very satisfied, but the target for the next few years is for all degree programmes to score the same high level of satisfaction.

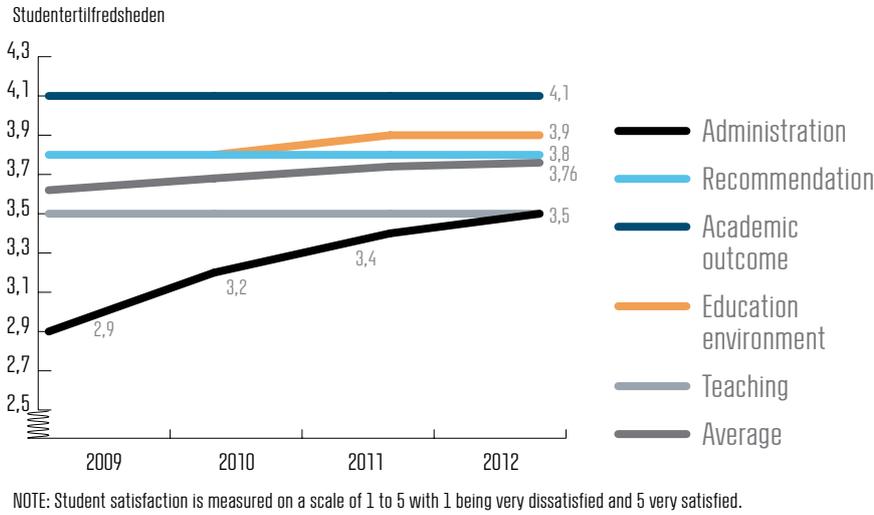
THE ANNUAL INTAKE OF BACHELOR AND MASTER STUDENTS HAS GONE UP



Source: SPARC via Targit
 Note: The intake is stated at 1 October after early dropouts

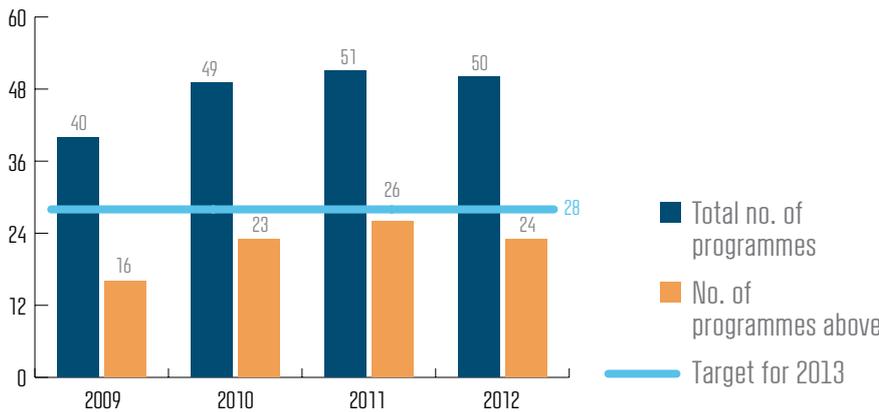
Since 2008, CBS has increased the intake of bachelor students by 13% and the intake of master students by 24%. The chart shows the total intake broken down under bachelor and master students in the 2008-2012 period.

TOTAL STUDENT SATISFACTION HAS IMPROVED



Annual evaluations of full-time programmes show that average student satisfaction is increasing, primarily due to greater satisfaction with administrative services. Other satisfaction areas remain stable.

STUDENT SATISFACTION VARIATION



One of the targets in the 2012 development contract is for 26 out of 50 programmes (corresponding to 55%) to show average student satisfaction rates of 3.8 or more (on a scale from 1 to 5 where 5 is very satisfied).

The 2012 results show that only 23 programmes met this target despite higher average student satisfaction as such. This is explained by greater variation of student satisfaction with more programmes scoring below 3.8 while those above 3.8 are ranked higher.

Admitting the best students

The government wants more young people to get an academic education, especially in areas with good job prospects. CBS wants to help solve this task. CBS is one of the universities that are expected to turn out graduates with the ability to create growth, partly because CBS' programmes are business-oriented. Optional courses including mandatory cooperation with businesses have been set up, for instance in the context of CIEL. This practical orientation serves to pave the way for students into the labour market.

Previously, the Ministry decided how many quota 2 students to admit. In 2012, CBS was allowed to take in a higher number of quota 2 students with a view to picking the

most motivated applicants. CBS does not just want more students. CBS wants students who will complete their programmes within the prescribed period of study. Just over half of applicants for CBS' bachelor programmes are turned down because all places are taken. Master programmes are also always fully booked.

New examination hall seating 700 students

CBS targets full digitalisation of examinations - without jeopardising security. 2012 saw the inauguration of a new examination hall where all examinations are conducted on CBS computers. CBS conducts around 80,000 written examinations a year. Electronic examinations entail new challenges in relation to IT security. The

new examination hall was built to meet these challenges. Electronic examinations are a great improvement for students.

ICT project strengthening IT use

CBS' ICT (Information and Communications Technology) project is strengthening the use of IT. Both educational environments and campus life were affected by ICT in 2012 through development of wayfinding apps, IT tools to facilitate group work, simulation games for teaching purposes and clear access to existing IT tools available to students and lecturers. ICT has also enabled streaming, broadcasting and vodcasting of classes and strengthened classroom IT resources.

New administrative structure

Following comprehensive analysis, Senior Management decided in September 2012 to reorganise the day programme administration. Going forward, the individual departments will be in charge of planning and conducting the teaching and of serving the academic staff, while the programme administration will handle examination activities.

This set-up will provide standardised work procedures with clearer roles and responsibilities and clearer communications channels, the aim being to prepare the programme administration for CBS' projected growth. Pending the launch of the new programme administration system, STADS, the new organisation will be implemented during the spring of 2014.

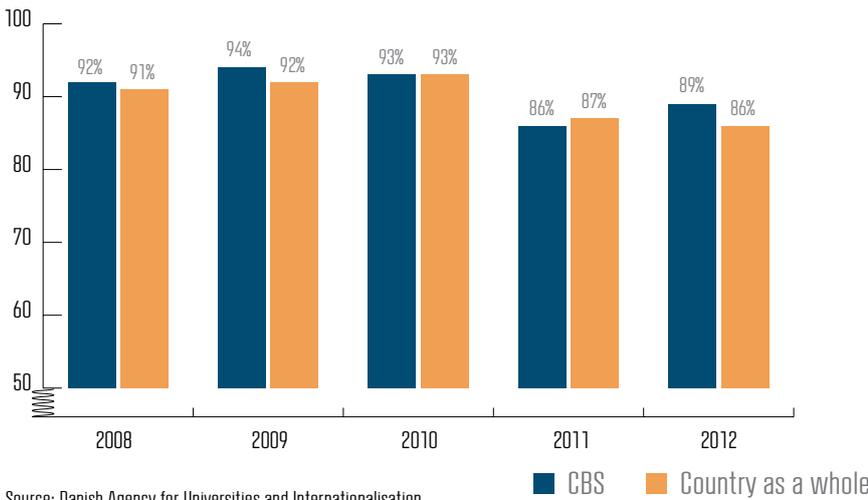
Quality assurance system to secure and develop quality

With a view to ensuring continuous development of CBS' degree programmes, a new evaluation concept has been introduced. Under the new concept, all programmes prepare self-evaluation reports based on a range of KPIs. The head of studies comments on the results and describes ongoing developments, following which the report is evaluated by internal and external experts. Six to eight programmes are reviewed each semester. At the end of each term, an evaluation conference is held to share knowledge across programmes.

Student Hub provides easier access to student counselling

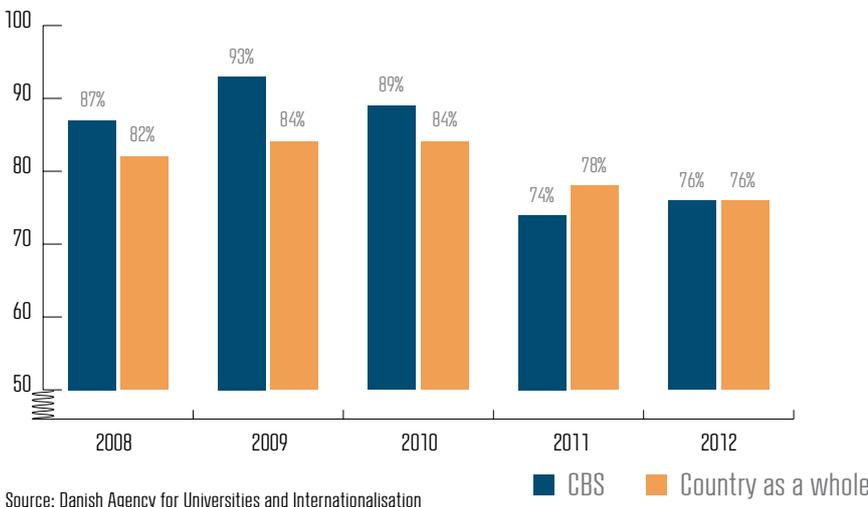
Student Hub is a new central student information and counselling service offering greater accessibility and visibility. CBS is a large university where it may not always be easy to know who to approach in a given matter. Now, students are offered easy access to quick counselling at two campus hubs. The two Student Hubs are the result of student requests for simpler and clearer counselling.

SOCIAL SCIENCE GRADUATES FROM CBS FIND JOBS QUICKLY



The chart shows developments in the share of Social Science graduates from CBS who 4-19 months after graduation are either employed, enrolled in a PhD programme or staying abroad.

HIGHER RATE OF EMPLOYMENT FOR CBS HUMANITIES GRADUATES



The chart shows developments in the share of Humanities graduates from CBS who 4-19 months after graduation are either employed, enrolled in a PhD programme or staying abroad.

New programmes in 2012:

CBS is committed to supplying degree programmes that are aligned with students' interests, society's requirements and the latest research. In 2012, the following programmes were introduced:

Master of Science (MSC) in Business Administration and Bioentrepreneurship

The BioBusiness & Innovation Platform (BBIP) teaches biotechnology and business skills. The programme is targeted at students with a natural science background. The programme has been developed in cooperation with the biotech industry and the University of Copenhagen.

Master of Arts (MA) in International Business Communications – Multicultural Communication in Organizations

The programme teaches culture, identity and organisation, strategic communication, knowledge sharing and expert communication. Obtaining a broad corporate understanding, graduates are able to work strategically with languages and internal communication.

New sociology programme in Beijing

CBS is cooperating with the Sino-Danish Centre for Education & Research (SDC) on two-year master programmes in China within Public Management & Social Development and Innovation Management, respectively.

Executive MBA

A new Executive MBA programme (EMBA) was launched in 2012. The programme is more intensive and differs in terms of structure compared with the previous EMBA programme.

Denmark's leading continuing education provider

CBS has a strong international business economics profile embracing many of the challenges currently facing businesses and organisations. CBS offers the largest number of continuing education programmes to managers in the private and public sectors. CBS' most extensive continuing education programme is the diploma programme encompassing around 3,000 students.

Strong MBA programmes

A new Executive MBA (EMBA) programme was launched in 2012. Around half the students are from other European countries. The FT MBA programme experienced the same international trend in 2012 with 95% of students coming from other countries than Denmark. CBS' specialised MBA programme, Executive MBA in Shipping and Logistics, is also seeing strong international interest. Having obtained the three most important accreditations in the world (the Triple Crown), CBS tops international ranking lists.

Growing interest in MPA and MPG programmes

CBS' programmes also score top rankings. Around 700 students are currently enrolled in the flexible MPG programme. The programme is partially financed by the two sides of industry and has been developed in cooperation with the University of Copenhagen. CBS' MPA programme also saw strongly increased interest in 2012 and has received a favourable accreditation from ACE Denmark.

New executive management programme in tax

The master of tax programme will be transferred from Metropolitan University College to CBS at 1 January 2013. In connection with the transfer, the research anchoring will be strengthened and the programme more specifically targeted at advisers, lawyers and accountants. The programme has just been recommended for a positive accreditation with ACE Denmark.

PROGRAMMES

Bachelor

BSc in Economics and Business Administration
 BSc in Business Administration and Philosophy
 BSc in Business Administration and Information Systems
 BSc in Business Administration and Commercial law
 BSc in Business Administration and Organizational Communication
 BSc in Business Administration and Management Science
 BSc in Business Administration and Psychology
 BSc in International Business
 BSc in Business Administration and Service Management
 BSc in Business Administration and Sociology
 BSc in International Business and Politics
 BSc in Business, Language and Culture
 BSc in Business, Asian Language and Culture
 BA in International Organizational Communication
 BA in Intercultural Market Communication
 BA in English and Organizational Communication
 BA in Information Management

Master

MSc in Economics and Business Administration
 - 13 concentrations
 MSc in Social Science - Human Resource Management
 MSc in Social Science – Political Communication and Management
 MSc in Social Science - Management of Creative Business Processes
 MSc in Social Science - Organizational Innovation and Entrepreneurship
 MSc in Social Science - Service Management
 MSc in Social Science - Public Management and Social Development
 MSc in Business Economics and Auditing
 MSc in Business Administration and Philosophy
 MSc in Business Administration and Commercial Law
 MSc in Business Administration and Organizational Communication
 MSc in Business Administration and Management Science
 MSc in Business Administration and Psychology
 MSc in Business, Language and Culture - 2 lines
 MSc in International Business and Politics
 MSc in Business Administration and Information Systems
 - 2 profiles
 MSc in Advanced Economics and Finance
 CEMS - Master's in International Management
 MSc in Business Administration and Information Systems - E-business
 MSc in Business Administration and Bioentrepreneurship

MA in International Business Communication
 - 3 profiles
 MA in International Business Communications - Multicultural Communication in Organizations

Continuing and further education

Full-time MBA Executive MBA
 Flexible Executive MBA
 Executive MBA in Shipping & Logistics
 Master of Public Governance
 Master of Public Administration
 Master of Management Development
 Master of Tax
 Master in Leadership and Innovation in Complex Systems

(HD) Graduate Diploma in Business Administration
 (HD) Graduate Diploma in Business Administration - Financial Planning
 (HD) Graduate Diploma in Business Administration - Financial Advice
 (HD) Graduate Diploma in Business Administration - International Business
 (HD) Graduate Diploma in Business Administration - Marketing Management
 (HD) Graduate Diploma in Business Administration - Organization and Management
 (HD) Graduate Diploma in Business Administration – Accounting and Economic Management
 (HD) Graduate Diploma in Business Administration - Supply Chain Management
 (HD) Graduate Diploma in Business Administration - Economic and Process Management

RESEARCH

CBS used to be a business school...

Today, CBS aspires to be a world-class international business university focusing on research and education. CBS' financial markets research illustrates how long-term investment and persistence can lead to strength and visibility and an international ranking as a leading research and educational environment. Many years' strong efforts to build a leading environment with international staff at all levels, high standards, shared research ambitions and publishing have proven highly successful for, for instance, the Department of Finance. The recognition of CBS' research efforts and long-term investments was confirmed by the two prestigious external grants obtained by Center for Financial Frictions (FRIC) from the Danish National Research Foundation and the European Research Council, respectively, in 2012.

Increasing number of researchers

In 2012, CBS' departments stepped up efforts to identify and recruit highly qualified academic staff. In order to secure sufficient teaching and research capacity, new hires have been made in all job categories. Some 50 permanent positions and around 40 assistant professorships were advertised in 2012, most of them internationally. With vacancies being filled on a rolling basis, the recruitment process is expected to be completed in 2013. As illustrated by the adjacent chart, the number of academic staff FTEs rose by around 100 between 2009 and 2012, an increase of 19%.

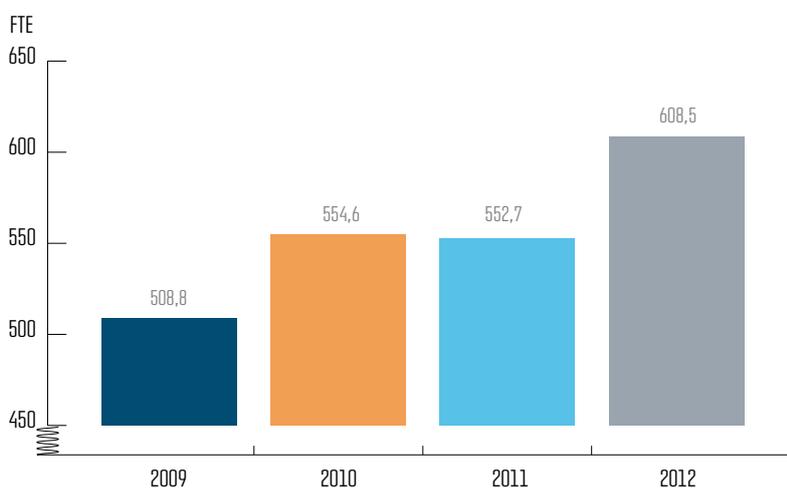
A breakdown of new hires under job categories may be found on page 18. Over the past six years, CBS has recruited between 60 and 114 new academic employees on an annual basis for job categories from postdoc to professor. CBS' efforts to strengthen the recruiting of academic staff through, for instance, improved planning and optimisation of recruiting processes

FTE GROWTH FOR ALL ACADEMIC STAFF GROUPS

	2009	2010	2011	2012
Professor/professor wsr	125,7	129,3	118,9	123,5
Associate professor	171,9	189,5	185,9	192,3
Assistant professor	63,7	69,7	74,3	80,9
Postdoc	18,5	23,4	23,4	25,7
Others	0,0	2,9	3,7	3,0
PhD	95,0	93,7	93,6	107,3
Academic assistants	33,9	46,2	52,9	75,8
Total	508,8	554,6	552,7	608,5

PhD FTEs only include CBS-employed PhD students. In 2012, the total number of PhD students at CBS was 258.

STRONG GROWTH IN ACADEMIC STAFF FTEs



Source: CBS' payroll system, SLS, via Targit

As the number of academic staff FTEs is included in the department head research count, the number differs from the number appearing in the table of financial highlights.

were successful again in 2012. A total of 98 academic staff positions have been filled, half of them at senior level (associate professor, professor with special responsibilities and professor). Although recruiting for senior positions poses a special challenge, requiring extensive and coordinated efforts at several organisational levels, CBS' recruiting efforts have been highly successful – not least at senior level.

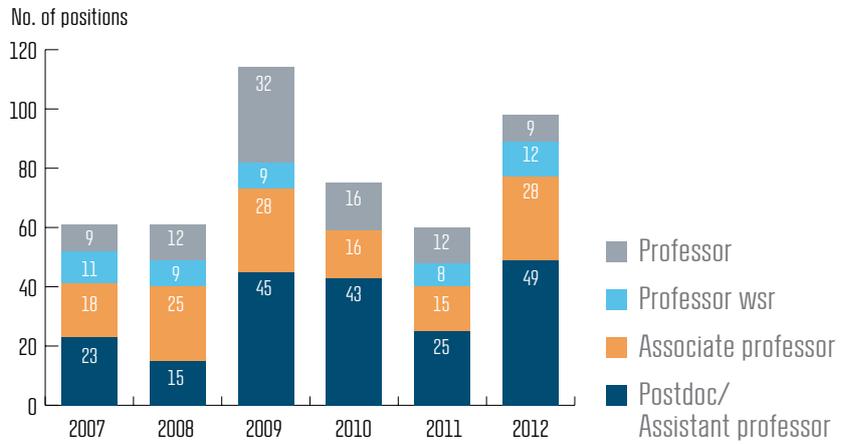
Intensified PhD efforts

In 2012, CBS expanded the research training area by 45 new scholarships to a total population of 258 PhD students. By way of comparison, CBS increased its PhD population by 47 to 210 in 2011. The investment has allowed CBS to introduce new ways of planning PhD programmes. One such innovation is cohort programmes where new PhD students, divided into research groups, attend mandatory courses. The purpose of these programmes is to create stimulating PhD environments. With this model, the use of supervision, teaching and administrative resources is optimised, the purpose being to turn out candidates qualified for attractive positions all over the world.

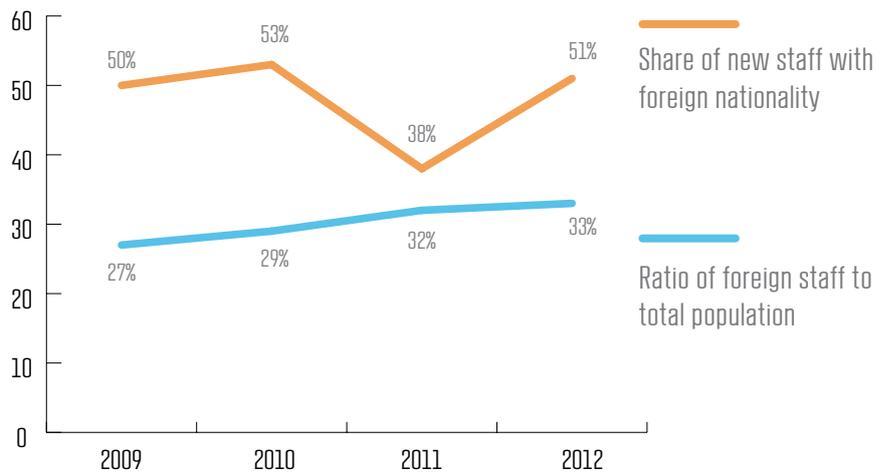
Focus on internationalisation and diversity

Internationalisation is deeply embedded in CBS' strategy and in order to fulfil the objective of creating a leading international research and educational environment, researchers, recruited from across the world, are requested to adopt an international perspective. The share of foreign academic

WHO ARE THE NEW ACADEMIC EMPLOYEES?

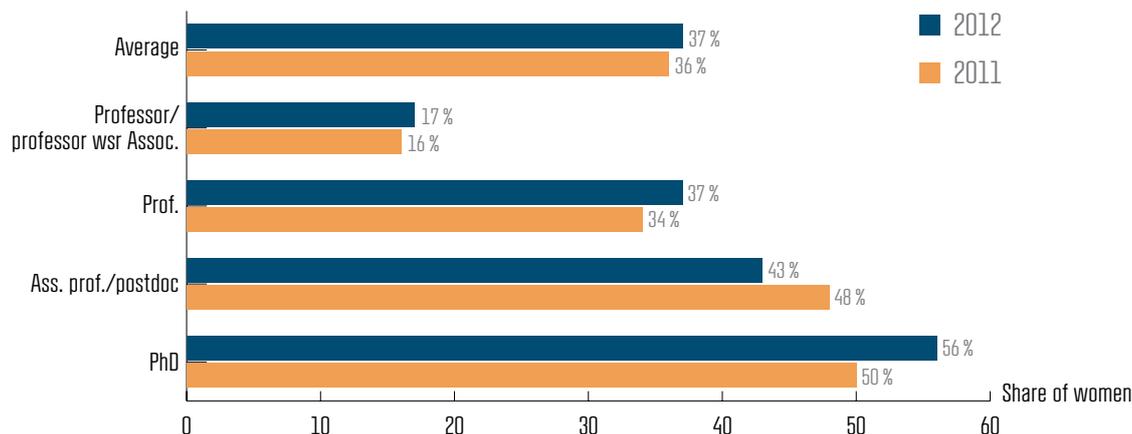


FOREIGN ACADEMIC STAFF - NEW HIRES AND POPULATION



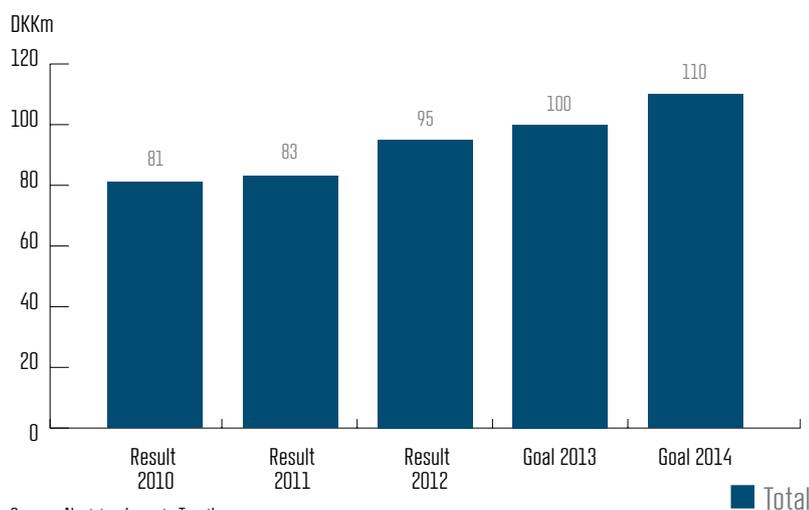
Source: UNI-C

SHARE OF FEMALE RESEARCHERS



Source: CBS' payroll system, SLS

GROWTH IN EXTERNAL FUNDS FOR CBS' RESEARCH



Source: Navision/sag via Targit
 Note: The statement includes UK95 income and research donations.

CBS' objective for 2012 was to grow externally funded research activity by 10% over 2011. Showing an increase of 14%, the result for 2012 clearly outperformed the development contract target.

The figure to the left shows developments in external funding based on project-registered income.

staff has gone up from 27% in 2009 to 33% in 2012.

The proportion of academic staff with non-Danish nationalities has gone up since 2007. With 51% of new academic staff having a foreign background, there was a near-equal split between Danish and non-Danish academic staff hires in 2012. The same was the case in 2009 and 2010. In three out of four job categories, the share of female staff increased between 2011 and 2012, the only exception being assistant professor and postdoc staff where the share of women fell (from 48% in 2011) to 43% in 2012. While the distribution between male and female staff improved at associate professor level in 2012, the same cannot be said for assistant professors and postdocs. In 2012, the share of female professors was 17%, while the share of female associate professors was 37% and the share of women PhD students increased to 56%. On average, the share of female research staff increased to 37% in 2012.

As part of its efforts to recruit highly qualified research staff and retain research talents, CBS is committed to securing diversity of citizenship as well as of gender and age. In 2010, CBS appointed an Equal Opportunities Officer among the academic staff with the mandate to, in close cooperation with CBS' management, promote and

monitor CBS' equal opportunities practices and foster diversity and talent-oriented efforts at CBS. In 2012, the work focused on increasing transparency of recruiting and promotion processes, gender-balanced composition of boards and committees and international knowledge exchange in relation to gender and academic careers. While some progress has been achieved, management is aware that the area calls for continued efforts and focus and that a number of challenges and opportunities remain to be addressed.

External research funds

One of CBS' compulsory objectives under the development contract is to increase the share of externally funded research by 10% a year. In 2012, total spending increased by 14%. CBS has stepped up efforts in relation to private foundations and businesses and prestige sources like Sapere Aude, European Research Council and the Danish National Research Foundation. In 2012, CBS won just over DKK 171 million for research projects against competition.

Selected examples of new major research projects that will set the agenda also in the years ahead are outlined on page 6.

In 2012, CBS adopted an external research funding strategy designed to increase the share of external funding and support CBS'

Business in Society strategy. The research funding strategy includes the following focus areas: Increased focus on strategic research in cooperation with businesses and private foundations; higher appropriations for strong research environments and strategic efforts; interdisciplinary, cross-institutional and cross-sector initiatives; recruiting of top researchers; monitoring and benchmarking; and evaluation of incentive structures.

While a trend towards recognition of Social Science and Humanities research environments is beginning to develop at international as well as national level, CBS continues to pursue very ambitious goals for the allocation of funds to Social Sciences/Business Economics.

BiS platforms embracing strategic focus areas

In 2012, CBS launched a range of five-year strategic initiatives based on the Business in Society strategy. These initiatives are called Business in Society (BiS) platforms. The BiS platforms focus on areas where society is facing critical challenges in relation to gathering and sharing knowledge for the benefit of science, education and growth. Established in late 2011, the first two BiS platforms focus on public-private interaction (CBS Public-Private Platform) and sustainability (CBS Sustainability Platform). In November 2012, CBS' management undertook to set up another two BiS platforms within competitiveness (CBS Competitiveness Platform) and entrepreneurship (CBS Entrepreneurship Platform).

The Public-Private BiS platform in 2012

As part of the work to address public sector issues through user-oriented design processes, a strategic partnership was established with MindLab, the interdepartmental innovation unit, in 2012.

The 2012 annual conference bringing together a wide range of stakeholders – business leaders, policy makers, public and private sector leaders, researchers and citizens – to discuss common projects targeted at developing innovative solutions was a great success. Under the theme of “Mobilisation of Society”, keynote speakers included Ida Auken, Danish Minister of the Environment, Tom Bentley, deputy chief of staff for the Australian prime minister, and David Halpern, head of the No. 10/ Cabinet Office Behavioural Insights Team.

The Sustainability BiS platform in 2012

In its first year of existence, the Sustainability BiS platform focused on uniting CBS' social, economic and environmental sustainability activities and on bringing together businesses with a view to exchanging knowledge. The group comprises ten Danish businesses, including A.P. Møller Mærsk, Novo Nordisk, Novozymes, Arla Foods, ATP, Danske Bank and TrygVesta. One of the group's focus areas in 2012 was Corporate Sustainability, a business approach targeted at creating long-term

value for employees and consumers through “green” strategies focused not only on nature but also on social, cultural and economic aspects.

The second CBS International Partnership conference, attended by former UN Secretary-General Kofi Annan, a number of other prominent guest speakers, 400 researchers and practitioners and 300 students, was held in 2012 under the auspices of the Sustainability platform. Moreover, the platform's participants made considerable efforts to strengthen sustainability student activities at CBS.

Departmental strategy clarifying ambitions

CBS is committed to ensuring that the individual departments support the university's overall strategies and objectives. Therefore, Senior Management has asked the individual departments to consider the interplay between CBS' overall strategy and departmental strategies and how quality and success are defined within the individual research environments taking into account academic traditions and international practice. In 2012, CBS' 15 departments laid down individual strategies dealing with research focus, teaching contributions and development, dissemination, recruiting and retaining staff, funding and external relations.

DEPARTMENTS

New department at CBS

The Department of International Business Communications (IBC) opened on 1 May 2012.

Department of Marketing

The department is concerned with marketing management and includes the following research areas: B2B marketing, retailing, consumer behavior (including neuroscience and decision making), marketing, branding, strategy and market-oriented management.

Department of Finance

The department focuses on financial issues related to corporate finance and financial structures, financial market pricing, alternative ownership, pensions and personal finance, international financial markets and corporate governance.

Department of Innovation and Organizational Economics

The department contributes to the understanding and development of society's and businesses' economic organisation, affected by and affecting innovation and entrepreneurship. Research focuses on how markets, businesses, industries and other institutions are developed in interaction with innovation, including the distribution of work between universities, biotech businesses and pharmaceutical manufacturers in connection with the development of new drugs.

Department of Intercultural Communication and Management

The department is an interdisciplinary research environment focusing on the relationship between business and society in a globalised world. The department's researchers analyse how globalisation changes and challenges management, organisation and control. Across perspectives and themes, the department focuses on culture, communication and context.

Department of International Business Communication

The department deals with issues related to professional communication in organisations, including the challenges posed by the role of language in interlingual and intercultural communication, the role of language and cultural competences in organisations, the importance of language and culture for communications technologies and the importance of the form and structure of language training for the learning of language, cultural and communications skills.

Department of International Economics and Management

The department does research in international business, corporate governance, emerging markets, including Eastern Europe, Russia, India and China - with particular emphasis on Asia area studies - and leisure, culture and tourism.

Department of IT Management

The department conducts research and teaches within the following areas related to information technology and information systems: design, implementation and information management.

Department of Management, Politics and Philosophy

The department's core areas are public and political management, management philosophy, corporate history, strategy, innovation and entrepreneurship. The ambition is to strengthen and develop interdisciplinary research and teaching across business economics, social sciences and humanities.

Department of Economics

The department conducts research of clear corporate relevance as well as in more traditional socio-economic areas, including the effects of globalisation on business, government economic policy, foreign exchange market reactions to interest rate changes and corporate market conduct.

Department of Organization

The department conducts research and teaches within managerial and organisational processes in private, public, voluntary and other organisations. Current research areas include: Organisational theory contributions, historical and current, to analysing and impacting the life of organisations, branding as strategic communication, knowledge and competence development and management and organisation in the building industry, the creative industries, and the healthcare sector.

Department of Operations Management

The department does research and teaches within corporate business economics issues in an organisational perspective. Its main focus is on explaining management technologies needed by companies to create innovation, plan production, cooperate with other businesses and manage finances.

Department of Accounting and Auditing

The department carries out research and teaches within three main areas: management control, financial accounting and private and public sector auditing.

Law Department

Based on international and national framework conditions for business as a result of globalisation, the department's research focuses on commercial law from a social and commercial perspective, specifically the content of and interplay between international law, EU law and national law.

Department of Strategic Management and Globalisation

The department conducts research within corporate strategic behavior and planning in a globalised world, focusing on knowledge management, strategy, strategic entrepreneurship, offshoring and outsourcing and multinational organisation.

Department of Business and Politics

The department conducts research in the institutional challenges facing society as a result of the interplay between business and politics. Based on theories on international and comparative political economics and sociology, research is conducted within the areas of technology and innovation, financial regulation, institutional competitiveness, relations between civil society and industry, public-private partnerships and European and global governance.

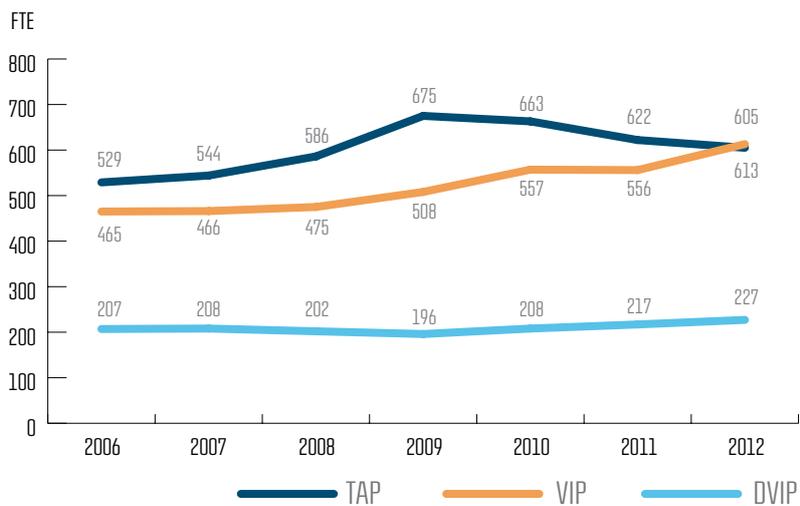
ADMINISTRATION

From reorganisation to efficiency improvements

In terms of administration, 2012 was characterised by process optimisation with particular focus on enhanced competence utilisation. Efforts are being made to improve the digital infrastructure and upgrade the digital programme administration system. At the same time, payroll costs for technical and administrative staff have been reduced by DKK 21 million relative to 2010, while the number of academic employees has gone up.

Thanks to lower administrative payroll costs and reorganisation and efficiency efforts, CBS has managed to significantly reduce the share of costs for 'general management and administration' (GMA). In 2009, the GMA ratio (the ratio of general management and administration costs to revenue) was 13.5%. In 2012, the ratio is 6.5% - a reduction of around 50%.

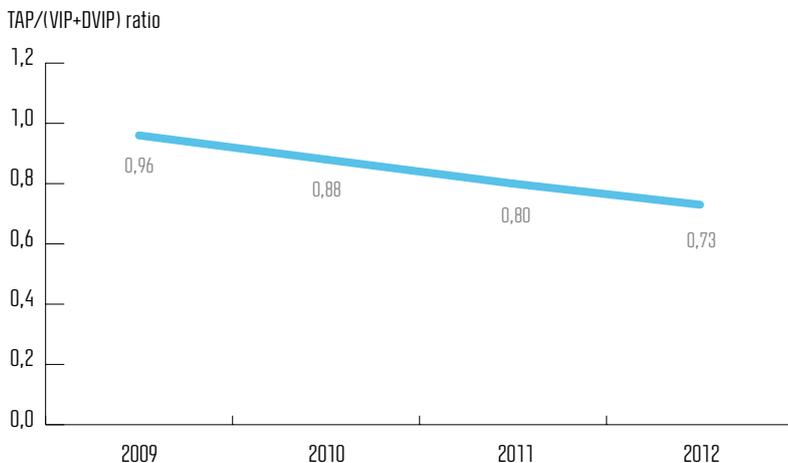
MORE LECTURERS AND RESEARCHERS - LESS ADMINISTRATION



Note: Academic staff FTEs include department head research activity (34%).

The chart shows staff FTE developments. The share of administrative positions at CBS has gone down, while the share of researchers has gone up. CBS is looking to hire even more academic staff in the next few years.

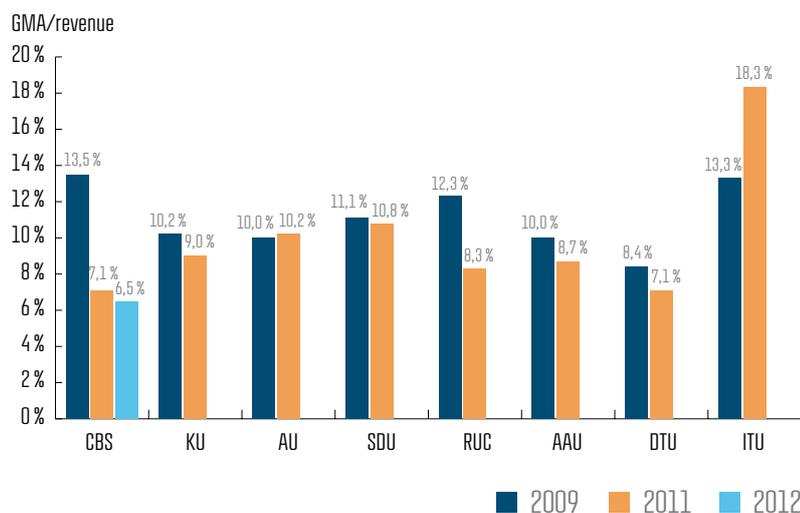
DEVELOPMENTS IN TECHNICAL/ADMINISTRATIVE FTES COMPARED WITH ACADEMIC AND PART-TIME ACADEMIC FTES



Source: CBS' payroll system, SLS, via Targit
 Note: Adjusted for department head research shares.

The chart shows that administrative staff FTEs make up a decreasing share of the total number of employees. This means that a decreasing share of resources is spent on administration and an increasing share on research and teaching.

UNIVERSITY GMA RATIOS FOR 2009 AND 2011 (2012 ONLY REFLECTS CBS)



Source: 2009 and 2011 are based on calculations made by PwC. For 2012, the data reflects CBS' classification by purpose and the common definition model.

Note: 2012 numbers for other universities are not yet available. It should be noted that the numbers for 2011 are not consistent with the numbers stated in the annual report for 2011. This is because the definition manual for financial statements classified according to purpose was not adopted until the autumn of 2012. Therefore, the methodology applied to calculate 2009 numbers may differ from the one applied for subsequent periods.

GMA ratios for 2009 are stated based on calculations made by PwC in 2010. Since then, PwC, in cooperation with the Ministry of Science, Innovation and Higher Education, has adjusted the method used to calculate ratios. Ratios for 2011 and 2012 have been calculated based on the new method. Part of CBS' sharp decrease can therefore be ascribed to methodology differences. However, given that CBS has actually brought down administrative staff payroll costs and that this reduction has primarily taken place in central units (typically defined as general management and administration), CBS is of the opinion that the ratio has actually been significantly reduced.

Digitalising the programme administration

The project concerning digitalisation of the programme administration was approved by the Board of Directors at the end of 2010/beginning of 2011. Main events in 2012 were:

- > The inauguration of CBS' new examination hall for written examinations seating 700 students
- > New IT system for handling invigilation and examinations
- > Optimisation of digital admission systems the diploma programmes and master students and optagelse.dk
- > STADS (student administrative IT system)
- > Optimisation and development of International Office IT systems

STADS to prepare the programme administration for the future

STADS is the new programme administration system designed to prepare the programme administration for the future by optimising data transfer procedures through digitalisation of data regarding admission, state education grants, etc. All students are registered in the programme administration system with grades,

address, number of exams passed, etc. The conversion of data from the current system, SPARC, was started in 2012 and will continue through 2013. Including self-service modules for registration for optional courses, withdrawal of registration for exams, etc., STADS will eventually make student life a lot easier.

Improving the digital infrastructure

CBS made substantial investments in the e-infrastructure in 2012 with a view to meeting the following targets:

- > The internet speed has been increased up to ten times
- > Network redundancy has made CBS more resilient to network failure
- > Standardisation of procedures, documentation and processes has strengthened server environments
- > Optimisation of work processes across CBS has underpinned effective dataflow integration

All e-infrastructure projects will continue through 2013, but employees and students are already experiencing improved wireless coverage on campus and CBS is seeing fewer system failures and a resulting reduction of lost working hours.

RESEARCH DISSEMINATION

Encouraging dissemination

Dissemination of knowledge is a key priority for CBS. Dissemination channels include teaching, articles, books, PhD dissertations, the expert database on cbs.dk, interviews, lectures, feature and discussion articles, CBS' BiS platforms and the many CBS conferences attended by researchers. CBS researchers are encouraged to share their knowledge through participation in the public debate, etc. Counselling is provided by CBS' communications unit, which also handles requests from journalists looking for the right expert for an article.

CBS in the press

Press clippings are distributed on a daily basis to allow all CBS employees to follow how CBS helps set the media agenda. CBS featured just over 20,000 times in the Danish media in both 2011 and 2012. Around half the mentions are in online media, some 15% in national newspapers and 5-10% on radio/TV. A sample test based on two weeks during the autumn of 2012 showed that professors were quoted in around 50% of the mentions and associate professors in around 25%. The remaining 25% are quotes from assistant professors, PhD graduates, PhD students, part-time lecturers and affiliate professors. In addition, administrative staff, management spokespersons and administration specialists supplemented research-based media appearances with news stories on, among other things, Kofi Annan's visit at the Partnership2012 conference, CBS as an international workplace with a language policy attracting highly qualified foreign labour, new degree programmes, introduction of new teaching methods and CBS' position as the university exchanging the largest number of students.

Also in 2012, CBS arranged a number of media training courses for Danish and international researchers, and efforts are

being made to include media training in the assistant professor programme. Several of CBS' researchers appear in Danish business daily Børsen's list of the most frequently quoted experts in Denmark.

New Good Research Communication Practice

In 2012, CBS laid down new guidelines entitled 'Good Research Communication Practice at CBS', describing the researcher's role as CBS' representative and significant differences between a statement based on professional knowledge and a more personal one. Along the same lines, two seminars on 'Good research communication' were held with a number of CBS' most frequently used researchers providing insights on how to handle the press. The purpose of these guidelines and seminars was to fuel the collegiate debate at CBS on how to act in the media. The guidelines are evaluated on a current basis.

Aiming to be the leading research publisher

In 2012, CBS added research publishing to the list of development contract goals. In a recent research productivity study, CBS comes in third among the leading international research publishers in the International Business category. CBS works continuously to increase the quality of its research, including research publications, with a view to supporting the development of a culture where research quality is measured on a systematic basis to benchmark CBS against the best business schools.

The best research is quoted in 'a' journals. One of the year's many examples of CBS articles in 'a' journals is Professor Majken Schultz and Professor Tor Hernes's research on LEGO. Originally published in *Organizational Science*, the article gave rise to a popular follow-up article on

Videnskab.dk entitled "Lego viser, at vejen frem går via historien" ("Lego shows that the road forward is paved by history"), thus broadening the research dissemination target group. CBS is committed to spreading its research and is in daily contact with the media to attract attention to its research.

Improved expert database for cbs.dk

The expert database is part of cbs.dk. It is used on a daily basis by the press, students, CBS staff and others looking for an expert/researcher within a given field. In 2012, the library worked to improve the search function. The new database will be launched in the course of 2013.

Ministry of Science, Innovation and Higher Education Research Day

Again in 2012, CBS participated in the Ministry's Research Day. A number of CBS researchers participated in the 'Order a researcher' event where educational institutions, local authorities, businesses and other organisations can book a researcher for a lecture. CBS also organised the 'Leadership of the future' and 'Fighting for the look' events, which highlighted CBS' research in a number of areas.

RESEARCH, TEACHING AND DISSEMINATION AWARDS IN 2012

FUHU and CBS award recipients

FUHU Research Dissemination Award

Nanna Mik-Meyer, Associate Professor, Department of Organization
Anker Brink Lund, Professor, Department of Business and Politics

FUHU Research Award

Steffen Andersen, Professor with special responsibilities,
Department of Economics
Peer Hull Kristensen, Professor, Department of Business and Politics

FUHU Teaching Award

The team behind project Strateginet:
Lise Justesen, Associate Professor, Department of Organization
Susanne Boch Waldorff, Assistant Professor, Department of Organization
Martin Kornberger, Professor with special responsibilities,
Department of Organization
Marianne Stang Våland, Postdoc., Department of Organization
Mette Lisby, Research Assistant, Department of Organization
Serden Özcan, Assistant Professor, Department of Innovation
and Organizational Economics

CBS Teaching Award

Henrich Dahlgren, part-time lecturer, Department of Innovation
and Organizational Economics
James Perry, Assistant Professor, Department of Business and Politics

CBS Student Award

Asger Bryderup, Britt Boye Nyvang
Signe Gammelgaard Kristensen

CBS Administration Award

Kim Eickworth, Porter, Campus Services

Admissions Office Team: Ditte Wulff, Academic Officer
Winnie Pejtersen, Academic Officer
Christel Johnsen, Senior Clerk
Simona Nicola, Academic Officer
Hana Lettlova, Senior Clerk
Birgitte Saxtorph, Academic Officer

Other prizes

Gunnar V. Holms Legat:

Louise Engelbrecht Søndergaard, BSc in International Business,
CBS, grade point average of 12

Nykredit Research Award:

Lasse Heje Petersen, Professor, Department of Finance

Nykredit Junior Researcher Award:

Sabina Nielsen, Associate Professor, Department of International
Economics and Management

Tietgen Award:

Alexander Josiassen, part-time lecturer, Department of Marketing

Reinholdt W. Jorck og Hustrus Fond:

Bo B. Nielsen, Professor with special responsibilities,
Department of Strategy and Globalisation

Ministry of Science, Innovation and Higher Education's EliteForsk travel grants for PhD students:

Lasse Folke Henriksen, Department of Business and Politics
Oana Brindusa Albu, Department of Intercultural Communication and
Management

Vera og Carl Johan Michaelsens Legat:

Lynn Roseberry, Associate Professor, Department of Management, Politics
and Philosophy, for the work on equal opportunities and diversity at CBS

Forlaget Samfundslitteraturs Lærebogspris:

Peter Holdt Christensen, Associate Professor, Department of Strategy and
Globalisation, for textbook on distance management

UNIVERSITY GOVERNANCE

Organisation of research and education

CBS' core activities (education and research) are organised under two deans; a Dean of Education and a Dean of Research:

- › The Dean of Education is responsible for all degree programmes: Bachelor, master, MBA, executive management and diploma programmes. Study boards and programme directors report to the Dean of Education.
- › The Dean of Research has the organisational and strategic responsibility for CBS' research and research staff.
- › The University Director has the overall responsibility for CBS' finances and the managerial responsibility for interdisciplinary administrative units, CBS Library and CBS Campus.
- › The President and the University Director are members of CBS' Senior Management together with the Dean of Education and the Dean of Research. Deans are appointed by the President – in practice after consulting the Board of Directors. The members of Senior Management are not members of the Board of Directors but participate in board meetings.

CBS is a mono-faculty university. CBS' research is organised in departments. The departments are headed by heads of department reporting to the President. Degree programmes are not organised in departments but the departments deliver teaching for CBS' degree programmes within their respective areas of expertise. Being a mono-faculty university, CBS has one Academic Council. The Academic Council provides advisory services to the President, helps assure the quality and legitimacy of academic decisions and facilitates communication between management, staff and students.

Organisation of CBS' management

The framework for CBS' work is laid down in the Danish University Act. CBS' regulations provide the framework for the university's development, activities and organisation. In accordance with the University Act, the regulations have been approved by the Minister for Science, Innovation and Higher Education. CBS operates a one-tier management structure. The supreme authority is the Board of Directors. In accordance with the University Act, the Board has an external majority. The Board appoints and dismisses the President and appoints and dismisses the University Director on the recommendation of the President. Day-to-day management is undertaken by the President within the framework laid down by the Board of Directors. Other Senior Management members perform their duties on the President's authority.

To the extent allowed by law, CBS' Board of Directors follows the recommendations for good university governance in Denmark laid down in 2003 by a committee headed by Lars Nørby Johansen set up by the then Minister of Science. The Board of Directors has laid down rules of procedure for its activities. Under these rules, the Chairman is in current contact with the President, who is responsible for keeping the Chairman informed of all significant matters. The Board of Directors performs annual internal evaluations of the work of the Board of Directors and Senior Management. Board meetings are open. The agenda, appendices and minutes of the meetings of the Board of Directors are published on CBS' website. The Chairman may decide to discuss individual items on the agenda in private, in which case the relevant documentation is not made public. The Board of Directors underwent a major reshuffle in 2012 as the terms of office of the members elected by CBS' employees

expired on 31 January. Deputy Chairman Peter Gorm Hansen's term also expired on 31 January and Eva Berneke was appointed new Deputy Chairman.

CBS is subject to statutory audit by the Auditor General. In addition, CBS has appointed an institutional auditor. Ernst & Young acted as institutional auditors for CBS in financial year 2012. The Board of Directors has taken out professional liability insurance covering the Board of Directors and Senior Management.

University Act implications for management

The University Act was amended by the Danish Parliament in June 2011, changing the procedures for the appointment of external board members, allowing the university more latitude in deciding its organisation, requiring clarification of the involvement of students and staff in the university's activities, etc. The new University Act gave rise to new regulations for CBS, which were approved by the Minister of Science, Innovation and Higher Education in June 2012. Under the new regulations, the Board of Directors is no longer required to approve the establishment and discontinuation of degree programmes and departments but to consider the overall strategies for the educational and research areas. The Academic Council has been assigned a correspondingly greater role as advisory body for the President and Senior Management and is – with a view to strengthening the internal dialogue between the Board and the rest of the organisation – required to report to the Board of Directors once a year.

SENIOR MANAGEMENT 2012



President
Per Holten-Andersen



Dean of Research
Alan Irwin



Dean of Education
Jan Molin



University Director
Hakon Iversen

BOARD OF DIRECTORS 2012



Chairman.
Chairman of DSB.
Deputy Chairman of SimCorp and Nordea-fonden. Member of the Board of Directors of Axcel and Gösta Enboms Fond, Peter Schütze



Deputy Chairman.
Senior Executive Vice President, TDC A/S, Eva Berneke



CEO, Confederation of Danish Industries, Karsten Dybvad



Group Senior Vice President, Grundfos, Lisbet Thyge Frandsen



Managing Director, Research Council of Norway, Arvid Hallén



CEO, SimCorp A/S, Klaus Holse



Professor, Department of Finance, David Lando*



Head of CBS Evaluation & Accreditation, Jakob Ravn*



Stud.cand.merc.(dat.) Christian Kongsbak Refshauge*



Stud.cand.soc.(Political Communication and Management) Mads Svaneclink*



Associate Professor, Department of Organization, Morten Thanning Vendelø*

The following board members retired on 31 January 2012:
Deputy Chairman, former Managing Director, Local Government Denmark, Peter Gorm Hansen
Professor, Department of Innovation and Organizational Economics, Jens Frøslev Christensen*
Head of Office of External Affairs, CBS, Patrick S. Gram*
Professor, Department of Organization, Kristian Kreiner*

**Elected by CBS' staff and students*

REMUNERATION

Remuneration for Senior Management, incl. pension contributions (DKKm)

President:	1.4
University Director:	1.3
Dean of Research:	1.3
Dean of Education:	1.2

Remuneration for external board members (DKK '000)

Chairman:	178
Deputy Chairman:	118
Other external members:	58

SELECTED BOARD SUBJECTS IN 2012	YEAR AT A GLANCE:
<p>The Board of Directors monitors CBS' finances and strategy based on current updates. In addition, the Board specifically discussed the following matters in 2012:</p>	<p>January</p>
<p>Strategy</p> <p>Follow-up, status and reporting on measures under CBS' strategy, "Business in Society".</p>	<p>Board meeting: Appointment of new board member and Deputy Chairman</p>
<p>Financial framework</p> <p>Regular budget updates, approval of 2013 budget, approval of financial statements and current discussions on multi-annual budget estimates and future investment plans.</p>	<p>February</p> <p>Board meeting: Regulations – Campus – Establishment of new department – Development contract – Annual Report</p>
<p>Campus</p> <p>Current discussions on optimisation of utilisation of premises and short and long-term expansion of campus.</p>	<p>March</p> <p>Board meeting: Development contract</p>
<p>Development contract</p> <p>Current discussions and decisions on goals and indicators in new development contract for CBS for 2012-2014.</p>	<p>April</p> <p>Board meeting: Annual Report and annual audit – Development contract – CBS' financial framework – Campus – Cooperation agreements and contracts – New programmes</p>
<p>Management</p> <p>Recruiting of board members and University Director. Dialogue with members of Academic Council based on report from Academic Council. Self-evaluation and rules of procedure.</p>	<p>June</p> <p>Board meeting: Budget follow-up – Research – Development contract – Political landscape – Regulations</p>
<p>Regulations</p> <p>Preparation of new regulations in accordance with new University Act.</p>	<p>October</p> <p>Strategy seminar and board meeting: Education – Research – Development contract – Strategy – Political landscape – Budget follow-up – Financial framework – Budget 2013 – Campus</p>
<p>Education and research</p> <p>Approval of new department and new programmes before effective date of new regulations. Discussion of annual education report and research report. Discussion of evaluation of World Class Research Environments.</p>	<p>December</p> <p>Board meeting: Self-evaluation – Budget follow-up – Budget 2013 – CBS management code – Rules of procedure – Report from Academic Council – Recruiting of new University Director</p>
<p>Political landscape</p> <p>Discussion of political initiatives, Auditor General reports, regulatory measures, etc. and CBS' position on these.</p>	

STATEMENTS

Statement by management on the annual report

Today, the Board of Directors and Senior Management have discussed and approved the annual report of Copenhagen Business School, CBS.

The annual report has been prepared in accordance with ministerial order no. 1281 of 15 December 2011 on grants to and the financial reporting of universities, etc.

IT IS HEREBY REPRESENTED:

1. that the annual report provides a true and fair view, meaning that it is free of material misstatements and omissions and that the listing of and reporting on goals in the annual report are adequate,
2. that the transactions covered by the financial statements comply with appropriations granted, statutes, other regulations, agreements and usual practice, and
3. that business procedures have been established to ensure financially appropriate administration of the funds and institutions comprised by the annual report.

Frederiksberg, 11 April 2013

Per Holten-Andersen
President

Peter Jonasson Pedersen
University Director

Alan Irwin
Dean of Research

Jan Molin
Dean of Education

Adopted at the meeting of the Board of Directors of Copenhagen Business School, CBS on 11 April 2013:

Peter Schütze
Chairman

Eva Berneke
Deputy Chairman

Karsten Dybvad

Lisbet Thyge Frandsen

Arvid Hallén

Klaus Holse

David Lando

Anne Marie Larsen

Jakob Ravn

Christian Kongsbak Refshauge

Morten Thanning Vendelø

STATEMENTS

Independent auditors' reports

We have been appointed institutional auditors of CBS by the Board of Directors of CBS in pursuance of section 28(5) of the Danish University Act. The overall audit is the responsibility of the Auditor General under the Danish Auditor General's Act.

To the management of CBS

REPORT ON FINANCIAL STATEMENTS

We have audited the financial statements of CBS for the financial year 1 January – 31 December 2012, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity, cash flow statement and notes. The financial statements have been prepared in accordance with ministerial order no. 1281 of 15 December 2011 on grants to and the financial reporting of universities, etc. The management's review, the development reporting and the financial highlights are not comprised by the audit.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with ministerial order no. 1281 of 15 December 2011 on grants to and the financial reporting of universities, etc. Further, management is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, for selecting and applying appropriate accounting policies and for making accounting estimates that are reasonable in the circumstances.

It is also management's responsibility to ensure that the transactions covered by the financial statements comply with the appropriations granted, statutes, other regulations, agreements and usual practice.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with international standards on auditing and additional requirements according to Danish audit regulations and in accordance with good public auditing practices, cf. the agreement on internal audits at universities concluded between the Danish Science Minister and the Auditor General in pursuance of section 9 of the Danish Auditor General's Act. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to CBS' preparation of financial statements that give a true and fair view. The purpose is to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of CBS' internal control. An audit also includes evaluating the appropriateness of accounting policies used, the reasonableness of accounting estimates made by management as well as the overall presentation of the financial statements.

The audit also includes an assessment of whether procedures and internal controls have been set up to ensure that the transactions covered by the financial statements comply with the appropriations granted, statutes, other regulations, agreements and usual practice.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of CBS' financial position at 31 December 2012 and of the results of CBS' operations and cash flows for the financial year 1 January 2012 – 31 December 2012 in accordance with ministerial order no. 1281 of 15 December 2011 on grants to and the financial reporting of universities, etc. Further, it is our opinion that procedures and internal controls have been set up to ensure that the transactions covered by the financial statements comply with the appropriations granted, statutes, other regulations, agreements and usual practice.

STATEMENT ON THE MANAGEMENT'S REVIEW

Pursuant to ministerial order no. 1281 of 15 December 2011 on grants to and the financial reporting of universities, etc., we have read the management's review. We have not performed any further procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the management's review is consistent with the financial statements.

Copenhagen, 11 April 2013

Ernst & Young
Godkendt Revisionspartnerselskab

Eskild Jakobsen
state authorised public accountant

John Petersson
state authorised public accountant

INCOME STATEMENT

		2012	2011
	Note	(DKK '000) kr.)	(DKK'000) kr.)
Government grants directly to CBS	2	920.905	913.425
Government grants applied for against competition		44.350	67.191
Grants from private and other non-governmental bodies		56.741	39.113
Tuition fees		149.617	149.184
Other income	3	57.961	89.938
Total operating income		1.229.574	1.258.851
Payroll costs	4	753.163	722.438
Rent and real property tax		94.860	98.026
Operation and maintenance of buildings		60.446	44.737
Other operating expenses	5	265.704	219.173
Total operating expenses		1.174.173	1.084.374
Profit before amortisation/depreciation and net financials		55.401	174.477
Depreciation of buildings	6	17.114	16.905
Depreciation/amortisation of other fixed assets	6	7.483	11.317
Profit before net financials		30.804	146.255
Financial income		6.204	2.683
Financial expenses		33.014	34.157
PROFIT FOR THE YEAR		3.994	114.781

BALANCE SHEET

		31.12.2012	31.12.2011
ASSETS	Note	(DKK '000)	(DKK '000)
IT systems, licences, etc.		1.468	6.330
Total intangible assets	6	1.468	6.330
Land, buildings and leasehold improvements	7	1.034.547	1.048.762
IT equipment, etc.		3.285	3.095
Total property, plant and equipment	6	1.037.833	1.051.857
Equity investments		479	479
Rent deposits	8	24.752	30.147
State guarantee	10	0	50.000
Total investments	6	25.231	80.626
Total fixed assets		1.064.532	1.138.813
Trade receivables		18.994	6.455
Receivables from current grants		23.134	24.059
Other receivables		12.639	8.072
Prepayments		3.017	4.900
Total receivables		57.783	43.485
Other securities and investments	9	254.562	0
Cash		104.951	339.625
Total current assets		417.295	383.110
TOTAL ASSETS		1.481.827	1.521.923

BALANCE SHEET

		31.12.2012	31.12.2011
EQUITY AND LIABILITIES	Note	(DKK '000)	(DKK '000)
Equity excluding state guarantee		269.717	265.723
State guarantee		0	50.000
Total equity	10	269.717	315.723
Provisions	11	23.281	26.226
Government debt		188.548	194.377
Mortgage debt		634.575	652.820
Balance with government		15.650	0
Total long-term liabilities	12	838.774	862.848
Trade payables		58.816	42.155
Compensated absence obligation		89.284	84.151
Received prepayments from current grants		47.937	53.551
Other short-term liabilities		43.482	39.297
Deferred income		105.195	88.061
Accrued special grants		5.342	6.274
Balance with government		0	3.637
Total short-term liabilities		350.056	317.126
Total liabilities		1.188.830	1.179.974
TOTAL EQUITY AND LIABILITIES		1.481.827	1.521.923

CASH FLOW STATEMENT*

	2012	2011
Note	(DKK '000)	(DKK '000)
Profit for the year	3.994	114.781
Depreciation, amortisation and other non-cash operating items	24.597	28.222
Change in receivables	-14.298	7.731
Change in short-term liabilities	29.984	-21.215
Value adjustment of securities and equity investments	-4.562	0
Cash flows from operating activities	39.71	129.519
Investments in intangible assets	-492	-107
Investments in property, plant and equipment	-5.219	-557
Additions of investments	5.394	-310
Additions of securities and equity investments	-250.000	0
Cash flows from investing activities	-250.316	-974
Repayment of mortgage debt	-18.245	-17.731
Repayment of government debt	-5.829	0
Cash flows from financing activities	-24.074	-17.731
Change in cash and cash equivalents	-234.674	110.815
Cash and cash equivalents at 1 January	339.625	228.811
Cash and cash equivalents at 31 December	104.951	339.625

* CBS' total financial resources at 31 December 2012 are DKK 359,513,000.

STATEMENT OF CHANGES IN EQUITY

	2012	2011
Note	(DKK '000)	(DKK '000)
Equity at 1 January	315.723	150.943
Contributed state guarantee - reversed in 2012	-50.000	50.000
Retained earnings	3.994	114.781
Equity at 31 December	269.717	315.723

NOTES

(all amounts in DKK thousands)

NOTE 1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with ministerial order no. 1281 of 15 December 2011 on grants to and the financial reporting of universities, etc., cf. letter from the Danish Agency for Universities and Internationalisation of 21 December 2012. The annual report is presented in DKK thousands and prepared under cost-based principles. The accounting policies are consistent with those of last year.

INCOME STATEMENT

Income

Government grants allocated directly to CBS are recognised as income in the year to which they relate. Government grants, including estimated taximeter income, are received as monthly amounts on account based on estimated student FTEs. In October, the actual number of student FTEs is computed and the amounts received on account in the last months of the year are adjusted accordingly.

External grants and donations subject to specific conditions are recognised as income as costs are incurred. External grants and donations that are not subject to specific conditions are recognised as income at the time of reception.

Tuition fees for part-time education/Open Education programmes and income from other sales and renting are recognised as income in the year to which the income relates.

Costs

Costs are recognised in the year to which they relate; where goods and services are concerned, the cut-off date is the time of delivery.

Financial expenses comprise interest, fees, etc. relating to loans and amortisation of capital losses in connection with loan refinancing, cf. letter from the Danish University and Property Agency (now: Danish Agency for Universities and Internationalisation) to the universities dated 4 December 2009. If the refinancing of a loan results in an increase in the present value of 10% or more, the capital loss cost relating to the old loan is written off immediately; otherwise, the capital loss is distributed over the remaining life of the rescheduled loan.

Tax liability

CBS is not liable to tax.

BALANCE SHEET

Within the framework of the ministerial order, CBS has decided the following:

- The lower threshold for recognition of fixed assets is DKK 100,000
- Assets are not lumped
- Cost and production inventories are not capitalised
- New buildings put into service before 2011 are depreciated over 100 years
- Completely renovated buildings put into service before 2011 are depreciated over 80 years, other buildings are depreciated over 50 years from the date of entry into service.
- Buildings put into service after 1 January 2011 are depreciated over 50 years.

A materiality limit of DKK 100,000 has been set for the recognition of improvements.

Recognition and measurement in general

Assets are recognised in the balance sheet when they are expected to be used for more than one financial year and can be measured reliably.

Liabilities are recognised in the balance sheet when they are highly probable and can be measured reliably.

Fixed assets

Assets are measured at cost less accumulated amortisation/depreciation and impairment losses. Amortisation/depreciation is provided using the straight-line method, and residual values are not taken into account. Government rules do not allow other methods of accounting, e.g. asset market prices. This also applies to buildings.

Intangible assets comprise completed development projects, patents, acquired concessions, licences, etc.

Intangible assets are amortised from the date of entry into service over the following useful lives:

Proprietary IT systems:	8 years
Improved standard IT systems:	5 years
Patents:	Life of right
IT licences/software:	3 years
Licences with contractual duration:	Life of licence

Development projects are capitalised when approved by the Board of Directors as being of strategic value and representing significant size and life. Internal time spent on the development of proprietary assets is capitalised only if the project is considered to be of strategic importance for CBS or has a value exceeding DKK 10 million.

Internal resources in the form of salaries, etc. spent during the development phase are recognised when they make up a significant share of total development costs and add real value. Production overheads are recognised to the extent that they can be defined and attributed to the project in a reasonable and consistent manner.

Educational and research activities are not capitalised, except for activities that are defined and identifiable and in respect of which the technological and commercial feasibility/a potential market can be demonstrated.

Patents are measured as completed development projects. The cost includes external costs incurred to test innovations and register patents. The right is amortised over its actual useful life.

Acquired concessions, licences, etc. primarily comprise software licences. These are recognised at the value of any one-off payments on acquisition and the value of payments covering more than one year.

Property, plant and equipment comprise land and buildings, leasehold improvements, plant and machinery, transport equipment, IT equipment, other tools and equipment and assets under construction.

Property, plant and equipment are depreciated from the date of entry into service over the following useful lives:

Buildings put into service before 2011	
New buildings	100 years
Property improvements / complete renovations	80 years
Other buildings:	50 years
Buildings put into service after 1 January 2011	
Installations	20 years
Leasehold improvements	10 years
Plant and machinery	10 years
Cars	5 years
IT (hardware, audio-visual equipment, etc.)	3 years
Tools and equipment	3 years

Land is not depreciated.

Art and library material collections are not capitalised.

The cost of land and buildings includes finance costs, cf. letter from the Danish Agency for Universities and Internationalisation dated 19 December 2011.

The cost of installations made prior to or in connection with the entry into service of own buildings is set at 10% of the original property value. Subsequent installations above DKK 100,000 are recognised at cost or at 10% of total property renovation costs when it is difficult to make a reliable segregation.

Leasehold improvements are recognised if the costs are paid by CBS, the future rent is not affected by the improvements and the improvements in question are major, fixed improvements.

The cost of assets under construction includes direct materials, components, subsupplier services and finance costs as well as a portion of production overheads when they are clearly defined and can be attributed to the project in a reasonable and consistent manner. The final cost and classification are determined upon completion of the construction.

Investments comprise equity investments and other securities as well as receivables and balances falling due within one year.

Investments are measured at fair value (market value at the balance sheet date) or at cost in the absence of a fair value.

Current assets

Current assets comprise trade receivables, amounts owed from current grants and prepayments.

Receivables are recognised at the nominal amount less provisions for impairment losses. All significant receivables are assessed separately.

Prepayments comprise prepaid expenses regarding subsequent reporting years (insurance premiums, prepaid wages and salaries, etc.).

Liabilities

Liabilities comprise provisions, long-term liabilities (government and mortgage debt) and short-term liabilities.

Government and mortgage debt is measured at amortised cost, which implies that government debt is measured at the nominal debt outstanding.

Short-term liabilities are measured at net realisable value.

Deferred income comprises payments received concerning income in subsequent reporting years and prepaid restricted grants.

Provisions are recognised when, at the balance sheet date, the institution has a legal or constructive obligation and it is probable that the obligation is to be settled. Provisions are measured at net realisable value.

Off-balance sheet items

Off-balance sheet items comprise scholarships, contingent liabilities and contractual obligations.

Contractual obligations disclose any significant leases. Contingent liabilities disclose any pending lawsuits brought against CBS, the outcome of which cannot be assessed at the time of the financial reporting.

CURRENCY TRANSLATION

Transactions denominated in foreign currencies are translated into Danish kroner at the exchange rates at the date of the transaction.

Monetary items denominated in foreign currencies are translated into Danish kroner at the exchange rates at the balance sheet date. Realised and unrealised exchange gains and losses are recognised in the income statement as financial income/expenses.

CASH FLOW STATEMENT

The cash flow statement shows CBS' net cash flows, the year's

changes in cash and cash equivalents and cash and cash equivalents at the beginning and at the end of the year.

Cash flows from operating activities are stated as the profit or loss for the year adjusted for non-cash operating items, changes in receivables and short-term liabilities.

Cash flows from investing activities comprise payments related to additions and disposals of fixed assets and securities related to investing activities.

Cash flows from financing activities comprise borrowings and repayments of debt.

Cash and cash equivalents comprise cash and short-term securities in respect of which the risk of changes in value is insignificant.

FINANCIAL STATEMENTS CLASSIFIED ACCORDING TO PURPOSE

In the financial highlights and supplementary information, costs are classified according to purpose using the principles laid down in the Ministry of Science, Innovation and Higher Education's "Guidelines on classification of university costs according to main area and purpose". Costs that are not directly attributable to the purposes stated are distributed by means of scales.

NOTE 2. GOVERNMENT GRANTS DIRECTLY TO CBS

The total state grant increased by a mere 0.6% in 2012 over 2011 despite a general price adjustment of funding act grants of 1.5% and an increase in CBS' level of educational activity of around 4.5%. This is partially due to reduced or, at best, nominally unchanged taximeter payments, which resulted in an increase in total taximeter income of only 4.1%. A major factor behind the moderate taximeter income increase is the discontinuance of the temporary increase of taximeter funding for part-time programmes in 2012 (only diploma programme funding showed real growth, but this was insignificant).

However, the key factor behind the moderate increase in total grants is the implementation of two major cost reduction programmes (in addition to the continuance of prior-year purchase cutbacks): Efficiency cutbacks under the 2010 Recovery Plan have reduced total grants by DKK 7.9 million, and an "Adjustment of foreign visiting student grants as a result of financial imbalance" has reduced grants by an additional DKK 4.9 million. Despite broadly unchanged grants for research and other purposes, fixed grants have dropped by 5.6%.

A recognised DKK 2.4 million grant from the Agency for Universities and Internationalisation is not included in the year's funding act grants to CBS but constitutes final settlement following final reporting regarding a previous multi-annual commercial innovation project.

NOTE 3. OTHER INCOME (DKK '000)

	2012	2011
Conferences, awards and gifts	17.874	31.932
Sales of goods and services	11.401	13.674
Government cooperation	24.273	18.175
Other income	4.413	26.157
Total	57.961	89.938

For the sake of comparability, 2011 numbers have been restated to reflect minor changes.

NOTE 4. PAYROLL COSTS (DKK '000)

	2012	2011
Full-time academic staff	377.494	343.725
Part-time academic staff	95.773	96.737
Technical and administrative staff	274.092	286.119
Shared payroll costs	5.802	4.143
Total\$	753.163	722.438

NOTE 5. OTHER OPERATING EXPENSES (DKK '000)

	2012	2011
Conferences and business trips	54.187	36.854
Office expenses	42.601	29.828
Consultants (for research and educational purposes, technical and management consultants)	43.088	38.615
Acquisitions and repairs of tools and equipment	54.814	36.665
Books, magazines, etc.	15.211	16.019
Other services	35.961	40.361
Other goods	19.842	20.831
Total	265.704	219.173

CBS made minor changes to the accounts structure in 2012. For the sake of comparability, 2011 numbers for other operating expenses have been restated to reflect these changes.

NOTE 6. FIXED ASSETS (DKK '000)

	Intangible assets	Intangible assets under development	Land and buildings	IT equipment, etc.	Property, plant and equipment under construction	Investments	Total
Cost at 1.1.2012	16.884		1.191.910	20.457		80.626	1.309.877
Additions in the year	492		2.900	2.385		1	5.777
Disposals in the year	489			1.949		55.395	57.833
Cost at 31.12.2012	16.886		1.194.810	20.893		25.231	1.257.820
Acc. amort./deprec. 1.1.2012	10.554		143.148	17.362			171.064
Amort./deprec. in the year	5.354		17.114	2.108			24.577
Disposals	-489			-1.863			-2.352
Balance at 31.12.2012	1.468		1.034.547	3.285		25.231	1.064.532

CBS owns shares in Symbion A/S worth a nominal amount of DKK 960,000, corresponding to 1.48% of the DKK 64,963,000 share capital. The shares were acquired in 2000 at a price of DKK 49.9, corresponding to a cost of DKK 479,040.

NOTE 7. LAND, BUILDINGS AND LEASEHOLD IMPROVEMENTS (DKK '000)

	Carrying amount at 31.12.2012	Mortgage loans	Government loans	Public land assessment value 2010
Howitzvej 11-13	32.323	45.419		27.500
Howitzvej 60	44.034	38.073	5.661	62.000
Solbjerg Plads 3	502.567	332.347	119.517	737.000
P. Andersensvej 17 (5) Water Tower + Residence	11.299	5.869		9.700
Kilen	278.249	202.292	57.344	417.000
P. Andersensvej 3	14.636	4.926		26.027
Rosenvillaen	10.588			8.900
Space development	5.655		6.026	
Råvarebygningen	114.825	5.650		37.000
Steen Blichersvej 22	9.878			4.500
Porcelænshaven (leasehold improvement)	1.729			
Dalgas Have (leasehold improvement)	905			
Georg Jensen (leasehold improvement)	2.522			
Grundtvigsvej 25 (leasehold improvement)	863			
Grundtvigsvej 37 (leasehold improvement)	1.646			
Amager Strandvej (exam hall) (leasehold improvement)	2.827			
Total land, buildings and leasehold improvements	1.034.547	634.575	188.548	1.329.627

NOTE 8. RENT DEPOSITS

Rent deposits no longer include deposits relating to guest residences and student hostel leases as these activities were discontinued at the end of 2011.

NOTE 9. OTHER SECURITIES AND EQUITY INVESTMENTS

Under an agreement with an external portfolio manager, CBS has invested a major share of its cash in Danish interest-bearing bonds (government and mortgage bonds) with an average term to maturity of 0-3 years.

NOTE 10. STATEMENT OF CHANGES IN EQUITY (DKK '000)

	Original	State guarantee	Retained earnings resultat	Total
Balance at 1.1.2011	-7.087	50.000	158.029	200.943
Profit for 2011			114.781	114.781
Balance at 31.12.2011	-7.087	50.000	272.809	315.723
Reversed state guarantee		-50.000	0	-50.000
Profit for 2012			3.994	3.994
Balance at 31.12.2012	-7.087	-	276.803	269.717

In 2007, CBS received a temporary state guarantee of DKK 50 million from the Danish Ministry of Science, Technology and Innovation, valid until end-2011.

NOTE 11. PROVISIONS (DKK '000)

	31.12.2012	31.12.2011
Provision for leasehold renovation	10.128	15.846
Provision for limited tenure appointments	296	804
Other provisions (including for leasehold renovation and return of extraordinary profit, MPG)	12.856	9.575
Total	23.281	26.226

NOTE 12. LONG-TERM DEBT (DKK '000)

Building/address	Type	Coupon rate	Principal amount	Outstanding debt	Maturity
Solbjerg Plads 3	Fixed interest rate with repayments	3 %	232.213	229.626	2030
Solbjerg Plads 3	Fixed interest rate + index with repayments	2,5 % + index	17.284	12.554	2028
Solbjerg Plads 3	Fixed interest rate + index with repayments	2,5 % + index	155.000	115.876	2029
P. Andersensvej 17	Fixed interest rate with repayments	3,5 %	5.914	5.870	2034
Kilevej 14 A	Fixed interest rate with repayments	3 %	126.845	110.640	2036
Kilevej 14 A	Floating rate 10 years with repayments	2 %	106.500	91.652	2035
Howitzvej 11-13	Floating rate 10 years with repayments	2 %	32.540	32.540	2035
Howitzvej 11-13	Fixed interest rate with repayments	3 %	13.906	13.906	2036
Smallegade 45 (Råvarebygningen)	Floating rate 10 years with repayments	2 %	6.555	5.605	2035
P. Andersensvej 3 (Reserveareal)	Fixed interest rate with repayments	3 %	5.132	5.132	2034
Howitzvej 60	Fixed interest rate with repayments	3 %	39.002	39.002	2035
Amortisation of capital loss	Solbjerg Plads 3		-30.031	-17.985	2030
	Solbjerg Plads 3		-7.808	-7.808	2030
	Howitzvej 11-13		-1.027	-1.027	2036
	Howitzvej 60		-929	-929	2035
	P. Andersensvej 3		-206	-206	2034
Total			700.890	634.575	

Government loans are free of interest and repayments.

Government balances include deposits regarding CBS' leases which were paid before 1.1.2005 and are repayable to the Ministry when CBS vacates the leases and the deposits are returned.

Contractual obligations (DKK '000)

CBS has contractual obligations comprising leases. Lease commitments in the non-callable period are as follows:

	31.12.2012	31.12.2011
Lease, Sdr. Fasanvej 9 (non-callable until 1.6.2014)	4.338	7.183
Lease, Dalgas Have (non-callable until 1.8.2018)	182.303	213.619
Leases, Porcelænshaven (non-callable until 2013, 2014 and 2017, respectively)	58.171	90.151
Leases, Grundtvigsvej 25 (non-callable until 1.6.2017)	3.350	4.482
Leases, Grundtvigsvej 37 (non-callable until 1.7.2013)	895	3.003
Lease, Amager Strandvej 108 (non-callable until 30.9.2020)	28.248	-
Two minor leases with short terms of notice	439	518
Lease, fibre connection pipes	450	426
Total\$	278.195	319.382

CBS has call options on the Porcelænshaven leases that can be exercised 10 years after the conclusion of the lease, i.e. in 2016 for the central wing, 2015 for Ovnhallen and 2014 for the remaining leases.

SUPPLEMENTARY INFORMATION

a. Separate financial statements concerning subsidised research activities, other subsidised activities and income-generating activities.

DKKm, current prices	2008	2009	2010	2011	2012
Subsidised research activities UK-95:					
Grants, etc.	92,91	95,19	83,05	84,24	91,72
of which operating income and government transfers	0,17	0,94	1,87	1,32	-1,30
Costs ^{92,91}	95,19	83,06	84,24	91,72	
of which overheads	11,45	18,24	20,19	20,35	17,75
Profit for the year	0,00	0,00	0,00	0,00	0,00
Other subsidised activities UK-97:					
Grants, etc.	13,05	18,44	15,06	23,61	11,08
of which operating income and government transfers	0,28	2,17	0,10	0,25	4,61
Costs ^{13,05}	18,44	15,06	23,61	11,08	
of which overheads	0,78	1,38	0,95	2,62	-1,19
Profit for the year	0,00	0,00	0,00	0,00	0,00
(Commercial) income-generating activities UK-90:					
Total income	3,77	5,50	2,48	3,22	2,14
Costs ^{3,46}	1,36	1,07	0,35	0,92	
Profit for the year	0,31	4,14	1,41	2,87	1,22

b.1. Financial statements classified according to purpose*

DKKm, current prices, excluding VAT	2008	2009	2010	2011	2012
Education	504,7	562,3	631,8	615,1	639,3
Research	319,9	355,4	355,0	387,0	475,5
Dissemination and knowledge exchange	48,4	49,0	48,8	48,2	37,1
Research-based public-sector services	0	0	0	0	0
General management, administration and services	104,6	125,1	128,9	93,9	79,8
Total	977,6	1.091,8	1.164,5	1.144,2	1.231,7

*The financial statements classified according to purpose have been adjusted in accordance with "Guidelines on classification of university costs according to main area and purpose" from December 2012. Building-related expenses are now allocated to other main purposes in accordance with the instructions of the guidelines. For the sake of comparability, building-related expenses for 2009-11 have been allocated to other purposes on a proportionate basis. The original numbers for 2009-11, including a specification under buildings, may be found in the financial statements for 2011.

b.2. Income distribution

DKKm, current prices	2008	2009	2010	2011	2012
Education	546,2	626,2	684,8	735,3	754,7
Research	205,4	231,9	238,5	250,0	242,9
External funds	110,3	116,7	98,6	109,5	103,2
Basic grants	70,8	74,7	69,6	77,3	72,9
Other income	71,5	78,0	101,9	89,4	62,0
Total income	1.004,2	1.127,5	1.193,4	1.261,5	1.235,7

c. Separate financial statements concerning expenses relating to administration of foundations and associations, including commercial foundations and associations in accordance with section 11(1) of the act on public research institutions' commercial activities and cooperation with foundations.

In 2012, CBS spent around 70 hours, corresponding to an expense of around DKK 20,000, on administration, etc. in relation to the Scholarship Foundation for Students at Copenhagen Business School and the HBH Foundation.

d. Disclosures on contributions to or acquisition of shares in companies, including under section 4(1) and section 4a(1) of the act on public research institutions' commercial activities and cooperation with foundations.

CBS has not made any contributions or acquired any shares.

e. Disclosures on ownership interests in companies, cf. note d

CBS has no such ownership interests and thus no income or expenses in relation to such companies.

f. Overview of expenses relating to political and other student activities

DKKm, current prices	2008	2009	2010	2011	2012
Expenses relating to political and other student activities	1,4	1,6	1,9	1,4	3,4

g. Disclosures on foundations, organisations, etc. with whom CBS engages in special non-commercial co-operation

CBS-SIMI Executive, the Housing Foundation for International Students and Visiting Researchers at Copenhagen Business School, the Scholarship Foundation for Students at Copenhagen Business School, the SL Foundation (Samfundslitteratur, Academic Books), Copenhagen Business School Press (Erhvervsøkonomisk Forlag S/I), Account Data A/S and Symbion. CBS also participates in the co-operation concerning Øresund University.

h. Disclosures on scholarships, etc. in respect of which CBS performs a secretariat function

CBS performs secretariat functions for the following four scholarships: Timelærerforeningens Legat, C.A. Petersens Fond - Legat A, Tuborgfondets legat for HD-studerende, Direktør Andreas Sørensen og Hustrus fond.

Total year-end deposits are disclosed in May in the following year. At year-end 2011, total deposits were DKK 2.8 million.

i. Staff and staff turnover

	2008	2009	2010	2011	2012
FTE	1.263	1.379	1.428	1.395	1.445
Appointments	221	203	143	120	*
Resignations	186	164	189	204	*

The disclosures on appointments and resignations have been derived from the statistics of the Danish Agency for the Modernisation of Public Administration.

j. Disclosures on directorships held by the President in listed companies

The President of CBS did not hold any directorships in listed companies during the period under review.

k. Consumption of funds for free places and scholarships during the period 1 September 2011 – 30 August 2012

Consumption of free places	No. of students enrolled in full or partial free places	Free places stated as no. of student FTEs
Rate 1*	49	43
Funds used for scholarships		
No. of scholarship recipients		47
Total amount paid as scholarships (DKK '000)		3.432

*Only rate 1.

l. CBS cooperates with Sino-Danish Centre for Education & Research (SDC) on two-year Public Management & Social Development and Innovation Management master programmes in China.

DEVELOPMENT CONTRACT REPORTING 2012

SUMMARISED DEVELOPMENT CONTRACT REPORTING FOR 2012

Metrics	Result 2012			
	Not met	Partially met	Met	Not gauged
Programme quality	1		2	
Improved educational system cohesion			2	1
Faster completion	1			
Increased innovation capacity			2	
Internationalisation			2	
Higher research activity and research quality			1	1
Contribution to society		1	1	
Total	2	1	10	2
Ratio	13 %	7 %	67 %	13 %

INDICATOR	GOAL 2012	RESULT 2012	COMMENTS	STATUS
Programme quality				
1.1 Employment 4-19 months after graduation CBS Masters employment rate relative to national average Master in humanities Master in social sciences	-2 % 0 %	0 % 3 %	Employment is defined as graduates enrolled in PhD programmes, employed or staying abroad. The measurement shows that the employment rate for CBS' masters is generally higher than for graduates from other Danish universities.	Met
1.2 Full-time programme student satisfaction The share of full-time programmes indicating a satisfaction rate of 3.8 or more in selected areas	55 %	46 %	Student satisfaction at CBS' full-time programmes was around 1% higher in 2012 than in 2011, driven by higher satisfaction with administrative services. Even so, the goal for 2012 was not met due to greater satisfaction variation. A higher number of programmes show satisfaction rates below 3.8 (on a scale from 1 to 5 where 5 is best), while some programmes show significantly higher satisfaction rates. CBS has initiated discussions with the study boards scoring low on student satisfaction in order to develop targeted measures to improve student satisfaction. Det er CBS' vurdering, at målet i 2014 fortsat godt kan nås.	Not met

INDICATOR	GOAL 2012	RESULT 2012	COMMENTS	STATUS
Programme quality				
<p>1.3 Permanent staff ratio (VIP/DVIP ratio) on full-time programmes</p> <p>Number of academic staff FTEs allocated to full-time programmes relative to part-time staff FTEs</p>	1,00	1,06	As part of its investment plan, CBS has made strong efforts to hire more academic staff and to ensure that more teaching is undertaken by permanent staff. These efforts appear to have been successful with CBS fulfilling the goal for 2012.	Met
Improved educational system cohesion				
<p>2.1 External graduate student intake</p> <p>The share of students admitted to graduate programmes with bachelor degrees from other universities</p>	41 %	43 %	CBS aims to provide external students with the opportunity to do a master programme in business economics. The goal is to, at a minimum, maintain the share of external students. In 2012, 43% of graduate students had entrance qualifications from another institution. This should be seen in the light of the general increase in the graduate intake.	Met
<p>2.2 Credit student FTEs</p> <p>Annual increase in student FTEs based on credits</p>	7 %	21 %	<p>CBS aimed for the number of student FTEs (non-resource-producing) based on credits to increase by 7% from 2011 to 2012. The actual increase was 21%, so the goal has been met.</p> <p>The steep increase should be seen in the light of the large general increase in student FTEs and thus student FTE activity, resource-producing as well as non-resource-producing.</p>	Met
<p>2.3 Professional bachelors</p> <p>A: Share of Danish-taught executive management programme slots open for professional bachelors</p>	0 %	0 %	<p>As a main rule, professional bachelors are admitted to all CBS' Danish-taught executive management programmes. Among CBS' Danish-taught executive management programmes (MPA, MPG, MMD and Master of Tax), professional bachelors are currently enrolled in all executive programmes (i.e. excluding Master of Tax). Current shares are: Master of Public Administration – 24% Master of Management Development – 23% Master of Public Governance – 28%</p> <p>No professional bachelors are as yet eligible for admission to the Master of Tax programme as no professional bachelors in public administration (with tax subjects) have yet gained two years' post-graduation work experience.</p>	Not gauged in 2012

INDICATOR	GOAL 2012	RESULT 2012	COMMENTS	STATUS
Improved educational system cohesion				
B: Share of Graduate Diploma slots open to professional bachelors	0 %	0 %	The share of professional bachelors in the graduate diploma programmes is very limited but is not stated precisely. Efforts are being made to improve admission and recording.	
C: Number of proposed executive management programmes admitting professional bachelors	None	None	No new executive management programmes are currently under development, but efforts are being made in relation to MPG programme moulding/recommended courses, specifically for the health care sector and the cultural sector. Particularly the health care sector has a large share of professional bachelors that would be in the target group for this moulding.	
Faster completion				
3.1 Completion within prescribed period of study + 1 year Bachelor Humanities Social Sciences Master Humanities Social Sciences	58 % 70 % 53 % 63 %	70 % 74 % 43 % 59 %		Not met

INDICATOR	GOAL 2012	RESULT 2012	COMMENTS	STATUS
Increased innovation capacity				
4.1 Number of CBS graduates employed in businesses with 20-100 employees	No goal set for 2012.	1,406	<p>As CBS has no experience with the level for this kind of metric yet, the goals (cf. the contract) for 2013 and 2014 will be set based on 2011 and 2012 results.</p> <p>In 2011, 1,308 CBS graduates from the past three year groups were employed by such businesses. The corresponding number for 2012 is 1,406, implying that the goals for 2013 and 2014 will be 1,425 (average of 2011 and 2012 + 5% increase) and 1,496 (increase of 5% over 2013), respectively.</p>	Not gauged in 2012
4.2 Share of student FTEs based on entrepreneurship/ innovation courses	2,0 %	3,45 %	The share of student FTEs based on entrepreneurship/ innovation courses has increased significantly.	Met
Internationalisation				
5.1 Ingoing and outgoing exchange students · Ratio of ingoing to outgoing · No. of outgoing students	Max. 1,0	0,8	<p>CBS aims to balance the number of CBS students on exchange stays abroad and the number of foreign exchange students at CBS. While taximeter-producing students are included in the measurement, it does not take into account the number of ECTS points earned by students.</p> <p>In 2012, CBS had 1,100 ingoing and 1,437 outgoing students. Please note that students in CBS' international summer school programme (ISUP) are not included.</p>	Met
5.2 Programmes offered in cooperation with other educational institutions	13	13	<p>CBS concluded two new cooperation agreements in 2012:</p> <ul style="list-style-type: none"> · One with the University of Copenhagen and the Technical University of Denmark on MSc in Bioentrepreneurship · One with the University of St. Gallen, Switzerland, on double MSc degree in Economics and Business Administration <p>The cooperation with the IT University of Copenhagen on e-Business has been terminated.</p> <p>As a result, CBS has 13 cooperation agreements, which was the goal for 2012.</p>	Met

INDICATOR	GOAL 2012	RESULT 2012	COMMENTS	STATUS
Higher research activity and research quality				
6.1 Higher research activity, CBS' ranking among Danish universities in terms of BRI points relative to research FTEs	No. 1	No. 2	CBS earned 915 BRI points in the Social Sciences area in 2012, a decline of 3.7 % relative to 2011. The number of academic staff FTEs allocated to research was in line with the 2011 level. As a result, the ratio of BRI to research FTEs has gone down, while the ratio for the University of Aalborg has gone up. CBS is targeting publication efforts to a higher degree than before, but it is equally important that the many new employees start publishing quickly as their research activity is included in the calculation.	Not met
6.2 Higher research quality · Ranking on UT Dallas list · No. of articles in magazines on the ABS list · No. of articles in magazines on the FT45 list	No. 6 64 48	No. 6 72 49	CBS published 14 articles in magazines on the UT Dallas list in 2012, the same as in 2011. Like last year, CBS comes in sixth in Europe on the UT Dallas list for 2008-12 (and no. 81 in the world). However, the distance to no. 5 has increased, so meeting the goal for 2014 (no. 5 in Europe) will be very difficult. Publications for two years are included. 34 publications were reported in 2011 and 38 in 2012. Publications for two years are included. 25 publications were reported in 2011 and 24 in 2012.	Met
Contribution to society				
7.1 Number of graduates from master programmes Annual increase in %	1980 7 %	1973 6,6 %	1,973 master students graduated from CBS in 2012. 1% below the 1,980 target, the 2012 goal is considered to have been met.	Partially met
7.2 Externally funded research (DKK '000)	91.230	94.683	CBS aims to increase externally funded research by 10% a year. In 2012, an amount of DKK 94.7 million was recognised, an increase of 14% over 2011. The goal was therefore met. Despite the impressive 2012 result, it will take massive efforts to reach the goal for 2014.	Met