TALLINN UNIVERSITY

ANNUAL REPORT 2018

ANNUAL REPORT

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Form of ownership	legal person under public law
Main field of activity	academic research activities; provision of higher education based on study and research activities; provision of services based on study and research activities to the society
Beginning of financial year	1 January 2018
End of financial year	31 December 2018
Executive manager	Rector Tiit Land
Auditor	BDO Eesti AS
Annexed documents	Independent Authorized Auditor's Report

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MANAGEMENT REPORT

Rector's foreword

From several aspects, 2018 can be seen as a stepping stone to a new period. We continued the preparations we started in 2017 for the new Higher Education Act which was passed by the *Riigikogu* in February 2019 and will enter into force on 1 September 2019. Together with the new Act, the Tallinn University Act was also approved, establishing the objective, tasks and bases of management and funding of the University, as well as the University's area of responsibility in educational sciences, humanities, natural sciences and social sciences, as well as the arts, teacher education and educational sciences. The University was involved in the development of both draft acts. Internal discussions at the University were held and the University's opinions and proposals were presented to the bodies preparing the draft acts. The University made a considerable contribution to the development of the Tallinn University Act, e.g. prepared a new management model for the University and determined the competences of the governing bodies on the basis of the initial tasks presented by the Ministry and contributed to the establishment of the University's objective and tasks.

The new legal framework supports the development of an academic career model, while also giving the University greater freedom than before in developing the model. In 2018, development activities aimed at developing the new academic employee career model and the new version of the Employment Relations Rules continued. These documents were approved by the Senate in April 2019 and will enter into force on 1 September 2019. In addition to the work group, the rest of the members were also involved in the development of the concept. The process included several public and Senate discussions, as well as seminars and workshops for employees, aimed at disseminating information related to the transition to the new career model as well as providing practical explanations based on examples.

In 2018, the previous period (2015–2018) of the contract under public law concluded between the Tallinn University and the MoER ended and a new three-year period began (2019–2021). In addition to the areas of responsibility of the University, the contract also included an agreement on the University's objectives for 2019–2021 and the activities necessary for achieving these. The areas of responsibility were changed under the contract, increasing the indicator of Tallinn University in the context of the financing model from the current 51% to 73%.

Activity support granted to the University has grown compared to recent years, but the growth is rather marginal and insufficient for providing Estonian language based education in the current volume. In 2018, income from economic activities grew by 6.3% from the previous year, which has been achieved thanks to the successful daily work of the employees of the University. It is good to see that we ended a third consecutive year with a positive result.

The improved economic result has allowed the University to continue investments into the University campus. The reconstruction of the URSA building started in 2018. The building was completely amortised and no longer met today's study conditions. According to experts, renovating the old building would not have been expedient and they recommended building a new one. The new study building is planned to be completed in autumn 2019. In addition to work rooms, the building will also include a sports hall, a gym, and halls for arts and creative specialities.

In conclusion we can say that in 2018 we have established a solid foundation for purposeful movement forward, into the coming jubilee year when Tallinn University celebrates 100 years of promoting an intelligent lifestyle. I wish to thank all the employees and members of the University for their contribution!

I Organisation and management

The 2018 strategic objectives of Tallinn University (hereinafter the University) derived from the currently applicable University Development Plan for 2015–2020. The Development Plan states the University's mission, vision, basic values, strategic objectives and the underlying operating principles, as well as the implementation plan and a list of key indicators of the Development Plan.

Tallinn University's mission is to support the sustainable development of Estonia through high-quality research and study, education of intellectuals, public discussion and promotion of academic partnership. By developing research carried out in Estonian and for the development of Estonia, the University integrates into the European education and research area, and through that integration contributes to the development of Estonia as a country with a smart economy and an astute organisation of society.

Tallinn University's vision is to play a leading role in promoting and developing an intelligent lifestyle in Estonia, thus supporting both Estonia's sustainability and the self-actualisation of individuals.

According to the TLU Academic Charter, the University's basic values are: openness, quality, professionalism and unity.

Tallinn University's strategic objective which derived from the Development Plan for 2015–2020 is to concentrate resources and activities on developing interdisciplinary research-based focus fields: educational innovation, digital and media culture, cultural competences, healthy and sustainable lifestyle, and society and open governance.

The University has defined the guiding principles of activity to support its strategic objective: (1) the University is interdisciplinary in its activities; (2) the University is international; (3) the University demands excellence and sustainability in its activities.

1.1. Management and development activities

Contract under public law

In 2018, the University's activities were influenced by the end of the previous period and the beginning of the new period of the contract under public law concluded between Tallinn University and the Ministry of Education and Research (hereinafter MoER). The contract period of 2015–2018 ended and the achievement of established objectives was analysed in the public contract report which received a positive assessment from the MoER. At the same time, negotiations were held for the conclusion of the contract for the new period (2019–2021).

In February 2018, upon the proposal of the MoER negotiations were started concerning the University's areas of responsibility determined in the contract under public law. In April, the University presented its proposals and in addition to the existing areas also asked for responsibility in the study programme group of journalism and information dissemination, psychology, social sciences and sports, as well as in the study programme group of computer use and software and application development and analysis. The University also made a proposal to include the level 1 study programmes that are aimed at preparing subject teachers among the areas of responsibility in the University's financing model. After several rounds of negotiations, an agreement was reached that single study programmes will not be treated as areas of responsibility (i.e. responsibility was no longer assigned to the study programmes of choreography, interpretation and Asian studies) and the study programme group of sociology and cultural history, political science and civil studies, and computer use was defined as an area of responsibility. In the financing model, the area of responsibility also includes the sports and psychology study programme group, the mathematics study programme group

in Bachelor's studies, the choreography study programmes, and the students admitted to level 1 and joint study programmes in the area of responsibility at the Haapsalu College. In addition to the areas of responsibility, the University's objectives for 2019–2021 and the activities necessary for achieving these were agreed in the new contract. The most important agreements were the increases (special pedagogy, teacher training, school psychology) and reductions (business and administration, library management, social sciences) in the admission to study programmes, the objectives in supporting learners and employees, and the directions for the development of study programmes.

Audits of the activities of Tallinn University

The final reports of the internal audits that were launched in 2018 were completed in 2018: 1) the audit of the marketing and communication area and the work organisation of the Marketing and Communication Office, and 2) the audit to assess the functions of the Academic Library. In 2018, the audit 'Assessment of the functioning of the efficiency of the processes of and the cooperation between the academic units and support units of Tallinn University in the processing of projects' was also conducted, with the final report to be approved in 2019.

The irregularities discovered by the internal auditor in the course of the audits as well as the auditor's proposals for improvement are presented in the audit reports. The reports also contain the comments of the Rectorate members and the heads of the structural units involved in the audits as well as the agreed follow-up activities, the terms for the implementation thereof, and the responsible parties. The internal auditor periodically monitors the implementation of the follow-up activities.

Several external audits were also conducted. 2018 saw the completion of the management and control system audit of the European Commission and the European Court of Auditors launched in 2017 to gain assurance on the correctness and legitimacy of the expenses declared to the Commission. The Financial Control Department of the Ministry of Finance conducted several project audits: 1) 'Systemic development of entrepreneurship and business studies on all levels of education', the report contained no reservations, 2) 'Tallinn University Competence Centre for Educational Innovation', no reservations were states in the report, and 3) 'Norwegian-Estonian research cooperation', no irregularities were discovered according to the report. The Ministry of Foreign Affairs conducted an audit of the development cooperation project 'Doctoral studies of the teaching staff of the IT Faculty of the University of Kabul under the Information Society Technologies study programme at the Tallinn University School of Digital Technologies'. Tallinn University also took part in the national audit of the National Audit Office, 'Achievement of the objectives of the higher education reform', the report on which will be published in 2019.

Academic employee career model

The new Higher Education Act which will enter into force on 1 September 2019 regulates the academic employment relationships in lesser detail than before and gives the University greater freedom in developing the academic career model. The tenure system and the career path of a lecturer and a researcher lie in the centre of the new career model. The tenure system contains the position of a professor, the levels of the career path of which are tenure track associate professor, professor and full professor. The career levels of the position of a lecturer are: junior lecturer, lecturer and teaching track associate professor. The career levels of the position of a researcher are: junior research fellow, researcher and research track associate professor. The career model also includes the positions of a distinguished professor, research professor, senior lecturer, and a teacher. The main changes which the new career model entails include the introduction of the tenure system, qualitative assessment criteria and new requirements and possibilities on the career level of a lecturer. The transition to the new career model will be implemented gradually over the coming five years.

Employee satisfaction

A satisfaction survey was carried out among the employees of Tallinn University in April and May 2018, aimed at analysing the University employees' opinions and proposals concerning their work and work organisation, the work of structural units, and the overall development of the University. The questionnaire was sent to 971 University employees (919 in Estonian and 52 in English) and the general response rate was 47.3% (for comparison: 47.5% in 2017; no survey was held in 2016). Nearly a half of the respondents (47.5%) were academic employees, 42% support staff, 0.7% defined themselves as members of both groups, and 9.8% did not specify their position. The University employees are most satisfied with cooperation with immediate colleagues and the content of work. Criticism was the strongest with regard to the correspondence of remuneration with work contribution; academic employees are particularly dissatisfied with this and the trend is apparent in all academic units. Both academic employees and support staff are generally satisfied with the physical working environment. Compared to academic employees, support employees are somewhat more satisfied with the atmosphere in their unit and the management of the unit. Support unit employees' assessment of cooperation between units was somewhat higher than that of academic employees. Both academic employees and support employees are satisfied with individual development opportunities and internationalisation. Compared to other indicators, all employees are the least satisfied with the transparency and fairness of management decisions (while being generally satisfied with the overall management of the University) and the results of the structural reform, although the academic employees' average assessment of the results of the structural reform was somewhat more positive than in 2017.

The Rectorate presented the improvement activities planned on the basis of the 2018 satisfaction survey in the Senate in 2019 and the improvement activities were also described in the Activity Plan of the University. For instance, 2019 will include an analysis of the academic employees' workload and its economic effect for the purpose of balancing remuneration and workloads. Salaries and the minimum salary rates shall also be analysed and adjusted. In order to improve strategic planning and the management of units, a development programme for managers shall be created, a network for supporting professional development shall be established and management processes shall be analysed and clarified. Stability will be created with the new career model and the Researcher Remuneration Regulation as well as through the management model implemented under the new Higher Education Act.

Analysis of the assessment of the impact and results of the structural reform

In October 2017, the Rector called together a workgroup to assess the impact and results of the structural reform of Tallinn University. The impact and results of the structural reform were assessed in spring 2018. The employees held that the management model changed as a result of the structural reform, damaging several management processes. The impairment of management quality was described through lacking inclusion and the non-transparency of decision-making. The structural reform was also seen to have had a direct impact on the functioning of the academic area where interdisciplinarity had in the respondents' opinion not been achieved in the expected extent. The support employees' expectation that people with the same titles and work tasks in individual Schools should have similar tasks, responsibility and requirements has also not been fulfilled. This problem is solved to a degree by the functioning cooperation networks and the smaller number of academic units. The manner in which the Schools disseminate information is also seen as problematic, as it does not take into account the increased number of employees and the increasingly complicated procedures.

As improvement activities to increase management quality, a development programme will be established for managers, the involvement and decision-making processes will be analysed, and the proportion of regulations approved on the Senate and Rectorate level will be reduced where possible. In order to support interdisciplinarity, interdisciplinary modules will be developed and included in study programmes (development in 2019 and planned introduction in 2020).

1.2. Impact of the external environment

In 2017, the MoER initiated the process of updating the law on higher education, which is now nearing its completion. The new Higher Education Act was approved by the *Riigikogu* in February 2019 and will enter into force on 1 September 2019. Together with the new Higher Education Act, the acts of all public universities were approved (previously, only University of Tartu and Tallinn University of Technology had their own university acts). The new higher education legislation aims to increase flexibility for both the students and the higher education establishments, facilitate cooperation between higher education establishments, strengthen the links between the universities and the society and to facilitate the development of motivating career models for academic employees. In order to establish closer links between higher education establishments and the society, external members will also be engaged in the management of universities.

In February 2018, the Quality Assessment Council for Higher Education of the Estonian Quality Agency for Higher and Vocational Education approved the amended institutional accreditation (IA) guidelines. A higher education establishment is now obligated to pass institutional accreditation at least once every seven years. As of 2020, an institutional accreditation will be the main method of assessing the quality of higher education; study programme groups will no longer be separately assessed for quality and will instead form a part of the institutional accreditation process. The assessment of study programmes and study programme groups will be based on samples, taking into account the number of study programme groups and study programmes of a higher education establishment, the previous results of assessment of study programme groups as well as a justified proposal by the higher education establishment. Depending on the higher education establishment, a sample will include one to ten study programmes. Thematic assessments are also planned. Pursuant to the new IA guidelines, higher education establishments will be assessed across 12 standards focused on the core processes of a higher education establishment – study activities, research, development and creative (RDC) activities and providing services to the society –, as well as the strategic management of the organisation, and resource management. The core focus of the assessments will be on academic ethics, quality culture and internationalisation.[1]

The MoER has started the development of long-term strategies for 2021–2035 for the areas of education, research, the youth, and languages. The beginning of the new period will also bring the end of the currently applicable development plans such as the Estonian Lifelong Learning Strategy 2020, the Estonian Research and Development and Innovation Strategy 2014–2020 'Knowledge-based Estonia', the Estonian Youth Field Development Plan 2014–2020 and the extended Language Technology Research and Development Programme 2018–2027 which foresees the continuation of the main development activities, taking into account the trends and challenges of the changing world. [2]

In spring 2018, the Government of the Republic initiated the development of the long-term strategy 'Estonia 2035' which will formulate the development objectives and problem-based activity areas for Estonia for the coming 15 years, as well as the basis for the planning and use of EU funds of the new period in 2021–2027. It has been found at discussions on the preparation of the strategy that Estonia must focus on improving people's health and increasing the flexibility of learning opportunities. The strategy will be put on vote in the government in April 2020.[3]

In 2018, the OSKA study of labour force and skills anticipation in the field of education and research was completed. The study aims to find solutions to concerns related to labour and skills needs in the area of education and research in the nearest ten years and on how the provision of education should be altered to meet those needs. The profession of a teacher is not considered attractive and increasingly fewer people

[1] http://ekka.archimedes.ee/wp-content/uploads/IA_juhend_2018.pdf
[2] https://www.hm.ee/et/kaasamine-osalemine/haridus-ja-teadusstrateegia-aastateks-2021-2035
[3] https://www.riigikantselei.ee/et/Eesti2035

choose the vocation; the situation is particularly critical with regard to the new teachers for science subjects and mathematics. The scarcity of support specialists is also rather acute, particularly with regard to special pedagogues and school psychologists as well as speech therapists. Experts hold that good general skills are of key importance and require the integration of speciality and general subjects in study programmes. In the R&D sub-area, experts value extensive knowledge and competence which cooperation with enterprises increasingly demands from researchers, but the strengths of Estonian research and the more competitive business areas are not sufficiently aligned. Estonian research staff is mainly concentrated in the higher education sector and the level of academic research is good in international comparison, but an added value economy would require drawing more work force with a science degree to enterprises and increasing the society's capability and willingness to receive new knowledge – currently, this is not sufficient for sustainable development. Experts see a need for increasing the number of research staff.[4]

[4] https://oska.kutsekoda.ee/wp-content/uploads/2016/12/oska_HT_veeb.pdf

II Research, development and creative activities and impact on the society

2.1. Objectives of the University and the achievement thereof in RDC, and impact on the society

The Tallinn University Development Plan for 2015–2020 defines the carrying principles of activity in order to support the strategic objectives of the University. Those principles also form a basis for the sub-objectives of the processes related to RDC (Table 1).

Table 1. The University's principles of activity in research, development and creative activities, as well as the sub-objectives and performance indicators of processes related to social impact

Principle of activity	**The University is interdisciplinary in its activities**	**The University is international**	**The University demands excellence and sustainability**
Sub-objectives	Interdisciplinary solutions to social problems.	The University is a reliable and attractive employer and partner in international research.	Research is high-level and competitive.
Expected result	- increased proportion of interdisciplinary research projects and research development services in the University's revenue; - increased number of publications prepared in joint authorship of representatives of at least two specialities; - increased number of cooperation partners in public, private and third sectors.	- increased proportion of funding for international research projects in RDC revenue.	- increased three years' average volume of RDC funding per academic employee; - increased number of defended doctoral theses; - same number of high-level research publications per academic employee.

The achievement of the objectives of Tallinn University can be assessed on the basis of implemented activities and key indicators. In 2015, the methods for calculating key indicators were established and the base level was recorded. Table 2 shows the base level in 2015 and the level of the key indicators in 2016, 2017 and 2018.

Table 2. Level of RDC key indicators in 2015–2018

	Key indicator	**2015**	**2016**	**2017**	**2018**
Interdisciplinary approach [5]	Proportion of interdisciplinary research projects and research development services in the University's revenue	8.0%	7.0%	15.3%	21.8%
	Number of publications prepared in joint authorship of representatives of at least two specialities	116	112	106	-
	Number of cooperation partners in the public, private and third sectors	1,203	1,258	1,392	-
Inter-nationalisation	Proportion of international research projects in RDC revenue	16.1%	18.7%	32.9%	27.9%
Excellence and sustainability	Three years' average volume of RDC funding per academic employee	28,423 €	26,180 €	30,305 €	32,003 €
	Number of defended doctoral theses	20	20	25	22
	Number of high-level research publications per academic employee	1.31	1.28	1.12	0.99

[5] In connection with the new performance indicators established under the new R&D Strategy in 2018, some of the RDC indicators are no longer gathered. The RDC performance indicators based on the R&D Strategy are presented in Table 3.

In 2018, the Tallinn University Research and Development (hereinafter R&D) Strategy for 2019–2021 was prepared. The strategy is based on the priorities established in the currently applicable University Development Plan as well as the strategic documents of the Republic of Estonia and the European Union. The Strategy determines the R&D areas of the University, highlights the main activities needed for achieving the priorities of the area and establishes the indicators through which the University measures R&D efficiency. The University has established the following priorities in developing the R&D area:

1. the University demands excellence and sustainability, in order to ensure that research activities are innovative, internationally topical, of a high-level, and competitive;
2. the University supports the development of its members as well as their active participation in the international science community, thereby being a reliable and attractive employer and partner is international research;
3. the University aims its R&D activities at identifying bottlenecks and places that need development in the society and at finding practical solutions thereto, thus supporting the promotion of the economy, culture, Estonia's sovereignty, and the civil society.

The new regulation entered into force on 1 January 2019.

With regard to key indicators, additional performance indicators have been agreed in the R&D Strategy (see Table 3).

Table 3. The 2018 level of RDC performance indicators established in the R&D Strategy

Performance indicator	**2018**
Three years' average volume of research-based RDC funding / volume per academic employee	9,612,262 € / 24,195 €
Volume of funding for international projects with a research component / proportion of research-based RDC funding	3,385,397 € / 27.7%
Volume of commissioned R&D activities	1,760,371 €
Three years' average number of high-level research publications / number per academic employee	470.33 / 1.18
Number of reviewed research publications	35
Number of foreign academic employees / proportion	48.9 / 12.42%
Number of academic employees who have worked abroad for a longer period / proportion	48.25 / 12.26%
Number of doctoral students who have completed the study programme within the nominal study period / proportion of all the admissions to higher education level studies (PhD)	9.00 / 19.57
Number of doctoral and post-doctoral students who work at the University respectively as junior research fellows or research fellows with a workload of at least 0.5	35.90
Number of research publications in Estonian (ETIS classification 1.1,1.2, 1.3, 2.1, 3.1, 3.2)	123
Number of original school and higher education textbooks and popular science books (ETIS categories 2.4, 6.2 and 6.4)	19
Number of popular science articles (ETIS category 6.3)	118

2.2. RDC and impact on the society

Of the six research areas defined in the Frascati Manual, three are substantively represented at Tallinn University: natural sciences, social sciences, and arts and humanities. These areas were positively evaluated in 2017.On the basis of the categories of research areas established in the Estonian Research Information System (*Eesti Teadusinfosüsteem*, hereinafter the ETIS), the University's RDC funding divided as follows in 2018:

- culture and society 75.9%;
- natural sciences and engineering 12.6%;

- biosciences and environment 8.2 %;
- health 3.3%.

According to ETIS, the University employees published 1,004 publications in 2018 (as at 4 April 2019), of which approximately 40% were high-level publications (ETIS categories 1.1, 1.2, 2.1 and 3.1). Compared to 2017, the number of high-level publications has decreased, also per academic employee (full-time equivalent) (see Table 2). This trend can be explained by the University's increased emphasis on the quality of publications. The trend is also influenced by the fact that in the context of increasingly project-based RDC funding, researchers have to spend a considerable amount of their working time on writing new project applications (particularly in the opening stage of actions, as in 2018). Researchers also often have less time than planned for writing classical publications in existing projects, as the preparation of project reports and other such takes up a significant amount of time. The number of publications published in the early period of projects is also smaller than in the final years of projects.

For the purpose of developing and strengthening the RDC area and support services, the University employed a lawyer at the Research Administration Office, launched a review of its Rules of Legal Protection of Intellectual Property and the procedure for the implementation of projects, and started the creation of an interface between the document management system WebDesktop and ETIS for the automatic exchange of data. In order to support the contract-based RDC support system, the University started to finance the positions of a research coordinator in the average volume of 0.5.

In order to support doctoral students, the procedure for the payment of doctoral allowance was updated and harmonised with that of other major Estonian universities: as of 2018, allowance is paid to doctoral students also in September. The process of the progress review of doctoral students was simplified by improving the possibilities of registering and linking progress review reports and decisions in the document management system.

Eight doctoral level study programme groups passed a quality assessment in 2018, which is an important input into the further development of study programmes (Table 10).

In 2018, the bases and implementation principles of RDC services that support human-centred innovation and future-proof solutions (hereinafter EXU) were developed and approved by the Rector's order on 29 January 2019.

2.2.1. Overview of the funding of research and research-based development

One of the RDC objectives in the Tallinn University Development Plan is to increase funding, whereas the acquisition and repairs of structures and buildings as well as further training is not included in the RDC revenue in this context. The RDC revenue is measured solely on the basis of the University's net revenue, less the mediation of project-based support to partners. The distribution of RDC revenue presented in Figure 1 does not include revenue related to those activities, which means that the RDC revenue recognised in the accounts is accordingly smaller.

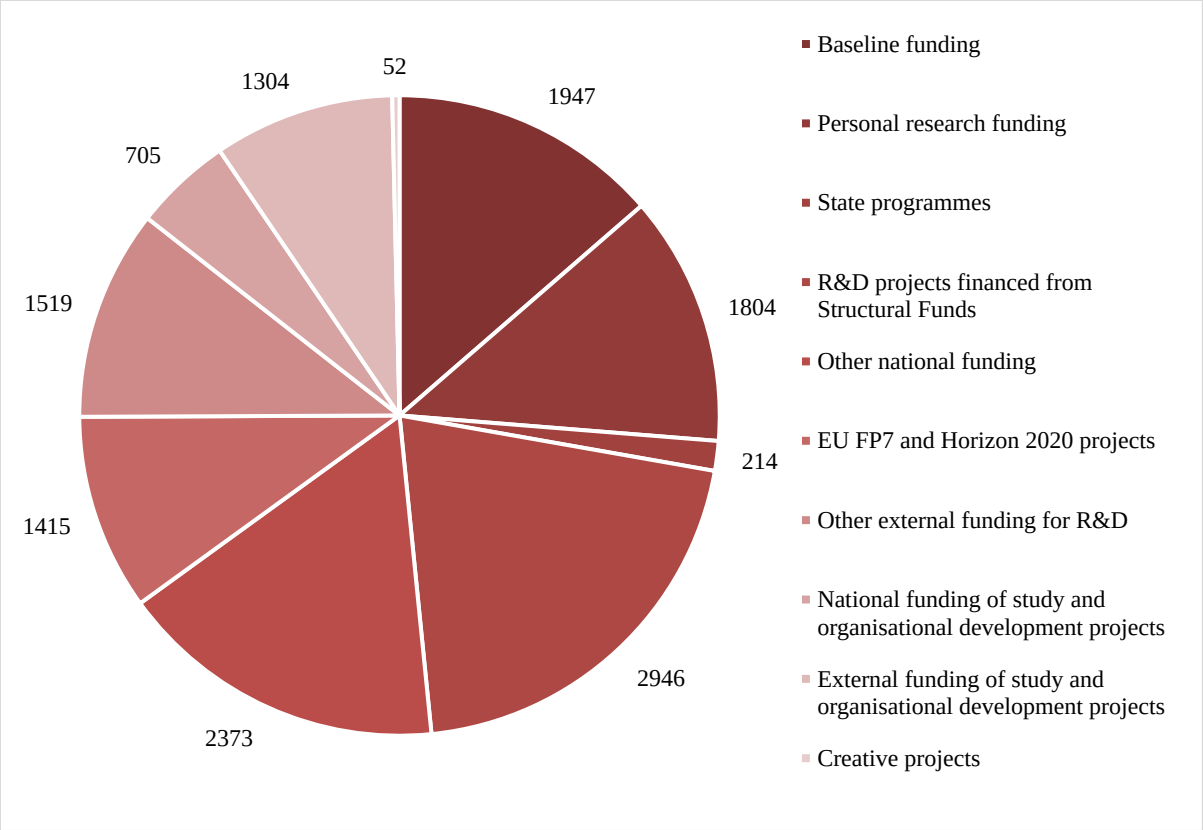

Figure 1. RDC funding in 2018 (in thousands of euros)

Positive developments continue in RDC funding: the total RDC revenue grew to 14,279,295 euros in 2018 and the growth of research-based RDC funding also continued, surpassing the level of the previous year by 22% (Table 4). The sources of growth were both national and international. The noticeable increase in the proportion of interdisciplinary research projects and research development services in the University's revenue is particularly noteworthy. This provides evidence of the implementation of the University's R&D Strategy priority 'interdisciplinary approach to research'.

Volume of RDC revenue (in euros)	**2016**	**2017**	**2018**
Total RDC revenue	9,807,581	11,579,839	14,279,295
Including the volume of funding for research and research-based development	7,248,689	9,539,122	12,218,450
including baseline funding from national funds	1,043,970	1,215,130	1,947,090
including financing from the EU Structural Funds	839,007	2,175,778	2,959,541

National R&D financing

In 2018, the total volume of funding for research and research-based development at Tallinn University was 12,218,450 euros. The total volume of national baseline funding increased by a little more than 10 million euros in 2018 compared to the previous year, but the University's share in the overall baseline funding volume remained the same as in 2017 (7.2%). The total volume of personal and institutional research funding as well as the substitutive researcher career grants has grown at the University from year to year and in 2018 grew by approximately 11% compared to the previous year (see subsections 2.3.2 and 2.3.3 below).

In addition to personal research funding and baseline funding, the state finances the promotion of research also from other national R&D programmes (Estonian-language higher education textbooks, the Estonian Terminology Programme, the Compatriots Programme, the General Education Programme, Estonian Literature, Estonian Language and Cultural Memory). In total, 18 projects were financed in 2018. The number of financed projects was the same as in 2017, but the volume of funding was more than two times larger.

The cultural history collection and the archaeological research collection of the Academic Library are financed from the Tallinn University Research Collection. The number of collections is the same as before, but the volume of funding is somewhat larger.

The number of objects that have received Estonian research infrastructures roadmap and core infrastructures support has not changed: Tallinn University takes part in two roadmap objects (Information Technology Mobility Observatory (IMO) and the natural history archives and information network (NATARC)) and acts as a partner in three core infrastructures (the Estonian e-Repository and Conservation of Collections, the Estonian Environmental Observatory, and the Natural History Archives and Information Network). The volume of this funding has also grown over the years.

In 2018, funding from other national sources increased by 42%, amounting to 2,105,823 euros (2017: 1,219,527 euros). Funding from the HITSA IT Academy programme also continued, aimed at improving the quality and competitiveness of higher education in ICT and marketing higher education in ICT. The MoER financed the procurement of research information for the Tallinn University Research Library from the state budget with 323,774 euros, and 39,968 euros were allocated from the state budget to support the Youth Monitor via the Estonian Youth Work Centre in 2017–2018, and the Estonian Research Council financed the preparation support for projects that had passed the Horizon 2020 threshold in the total amount of 23,400 euros. The number and volume of service contracts with enterprises and non-profit associations also grew noticeably in 2018, amounting to the total of 276,939 euros. Several projects that were successful in the public procurements held by the MoER, the Environmental Board, the Environmental Agency, the Ministry of Culture and the Ministry of Social Affairs also received funding in 2018 – the total amount of funding amounted to 1,074,826 euros, of which three public procurements for the extension of e-learning held by the MoER formed 86% (in 2017, the figure was 420,845 euros). The cost of work commissioned by ministries and state and municipal institutions amounted to 133,560 euros. The Estonian Cultural Endowment, the Estonian Film Foundation and the Estonian Olympic Committee also offered support for the implementation of R&D projects.

Funding from structural support measures

In 2018, financing continued from the new Structural Funds programme period that commenced in full volume in 2017, whereas the proportion of the Structural Funds in the budget of the MoER has in two years decreased by 6% and dropped to 42%. Although the proportion of structural support in the total volume of financing remains very large, even a small decrease in the proportion indicates that the system is stabilising. At the same time, the volume of the University's projects funded from structural support grew by 23% from 2017 (in 2018: 2.68 million euros; in 2017: 2.07 million euros).

Financing from the new Dora+ support period actions continued in 2018. The volume of funding was more than three times larger than in 2017 when the programme was only being launched. Due to the new structure of Dora+ support, the new period no longer includes support for teaching staff (except for junior research fellows).

Tallinn University continued participating as the leading partner in a national centre of excellence (the Centre of Excellence in Estonian Studies) and the Centre of Excellence in Health Promotion and

Rehabilitation (funded through Enterprise Estonia) and as a partner in the Oil Shale Competence Centre. The Tallinn University Competence Centre for Educational Innovation has been financed via Foundation Innove from the Structural Funds measure 'Support for the professional development of teachers, heads of schools and youth workers' under the action 'Teacher training' and from the measure 'Support for the implementation of a modern learning approach' under the action 'Development of centres of excellence at Tallinn University and the University of Tartu'. In 2018, the volume of funding was a combination of funding for the initial project and for the continued project and was about 10% larger than in 2017.

Funding for the University's project under the institutional development programme ASTRA which is aimed at R&D institutions and higher education establishments was 23% larger in 2018 than in the previous year. The aim of the support is to increase the competitiveness and ability to serve the society of R&D institutions and higher education establishments in the institutions' areas of responsibility and areas of smart specialisation, as well as to increase the efficiency of the research and development and higher education system, including through the structural transformation of institutions. The structural support project 'Systemic development of entrepreneurship and business studies on all levels of education' is financed by the MoER under the measure 'Association of studies with the needs of the labour market' and some of the sub-actions of it are directly related to R&D.

The volume of other projects financed from the Structural Funds grew by 62% in 2018. Above all, these include the projects 'Development of a professional placement system in vocational and higher education, including teacher training professional placement' and 'Subject-integrating mobile outdoor studies in basic school' financed through Foundation Innove, the cluster development programme managed by Enterprise Estonia, and the project 'Migration dependence and integration challenges for the Estonian state, employers, communities and education' financed from the RITA programme.

The ERA Chair project 'Cross-border Educational Innovation thru Technology-Enhanced Research' was financed from the Mobilitas+ Horizon 2020 ERA Chair funding measure and the project 'Migration dependence and integration challenges for the Estonian state, employers, communities and education' was financed from the RITA programme.

Funding from external funds

The volume of R&D projects financed from external funds was 2,933,742 euros in 2018. External funding remained approximately on the same level as in 2017. While the volume of funding for Horizon 2020 projects somewhat decreased, funding for projects under other European Union programmes continued to grow. Above all, revenue was received from programmes like the 'Interreg Central Baltic Programme 2014–2020, Interreg Baltic Sea Region Programme 2014–2020' and two measures of the EC Erasmus+ main measure: 'Strategic partnerships in the field of education, training and youth' and 'Capacity building in the field of higher education'. In total, funding was provided to 28 research-related Erasmus+ projects (in 2017: 21) and 11 Interreg projects (in 2017: 9). Funding was also provided for Life+, JUSTICE PROGRAMME (2014–2020) projects and other projects. In total, the funding for other EU projects was 20% larger than in 2017. Among other funded international projects, participation remained the largest in the 'The Viking Phenomenon', a project financed by the University of Uppsala.

2.2.2. Overview of funding for activities aimed at study and organisation development

Domestic funding for development projects (primarily mobility and study development projects, as well as projects aimed at organisation development) remained more or less on the same level as in the previous year (in 2018: 705,000 euros; in 2017: 681,000 euros). The volume of projects financed from the Structural Funds has grown somewhat, as has the volume of state support, primarily for study development projects. The volume of domestic support received was 5% larger than in 2017. The main sources of financing

included the national programme of grants for international students, researchers and lecturers mediated by Archimedes Foundation and the programme for international academic studies of Estonian language and culture, state budget support via Archimedes Foundation for speciality scholarships in teacher training, study cooperation support under the Development Cooperation Programme of the Ministry of Foreign Affairs, support for Tallinn summer schools in Tbilisi and St. Petersburg from the EV 100 and EU Presidency international programme by the Government Office, the Tallinn Enterprise Department's non-profit activity support programme funding for implementing a four-month development programme of creative entrepreneurship business ideas, for financing the best business ideas and for holding a competition of applied R&D works at Tallinn University, and support from the MoER for organising study subject competitions. The HITSA IT Academy programme support for improving the level of studies in the ICT area and supporting the education of informatics teachers, as well as funding of scholarships by Tallinn City are also worth mentioning. Support from the Structural Funds was via Archimedes Foundation also given to higher education speciality scholarships in the growth areas of smart specialisation under the measure 'Increasing the local socioeconomic impact of the RDC system and smart specialisation'. The volume of funding for projects has grown somewhat, but the number of projects remains small.

The European Union financing for development projects mainly came from projects of the Erasmus Mundus and Erasmus Multilateral sub-programmes of the Erasmus programme, the Tempus programme projects and the Erasmus+ Key Action 1 and 2 projects which are primarily related to study development and mobility, and one Interreg Central Baltic project 'STARPABS Startup Passion in the Baltic Sea'. Humeria, a project with a very large support volume in previous years, ended in 2018 and only its final payment was received. In conclusion it can be said that the volume of development projects financed by the European Union in 2018 remained more or less on the same level as in 2017.

International funding was also received from the Nordplus programmes of the Nordic Council of Ministers for two projects aimed at the development of study-related cooperation and the support for the development of the Chinese language and culture given by the Head Office of the Global Network of Confucius Institutes (in China).

In total, projects aimed at study and organisation development were financed with 2,008,834 euros in 2018 (in 2017: 1,984,415 euros). However, it must be kept in mind that the division of projects into research-based projects and directly development focused ones is somewhat conditional, as many projects contain both research and development activities. This particularly concerns the Erasmus+ programme.

2.2.3. Overview of creative activities and funding thereof

The volume of external funding for creative activities was 54,662 euros, which was a little bit smaller than in 2017. The main support came from the Estonian Cultural Endowment and the Estonian Film Institute for the production of students' graduation films. In total, more than 700 audio-visual projects were completed in 2018, including 12 short films and 6 short documentaries. Two DVD compilations of short films were produced: 'FV16mm' and 'Finale Draft'. ETV2 showed a total of 48 new BFM student films and Tallinn TV showed a total of 22 short films made by BFM students. BFM student films were also successful at numerous festivals.

Several important awards were won in 2018. For instance, Rebeka Rummel's feature film 'Spark' won a gold medal at the 80th global non-commercial film festival UNICA, Vishal Vittal's 'Above' won the short films category at the Estonian Documentary Film Festival in Toronto, and Madli Lääne's 'Three Days in August' won the CIVIS Prize which is the most prestigious media award in Europe in the area of integration and cultural diversity.

The proportion of creative projects still remains under 1% of the University's RDC funding.

2.2.4. Overview of activities aimed at the society

In 2018, a new cooperation platform was developed: EXU (Enterprise x University[6]). EXU stands for the University's RDC services which support human-centred innovation and future-proof solutions. The creation and implementation of EXU is aimed at augmenting research and development at Tallinn University. The support and activity areas of EXU are: 1) product and service development, service design, 2) analysis of demand and market trends, 3) marketing and sales support, sales of knowledge-based services, and 4) systemic proactive and reactive establishment and management of partnerships (including ADAPTER and other contracts with enterprises, applying for large-scale projects in cooperation with enterprises). EXU has a cooperation portfolio to which new service areas are constantly added.

Development and training activities, including the development of EXU, were supported from four programmes: 1) Tallinn University TEE or Tallinn University as an advocate of smart lifestyle (Archimedes Foundation programme), 2) Edu & Tegu (Success & Action) or the 'Systemic development of entrepreneurship and business studies on all levels of education (MoER programme), 3) StartUp Passion or an international project for developing students' business ideas (Interreg programme), 4) 'ApprEnt: Refining HE Apprenticeships with Enterprises in Europe' (Erasmus + programme).

Tallinn University as a promoter of intelligent lifestyle

The main Tallinn University TEE activities which increase the University's competence to cooperate with enterprises and other organisations and expand the volume of cooperation with enterprises were as follows in 2018: developing the Open Lab (OL) concept of EXU, preparing value propositions to enterprises, processing enquiries received and concluding contracts via the ADAPTER business platform, ADAPTER and F2F seminars, organising a partner week for the representatives of organisations in October, and organising, the universities and companies' cooperation festival In the Right Place at the Right Time. The volume of commissioned work as a whole has grown, and the aim of EXU is to create long-term cooperation competence at the University as well as to generate considerable additional revenue in 5 to 10 years.

ADAPTER

ADAPTER is a business cooperation platform between Estonian research and development institutions, created by six Estonian public universities in 2016. The aim of the platform is to bring together the needs of enterprises, the competence of R&D institutions, and the possibilities of technology. It concentrates the services provided by higher education establishments as well as research and development cooperation and the possibilities of product development and continuing education. By now, 12 partners have joined the platform.

In the context of EXU, ADAPTER is a tool for operative cooperation with other universities. For enterprises, ADAPTER offers the opportunity to ask the same question simultaneously from all universities, while EXU allows them to communicate directly with Tallinn University. The ADAPTER service database contains a total of 415 services of which 46 are provided by Tallinn University (in 2017: 40). In 2018, 249 enquiries were made via ADAPTER and the University responded with 56 offers both as short replies and financial offers (in 2017: 159 enquiries, to which the University made 32 offers). Per all partners, there were 102 cooperation episodes in 2018, from free consultation to contractual

[6] For further information, see https://www.exu.tlu.ee/et

relationships, and Tallinn University provided 46 consultations and made offers in the amount of 172,710 euros of which contracts were concluded for 86,310 euros.

The Tallinn University SDT development project with OÜ Elektrimasinad (further development of a maintenance programme) was selected as a success story of cooperation between an enterprise and a researcher, and the joint project of Tallinn University SNSH and the Academy of Arts, 'Inclusion of students in the promotion of circular economy' was selected as an ADAPTER success story among all the universities (participants included Tallinn University, the Academy of Arts, the Defence Forces, the Police and Border Guard Board, the Rescue Board and the members of the Estonian Defence Industry Association: Bristol Trust OÜ, Galvi-Linda AS, Profline AS, Samelin AS, Sangar AS, SUVA Sukavabrik AS and YKK Finland).

Once a year, partners of the ADAPTER cooperation network hold a cooperation festival for universities and enterprises – In the Right Place at the Right Time. In 2018, the festival was held at Tallinn University and brought together nearly 300 participants, including 60% of potential service and cooperation partners. At the festival, Estonian universities and R&D centres presented the latest research results and development services to benefit both the business sector and the entire society to the representatives of enterprises and organisations. The main keywords in 2018 included humans, nature, creativity and machines. In total, 29 researchers made short presentations and four panel discussions were held with the participation of business leaders.[7]

F2F seminars, partner week and lectures for entrepreneurs

The Open Academy has been organising meetings with entrepreneurs and representatives of professional associations in the F2F seminar series since 2015. The series opens possibilities of cooperation with enterprises and other organisations for researchers and the meetings offer the existing and potential partners of the University a chance to hear the latest ideas of the world of science presented by researchers. In 2018, three seminars were held, including one on 11 June in cooperation with the Estonian Research Council and Archimedes Foundation. The seminar focused on the financing of applied research in smart specialisation, and the related experience of enterprises.

The short lectures of the Partner Week were aimed at those interested in continuing education and the potential cooperation partners of development projects. In 2018, five short lectures were held, which have proven very popular for the third consecutive year. The lectures are held both at the University and in enterprises.

The Open Academy lectures for enterprises are held ten times a year in cooperation with the Tallinn Enterprise Department.

In total, the short lectures of the F2F seminar series, the Partner Week and the Open Academy attracted approximately 600 participants.

Entrepreneurship and business studies programme Edu&Tegu

The 2018 planned budget of Edu&Tegu was 188,195 euros which was used in the extent of 77%. The main reason for the under-use was that the volume of training courses was considerably smaller than planned.

In 2018, eight training courses were held under the leadership of the University in the course of the Edu&Tegu programme. The courses focused on entrepreneurship and business competence and the development thereof, as well as the methodical application of basic modules of entrepreneurship studies

[7] See the presented elevator pitches at https://festival.adapter.ee/koostoofestivali-liftikoned-2018/

at different study levels. The training programmes have been developed in cooperation with the research fellows and teaching staff of other educational and research establishments. In total, 67 people took part in the training courses.

With regard to study development, Tallinn University took part in the development of level 2 and 3 basic and specialisation modules for vocational education (the School of Educational Sciences (SES) in cooperation with the University of Tartu and Innove) and in the development of digital study materials (the Open Academy of Tallinn University in cooperation with external consultants). The University research fellows also contributed to the completion of the framework document of entrepreneurship and business studies.

STARTERcreative

Tallinn University is a leading partner in the pre-incubation programme of creative sector entrepreneurship, STARTERcreative. The programme is implemented in cooperation with another four higher education establishments: the Estonian Business School, the Estonian Academy of Arts, the Estonian Academy of Music and Theatre and the Estonian Entrepreneurship University of Applied Sciences. The aim of STARTERcreative is to offer team-based entrepreneurship studies which are as practice-centred as possible and provide support in moving from a business idea to a business model. In total, 48 teams completed the STARTERcreative programme in 2018, and 22 of them under the instruction of Tallinn University (in 2017: 42 teams, 16 of which under the instruction of the University).

The mentoring event Startup Speed Dating Night held twice a year (once during a STARTER programme) under the leadership of Tallinn University in cooperation with other STARTERcreative schools and the Tallinn University of Technology was particularly successful. The aim was to bring together the support teams which have sprouted from the STARTER programme and the members of the Estonian startup community – experts, mentors and investors – in order to give input to the teams on how to better develop their ideas. The events took place in March and October 2018 and brought together nearly 200 people of whom a fourth were mentors.

For the first time, a regional STARTERcreative programme was held at the Haapsalu College: STARTERhaapsalu. STARTERhaapsalu was launched on 1 March 2018 and six teams took part in it.

In total, more than 2,000 people participated in STARTERcreative programme events (training courses, workshops, *Loomehäkk* (Creative Hack), the mentoring events, etc.).

Entrepreneurship and business studies programme StartUp Passion

The StartUp Passion training programme is organised in cooperation with Finnish and Latvian partners and is intended for everyone who wishes to develop business ideas in an international team. People could apply for the programme both individually and as a team and with an existing idea or without an idea as well. In spring 2018, a hackathon was first held in Tartu, where mentors helped participants to find suitable ideas and teams. After that, teams passed the different stages of the programme: several days of idea development training, a workshop on how to shape products and services to match the market and how to validate business models, followed by a several-day camp for developing products or services for presentation to the public. The programme culminated with a business idea competition where ten best teams from the camp got the opportunity to take part in a competition with an international jury.

In 2018, nearly 85 school and university students from Finland, Latvia and Estonia took part in the hackathon. Altogether, they had more than 20 ideas, which evolved into 13 teams by the final stage of the training programme. Fifteen teams, some from other training programmes and hackathons, took part in the business idea competition.

The programme lasted three years (2016–2018) and ended in November 2018 with a grand finale and a documentary premier.

Continuing education

The 2018 budget for continuing education was 1.8 million euros – 20% more than in 2017. The biggest contributors both in terms of participation and the budget were the School of Educational Sciences, the School of Natural Sciences and Health (SNSH) and the Baltic Film, Media, Arts and Communication School (BFM), and in open learning the School of Humanities (SH), the School of Governance, Law and Society (SGLS) and the School of Natural Sciences and Health. The School of Governance, Law and Society and the School of Digital Technologies (SDT) have achieved remarkable progress.

In 2018, a total of 12,226 people participated in continuing education at Tallinn University, which is less than in previous years (Figure 2). The University's share made up 18% of the continuing education participants of six major Estonian universities in 2018. The data based on the TÕIS information system which shows adult learners from degree studies (open learning) and participants in training courses, but does not show lectures and seminars which have an estimated 2,000 participants a year. The number of participants in continuing education presented in previous years is thereby larger. There were 1,275 continuing education courses in 2018 (27% of the total number of six major Estonian universities, data from the Estonian Network for University Continuing Education (ENUCE)).

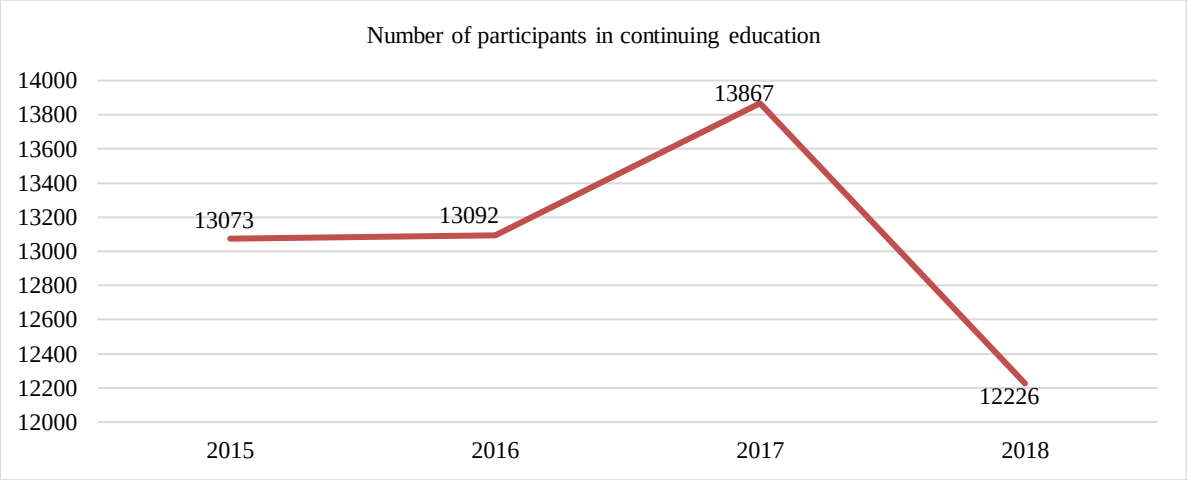

Figure 2. Number of participants in continuing education at Tallinn University in 2015–2018

Across academic units, the number of participants was the largest at the SNSH and the SES (Figure 3).

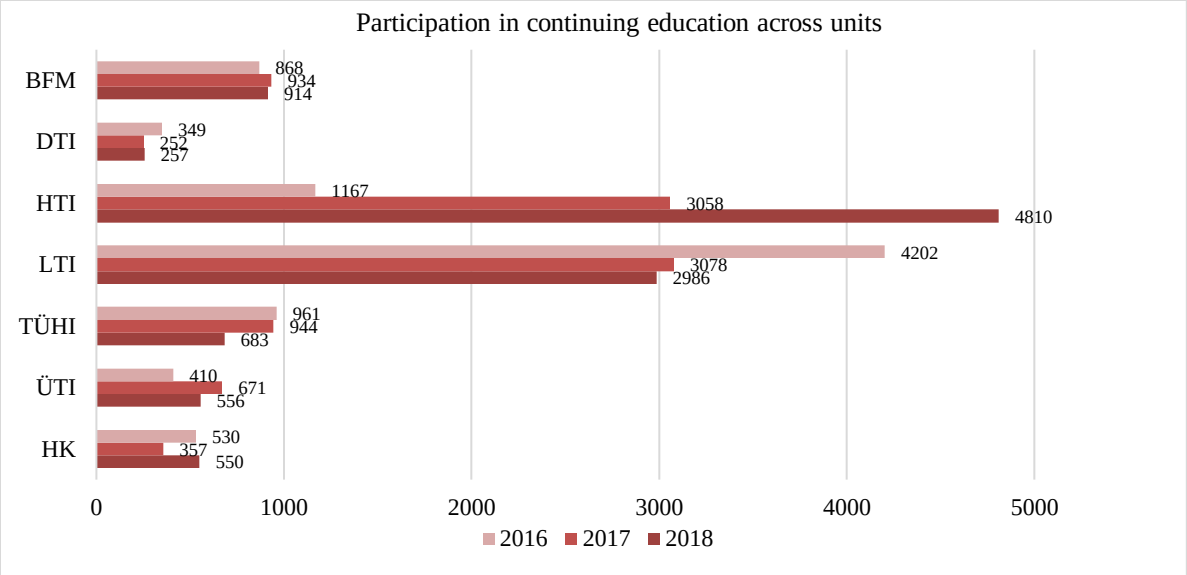

Figure 3. Participation in continuing education across units in 2015–2018

Every year, Tallinn University honours successful employees, teams and partners of the life-long learning area. This year, the recognition was announced at the festive ceremony of the Tallinn University Day on 18 March. The Training Instructor 2018 title went to the research fellow Grete Arro of the SES, dance and fitness therapy teacher Mari Mägi, and educational technology training instructor Airi Aavik of the Haapsalu College. The title of the Internal Training Instructor of the Year went to international student adviser Ingrid Hinojosa of the Academic Affairs Office, who teaches English in internal training courses. The Programme Coordinator 2018 title went to the programme coordinator Riina Stahl of the Teachers' Academy of the School of Educational Sciences. The Rector rewarded e-learning specialist Marge Kõrvits of the Open Academy with a letter of merit for long-term work and contribution in developing the University.

The 2018 training recognition went to the continuing education course 'Class teacher in the 1st school level' and the development programme aimed at the study coordinators of general and vocational education establishments, 'Management in a school that supports learning'. Three cooperation partners were recognised by awarding the title of the Training Partner of the Year 2018: MTÜ Hooling for cooperation in conducting education area training courses, Telia Eesti AS for cooperation in the area of written communication training, and the Estonian Association of Care Placement Workers for cooperation in preparing and carrying out 'From Youth to Youth' support person training.

The Open Academy also coordinates the work of the programme coordinators' network and the main topics in 2018 included interfacing the TÕIS and NAV information systems, web developments in the new web environment, the development of new study programmes (service design) and the renewal of representative printed materials. For the third consecutive year, the programme coordinators' network organised the event *Loomelabor* (Creative Lab).

Tallinn University and the Estonian Chamber of Commerce and Industry participate as partners in ApprEnt: Refining HE Apprenticeships with Enterprises in Europe, a project led by the European University Continuing Education Network (EUCEN). Tallinn University is represented by the Open Academy. The project lasts from 2017 to 2019, and in 2018 participants collected good practices used in workplace-based learning in European countries. In November, Tallinn University held a seminar on the basis of the mapped and analysed practices for professional placement supervisors, professional placement supervisor

instructors and professional placement system developers in enterprises and vocational and higher education establishments. In 2019, policy recommendations will be prepared together with partners.

Organisation of open learning

The number of open learning students in 2018 was stable compared to previous years, with the addition of those whose studies are financed under the Unemployment Insurance Fund's training card. In the programme A Year at a University, people are equally interested in the following study programmes: Estonian language and literature, China and Japan: society and culture, language editing, cultural theory, approaches to modern cities, basics of child protection, cross-media in film and television, introduction into written translation. The number of students studying in the communication management and business organisation study programmes is somewhat larger.

In the autumn semester, 20 school psychologists got the opportunity to study the degree study subject of psycho-diagnostics taught by Eve Kikas, a recipient of the 4th class Order of the White Star.

Organisation of international examinations and training courses

The main area of activity of the International Examination Centre of the Open Academy is the organisation of internationally recognised language tests and speciality-based distance learning tests. The Examination Centre is self-financing. In 2018, 669 candidates passed the IELTS test, 496 candidates passed the Cambridge Assessment English test at various levels, and 91 people passed the speciality-based distance learning test (including the international accounting test ACCA). The internationally recognised German language test TestDaF was passed by 12 people and the Spanish language test DELE by 3 people. In total, 1,271 people passed a language or speciality test at the International Examination Centre in 2018.

The competence of the International Examination Centre of the Open Academy also includes the organisation of language courses and preparatory courses for examinations. The following courses were held in 2018: B1 Cambridge English Preliminary (1 group), B2 Cambridge English First (2 groups), C1 Cambridge English Advanced (2 groups), preparation for the IELTS test (2 groups), A1 Spanish (1 group), A2.1 Spanish (1 group) and A2.1 Italian (1 group). In total, 95 people took part in these courses.

2.2.5. Overview of recognitions

In December 2018, candidates for the National Research Award were nominated. The University researchers received the 2019 National Research Award for the best research papers completed and published in the preceding four years in two areas: Professor of Demography Allan Puur, a Research Professor in the area of social sciences, and Professor of Asian Studies Rein Raud in the area of humanities.

The election of Professor of Sociology Ellu Saar of the Tallinn University School of Governance, Law and Society as a member of the Evaluation Committee of the Estonian Research Council was also an important recognition of the high level of research activities at Tallinn University. Marek Tamm also continued as a member of the Evaluation Committee – his second term as a member ends in 2019.

In 2018, the following were recognised as the best ones in the University's internal competition of the most remarkable publications, textbooks and creative projects.
The best monographs

- Ants Hein (2018). Old Wedding Traditions. Selected texts and images from the middle of the 16th century to the last quarter of the 19th century. Tallinn: Tänapäev.
- Linda Kaljundi, Tiina-Mall Kreem (2018). History in Images – Image in History: National and Supranational Past in Estonian Art. Tallinn: Kumu Art Museum.

The best general education or higher education textbook
- Kaarel Orviku (2018). Beaches and Coasts. Tallinn: Tallinn University Press.

The best creative project
- Renee Nõmmik, Tiina Ollesk, Elo Unt (2018). The Mystery of Midsummer Night's Eve.

The best humanities article
- Aivar Põldvee (2018). The Letters of Käsu Hans – Tuna. Historical culture magazine.
- Natalja Netšunajeva, Aleksei Netšunajev (2018). On the Classification of Slavic Menaia Manuscripts Dated from the 11th to 14th Centuries. – Digital Medievalist.

The best social sciences article
- Kersti Kriisk. Distribution of Local Social Services and Territorial Justice: the Case of Estonia. – Journal of Social Policy.

The best natural sciences article
- Mihkel Saluri, Margit Kaldmäe, Rando Tuvikene. Extraction and quantification of phycobiliproteins from the red alga Furcellaria lumbricalis – Algal Research.

The best exact sciences article
- Mart Abel. About the density property in the space of continuous maps vanishing at infinity. – Proceedings of the Estonian Academy of Sciences. Physics. Mathematics.

2.3. Overview of the impact of the external environment factors

2.3.1. Research funding in Estonia

A study published by Universities Estonia in 2017 has shown that the contribution of Estonian universities into the country's economy is remarkable – 6.4% of the gross domestic product (GDP). Every euro invested in Estonian universities gives 4.6 euros back to national economy. This is unfortunately not reflected in state support: the falling trend in financing research and development activities has continued in recent years. In 2016, public sector R&C expenditure dropped to the remarkable 0.59% of the GDP and in 2017 it formed 0.66% of the GDP. According to Statistics Estonia, the proportion of R&D in the total government sector expenditure was 2.11% in 2013, 1.87% in 2014, 1.72% in 2015, 1.19% in 2016 and 1.32% in 2017. Official data for 2018 were not yet available by the time of preparation of the report.

An increase in baseline funding both in 2017 and 2018 has not been able to compensate the decrease in state funding caused by the change of Structural Funds financing periods (the amounts allocated for research and development via the state also includes support from the European Union). According to Statistics Estonia, 304.3 million euros were spent on research and development in Estonia in 2017, which was 13% more than the year before. In 2017, the state financed research and development expenditure in the extent of 122 million euros, or 40%. Research and development funding made up 1.32% of the total government sector expenditure. The proportion of foreign financing sources in research and development funding was 15% in 2017.

A little bit more than a half of the total R&D expenditure was allocated for experimental and development work in 2017. Basic research made up 28% and applied research 21% of the total expenditure.

In international comparison, it is important to monitor the R&D intensity index, which is the ratio of R&D expenditure of the GDP. In 2017, Estonia's R&D intensity index was 1.29. Estonia's R&D intensity index did not significantly improve despite an increase in the total R&D expenditure, because the GDP is also rising.

Some hope to see the financing situation improve can be derived from the joint agreement on the future objectives of research funding, signed by all the parliamentary parties (excluding the Estonian Conservative National Party or EKRE) on 19 December 2018. According to the agreement, research funding will be

increased to 1% of the GDP in the coming three years, which means another 30 to 40 million euros a year. The parties to the agreement also promised to maintain the same proportion of funding after the three years.

The biggest bottleneck in the development of Estonian research is the continually large proportion of project-based funding and foreign financing sources (Structural Funds, Horizon 2020 etc.) in research funding, particularly in public sector R&D. At the same time, it should be noted that the preferential growth of baseline funding has been as planned and in accordance with the research funding and baseline funding concept developed in 2016. One of the objectives of the concept has been the transition to research funding and institutional activity support for research. Another objective is to make the financing system more stable, i.e. to increase the proportion of permanent funding of R&D institutions and to balance the ratio of competition-based research funding and research institutions' activity support by 2020. In 2018, the ratio of competition-based and stable funding was 60:40.

In 2018, the renewal process of the Estonian Research Infrastructures Roadmap started and several new infrastructures were added to the existing list. The final list was approved by Order No. 43 of the Government of the Republic of 14 February 2019. Through the Estonian Family and Fertility Survey 2020 (GGS2020-EE), Tallinn University also participates in the ESFRI programme for international research infrastructures. The University also participates in the activities of a roadmap object – the European Social Survey (ESS) which is both an international social survey and a social sciences infrastructure, as well as in the activities of the Infotechnological Mobility Observatory (IMO).

2.3.2. Baseline funding of research

The volume of baseline funding of research has grown since 2014 and more than tripled in that time (8.4 million euros in 2014 and 26.9 million euros in 2018). In 2018, the total volume of state baseline funding grew by a little over 10 million euros compared to 2017, i.e. by 37%. The total baseline funding allocation amounted to 26,904,190 euros.

The share of Tallinn University of the total volume of baseline funding remained on the same level as in 2017 (7.24%), but the amount as a whole grew by 38% (1.947 million euros in 2018 and 1.215 million euros in 2017). The University's share of the national sciences allocation dropped somewhat, while the proportion of the criteria-based allocation grew. Figure 4 presents a summary of changes in the baseline funding of Tallinn University in 2014–2018.

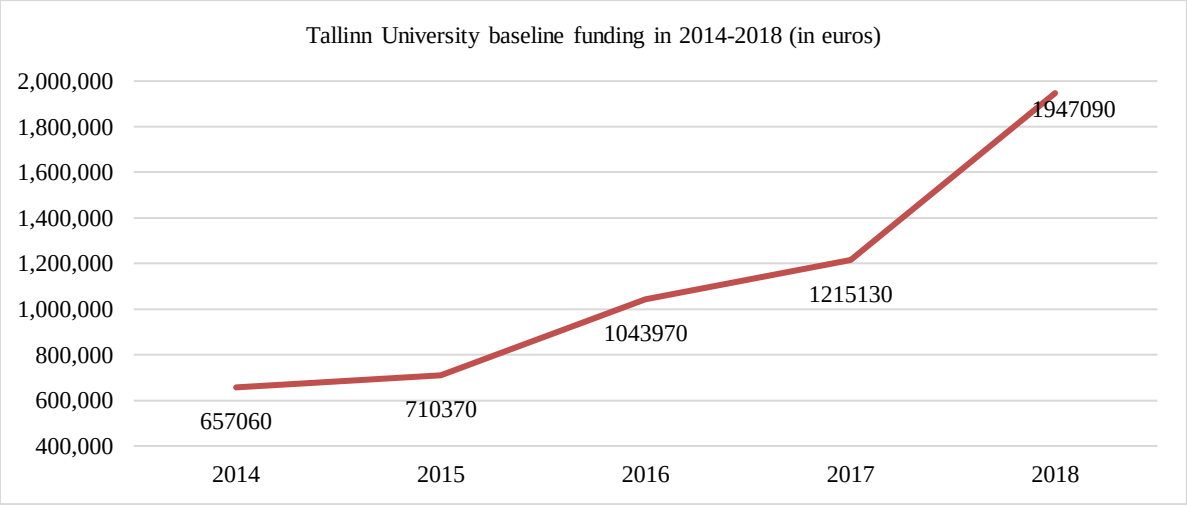

Figure 4. Tallinn University baseline funding in 2014–2018 (in euros)

2.3.3. Institutional and personal research funding

As institutional research funding as a financing instrument will end in its current form in 2020 (no new funding has been provided since 2016), the volume of institutional research funding remained the same in 2018 as in two preceding years, while its proportion in total research funding increased and the proportion of personal research funding increased. In 2018, the University was running 12 personal research funding projects (one of these ended) and eight institutional research funding themes of which two ended (H. Palangu IUT3-2 and A. Toomela IUT3-3). Another four institutional research themes will end in 2019 and two in 2020.

The personal research funding post-doctoral grant, which was opened in 2016, continued and ended in 2018. In 2017, one Mobilitas+ post-doctoral grant, two returning researcher grants and one top researcher grant continued and another three Mobilitas+ post-doctoral grants were added to these in 2018. Compared to 2017, funding grew more than twice.

The total volume of personal and institutional research funding and the substitutive researcher career grants has grown from year to year at the University. In 2018, the volume increased by about 11% from the previous year (1.603 million euros in 2017 and 1.794 million euros in 2018). The monetary volume of the round was still very small, as the cyclical nature of the funding remains a problem.

The 2018 application round for personal research funding used the new personal research funding grant types established in 2017: post-doctoral, startup and group grants. The Estonian Research Council received a total of 366 applications of which 43 were for post-doctoral grants, 93 for startup grants and 230 for group grants. The total volume of the received applications was approximately 45 million euros. The total volume of funding for projects that received a positive funding decision in 2018 (to be launched in 2019) was about 8.7 million euros.

Table 5 presents the research funding statistics for the 2018 application round. It is worth noting that competition in social sciences and arts and humanities is extremely tight compared to some other research areas, particularly in the case of group grants (success rate 14.8% and 13%, respectively).

Table 5. Statistics for the 2018 research funding application round

	Number of applications / number of grants issued			
	Personal post-doctoral research grant	Startup grant	Group grant	Total
Natural sciences	20 / 6	38/13	88/18	146/37
Engineering and technology	7/1	19/3	34/4	60/8
Medical and health sciences	5/3	14/1	28/6	47/13
Agricultural and veterinary sciences	2/1	6/1	15/	23/3
Social sciences	3/1	12/2	27/4	42/7
Arts and humanities	6/2	4/1	38/5	48/8
Total	43/14	93/24	230/38	366/76

In the 2018 application round, the University researchers submitted a total of 17 applications (2 post-doctoral grant, 6 startup grant and 9 group grant applications). Of these, funding was given to two group grants (theme leaders H. Palang and I. Pilshchikov) and one startup grant (theme leader K. Toros). The

number of applications could be considerably larger, considering the number of researchers and the great research potential at the University.

2.3.4. EU FP7 for Research and Innovation and Horizon 2020

The volume of funding from the Horizon 2020 measure decreased somewhat in 2018, partly due to the fact that there were no more final payments to FP7 projects, which boosted the volume in the previous year. The account of a completed FP7 project was also adjusted, which reduced the overall 2018 amount a little.

In 2018, the Horizon 2020 programme financed 11 projects and one ERA-Net COFASP project, (in three of these, Tallinn University is the coordinator (including a COST project)), one ERA Chair, one Twinning project and one ERC grant. Three of these were launched in 2018. It is worth noting the European Research Council (ERC) grant to Liisi Keedus, 'Between the Times: Embattled Temporalities and Political Imagination in Interwar Europe', the total financial volume of which is 1,425,000 euros.

With the University's participation, 37 applications were submitted to Horizon 2020 in 2018 (in 2017: 52), of which four received funding (in 2017: 3), two were entered in the reserve list and two are still being negotiated. Funding was given to the following projects: 'The European Landscape Learning Initiative: Past and Future Environments and Energy Regimes Shaping Policy Tools', project leader S. Sugita, 'Platform Labour in Urban Spaces: Fairness, Welfare, Development', project leader T. Roosalu, 'Technological Inequality – Understanding the Relation between Recent Technological Innovations and Social Inequalities', project leader E. Saar, and 'Quality and Effectiveness in Science and Technology Communication', project leader A. Olesk. In addition, the programme also finances the activities of the European Migration Network contact point for Estonia.

2.4. Opinion of the Vice-Rector for Academic Affairs on the development of the area

In general, the positive trends from previous years continued: participation and success in applying for competition-based R&D funding increased, the volume of funding for international and interdisciplinary research projects grew and RDC activities aimed at the society gained momentum. Large-scale work also continued on the development of the career model for academic employees, on the basis of which the new Employment Relations Rules were approved by the Senate in April 2019.

While lauding the growth of the volume of baseline funding for research, which allows the University to implement new measures to support R&D activities, Tallinn University is still in a situation where success in applying for competition-based funding is the key to the development of the RDC area. Of the projects launched in 2018, I would particularly like to highlight the University's second ERA Chair project 'Cultural Data Analytics' and the European Research Council grant 'Between the Times: Embattled Temporalities and Political Imagination in Interwar Europe'. The ERA chair was launched in cooperation between the BFM, the SH and the SDT and the project is until the election of the holder of the chair led by Professor of Media Innovation Indrek Ibrus of the BFM. Liisi Keedus, Professor of Political Philosophy of the SH is the holder of the ERC grant.

If we take the share of baseline funding for research as a backdrop (the University's share in 2018 was about 9% of the total volume of baseline funding of universities), Tallinn University's success in applying for funding from the Horizon 2020 measure is greater than that of other Estonian universities: as at 2018, approximately 15% of the Horizon 2020 funding allocated to Estonian Universities.

Considering the under-funding of the national grant system (personal research funding) and the continued tight competition in the University's key areas where the success rate is about 15%, the receipt of three grants can be seen as a significant accomplishment. Tallinn University researchers are the leaders of two of

the five group grants funded in the area of humanities: professor of Human Geography Hannes Palang and research track associate professor Igor Pilshchikov. Of the two startup grants allocated in social sciences, one is led by Professor of Social Work Karmen Toros of the SGLS.

On the basis of the 2017 report, the University Senate also placed high value on the relevant trends, stating that "both the capability and motivation of the units to find new income possibilities besides the national activity support have increased". However, these positive efforts also have a downside. The increased activity in applying for funding and carrying out projects has caused a decline in the publication activity of researchers, although in the Senate's assessment "the number of research publications per academic employee is still rather large".

The Senate has voiced an expectation that Tallinn University should more systematically plan and optimise the submission of applications and support the improvement of the quality of applications. Several steps were taken to achieve that in 2018, such as the allocation of additional resources for strengthening the projects unit at the Research Administration Office, a decision on the central payment of the salary of research coordinators in the volume of 0.5 in order to ensure expert support services in all academic units (in connection with the ending of the ASTRA project funding), an internal audit of projects, the initiation of the renewal of the Projects Procedure, etc. This is a very important area of work where not all the plans have yet been fully realised and there is a lot of room for development.

The University's R&D Strategy was prepared in 2018, establishing objectives for the coming three years. The Statutes of the Tallinn University Research Fund were updated on the basis of the Strategy. Other important benchmarks in 2018 were the aforementioned implementation of the career model for academic employees and the development of the support system for research projects. New priority activities worth noting include a measure to support research groups that have successfully obtained competition-based funding, the payment of a part of the salary of researchers working with project-based funding from the University's stable finances, and ensuring income for doctoral students in full-time study mode at least in the extent of the Estonian average net salary (implemented as of 2019).

Besides the volume and quality of research, the social impact of research and the increased contribution of researchers are of increasing importance. Our researchers' greater activity in RDC activities aimed at the society, i.e. in providing knowledge-based services and carrying out professional projects is reflected in the increased volume of commission R&D activities which has also been established as an indicator in the R&D Strategy (2018: 1,760,371 euros; 2017: 1,437,098 euros). This trend is successfully supported by the Open Academy through several initiatives described above, such as the F2F seminar series for researchers, the cooperation festival for universities and enterprises 'In the Right Place at the Right Time', the partner week for potential cooperation partners, and the implementation of the business cooperation platform ADAPTER. Cooperation platform EXU, developed in 2018, adds new momentum to cooperation with partners from different sectors and areas of life. This brand signifies the University's RDC services which support human-centred innovation and future-proof solutions. We can probably provide hard evidence of the success of EXU in writing the 2019 report, but it is already clear that the process of developing the brand on the one side and its public presentation on the other side have created a significantly clearer understanding and message of our goals and attracted the attention of new partners, providing inspiration to find new cooperation possibilities.

III Studies

3.1. Objectives of the University and the achievement thereof in studies

In order to support the strategic objectives established in the Tallinn University Development Plan 2015–2020, carrying principles of activity have been defined. Those principles also form a basis for the sub-objectives of processes related to studies (Table 6).

Table 6. The University's principles of activity as study-related sub-objectives, and the expected results

Principle of activity	**The University is interdisciplinary in its activities**	**The University is international**	**The University demands excellence and sustainability**
Sub-objectives	The development of general competences and practical skills in the study process	Studies in English are a natural part of the study process	Study programmes based on the needs of the society, the labour market and the learners
Expected result	- increased number of study programmes that integrate courses from two or more specialities; - improved satisfaction of graduates with the general competences obtained; - increased number of theses jointly defended by students of different study programmes.	- increased proportion of English study programmes; - improved satisfaction of students with the quality of studies in English; - increased proportion of students who have participated in studies abroad; - increased proportion of international students; - increased number of international doctoral students.	- increased proportion of over 25-year-old students on the Bachelor and Master's study levels; - increased proportion of graduates compared to admissions.

The achievement of the University's objectives can be assessed on the basis of the implemented activities and key indicators. The methods for calculating the key indicators were established and the initial level was registered in 2015. Table 7 shows the initial level in 2015 and the level of the key indicators in 2016, 2017 and 2018.

Table 7. Key indicators in studies in 2015–2018

	Key indicator	**2015**	**2016**	**2017**	**2018**
Inter-disciplinary approach,	number of study programmes that integrate courses from two or more specialities	23	26	18	21
	improved satisfaction of graduates with the general competences obtained[8]	3.59	3.68	4.33	4.09
Inter-nationalisation	proportion of English study programmes	21.4%	25.6%	26.5%	30.8%
	students' satisfaction with the quality of studies in English	4.23	-	4.24[9]	4.21
	proportion of students who	1.9%	1.7%	2.3%	2.8%

[8] The graduates' satisfaction with the general competences obtained is measured on a scale of five.
[9] Due to changes in methods, the satisfaction surveys cannot be directly compared to earlier ones as of 2016.

	have participated in studies abroad				
	proportion of international students	7.3%	8.7%	9.2%	10.85%
	number of international post-doctoral students	4	1	2	6
Demand for excellence and sustainability	proportion of over 25-year-old students in Bachelor and Master's studies	51.8%	53.2%	55.2%	56.2%
	proportion of graduates compared to admissions	42.6%	47.2%	47.8%	52.2%

3.2. Overview of studies

Admission

In autumn 2018, 2,358 new students started their studies at Tallinn University. Of these, 1,336 started Bachelor's studies and professional higher education studies, 967 Master's studies and 55 doctoral studies. Compared to 2017, the number of students admitted to level 1 study programmes decreased by 5%, while the number of students admitted to level 2 study programmes increased by 6.6% and the number of students admitted to level 3 study programmes increased by 25% (Figure 5).

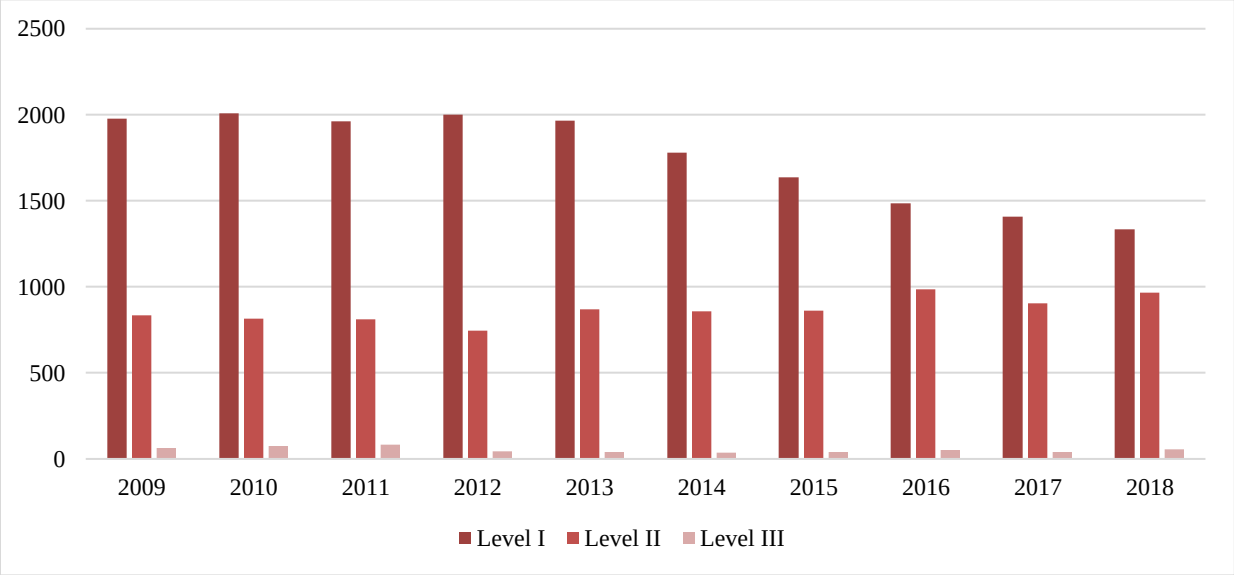

Figure 5. Admissions to Tallinn University in 2009–2018

The decrease in the admission to level 1 studies at Tallinn University in 2018 is primarily related to a reduction of the number of study places. Considering the University's teaching capability, the number of study places was reduced also on levels 2 and 3 for the 2018 admissions: 1,676 study places were announced in 2018 and 1,825 in 2017. Changes were also made in admission requirements, which may have an effect of admission numbers. For instance:

- the Estonian language state examination requirement in level 1 study programmes at the SES (excluding class teacher and pedagogy) was waived, as the admission examinations include an e-dictation;
- the requirement for B2 level English language skills was added to the admission requirements for level 1 study programmes of politics and governance studies and Estonian language based law;
- the content and organisation of admission examinations of foreign language based study programmes were adjusted.

Study programmes and students

The University had 120 study programmes open for admission in 2018 (121 in 2017, 117 in 2016 and 131 in 2015). On level 1, the consolidated study programme of Advertising and Public Relations (previously the study programmes of Advertising and Imagology, and Public Relations) was opened for admission and the study programme of Cinematography was re-opened (admission every other year). On level 2, admission to the study programmes of Documentary Film (new name), Interpretation, Youth Work Organisation, Informatics Teacher, School Information Manager and Digital Library Administration was re-opened.

New study programmes included Open Society Technologies, Education Innovation Management, Social Entrepreneurship and Human Rights in Digital Society. The Politics and Governance Studies and the Administrative Management study programmes were consolidated and the study programme of Politics and Governance Studies was opened. On level 3, a new study programme was opened – Media Studies and Audiovisual Arts. Due to the late opening of two study programmes there were not enough candidates passing the threshold and no studies thus commenced under these study programmes (Open Society Technologies and Human Rights in Digital Society).

The number of students continues to decrease: in 2018, the University had 7,130 students, while the number was 7,250 in 2017 and 8,141 in 2016. Similarly to previous years, the decrease has been the greatest in level 1 of higher education (Figure 6).

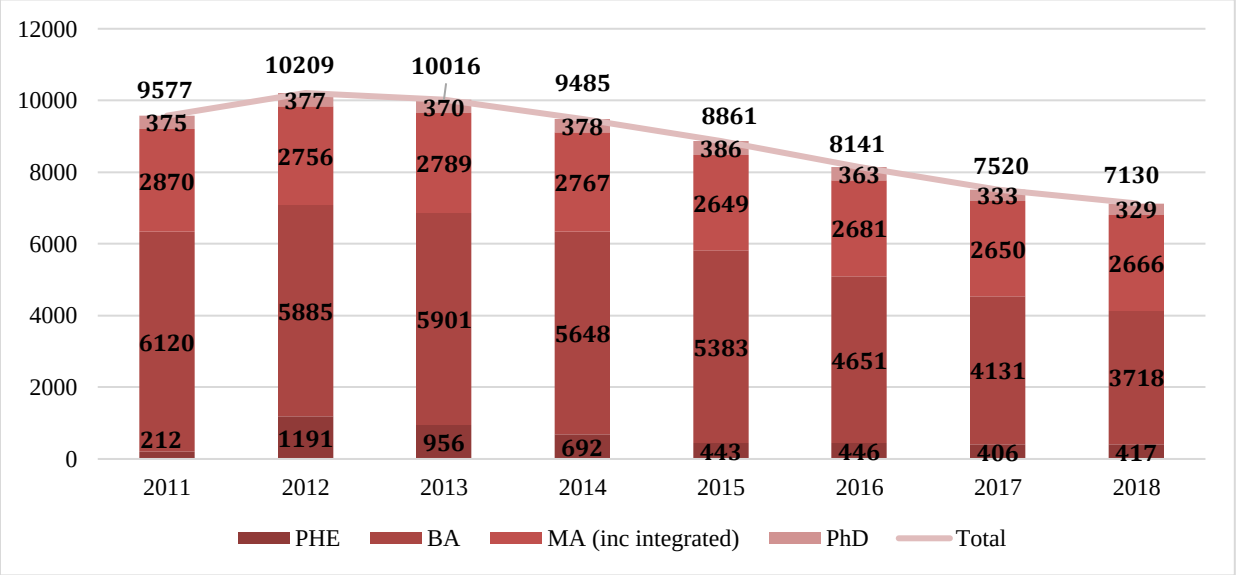

Figure 6. The number of students at Tallinn University by higher education levels in 2011–2018

The decrease in the number of students has since 2011 been a national trend which has slowed down in the past two years: according to national statistics, Estonia had 47,793 students in 2016, 46,154 students in 2017 and 45,815 students in 2018. Over the years, the proportion of younger (up to 24-year-old) students

of all the students has decreased (e.g. in 2008 they formed 64% of all the students and in 2018 their share was 51%). It can be said that compared to other major public universities, the number of students has decreased similarly to Tallinn University also at the Estonian University of Life Sciences and TalTech and the decrease in both universities is greater than at Tallinn University. The number of students has grown a little at the University of Tartu. The decrease in the number of students at Tallinn University is above all due to a decrease in the number of admissions.

International exchange students and Tallinn University students who have participated in studies abroad

Internationality is one of the University's principles of activity and therefore the indicators of international exchange students, international students and Tallinn University students who have participated in studies abroad is a basis for assessing the achievement of the University's strategic study objectives.

The proportion of international students in degree studies continues in a positive growth trend, forming 11% (in 2017: 9.2%; in 2016: 8.7%), and the proportion of students who have participated in studies abroad as well as the number of international exchange students have also grown a little (Table 8).

Table 8. The number of Tallinn University students who have participated in studies abroad, the students in degree studies and the international exchange students in 2010–2018

		2010	2011	2012	2013	2014	2015	2016	2017	2018
Proportion of TU students who have participated in studies abroad (%)	**Total**	**2.23**	**2.5**	**1.96**	**2.0**	**2.5**	**1.94**	**1.70**	**2.31**	**2.8**
	PHE				0.63	1.59	-	0.90	1.23	1.0
	BA	2.3	2.5	1.97	2.27	2.43	1.84	1.78	2.18	2.8
	MA	1.6	1.9	1.31	1.83	1.84	2.11	1.53	2.23	2.8
	PhD	6.7	6.7	1.86	0.81	8.99	4.4	2.75	6.01	5.5
Proportion of international students in degree studies (%)	**Total**	**1.78**	**2.2**	**2.6**	**3.8**	**5.5**	**7.29**	**8.67**	**9.15**	**11.0**
	PHE			0.42	0.73	0.43	0.23	1.12	0.25	0.2
	BA	0.8	1.2	2.79	4.2	6.14	7.78	9.22	9.59	10.7
	MA	3.8	2.3	2.1	3.55	4.73	6.72	8.36	9.25	13.4
	PhD	6.6	7.7	6.6	8.1	10.8	12.4	13.2	13.8	17.3
Total number of international exchange students			**207**	**302**	**318**	**307**	**366**	**357**	**354**	**391**

Graduation

In 2018, 1,557 students, including 24 doctoral students, graduated from Tallinn University. Compared to previous years, the overall number of graduates has decreased – although the number of graduates on the professional higher education (PHE) study level has somewhat increased, the number of graduates has decreased on the BA, MA ja PhD study levels (Table 9).

Table 9. Number of graduates by study levels in 2015–2018

Number of graduates	2015	2016	2017	2018
Total	1,910	1,884	1,802	1,557
PHE	305	99	79	98
BA	917	1143	1090	835
MA	668	622	608	600
PhD	20	20	25	24

Compared to previous years, graduation efficiency[10] has grown a little on all study levels apart from MA: in 2018, the overall graduation efficiency was 52% (2017: 48%), the PHE graduation efficiency was 56%, the BA efficiency 53%, the MA efficiency 52% and the doctoral graduation efficiency 20% (Figure 7).

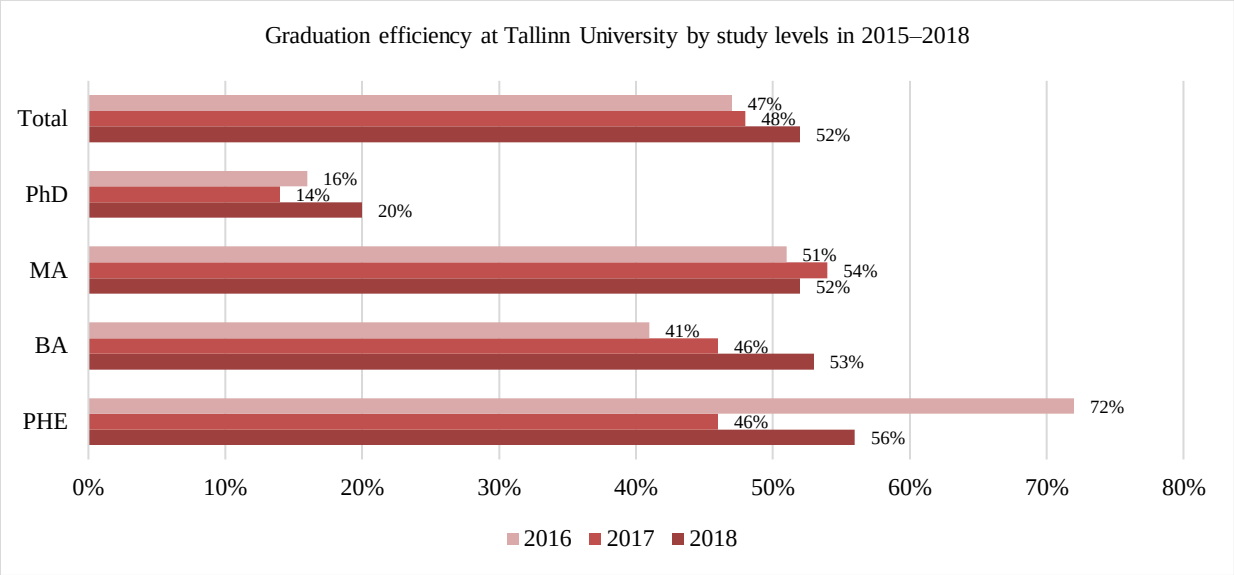

Figure 7. Graduation efficiency at Tallinn University by study levels in 2015–2018

By Schools, the graduation efficiency is generally in a positive growth trend compared to previous years, with a small decline only at the SDT and the SES (Figure 8).

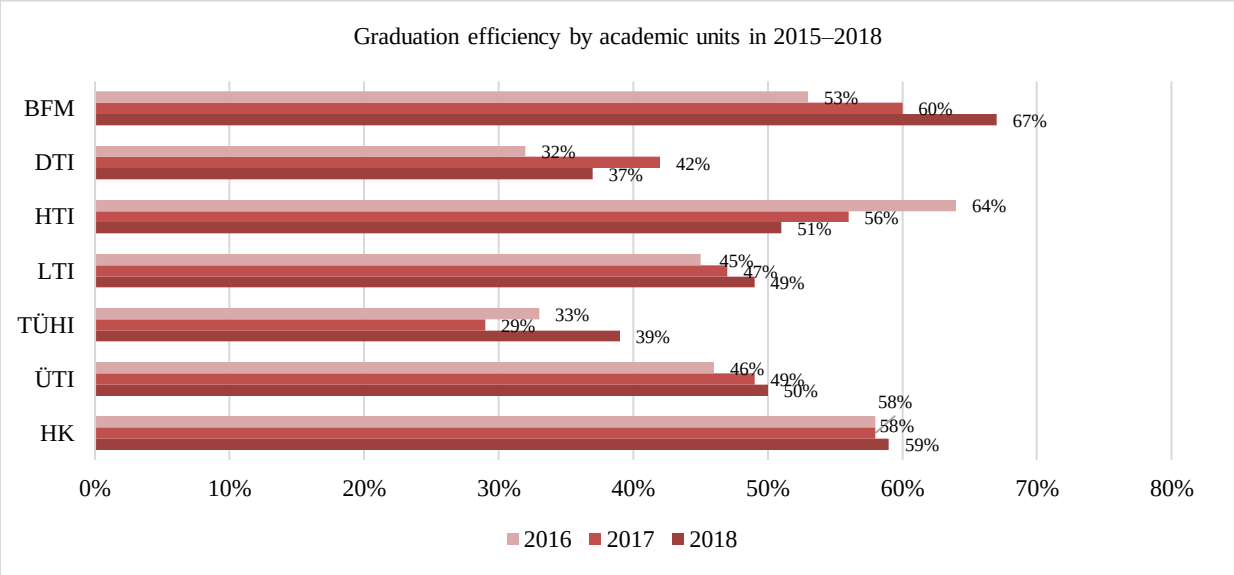

Figure 8. Graduation efficiency by academic units in 2015–2018

[10] The proportion (%) of graduates of the number of students admitted nominal duration +1 year (+2 in doctoral and integrated studies) ago as at 1 November.

3.2.1. Overview of study programme development

The Tallinn University Statute of Study Programme (hereinafter the SSP) regulates the structure and the conditions of opening, altering, developing and closing of the study programmes of degree studies. No amendments concerning the structure of study programmes were approved in 2018. A new term was introduced: 'extracurricular courses', which includes all the degree study courses that are not included in any degree study programmes. Activities related to the internal assessment of study programmes were also updated: the annual internal assessment of study programmes will also analyse the topic of copyright and plagiarism, the writing of research texts, and the existence of courses that cover referencing.

In 2018, Tallinn University passed the quality assessment of several study programme groups, which is an important input in the development of study programmes (Table 10).

Table 10. Study programme groups in the 2018 quality assessment

Study programme group	Next assessment	Term for fulfilling secondary conditions
Informatics (level 3)	In 7 years	
Bio- and environmental sciences (level 3)	In 3 years	
Humanities (level 3)	In 7 years	
Languages and cultures (level 3)	In 7 years	
Physical natural sciences (level 3)	In 3 years	
Social services (level 3)	In 7 years	
Psychology (level 3)	In 7 years	
Social sciences (level 3)	In 7 years	
Personal service (levels 1 and 2)	In 7 years	26 February 2021

In addition to the assessments conducted, the assessment committee decided to consider the secondary condition of levels 1 and 2 of social sciences fulfilled and the next assessment will take place in seven years (in 2023).

3.2.2. Overview of ELU (innovation integrating specialities)

ELU is a novel course in which students of different specialities in cooperation with supervisors prepare a project on a topic of interest to them, independently choosing the appropriate methods for realising their ideas.

In the calendar year of 2018, 87 ELU projects were carried out, with students acting as project supervisors in 13 of these. ELU projects were supervised by 109 University employees of whom 93 were academic and 16 non-academic employees. In total, 1,382 students completed the ELU course, and 21 of these were students from other higher education establishments (the University of Tartu, the Estonian Academy of Arts, the Estonian University of Life Sciences, the Tartu Art College, the Estonian Entrepreneurship University of Applied Sciences). The projects included cooperation with several other enterprises and organisations, such as the Alutaguse Rural Municipality Council, the City of Narva, the Museum of Photography, the Road Administration, the Haabersti Club House, Trad Attack, the University of Tampere, and the National Institute for Health Development.

As of 2018, students can after the completion of the mandatory ELU course additionally complete the ELU supervision course which gives students the prerequisites for supervising ELU projects. The ELU project supervision course support the sustainability of projects through an in-depth knowledge of the topic and associations in real-life context.

Some examples of the 2018 projects:

- ‘Educational Videos on Traffic Safety’, which focused on increasing the traffic safety awareness of the 1st school level and supported preventative activities with purposeful learning materials. In the course of the project, four educational videos were made which depicted children. The educational videos were presented at kindergartens and schools and are also disseminated via the information channels of the Viimsi rural municipality and the PBGB. The videos will reach kindergartens and schools with the help of the Road Administration.
- ‘Buzzing City’ – the project was aimed at promoting urban beekeeping and the importance of bees. As a result of the project, two beehives were opened on the roof of the University’s Astra building and a thematic day was held at Tallinn University. Topical posters were also made and placed in public places in Tallinn, in order to increase the awareness of the citizens of urban beekeeping.
- ‘Word Friend’ – the project was aimed at giving children with speech problems possibilities for independent communication as well as to increase the awareness of parents and specialists of AAC or augmentative and alternative communication. As a project output, an easily usable and free of charge communication application in Estonian with EKI speech synthesis and standardised symbols was developed. This allows people with communication difficulties to communicate more easily and to be more independent (mina.sonasober.ee).
- ‘Dignified Ageing – Just a Dream or an Actually Achievable Goal’ – the project explored how people of different age groups understand dignified ageing and mapped the current situation by analysing theoretical and legal aspects. In the course of the project, an article was prepared and published in the Social Work journal as well as sent to the Ministry of Social Affairs for review.

Every month, self-improvement seminars are held for the ELU supervisors and the University teaching staff. The seminars are held in the form of KesKustELU workshops where a visiting lecturer discusses and engages participants to discuss on topics which support the conduct of project and problem studies. The tradition of international studies was also continued and visits were made to the universities of Uppsala and Copenhagen.

3.2.3. Overview of study process development

Feedback system for degree students

In 2017, a new feedback system was introduced in the study information system ÕIS. The feedback system underwent extensive changes in 2018 both in terms of the functioning of the system and the content of the questions. Work is still going on to find the best solution for presenting questions so that it would be possible to achieve a reliable result in as short a time as possible. In different stages of data gathering, the rather small differences between the respondents’ opinions still pose an issue, as that can indicate a poor reliability of the results or mean that certain aspects do no need further attention at the given time. Another goal in addition to system development in 2019 is also to focus on results-related notification activities in order to increase the value of the system for different parties. The Academic Affairs Office will prepare a summary of the feedback results so far and of possible improvement proposals during the 2019 spring semester.

A brief overview of the results of feedback based on the courses of the 2017/2018 academic year by topics:

The activities of teaching staff in shaping the learning environment
In general, a little more than 75% of learners were rather satisfied or very satisfied with the learning experience. Among level 1 learners 60% and among level 2 learners 70% and among doctoral students 75% were very satisfied. The topics with which up to 7% of the learners were not at all satisfied or rather not satisfied included the teaching staff’s cooperation with learners to ensure a better organisation of courses and to map the prior knowledge of the learners in the topic being taught on level 1. Satisfaction was higher with regard to the valuation of the topics by teachers, which inspires learners to make an effort, and the respectful attitude towards the students.

Systemic nature and integrity of courses
More than a half of level 1 respondents were very satisfied or rather satisfied with the organisational side of courses, while among level 2 learners 75% and among doctoral students 88% were very satisfied or rather satisfied. The matters with which level 1 learners were more dissatisfied included the correspondence of the work done with the credit points received, the suitability of study methods for handling topics, and the suitability of discussions used in studies to provide a better understanding of topics. Satisfaction was higher with regard to the correspondence of the content of courses to the established learning objectives. On level 2, satisfaction was lower with regard to the suitability of study methods in handling topics and the clear presentation of the prerequisites to completing a course, while satisfaction was higher with the correspondence of the content of courses to established learning objectives and the appropriate sequence of topics. On the doctoral level, the respondents were rather satisfied or satisfied with all the topics. Similarly to other study levels, satisfaction was lower with regard to the choice of study methods. Satisfaction was higher with regard to the time of the courses and the correspondence of the content of courses to the promised objectives.

Learners in the learning environment
Learners were also asked to assess their interest in the topics related to the courses and their effort experience in completing the topics. In general, the respondents rated their interest and capability to complete topics as well as their effort experience positively (average results in the range of 4.3 to 4.8). Still, in up to 10% of the responses, students have given lower ratings to their interest in the course topics and their capability to complete topics, as well as their effort experience.

Supervision
In spring 2018, 476 students responded to the supervision questionnaire (44% of these were Master's students). By that time, 62% of the respondents had already submitted their thesis for defence. The students were asked to rate claims related to the experience of working on their thesis. There were no differences between the study levels, but there were differences between the ratings of those who had submitted their thesis for defence and those who had not yet done so. An analysis showed that those who had submitted their thesis gave higher ratings to their efforts, keeping to agreements, support from the supervisor, interest in the thesis topic, and the feeling that they would complete the thesis. In the case of the latter, the rating is quite logical, considering the stage of work. The results may indicate which factors are important in reaching graduation, but may also reflect the students' current progress with the thesis. Thus, students who have only just started to write their thesis probably feel quite differently than the students who have already completed it.

Prevention of plagiarism

In the 2017 spring semester, the Vice-Rector for Academic Affairs formed a workgroup for 2017–2019 for discussing the issues of plagiarism. Among other things, the workgroup reviewed the legal acts related to the organisation of studies and made a proposal to supplement the Study Regulations with provisions to prevent plagiarism:

1. A positive programme was formulated for the defining and processing of plagiarism – an expectation that the parties in study and research work act on the basis of the values formulated in good research practices;
2. A clearer definition was established for plagiarism, including self-plagiarism;
3. A subsection was added, obligating academic units to establish the referencing and presentation requirements for students' papers, which also establishes the levels of severity of plagiarism.

In determining the definition of plagiarism in the formulation of the amendment proposals, the plagiarism workgroup relied on the Code of Ethics of European researchers. On the basis of the workgroup's recommendations, plagiarism should be divided into two levels of severity: unintentional plagiarism and

intentional plagiarism. Plagiarism is to be handled depending on which papers it is discovered in (current papers or papers that influence the examination/assessment grade, or the final thesis of a study level). In the case of plagiarism, which constitutes disregard towards academic practices, the plagiarism detection and decision-making procedure (warning procedure or the procedure for the deletion from the matriculation register) will be launched in accordance with the provisions of the Study Regulations. In the 2018 spring semester, the plagiarism detection system URKUND was also introduced.

Changes in the organisation of studies

The underlying document which regulates the organisation of studies – the Study Regulations – was amended three times in 2018. The most significant changes with regard to the organisation of studies were as follows:

- Amendment of the procedure for the compensation of study costs: from now on, students who study under a foreign language-based study programme and transfer to study abroad, are required to compensate 50% of the semester fee for the same period, while the remaining 50% has to be paid if the student fails to complete the study programme within the nominal duration. The procedure for compensating study costs in connection with the deletion from the matriculation register was also amended for students who study under an Estonian language-based study programme: previously, the University required the compensation of study costs, if the deletion from the matriculation register took place after the end of the contact studies of the semester, but pursuant to a prescript from the MoER students are now required to compensate study costs upon the deletion from the matriculation register requested as of the beginning of a new semester;
- The definitions of study forms were changed: the former regular and distance learning were harmonised with other Estonian universities and changed to regular and block mode studies, respectively;
- As of the 2019/2020 academic year, the structure of the academic calendar is changed, the duration of the right to take an exam/assessment is shortened and the assessment terms are changed. Students previously had the right to take an exam/assessment until the end of the interim week of the subsequent semester, but this arrangement caused dissatisfaction among both students and teaching staff and the duration of the right in question was therefore shortened to the end of one semester. In connection with that, the exam session was extended by one week in order to allow students to take and resit examinations, and the assessment term was shortened to 7 to 10 days depending on the size of the study group;
- In order to amend the procedure for taking into account previous studies and work experience (hereinafter VÕTA), an audit was conducted in the 2017/2018 academic year and the problems were analysed by a workgroup. On the basis of the workgroup's recommendation, the terms for submitting and assessing VÕTA applications were changed and the conditions and fees were updated;
- Plagiarism provisions were established on the basis of the proposals of the respective workgroup;
- Regulations were established, which allow the organisation of admission in doctoral studies three times a year and the matriculation of level 3 students at the beginning of both the autumn and spring semesters.

3.3. Effects of the external environment

3.3.1. International factors

The international factors presented in the 2017 report[11] are still relevant in 2018: expanding access to higher education, expanding study-related mobility, internationalisation of higher education establishments, and the impact of information technology on the forms of learning and teaching. A new factor that can be mentioned is the national movement which often entails anti-globalisation, anti-Europe and anti-immigration ideas and the development and impact of which are as yet hard to assess.[12] For instance, it is

[11] Tallinn University Annual Report 2017
[12] The new nationalism and internationalisation, P.G.Altbach, H. de Wit.

not clear how students who have come from Africa, Asia and Latin America to study in Europe and the USA respond to such changes. It is not yet clear whether this may mean an outflow of international students and the restriction on the internationalisation of universities. The USA's statements concerning immigrants have caused quite an uproar, but the effect of that on Tallinn University is as yet rather insignificant. The entire European higher education sector is waiting for the United Kingdom's exit from the European Union and it is still not clear what is the effect it will have on the countries that remain in the EU. It can be said that Brexit has a considerable impact on Tallinn University: students going to study abroad are in doubt whether the British universities are the ones worth going to. There are also signs of apprehension in projects in which a UK higher education establishment is a party. However, there is no reason for major changes at the moment. Due to changes that have taken place in Hungary, a joint study programme in which Tallinn University is a partner and which has been authorised for teaching has not yet been opened for admission.

In the light of such complicated changes, particularly in Europe and North America, it can be assumed that the countries to play a more significant role in the internationalisation of higher education will in the future include Australia, Canada, New Zealand and China, and in the long-term perspective Asia, Africa and Latin America.

3.3.2. Internal Estonian factors

The major trends in higher education in Estonia in 2018 can be described on the basis of the reports on the area-specific development plans of the MoER for the previous year[13]:

- The number of students is decreasing: a total of 45,815 students studied on level 1 of higher education in the 2018/2019 academic year, i.e. 339 students less than in 2017. The proportion of tuition-based and tuition-free students has not significantly changed in the past three years and in 2018 the share of tuition-free students was 80%. The proportion of discontinuing studies has fallen somewhat, but still remains large;
- A look at the age distribution of Tallinn University students, we can see that the proportion of over 25-year-olds has been increasing since 2015 (in 2015: 42.6% of all the students, in 2018: 52.2%). This trend is present in the entire higher education sector and influences the organisation of studies (the time and frequency of contact studies) and the choice of study methods;
- The proportion of international students continues to grow: international students make up 12% of the admissions (9.5% in the 2017/2018 academic year). The proportion of Tallinn University's international students of all students was 10.9% in 2018 (in 2017: 9.2%; in 2016: 8.7%; in 2015: 7.3%);
- The gender gap has decreased and the proportion of men with a higher education has grown. In five years, the proportion of men with a higher education aged 30 to 40 years has increased by nearly 10%. The proportion of male students has grown over the years also at Tallinn University: 26% in 2016, 27% in 2017 and 37% in 2018;
- The ICT area is becoming more popular: unlike other areas, the number of students and graduates has grown there. The completion of studies at the SDT also shows a small growth;
- According to the national higher education alumni survey conducted in 2017, the alumni are generally satisfied with their studies. 58% of those who were employed during their studies worked in a field closely related to their speciality. According to the University's feedback survey (2017/2018 academic year), 73% of the students are employed during their studies and the alumni express overall satisfaction with their studies at the University (feedback from graduates), and 64% would recommend or rather recommend the study programme to a friend.

The number of the main admissions to level 1, or the number of the 2018 upper secondary school graduates increased in comparison with the previous year[14] (in 2017: 6,304; in 2018: 6,386). Nearly a half of them (47%) continued studies at public universities. The proportion of upper secondary school graduates who

[13] The 2017 performance reports on the area-specific development plans of the Ministry of Education and Research.
[14] www.haridussilm.ee

continue their studies in an Estonian higher education establishment within a year of graduating from upper secondary school has decreased since 2010 (in 2010: 62%; in 2018: 47%). The European 2020 and the Estonian 2020[15] objective is to have at least 40% of people aged 30 to 34 years obtain a level 3 education. Estonia's respective indicator was 45.4% in 2018[16].

3.4. Opinion of the Vice-Rector for Academic Affairs of the development of the area

International mobility has increased in both directions. More international students have come to study at the University, but an increase in the number of students who have studied at a foreign university can be considered even more important.

With regard to admission, we have observed our goal established in recent years to increase the proportion of Master's level students. In 2018, the figure grew to 42% which can be considered optimal. Although the overall number of graduates has decreased, the graduation efficiency grew in 2018.

The University has generally been successful in the external assessment of the quality of study programmes, although there are still some study programme groups in which we did not achieve the maximum result.

In 2018, more than 1,300 students and 109 employees participated in the ELU projects that were created to support interdisciplinarity. The large number of employees who have participated in supervision is notable. A new development in the ELU projects is the ELU supervision course.

The development of the feedback system was another important activity in 2018. The system still needs further changes, particularly to ensure validity.

The development of the area of studies in 2018 can be considered successful, as we have largely achieved the established objectives.

[15] Euroopa 2020; Eesti 2020.
[16] www.haridussilm.ee

IV Management, membership and finances

4.1. Objectives of the University in management, membership and finances

In order to support the strategic objectives of Tallinn University, carrying principles of activity have been defined in the Tallinn University Development Plan 2015–2020. Those principles also form a basis for the sub-objectives of processes related to management, membership and finances (Table 11).

Table 11. The University's principles of activity in management as sub-objectives, and the expected results

Principle of activity	The University is interdisciplinary in its activities	The University is international	The University demands excellence and sustainability
Sub-objectives	- Support for the interdisciplinary approach is reflected in financing principles and work organisation	- University members actively participate in the international research and study community. - The University's information and work environment is bilingual.	- The University has a uniform identity and motivated employees. - The University is financially sustainable.
Expected result	- Satisfaction of academic employees with work organisation which supports interdisciplinary activities	- Proportion of international academic employees and academic employees who have worked abroad for longer periods - Satisfaction of employees with the English language based information environment at the University	- Satisfaction of employees with management and work conditions - Satisfaction of students with the quality and organisation of studies - The University's income base per employee

The achievement of the University's objectives can be assessed on the basis of the implemented activities and key indicators. The methods for calculating the key indicators were established and the initial level was registered in 2015. Table 12 shows the initial level in 2015 and the level of the key indicators in 2016, 2017 and 2018.

Table 12. Key indicators in 2015–2018

	Key indicator	2015	2016	2017	2018
Interdisciplinary approach	Satisfaction of academic employees with work organisation which supports interdisciplinary activities [17]	3.7	-	3.99	4.17
Inter-nationalisation	Proportion of international academic employees and academic employees who have worked abroad for longer periods	9.6%	11.2%	10.7%	-[18]
	Satisfaction of employees with the English language-based information environment at the University	4.6	-	4.27	4.39
Demand for excellence and	Satisfaction of employees with management and work conditions	4.6	-	5.01	4.76

[17] The satisfaction of employees was measured on a seven-point scale.
[18] In 2018, the key indicators of the new reporting environment were changed and the indicator is presented as two separate indicators; the values of the indicator are described in the text of the report.

sustainability	Satisfaction of students with the quality and organisation of studies[19]	4.6	-	4.39	4.39
	The University's income base per employee	42,504 €	44,324 €	45,708 €	50,552 €

Academic career model

Changes in the legislative context were the main reason for the need to develop an academic career model. Before 2015, academic employees were promoted and advanced on the career ladder to all positions through a constant re-election system. As of 1 January 2015, amendments to the Universities Act and the Organisation of Research and Development Act entered into force, on the basis of which an indefinite employment contract is generally concluded with academic employees, whereas pursuant to the currently applicable acts they cannot be promoted without a public competition. The system therefore arrives at a dead end after the first election cycle, i.e. very few positions are vacated (as all the academic employees have an indefinite employment contract in their position) and there are no systemic and transparent possibilities to rise higher from a position.

The development of the concept of the University's new career model started in 2017 when a workgroup was formed for the purpose. The workgroup studied the career models used in Europe and the United States of America, prepared a vision of the underlying principles on which the University's future career model could be based, and compiled an initial concept of the career model. The Academic Committee made proposals concerning the procedure for the creation, election process and academic assessment criteria of professor positions. The academic assessment criteria were developed in cooperation between the career model workgroup and the Academic Committee. In the course of developing the concept, several public and Senate discussions were held, as a result of which the concept was supplemented.

One important objective in the new career model is to reduce quantity requirements and to increase substantive quality requirements so that these would better correspond to international practices.
In addition, the new career model strives to create conditions which allow those who take up teaching staff positions to dedicate themselves more to research, and offer a more motivating and stable working environment to professors. This should a basis for a gradual growth of the substantive level and impact of research results.

The transition to the academic career model will begin on 1 September 2019 when the new version of the Employment Relations Rules that regulates the employment relationships of the University's academic employees enters into force.

4.2. Employees and personnel work

In 2018, Tallinn University had 393.66 (full-time equivalent) academic employees, which is the same as in 2017. The distribution of employees by academic positions is described in Table 13.

Table 13. The number of academic employees (full-time equivalent) by positions in 2015–2018

		2015	2016	2017	2018
Number of academic employees (full-time equivalent)	**Total**	**419.99**	**409.15**	**393.26**	**393.66**
	Junior research fellow	20.2	16.5	18.9	25.2
	Teacher	18.68	18.3	15.45	14.65
	Assistant	1.91	1.91	-	-
	Researcher	31.8	23.05	32.52	39.57

[19] The satisfaction of students is measured on a five-point scale. The feedback system was developed in 2016 and the methodology changed and therefore the 2017 data are not directly comparable with the 2015 data and the data for 2016 are missing.

	Lecturer	174.5	162.56	147.66	130.2
	Research track associate professor	47.85	55.87	55.28	51.83
	Teaching track associate professor	72.15	77.9	71.3	77.81
	Research professor	5.71	3.4	3.8	3.00
	Professor	47.19	49.65	48.35	51.40

In 2018, the proportion of academic employees with a Doctor's degree or a corresponding qualification was 61% (in 2017: 62%; in 2016: 60%; in 2015: 49%). The proportion of international academic employees has increased compared to previous years: 12.4% in 2018, 10.7% in 2017, 11.3% in 2016 and 9.02% in 2015.

The number of non-academic employees (full-time equivalent) has remained stable compared to previous years: 422 in 2018, 437 in 2017 and 429 in 2016. Of all the non-academic employees, 41.47% work in academic units, 40.52% in support units and 18.01% at the Academic Library.

4.2.1. Filling academic positions

In 2018, five competitions were announced for 86 positions, including 15 professor, 21 teaching track associate professor, 32 lecturer, 10 researcher, 5 teacher and 3 junior research fellow positions.

In total, there were 141 candidates for all positions, of whom 101 candidates who met the formal and professional requirements for academic positions were allowed to take part in the competition. The main reasons for not meeting the requirements included non-conformity with the research publications requirement, a lack of the required scientific degree, etc.

As a result of the competitions, 69 positions were filled. The competition for 17 positions failed: for 11 positions no applications were received by the established term, in the case of one position no candidates met the job requirements and in the case of one position no candidates were selected. Four selected candidates decided not to enter into an employment contract.

The average number of candidates for a position[20] still remains very small – 1.17 across all positions. The figures for the competitions and filling of academic positions in recent years are presented in Figure 9.

[20] Candidates who meet the requirements for the position and are allowed to take part in the competition by the Rector's order.

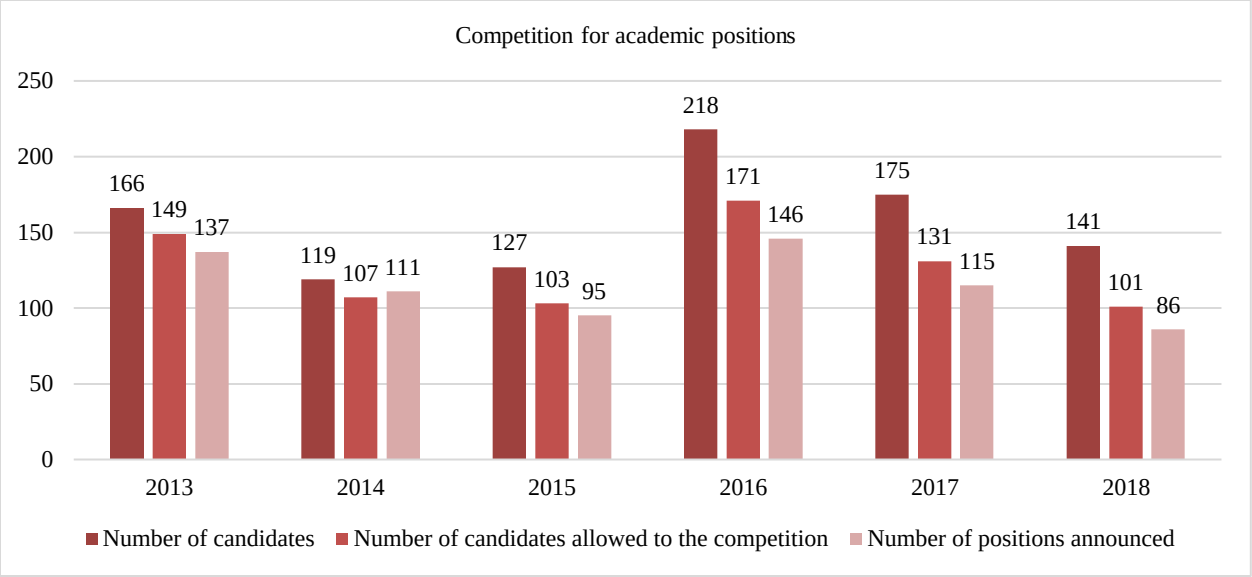

Figure 9. Competition for academic positions in 2013–2018

4.2.2. Labour turnover at the University

In 2018, the total labour turnover at the University was 12.2% (in 2017: 12.6%), of which 4.8% was voluntary turnover (in 2017: 5.6%). The total turnover of academic personnel was 7.4% (in 2017: 8.7%), of which 1.1% was voluntary turnover (in 2017: 1.7%). The total turnover of non-academic personnel was 17.3% (in 2017: 16.7%), of which 8.8% was voluntary turnover (in 2017: 9.8%). The total turnover includes all terminated employment relationships, on the initiative of both the employee and the employer. Voluntary turnover includes the termination of the employment relationship upon the initiative of the employee or upon the agreement of the parties. Compared to 2017, the voluntary turnover has decreased somewhat in all employee categories.

4.2.3. Remuneration of employees

Personnel expenses made up 61.88% of the University's expenses in 2018 (in 2017: 59.4%). The average basic salary of academic employees has grown over the years: it as 1,818.10 euros in 2018, 1,620-78 euros in 2017 and 1,546.26 euros in 2016. The proportion of variable salary of the total salary was 6.71%, which is on the same scale as in previous years (in 2017: 5.7%; in 2016: 5.93%).

As of 1 September 2018, the minimum rate of academic employees' salary levels 6 to 8 (teachers and junior research fellows, lecturers and research fellows, and lecturers and research fellows with a doctoral degree) was by the Senate's decision increased from the former 900–1,000–1,100 euros to 1,050–1,150–1,210 euros.

As of 1 January 2018, Tallinn University compensates its employees partly for glasses or other aids to adjust vision prescribed for work on the basis of a decision of the occupational health doctor and the relevant cost document in the extent of up to 100 euros (previously up to 65 euros).

Employees' satisfaction with remuneration

According to the employee satisfaction survey conducted in spring 2018, the employees' satisfaction with the correspondence of their salary to their contribution is 4.13 on a seven-point scale (in 2017: 3.76), including the satisfaction of academic employees at 3.88 (in 2017: 3.29) and the satisfaction of non-

academic employees at 4.47 (in 2017: 4.32). Although the employees' opinions have become a little more positive, satisfaction with remuneration is considerably lower than satisfaction with other factors, such as cooperation with colleagues, the content of work, development possibilities and the distribution of the workload. Salary changes have been marked as the first among the things employees wish to see changing with regard to work at the University in the coming years (in 2017, salary was ranked as the third after the workload and the organisation of work).

4.2.4. Personnel development

In 2018, the main training areas were related to supporting internationalisation, developing work-related and general skills, and supporting the settlement of new employees.

By areas, the greatest number of events took place in the area of work-related and general skills, which traditionally included orthography training, time and project management training, and presentation skills and voice training. In the case of general skills, the emphasis was on supporting the mental and physical health of employees. Training courses and seminars to support internationalisation were the second by number, but the first by volume, and mainly included English language level and further training. Nine English language courses were conducted in 2018 for a total of 92 employees (in 2017: 10 English language courses with a total of 131 participants). For the first time, an English language conversation course was held for employees in 2018 and the course was very popular. Estonian and Russian language courses were also offered in 2018. In the area of management, seminars were held for the members of the Rectorate and the heads of academic units, as well as two outing seminars for the Senate.

The employees place increasingly more value on training to support mental and psychological well-being and the demand for such courses is great. The employees were therefore offered a chance to participate in the course 'Relaxation and concentration through meditative practices'.

Of new courses, support employees were offered the training 'Safe communication', held in cooperation with the Estonian Academy of Security Sciences with the aim to introduce the principles of self-asserting communication and teach the skills of managing aggressive communication and using simple self-defence techniques.

For the first time, the University held an in-depth WebDesktop course the topics of which included procedures that all the University employees have to handle, such as registering leaves and business assignments.

As of the 2018 autumn semester, the University employees have the possibility to participate in degree courses for the purpose of individual development.

4.2.5. Employee mobility

In 2018, a total of 113 foreign assignments took place in the framework of the Erasmus+ programme (in 2017: 144), of which 60 were teaching staff exchanges for conducting studies at partner universities and 53 were related to participation in courses. The number of employees going on teaching assignments nearly doubled compared to the preceding year (in 2017: 27). The average length of a teaching assignment was 7.8 days and the average amount of support 1,171 euros. The average length of a training assignment was 5.3 days and the average amount of support 921 euros. The proportion of academic employees who worked abroad for longer periods was 12.63% in 2018.

In autumn 2018, the University made a transition to a more flexible processing of applications and abolished the regular application rounds held every two months. As of October, employees can submit Erasmus+

applications at any moment suitable for them through the document management programme (taking into account that an application has to be submitted at least a month before the beginning of the planned assignment) and the committee makes decisions and gives feedback to employees on a current basis.

4.3. Marketing and image development

In 2018, marketing and communication activities supported the following objectives related to degree studies, open degree studies and continuing education at Tallinn University:

1. Increased competition and the number of students (including international students) admitted with higher admission results to marketed tuition-based study programmes in areas of responsibility;
2. Increased financial volume of open learning;
3. Increased financial volume of continuing education and knowledge-based services.

In order to achieve the objectives, a new external web environment was created, mainly aimed at potential students, continuing education learners and partners, researchers, students and other members of the University. As an important upgrade, the external web contains a speciality module which allows users to quickly find the study programmes of interest. There is also a digital career counsellor that helps users to find the most suitable specialities on the basis of their values, areas of interest and personal characteristics. The virtual tour of the University campus was updated and the University housing, Haapsalu College and the Academic Library were added. The Media Gate, which was formerly in Wordpress, was integrated into the external web as an internal marketing channel.

The University held its annual admission campaign which besides advertising also included content marketing in the Delfi portal where more than 80 articles introducing specialities were published. In addition to the campaign, advertising activities were carried out all year round in the Google network as well as in Estonia and on six international target markets: Finland, Russia, Turkey, Ukraine, Georgia and Latvia. The University also carried out an all-year advertising campaign for continuing education (with positive results according to web statistics) as well as separate campaigns for open learning and the Student Academy.

The University is represented in the most commonly used education portals and information was also actively forwarded to potential students and continuing education learners via social media and newsletters. Many events were held to introduce specialities and training courses. In addition to the Open Doors Day, separate Master's study information evenings were also held for the first time, with the aim to introduce the Master's study opportunities in different Schools.

In 2018, the admission competition in Bachelor's studies increased by 0.23 applications per study place compared to 2017, and dropped by 0.35 applications on the Master's level. The number of Bachelor's level candidates who passed the 85-point threshold increased by 11.8% from the previous year and dropped by 9.9% on the Master's level. The state examination results of the Estonian admissions decreased by 0.6 points compared to 2017, while the result of the state examination of Estonian as a second language grew by 0.5 points. Compared to 2017, the financial volume of open learning decreased by 10.7% and the volume of courses taken and the number of learners has also dropped.

In 2018, communication activities supported the following objectives related to image development and membership at Tallinn University:

1. the University is more visible and reputable among target groups and the public media environment (above all with regard to the RDC achievements);
2. satisfaction with the movement of information in units and the University has improved.

In order to achieve its objectives, the University news items were mediated and articles were written in mainstream media (on topical issues as well to introduce defended Doctor's theses, and for content marketing purposes). In cooperation with the Estonian Public Broadcasting, the 'One-minute Lectures' series was continued with nearly 40 new mini-lectures. In addition, a separate nine-episode video series 'Smart Lifestyle with Tallinn University' was produced to introduce the health-related competence of the University.

In order to improve the efficiency of internal communication, the weekly information format has been consistently developed on the basis of feedback and increasingly more systematic cooperation has been done with units. The level of events organised for members has increased from year to year and feedback from participants is very positive. As a result of the activities, the satisfaction of the University employees with the movement of information has grown (in 2018: 4.81%; in 2017: 4.6%) and the University is visible and positively identifiable in the public media. According to the image survey conducted by EMOR in 2018, the spontaneous recognition of the University has grown by 15% since 2016, which is the largest growth among universities, but the reputation of the University (including the overall image, attitudes, reliability, education quality) has dropped somewhat among the young target group (15 to 18 years old).

4.4. Financial activities

The University's 2018 budget was 44.45 million euros (including the balance from the previous period in the amount of 414,000 euros), which was 7.9 million euros more than in 2017 (Table 14). The growth of the University's revenue stemmed from an increase in the revenue from RDC activities (including baseline funding for research) and an increase in the capital budget.

Table 14. Comparison of Tallinn University budget structure in 2017 and 2018 (in thousands of euros)

	2017		2018		Comparison 2017–2018
Academic units	20,842,059	57.10%	25,147,599	56.58%	4,305,540
Support units and University-wide activities	10,703,299	29.30%	12,608,412	28.37%	1,905,113
Academic Library	1,775,881	4.90%	1,765,050	3.97%	-10,831
Capital budget	1,467,804	4.00%	3,232,823	7.27%	1,765,019
Funds	1,179,245	3.20%	1,117,789	2.51%	-61,456
Rectorate	399,724	1.10%	430,000	0.97%	30,276
Student Union	144,351	0.40%	143,747	0.32%	-604
Total	**36,512,363**	**100%**	**44,445,420**	**100%**	**7,933,057**

Of the total volume of the 2018 budget, the budget of academic units made up 56.58% and includes six Schools and two Colleges (Figure 10). The budget of support units made up 28.37% of the budget and includes the units ensuring central support services, and other sub-institutions. The proportion of the capital budget increased by 3.27 percentage points in connection with the loan taken for the reconstruction of the Ursa building.

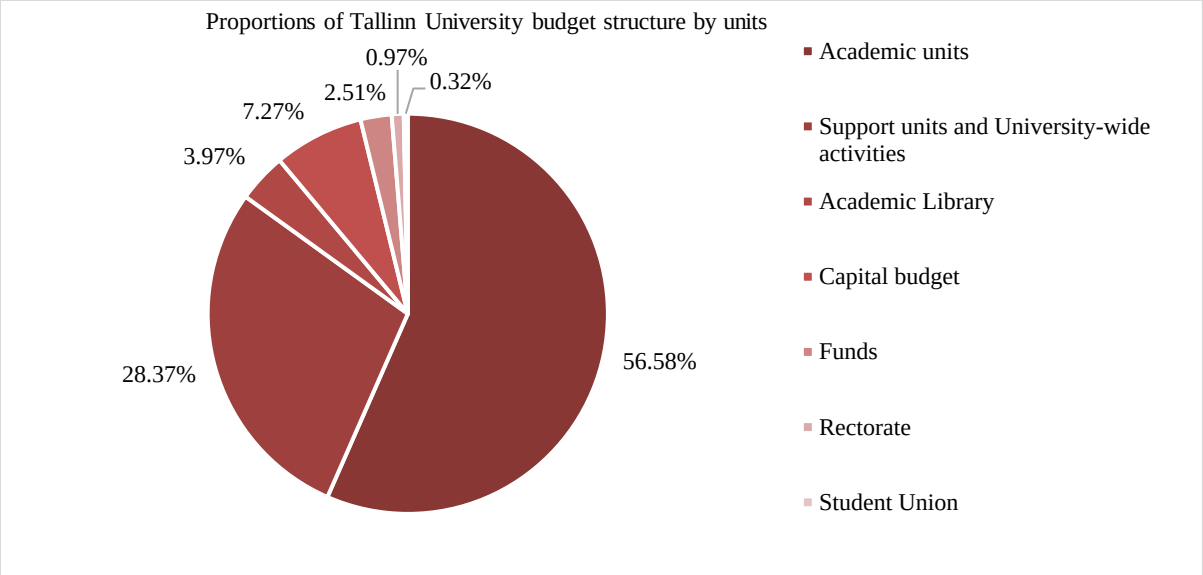

Figure 10. Proportions of Tallinn University budget structure by units in 2018

The University's revenue base is made up of revenue from activity support allocated by the MoER, study income outside activity support, baseline research funding income, RDC income, other income and capital budget income (Table 15).

Table 15. Comparison of the University's revenue in 2017 and 2018 (in thousands of euros)[21]

Revenue item	2017		2018		Comparison 2017-2018
Study activities	21,159	54.66%	21,596	52.61%	437
Research and development	14,369	37.12%	16,005	38.99%	1,636
Special-purpose appropriations	2,236	5.78%	2,584	6.29%	348
Other income	945	2.44%	868	2.11%	-77
TOTAL	**38,709**	**100%**	**41,053**	**100%**	**2,344**

In accordance with the financing agreement between the MoER and Tallinn University, the volume of activity support allocated in 2018 was 19.6 million euros. The amount allocated for academic units for special-purpose use and for the central fund remained unchanged at 17.4 million euros. Special-purpose appropriations made up 2.2 million euros of the activity support. These include remuneration for professors emeriti and teaching track associate professors emeriti, funds allocated for providing teacher education, an allocation for the operation of the University's Library, the salary of junior research fellows, activity support for the Estonian Pedagogical Archives and Museum, support for minor humanities specialities, doctoral allowance and the student scholarship fund.

Study revenue outside activity support includes study service fees of degree studies, revenue from continuing education and other study activity income. In 2018, study activity income grew by 2% from 2017, i.e. by 437,000 euros. A growth of external study revenue stemmed from an increase in the volume and income of continuing education by 310,000 euros.

[21] The table shows the revenue recognised on the income accounts for 2017 and 2018 (the revenue does not include capital budget income (including loans)). The 2017 revenue differs from the operating income recognised in the accounts: the 82,000 euros allocated to the Academic Library from the reserve fund for the operating expenses of the digitisation centre are recognised as revenue.

The RDC revenue includes the RDC income ad hoc financed by domestic (including state-financed research grants) and international sponsors as well as revenue from service contracts related to RDC activities. The 2018 RDC revenue grew by 11% from 2017. Baseline funding for research grew by 0.74 million euros and sales revenue from RDC service contracts increased by 933,000 euros. Own income from ad hoc financing (excluding the mediation of ad hoc financing) grew by 1.18 million euros. In addition, Tallinn University as a leading partner mediated support for operating expenses in the amount of 1.17 million euros which was 1.21 million euros less than in 2017. The difference is due to changes in the methods of recognising the mediation of support.

Other income includes the rental and lease income earned by units, the income earned by the Academic Library and the revenue of the Tallinn University Conference Centre. Compared to 2017, other income decreased by 77,000 euros in 2018.

In 2018, the volume of expenses grew by 6.6% from 2017 (Table 16). The distribution of the cost items remained proportionally the same as in the previous year. Two cost lines contained significant changes: labour expenses grew by 2.6 million euros and the granted support decreased by 744,000 euros. The proportion of granted activity support (including the membership fees paid by the University) increased, while the ad hoc financing costs of granted activity support decreased.

Table 16. Comparison of the University's expenses in 2017 and 2018 (in thousands of euros)[22]

Cost item	2017		2018		Comparison 2017–2018
Granted support	5,099	13.30%	4,355	10.66%	-744
Management expenses	6,820	17.79%	7,285	17.82%	465
Labour expenses	23,053	60.14%	25,655	62.77%	2,602
Depreciation and impairment of value of non-current assets	2,423	6.32%	2,457	6.01%	34
Other operating expenses	910	2.37%	1,093	2.67%	183
Financial income and expenses	29	0.08%	27	0.07%	-2
TOTAL	**38,334**	**100%**	**40 872**	**100%**	**2,538**

As at 2018, the volume of the University's current assets has grown and the overall solvency level has improved (21.27%) (Tables 17 and 18). As at 31 December 2018, short-term liabilities exceeded current assets by 27,000 euros. In the assessment of the management, the negative working capital does not cause payment difficulties for the University. The fulfilment of the contract under public law concluded between Tallinn University and the MoER is financed from state budget resources every month in accordance with the financing agreement. Tallinn University has had a similar working capital structure throughout the years.

Table 17. Main financial indicators in 2016–2018 (in thousands of euros)

Financial indicators	2016	2017	2018
Operating income	37,104	38,628	41,053
Operating expenses	34,168	35,911	38,415
Depreciation of non-current assets	2,877	2,423	2,457

[22] Table 16 shows the expenses recognised on the expense accounts for 2017 and 2018 (the expenses do not include acquisitions of non-current assets, depreciation expense, loan repayments).

Total operating expenses	37,044	38,334	40,872
Profit (loss) of the reporting year	60	294	181
Balance sheet volume	53,445	51,213	53,551
Current assets	6,346	5,267	8,585
Non-current assets	47,099	45,945	44,965
Short-term liabilities	6,798	6,717	8,613
Long-term liabilities	6,602	4,156	4,417
Loan obligations	7,065	4,602	4,833
Net assets	40,045	40,339	40,520

Table 18. Main ratios in 2016–2018

Ratios	**2016**	**2017**	**2018**
Loans/ Operating income	19.00%	11.91%	11.77%
Non-current assets/ Balance sheet volume	88.10%	89.70%	83.97%
Current assets/ Short-term liabilities	0.93	0.78	0.99
Net assets/ Balance sheet volume	74.90%	78.80%	75.67%
Loans/ Balance sheet volume	13.20%	8.99%	9.03%

4.5. Impact of the external environment on management, membership and finances

In October 2018, the Government of the Republic initiated the draft Higher Education Act which organises and simplifies the regulations related to higher education (increases flexibility for both students and higher education establishments, facilitates cooperation between higher education establishments, strengthens the links between universities and the society, and allows the development of an attractive career model for academic employees). The first reading of the draft Act was held in *Riigikogu* on 14 November 2018. The Higher Education Act regulates academic employment relationships in lesser detail than previously and gives universities more freedom in developing an academic career model. The University therefore started to prepare a new version of the Employment Relations Rules in 2018, parallel to the preparation and coordination of the draft Higher Education Act.
The Higher Education Act and the new version of the Employment Relations Rules shall enter into force on 1 September.

One of the remuneration principles of the University is to take into account the salary level of positions in the salary market, if possible. In order to obtain an overview of the salary level, the University exchanges salary data with other Estonian public universities (reference data on the remuneration of academic positions) and takes part in the compensation surveys held by Fontes (comparison of the salary level on non-academic positions with the salary market in Tallinn and Harju county). On the basis of the survey results, the Personnel Office has prepared remuneration comparisons by areas and/or positions, both for determining the salary of positions and obtaining regular remuneration overviews.

The remuneration of academic employees was analysed on the basis of the 2017 data from public universities. The average salaries at universities continued to rise, with the average growth of 7% (in 2016: 6%). The average salary increased in all positions, except for early stage researchers. The average salary of the academic employees of Tallinn University grew by 6.8%. Tallinn University used to be the salary leader in the remuneration of teacher and junior research fellow positions, but the salaries have now levelled out and the University is no longer a distinctive salary leader in the remuneration of any positions. The University was the most below the universities' average in the remuneration of professors and teaching

track associate professors (about 17% and 14%, respectively). The share of variable salary of the total salary was 9% (in 2016: 9% as well).

The remuneration of non-academic positions was analysed on the basis of data gathered in spring 2018. According to the Fontes earnings survey, the remuneration of the University's non-academic positions as a whole is still lower than the average of the salary market and the trends in the remuneration for work at the University compared to the salary market has remained the same as in previous years. The salaries are mainly at the level of the 25% quartile and there are a few odd positions where the basic salary is on a level comparable to or even higher than the market average. The salaries are more competitive in positions where work is less complicated and less competitive in more complicated positions. Although the increase of basic salaries implemented in 2018 somewhat reduced the backlog, there has also been a growth in the salary market.

According to the economic forecast of the Ministry of Finance from spring 2019[23], the Government's investments into education have in 2001–2017 exceeded the European Union average by more than one percent of the GDP every year. In 2017, the investments amounted to 5.8% of the GDP. The competitiveness strategy 'Estonia 2020'[24] highlights an important condition – the proportion of the education expenses in the state budget should not decrease, but rather remain within the range of 6 to 7% of the GDP.

Tallinn University has managed to adjust well to changes in the external environment. The biggest challenge of economic impact derives from the fact that the financing of higher education from the state budget continues to decrease.

4.6. Opinion of the Rectorate on membership and finances

The financial-economic position of Tallinn University is stable and the outlook is strengthening. In 2018, the University achieved a 6.3% increase in operating income. The University's salary fund grew by 11.3% in the same period (in 2017: 7.5%) and made up 62.5% of operating income (in 2017: 59.7%). According to the data of Statistics Estonia[25], the average gross salary was 1,310 euros in 2018, which is 7.3% higher than in 2017. As the growth pace of the economy decreases, the salary increase can be expected to slow down, but the pressure to increase salaries will remain due to a sectorial labour shortage.

The Rectorate places great importance on Tallinn University being a highly valued employer. In an environment where labour market competition in growing ever tighter, the image of an employer is an increasingly important factor. The University keeps focusing on aspects which have a direct effect on employees: modern working environment, objectives that support motivation, substantive and meaningful work, inspiring colleagues, smooth cooperation, great time and place flexibility of work, benefit packages that support satisfaction, smart information society solutions and sustainable use of resources as well as restrained bureaucracy and non-dominating rules and regulations. We believe that focusing on those aspects will among other things help to alleviate the great and unevenly distributed workload of the teaching staff as well as the excessively project-based nature of work.

[23] https://www.rahandusministeerium.ee/system/files_force/document_files/rm-2019-kevadine-majandusprognoos-1504.docx?download=1, lk 24
[24] https://www.riigikantselei.ee/sites/default/files/content-editors/Failid/eesti2020/ee2020_tekstiosa_2018-2020_heaks_kiidetud_26.4.2018.pdf
[25] https://www.stat.ee/pohinaitajad

STATEMENT OF FINANCIAL POSITION

(in euros)	Note	31 Dec 2018	31.12.2017
ASSETS			
Current assets			
Cash	2	4 547 854	1 077 416
Receivables and prepayments	3	3 970 591	4 094 763
Inventories	4	67 109	95 287
Total current assets		**8 585 555**	**5 267 467**
Non-current assets			
Financial investments	5	0	1 981
Investment property	6	2 035 823	2 035 823
Property, plant and equipment	7	42 362 041	43 349 484
Intangible assets	8	567 533	558 090
Total non-current assets		**44 965 398**	**45 945 379**
TOTAL ASSETS		**53 550 953**	**51 212 846**
LIABLITIES AND NET ASSETS			
Current liabilities			
Borrowings	9	491 051	464 827
Payables and prepayments	10	8 122 423	6 252 653
Total current liabilities		**8 613 474**	**6 717 480**
Non-current liabilities			
Non-current loan liabilities	9	4 342 509	4 136 507
Supplier payables		53 196	0
Other non-current payables		21 777	19 839
Total non-current liabilities		**4 417 483**	**4 156 346**
Total liabilities		**13 030 957**	**10 873 826**
Net assets			
Accumulated surplus / deficit		40 339 020	40 045 047
Net surplus / deficit for the financial year		180 976	293 974
TOTAL NET ASSETS		**40 519 996**	**40 339 020**
TOTAL LIABILITIES AND NET ASSETS		**53 550 953**	**51 212 846**

STATEMENT OF FINANCIAL PERFORMANCE

(in euros)		2018	2017
Operating income			
Revenue from operating activities	12	6 715 704	5 321 765
Operational funding grants	13	23 584 418	22 536 074
Grants related to income	14	10 454 566	10 443 220
Grants related to assets	14	211 911	250 835
Other income	15	86 918	75 977
Total operating income		**41 053 517**	**38 627 871**
Operating expenses			
Grants issued	16	4 355 479	5 099 404
Operating expenses	17	7 285 207	6 819 965
Labour expenses	18	25 655 031	23 052 838
Depreciation, amortisation and impairment losses	7, 8	2 456 870	2 422 704
Other operating expenses	19	1 092 780	909 525
Total operating expenses		**40 845 367**	**38 304 437**
Deficit/surplus for the reporting period		**208 149**	**323 435**
Financial income and expenses			
Interest income and expenses	20	-27 174	-29 461
Total financial income and expenses		**-27 174**	**-29 461**
Deficit/surplus for the financial year		**180 976**	**293 974**

STATEMENT OF CHANGES IN NET ASSETS

(in euros)	
Accumulated surplus/deficit **31 Dec 2016**	**40 045 047**
Surplus for 2017	293 974
Accumulated surplus/deficit **31 Dec 2017**	**40 339 020**
Surplus for 2018	180 976
Accumulated surplus/deficit **31 Dec 2018**	**40 519 996**

CASH FLOW STATEMENT

(in euros)	Note	2018	2017
Cash flows from operating activities			
Deficit/surplus on operating activities		**323 435**	**323 435**
Adjustments			
Depreciation, amortisation and impairment losses	7, 8	2 456 870	2 422 704
Value-added tax expenses for the acquisition of non-current assets		87 047	213 541
Grants received for the acquisition of non-current assets	14	-211 911	-250 835
Profit from sale of non-current assets		-208	0
Adjusted deficit/surplus on operating activities		**2 539 947**	**2 708 845**
Change in trade receivables	3	-77 797	-420 198
Change in receivables of grants related to income		133 623	-950 061
Change in other receivables		30 633	-40 000
Change in prepaid taxes and taxes refundable	3	-6 814	1 466
Change in prepaid grants	3	17 559	672 130
Change in other prepayments		16 264	-40 839
Change in inventories	4	28 178	9 307
Total net change of current assets related to operating activities		**141 645**	**-768 195**
Change in supplier payables	10	267 730	53 254
Change in payables to employees	10	26 386	-16 823
Change in tax, duty and penalty liabilities	10	143 177	86 381
Change in liabilities of grants related to income	10	-532 027	993 763
Change in other liabilities		46 940	12 490
Change in prepayments of grants received	10	1 906 171	-1 123 670
Change in other received prepayments	10	13 331	-20 173
Change in provisions	11	0	-47 623
Net change of liabilities related to operating activities		**1 871 709**	**-62 400**
Total net change of current assets related to operating activities		**4 553 302**	**1 878 250**
Cash flows from investing activities			
Paid in acquisition of property, plant and equipment and intangible assets	7,8	-1 395 563	-1 399 304
Proceeds from sale of non-current assets		208	0
Grants received for the acquisition of non-current assets		105 421	107 923

Grants paid for the acquisition of non-current assets		0	462
Received from sale of investment property	5	1 981	0
Received interests and other financial income		298	0
Total cash flows from investing activities		**-1 287 655**	**-1 290 919**
Cash flows from financing activities			
Loans received	9	697 053	0,00
Repaid loans	9	-464 827	-2 464 011
Interests paid	20	-27 409	-29 748
Other financial expenses paid		-26	0
Total cash flows from financing activities		**204 791**	**-2 493 759**
Net cash flow		**3 470 438**	**-1 906 428**
Cash and cash equivalents at beginning of the period		1 077 416	2 983 845
Cash and cash equivalents at end of the period		4 547 854	1 077 416
Change in cash and cash equivalents		**3 470 438**	**-1 906 428**

Note 1 Accounting principles

General information

The 2018 financial statements (hereinafter the report) of Tallinn University are prepared in accordance with the Estonian financial reporting standard, the main requirements of which are established in the Accounting Act that are supplemented by the requirements set forth in the Public Sector Financial Accounting and Reporting Guidelines (hereinafter the General Rules).
The report has been prepared based on the continuity principle of the activities of the University. The financial year started on 1 January 2018 and ended on 31 December 2018.
The numerical indicators of the financial statements have been presented in euros.

According to § 29 (4) of the Accounting Act, the University has not prepared consolidated financial statements, as the balance sheet total and sales revenue of the University do not exceed 5% of the balance sheet total and sales revenue of the University as a consolidating unit.

Cash and cash equivalents

Cash in hand and bank account balances are considered as cash and cash equivalents in the financial statements. Overdraft is recorded at the current borrowings in the statement of financial position.

Division of assets and liabilities into short and long term

Assets and liabilities are divided into short and long term in the statement of financial position proceeding from whether the estimated possession of asset or liability lasts up to one year or longer calculated from the date of the statement of financial position.

Receivables and prepayments

Trade receivables, accrued income and other current and non-current receivables (including loan receivables and deposits) are recorded at adjusted cost. The adjusted cost of current receivables is generally equal to their nominal value (less any write-downs), thus current receivables are recorded in the statement of financial position at the amount that is expected to be collectible. The financial assets are initially recorded at the fair value of the receivable fee to calculate the adjusted cost of non-current financial assets, by calculating the interest income in the next periods by using the effective interest rate method.

The outstanding receivables are assessed by using the approximation method. On the application of the approximation method, receivables which are 90-180 days past due are written down by 50% and receivables which are more than 180 days past due are written down in full (100%). Doubtful receivables are carried in the trade receivables ledger until they are collected or considered uncollectible and written off the statement of financial position.

When it appears that the collection of a receivable is unrealistic, the receivable is considered uncollectible and written off the statement of financial position. A receivable is considered uncollectible when the University has no means for collecting it (the debtor has been liquidated or bankrupt and the assets in the bankrupt's estate are insufficient for settling the debt, etc.) or when the costs of collecting the receivable would exceed the estimated income from its collection.

When a doubtful receivable is subsequently collected, the previously recognised impairment loss is reversed by reducing expenses from the impairment of receivables during the period in which the item is collected.

Inventories

Inventories are assets which are: held for sale in the ordinary course of economic activity; in the process of production for such sale; or in the form of materials or supplies to be consumed in the production process or the rendering of services. Inventories encompass not only goods purchased for sale, materials, work in progress and finished goods but also equipment and real estate held for resale and capitalised expenses directly attributable to the provisions of services for which revenue cannot yet be recognised using the stage of completion method. Inventories are initially recorded at their cost, consisting of purchase costs and other costs incurred in bringing the inventories to their present location and condition.

Borrowing costs are not included in the cost of inventories and, in line of the General Rules, non-coverable levies and taxes paid in the acquisition of inventories are recorded as an expense.

The goods are expensed by using the FIFO method. Inventories are recorded in the statement of financial position at the lower of cost or net realisable value.

Financial investments

Short and long term financial investments to shares and other equity instruments (excl. shares in subsidiaries and associates), the fair value of which could not be measured reliably, are recorded at cost, by adjusting them with write-down related to decrease in value, if necessary.

Subsidiaries

A subsidiary is a company controlled by the University. The subsidiary is considered under the control of parent company, if the latter owns either directly or indirectly more than 50% of the voting shares of the subsidiary or is in some other way able to control the operating and financial policy of the subsidiary.

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

The subsidiary is initially recorded at its cost which is later adjusted with the write-downs resulting from the decrease in value.

Information on the subsidiaries has been provided in Note 24.

Associates

Associates are entities over which the University or its subsidiary has a significant influence but not control. Significant influence is generally presumed to exist when the University or its subsidiary owns 20% to 50% of the voting rights in an entity.

If the University or its subsidiary has a significant influence over the foundations or non-profit associations (in general 20-50% of the voting rights), the share or also financial investment are not recorded in the statement of financial position. The contributions to the target capital of the object of share are recorded as the expenses of the given grants.

The associate is initially recorded at its cost which is later adjusted with the write-downs resulting from the decrease in value.

Information on the associates has been provided in Note 24.

Investment property

Investment property consists of only such objects of property (land, building or part of a building) that are leased by the University to a non-public sector entity to earn rental income or held for capital appreciation and not used in its primary activities by any public sector entity. Buildings and premises used by public sector entity are recorded as the items of property, plant and equipment.

An investment property is initially recorded at its cost in the statement of financial position including the costs directly related to the acquisition (i.e. notary fees, state duties, fees paid to the advisors and other costs without which the purchase transaction had not probably taken place). The acquisition cost of investment property does not include the borrowing costs and, in line with the General Rules, non-recoverable levies and taxes incurred on the acquisition of investment property are recognized as an expense. According to the General Rules, after initial recognition, investment property is recorded at cost less any accumulated depreciation and any impairment losses.

Depreciation is calculated based on the straight-line method. Each investment property is assigned a depreciation rate that corresponds to its useful life. Where an investment property consists of significant parts that have different useful lives, the parts are accounted for separately and assigned depreciation rates that correspond to their useful lives. The depreciation rate assigned to the investment properties of the University ranged from 2% to 3% per year in 2017, excluding the properties without buildings (land) which are not depreciated.

Subsequent costs on an investment property are added to the acquisition cost of the property if it is probable that future economic benefits associated with the costs will flow to the University and the costs can be measured reliably. The costs of day-to-day maintenance and repair of investment properties are recorded as an expense as incurred. When part of an investment property is replaced, the cost of the new part is added to the acquisition cost of the property if it meets the definition of investment property and the recognition criteria and the residual value of the replaced part is written off the statement of financial position.

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

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

Property, plant and equipment and intangible assets

Property, plant and equipment are the assets which the University uses for meeting its statutory responsibilities, rendering services or administrative purposes and expects to use for a period exceeding one year and which have a cost of at least 5000 euros.

Regardless of the size of acquisition cost, land, books and publications of library are recorded. Regardless of the cost, the objects of artistic, historical and scientific value which does not decrease in time can be recorded.

Property, plant and equipment are recorded at cost which comprises the purchase price and other costs directly attributable to the acquisition. According to the General Rules value-added tax, other taxes and duties are not capitalized to the acquisition cost of property, plant and equipment. Items of property, plant and equipment are further on recorded in the statement of financial position at its cost, less accumulated depreciation and any accumulated impairment losses.

The costs related to improvements are added to the acquisition cost of property, plant and equipment only if these meet the definition of property, plant and equipment and criteria for recording the assets in the statement of financial position and the cost of expenses is at least the amount stipulated as the minimum of capitalization of property, plant and equipment of the General Rules. The costs related to current maintenance and repairs are recorded as expenses of the period in the statement of financial performance.

If the object of property, plant and equipment consists of differentiable components with different useful lives, these components are recorded in accounting as separate asset objects and separate deprecation rates are set according to their useful lives.

Depreciation is calculated by using the straight-line depreciation method.

Depreciation is accounted for starting from the month of taking the assets into use. The latter is performed up to full depreciation, transfer or final removal of assets from use. The objects of unfinished construction are not depreciated. The depreciation rates and final values are reviewed at the end of each financial year. The changed assessments are recorded retroactively in the financial year.

The aim of depreciation rates is to ensure the compliance of depreciation accounting with useful life and use of property, plant and equipment.

Depreciation of property, plant and equipment and intangible assets is calculated by using the following deprecation rates:

Group of property, plant and equipment	Depreciation rate, %
Buildings	2-5
Facilities	2.5-10
Plant and equipment	10-20
Inventory	10-50
Computer equipment	33-50
Intangible assets	5-50

The books and publications of library, lands, objects with artistic, historical and scientific value which is not decreasing in time are not depreciated.

If it occurs that the actual useful life of assets is considerably different from the initially assessed one, the depreciation period is changed.

Library collections

§ 41 (2)2) of the General Rules stipulates that regardless of the acquisition cost, the publications can be recorded as items of property, plant and equipment as an exception in these public libraries where the

storage and lending of publications for public is the core activity. Items acquired for library collections are recorded as items of property, plant and equipment in an aggregated set. Accounting on the units, titles and cost are kept in the library's information system ESTER. The library collection items the value of which cannot be measured reliably are accounted for in unit terms in the information system ESTER (at zero value). The library collections are fully expensed, if these are removed from use or it becomes apparent that they have been lost. The value of library collections recorded in the statement of financial position is not depreciated.

Intangible assets

Intangible assets are non-monetary assets without physical substance distinguishable from other assets, used within a longer period than one year and the acquisition cost of which exceeds the threshold of recording the non-current assets. Intangible asset object (software, rights of use, other intangible assets) is recorded in the statement of financial position, if the assets can be controlled by the University; the future economic benefit received from its use is probable, the acquisition cost of assets is reliably measurable and assets do not result from the expenses made within the group to research and development activities. Research and development costs are recorded as expenses when incurred. Intangible assets are initially recorded at cost, comprising the purchase price and any costs directly attributable to the acquisition. After initial recognition, intangible assets are recorded at cost less any accumulated depreciation and any impairment losses.

All intangible assets are assumed to have finite useful lives. Intangible assets are depreciated on a straight-line basis over their estimated useful lives. Each intangible asset is assigned a depreciation rate that corresponds to its useful life. If the useful life of intangible assets cannot be reliably assessed, it is presumed that the useful life lasts up to 10 years. On each reporting date the justification of depreciation periods and method of assets is assessed.

Depreciation of intangible assets was accounted for by using the following depreciation rates in the University in 2018: 5-50%.

Impairment of assets

The University as the public sector entity applying the General Rules does not carry out impairment tests or write down assets to their recoverable amount in the case of non-current assets needed to provide public services if the asset value has not been impaired due to damage or other reasons partially or fully due to removal from use. In other cases, the items of property, plant and equipment with unlimited useful life and in case of assets to be depreciated the occurrence of circumstances referring to the potential decrease in value of assets are assessed. If such indication exists, the coverable value of assets is assessed and compared with book value.

An impairment loss is recorded in the amount by which the book value of assets exceeds its coverable value. The coverable value of assets is the fair value of assets less sales expenses or its usage value, depending on which is higher. The coverable value is assessed for the purpose of assessment of decrease in value of assets either per single asset object or the smallest possible asset group for which cash flows can be differentiated. The write-down of assets is recorded as the expenses of the reporting period.

In case of assets once written down, the probability whether the coverable value of assets has meanwhile increased is assessed on each following reporting date. If, as a result of value test it occurs that the coverable value of assets or asset group (cash generating unit) has increased above the residual book value, the earlier write-down is cancelled and the residual book value is increased up to the amount which would have been

created, considering the normal depreciation during interim years. A reversal of an impairment loss is recorded in the statement of financial performance by reducing expenses from impairment losses.

Financial liabilities

Financial liabilities (trade payables, borrowings, accrued expenses and other current and non-current payables), excl. derivative instruments with negative fair value are initially recorded at cost that is the fair value of the fee received for financial liability. The further recording is carried out based on adjusted cost method.

The adjusted cost of financial liabilities is in general equal to their nominal value, thus all financial liabilities are recorded in the amount subject to payment in the statement of financial position.

The interest expenses related to the financial liabilities are recorded on an accrual basis as period expenses at the entry "Financial income and expenses" of the statement of financial performance. The recording of the financial liability is terminated in the statement of financial position, if this is paid, cancelled or expired.

Leases

In the case of operating lease, the leasable assets are recorded by the lessor in its statement of financial position. Operating lease payments are recorded on a straight-line basis within lease period as income by the lessor and as expenses by the lessee. The assets leased under operating lease terms are recorded in the statement of financial position by normal procedure, similarly to other non-current assets. Operating lease payments are recorded as income evenly within the lease period.

University as the lessee – in the case of operating lease, the lease payments of assets are recorded on an accrual basis as period expenses over the lease term in the statement of financial performance.

University as the lessor – assets leased out under operating lease terms are recorded in the statement of financial position by normal procedure, similarly to other assets to be recorded in the statement of financial position of the University. Assets leased out are depreciated using depreciation policies that are applied to similar assets by the University. Operating lease payments are recognized as income on a straight-line basis over the lease term.

Tax accounting

Tallinn University uses the combined method of direct accounting and proportional deduction in deducting input value-added tax. The relation of taxable sales and total sales is set based on the sales of the previous calendar year. The proportion is adjusted at the end of the calendar year, proceeding from the relation of taxable sales and total sales of this calendar year. The value-added tax direct accounting method is used only as to taxable sales and the activities with only taxable sales.

Recording of revenue

Revenue and expenses are recorded on an accrual basis.

Revenue from the sale of goods and provision of services in the course of normal operating activities is recorded at the fair value of received or receivable fee, considering all write-downs and benefits made.

Revenue from providing training services constitutes tuition fee revenue collected by the University from its regular study and open academy students, participants in continuing education programme, etc. Revenue is recorded in the period in which the service is rendered.

Revenue from the sale of services is recorded after the service is rendered or, if the services are rendered over an extended period of time, using the stage of completion method.
Revenue from the sale of services to be rendered over an extended period of time is recorded based on the stage of completion of the service to be rendered on the date of the statement of financial position, provided that the final result of the transaction involving the provision of service (i.e. revenue and costs related to the transaction) can be reliably estimated and the receipt of the fee from the transaction is probable. If the final result of the transaction or project involving the provision of service could not be reliably estimated, but it is probable that the University can cover at least the expenses related to the service, the revenue is recorded only within the scope of actual expenses related to the fulfilment of the contract.

Revenue from sale of goods is recorded when all material risks related to the ownership have been transferred from the seller to the purchaser, the sales revenue and costs related to the transaction are reliably measurable and the receipt of fee from the transaction is probable.

Interest income is recorded when its collection is probable and the amount of income can be measured reliably. Interest income is recorded by using the effective interest method.

Recording of costs

The costs are recorded on an accrual basis. The non-refundable taxes and duties paid in the acquisition of non-current assets, incl. value-added tax are recorded at the moment of acquisition as expenses at the entry of statement of financial performance “Other operating expenses”.

Grants

The grants include the means received (supports received) for which neither goods nor services are given in exchange and the means given (given, mediated supports) for which neither goods nor services are received in exchange. The grants are recorded on the basis of principles provided in the General Rules.

Grants are divided into the following:

government grants (hereinafter grants) – the grants received and given for the certain project-based purpose, in case of which its aim with milestones for following the fulfilment of the objective, time schedule and financial budget are set and the provider of grant requires detailed reporting on the use of money from the receiver and the cash surplus should be repaid to the provider;
operating funding grants – received and given supports granted to the receiver proceeding from its statutory tasks and objectives set in the development documents.

The types of grants are:

- domestic grants
- international grants

A grant is recorded in the statement of financial position upon the transfer or receipt of money or on the date when the receivables, liabilities, income and expenses related to the grant are recorded. Grants are classified into grants related to income and grants related to assets. The main condition for grants related to assets is that the University as the grant recipient has to purchase, build or otherwise acquire a certain asset.

A grant is recorded as income in the period in which the operating expenses are incurred or the non-current asset is acquired unless the conditions of the grant involve the risk that the grant may be reclaimed or may not be received. Operational funding is recorded as income when the cash has been received.

If the provider or intermediary of the grant provides a grant using simplified reimbursement of expenditures (standardized unit costs, payments of specific amounts, reimbursements of indirect expenditures compensated at a uniform rate) without requiring expense documents, grant income is recorded in the period in which the grant is provided.

Upon reflecting grants in the statement of financial performance, the grants received and grants passed through are differentiated. Grants passed through are grants received for passing on to another party, not for covering own operating expenses or acquiring assets. In the case of intermediation, income from grants received for passing on equals expenses from grants passed on.

Non-monetary grants are recorded at the fair value of received goods and services. Assets received from other public sector entities by way of non-monetary grants are recorded at their fair value or if this cannot be determined, at their residual value indicated by the transferor.

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

Foreign currency transactions

The transactions denominated in foreign currency are recorded based on the foreign currency exchange rates of the European Central Bank officially valid on the date of the transaction.

Cash flow statement

In preparing the cash flow statement, the proceeds and payments, changes in receivable and liabilities have been recorded according to their purpose as cash flows from operating, investing and financing activities.

Related parties

The highest collegial decisive body of the university is the Senate. The related parties in this report are the members of the TLU Senate and their closest family members (incl. a domestic partner, spouse or child) and the related legal persons.

The annual report discloses information on the transactions made with related persons that do not comply with the legal acts or internal documents of the accounting liable person or general requirements or market terms.

Contingent assets

The liabilities of providing a grant assumed on the basis of contract and claims pertaining to the receipt of grants are recorded previously as contingent liabilities and receivables.

Provisions and contingent liabilities

The provision is recorded when the University has a legal or constructive obligation resulting from the obligating event taken place before the date of statement of financial position and the realization of liability is probable and this amount can be reliably measured. The provision is recorded in the statement of financial position in amount that is necessary according to the management's estimates as at the date of the statement of financial position to settle the present obligation related to the provision. If it is likely that the provision is settled later than within 12 months after the reporting date, this is recorded at the discounted value, except if the impact of discounting is immaterial.

Other possible or existing obligations, the settlement of which is less than likely or the related expenditures of which cannot be determined with sufficient reliability, are disclosed in the notes to the financial statements as contingent liabilities.

Off-statement of financial position low value assets

The assets with the useful life of over one year, but with the acquisition cost below 5000 euros are expensed at the moment of recording. The expensed small assets with the acquisition cost of 640 up to 4 999.99 euros are accounted for off-statement of financial position.

Subsequent events

All adjusting events having taken place before the confirmation of the annual report, but after the date of report have been recorded in the report. The impact of no-adjusting events is disclosed in the notes of the annual report, if these are important.

Note 2. Cash and cash equivalents

(in euros)	31 Dec 2018	31 Dec 2017
Cash	3 072	1 917
Bank accounts	4 544 782	1 075 500
Total	**4 547 854**	**1 077 416**

Note 3. Receivables and prepayments

(in euros)	Note	31 Dec 2018	31 Dec 2017
Trade receivables		754 586	669 342
Doubtful trade receivables		-35 719	-28 272
Unreceived grants related to income		2 590 950	2 723 569
Unreceived grants related to assets		98 085	108 752

Other receivables		63 625	95 262
Prepaid grants		287 615	305 174
Prepaid future expenses		179 394	195 695
Prepaid taxes and taxes refundable	22	32 054	25 240
Total:		**3 970 591**	**4 094 763**

Major receivables of unreceived grants (in euros):	31 Dec 2018	31 Dec 2017
Financier		
Ministry of Education and Research	934 877	85 928
Other financiers	833 872	655 239
European Commission	664 601	1 077 933
Archimedes Foundation	87 625	536 685
Innove Foundation	86 549	324 362
Estonian Research Council	78 085	90 153
Environmental Investments Centre	3 426	43 399
Ministry of Foreign Affairs	0	13 428
Enterprise Estonia	0	5 195
Total	**2 689 035**	**2 832 322**

Major prepaid grants (in euros):	31 Dec 2018	31 Dec 2017
Financier		
Other financiers	287 615	305 174
Total	**287 615**	**305 174**

Note 4. Inventories

(in euros)	31 Dec 2018	31 Dec 2017
Materials	5 752	6 638
Goods purchased for resale	61 358	88 649
Total	**67 109**	**95 287**

During the reporting period the stock in trade of the books of Tallinn University Press, the sales period of which is over 3 years, was adjusted.

Note 5. Financial investments

(in euros)	31 Dec 2018	31 Dec 2017
Tervisetehnoloogiate Arenduskeskus AS, share 7.69%	0	1 981

In 2018, the share has been sold back at the same cost upon the motion of Arenduskeskuse AS.

Note 6. Investment property

(in euros)	
Balance as at 31 Dec 2017	**31 Dec 2017**
Land	2 035 823
Balance as at 31 Dec 2018	**31 Dec 2018**
Land	2 035 823

Land is leased as the parking lot for vehicles (Note 12).

Lease income 2018:	66 726
Lease income 2017:	64 370

Note 7. Property, plant and equipment

(in euros)	Land	Buildings	Plant and equipment	Other inventory	Non-depreciable property, plant and equipment	Assets under construction	Total
Acquisition cost 31 Dec 2017	2 131 016	55 626 837	3 150 981	3 684 223	3 431 456	366 946	68 391 459
Accumulated depreciation 31 Dec 2017	0	-20 121 328	-2 021 069	-2 899 579	0	0	-25 041 976
Residual value 31 Dec 2017	**2 131 016**	**35 505 509**	**1 129 912**	**784 644**	**3 431 456**	**366 946**	**43 349 484**
Acquisition	0	0	14 123	145 922	68 514	1 124 190	1 352 749
Non-monetary acquisition	0	0	29 086	0	0	0	29 086
Depreciation and write-off of the financial year	0	-1 708 746	-294 378	-359 450	-6 704	0	-2 369 278
Acquisition cost 31 Dec 2018	2 131 016	54 233 598	3 186 428	3 821 504	3 493 267	1 491 136	68 356 949
Accumulated depreciation 31 Dec 2018	0	-20 436 835	-2 307 685	-3 250 388	0	0	-25 994 908
Residual value 31 Dec 2018	**2 131 016**	**33 796 763**	**878 743**	**571 116**	**3 493 267**	**1 491 136**	**42 362 041**

Note 8. Intangible assets

(in euros)	Software and licences	Prepayments	Total
Acquisition cost 31 Dec 2017	1 013 653	38 250	1 051 903
Accumulated depreciation 31 Dec 2017	-493 812	0	-493 812
Residual value 31 Dec 2017	**519 840**	**38 250**	**558 090**
Reclassification	38 250	-38 250	0
Acquisitions	97 035	0	97 035
Depreciation of the financial year	-87 592	0	-87 592
Acquisition cost 31 Dec 2018	1 148 938	0	1 148 938
Accumulated depreciation 31 Dec 2018	-581 405	0	-581 405
Residual value 31 Dec 2018	**567 533**	**0**	**567 533**

Note 9. Borrowings

(in euros)	Balance 31 Dec 2018	Repayment date: *Within 12 months*	*Within 2-5 years*	*Over 5 years*	*Currency*	Interest rate
Loan no 1	327 415	327 415	0	0	EUR	0.33 %+6 m euribor
Loan no 2	3 809 092	163 636	654 544	2 990 912	EUR	0.895 %+ 3 m euribor
Loan no 3	697 053	0	697 053	0	EUR	0.72 %+ 3 m euribor
Total	**4 833 560**	**491 051**	**1 351 597**	**2 990 912**		
Incl. long-term borrowings	4 342 509					
Incl. short-term borrowings	491 051					

(in euros)	Balance 31 Dec 2017	Repayment date: *Within 12 months*	*Within 2-5 years*	*Over 5 years*	*Currency*	Interest rate
Loan no 1	628 606	301 191	327 415	0	EUR	0.33 %+6 m euribor
Loan no 2	3 972 728	163 636	654 544	3 154 548	EUR	0.895 %+ 3 m euribor
Total	**4 601 334**	**464 827**	**981 959**	**3 154 548**		
Incl. long-term borrowings	4 136 507					
Incl. short-term borrowings	464 827					

Tallinn University concluded the loan contract No. 88502657 (loan No. 3) with OP Corporate Bank plc Estonian Branch. The credit limit of the contract is 7 000 000 euros used in the course of the investment activities of the University. As at 31 December 2018, OP Corporate Bank plc Estonian Branch has issued the loan of 697 053 euros based on the application to Tallinn University. The loan amount will be repaid in one part with the due date of 13 September 2023.

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Note 10. Payables and prepayments

(in euros)	Note	31 Dec 2018	31 Dec 2017
Trade payables		940 225	672 495
Payables to staff		722 282	695 895
Taxes payable	22	1 126 384	983 207
Payable of grants related to income		655 333	1 187 360
Other payables		78 701	33 700
Received prepayments of grants related to income		4 288 014	2 381 844
Other received prepayments and income		311 484	298 153
Total		**8 122 423**	**6 252 653**

Major payables of grants related to income:

Financier	31 Dec 2018	31 Dec 2017
Other financiers	578 593	1 147 757
Haapsalu Neurological Rehabilitation Centre	55 276	26 385
Tallinn City Government	21 464	13 218
Total	**655 333**	**1 187 360**

Major received prepayments of grants related to income:

Financier	31 Dec 2018	31 Dec 2017
European Commission	1 908 714	478 496
Archimedes Foundation	1 017 684	743 950
Other financiers	969 930	921 309
Ministry of Foreign Affairs	207 911	105 015
Estonian Research Council	163 727	67 922
Information Technology Foundation for Education	19 474	10 044
Ministry of Education and Research	574	55 108
Total	**4 288 014**	**2 381 844**

Note 11. Provisions

(in euros)	31 Dec 2018	31 Dec 2017
Provisions for the delivery of trials	0	0

As at 31 December 2018 there are no provisions for delivery of trials.

As at 31 December 2016 there are provisions for delivery of trials in amount of 47 623 euros.
(Civil case no 2-15-9284, WD No. 2.1-11/169)

Note 12. Revenue from operating activities

(in euros)	Note	2018	2017
Revenue from the provision of training service		4 105 644	3 642 594
Revenue from research and development activities		1 760 371	827 104
Other revenue from educational activities		78 037	73 663
Lease and rent	6, 21	461 944	321 544
Sale of other products and services		309 708	456 861
Total		**6 715 704**	**5 321 765**

Revenue from operating activities is divided by geographical districts as follows:

(in euros)	2018	2017
Estonia	6 172 339	4 876 754
Member States of the European Union	424 660	408 329
Other states	118 706	36 682
Total	**6 715 704**	**5 321 765**

Note 13. Operational funding grants

(in euros)	2018	2017
State budget funding grant	19 934 345	19 602 277
Baseline financing from the state budget	1 947 090	1 215 130
Education allowances and student loans from the state budget	62 915	76 898
State budget funding for research activities	1 564 380	1 574 138
Other operational funding grants	75 688	67 632
Total	**22 584 418**	**22 536 074**

Note 14. Grants related to income and assets

(in euros)	2018	2017
Domestic grants related to income	1 821 592	1 616 831
International grants related to income	8 632 974	8 826 389
Total grants related to income	**10 454 566**	**10 443 220**
Domestic grants related to assets	57 378	83 000
International grants related to assets	154 533	167 835
Total grants related to assets	**211 911**	**250 835**
Total	**10 666 477**	**10 694 054**

Major financiers:	2018	2 017
Archimedes Foundation	2 966 660	2 204 515
Other financiers	2 409 693	2 383 749
European Commission	2 137 799	3 031 792
Estonian Research Council	1 110 873	846 808
Innove Foundation	885 303	828 887
Ministry of Education and Research	427 335	412 819
Ministry of Foreign Affairs	316 441	347 657
Information Technology Foundation for Education	228 676	165 565
Enterprise Estonia	170 723	226 432
Ministry of Environment	12 972	245 830
Total	**10 666 477**	**10 694 054**

Note 15. Other income

(in euros)	2018	2017
Income from the sale of non-current assets	208	0
Income from the sale of inventories	46 950	41 973
Other income	39 760	34 004
Total	**86 918**	**75 977**

Note 16. Grants issued

(in euros)	2018	2017
Education allowances and scholarships	2 962 831	2 531 099
Grants, mediation	1 169 216	2 384 081
Member fees and other grants	223 433	184 224
Total	**4 355 479**	**5 099 404**

Note 17. Operating expenses

(in euros)	2018	2017
Management expenses of properties, buildings and premises	1 615 708	1 602 162
Administration costs	831 619	771 649
Travelling expenses	1 027 172	806 526
Expenses on teaching aids and training	855 599	991 546
Expenses compensated to third persons, other expenses	442 452	610 408
Marketing expenses, incl. communication costs	766 460	514 600
Information and communication technology costs	550 670	578 502
Research and development activities	367 596	200 758
Inventory management costs	269 066	240 493
Expenses on library items	245 449	238 740
Training expenses	101 095	84 849
Other cost materials	120 872	87 980
Vehicle management costs	71 644	70 115
Catering and medical expenses	19 808	19 779
Plant and equipment management costs	0	1 860
Total	**7 285 207**	**6 819 965**

Note 18. Labour expenses

(in euros)	2018	2017
Salaries of employees	17 140 037	15 530 072
Salaries of contractual employees	1 799 306	1 508 156
Fringe benefits	235 494	200 376
Tax expenses related to labour expenses	6 507 712	5 841 530
Capitalization of labour expenses	-27 518	-27 295
Total	**25 655 031**	**23 052 838**

Average number of employees per year reduced to full-time equivalent	825	850

Note 19. Other operating expenses

(in euros)	2018	2017
Value-added tax expenses	1 037 283	879 114
Land tax expense	30 505	30 551
Other tax expenses	5 812	7 033
Expenses of doubtful accounts receivable	17 369	-7 905
Other extraordinary expenses	1 811	732
Total	**1 092 780**	**909 525**

Note 20. Financial income and expenses

(in euros)	2018	2017
Interest income	261	287
Interest income	-27 409	-29 748
Interest expenses	-26	0
Total	**-27 174**	**-29 461**

Note 21. Operating lease

University as the lessee	2018	2017
Car lease expenses	15 724	14 621
IT assets lease expenses	2 676	2 676

University as the lessor	Note	2018	2017
Lease income on premises and other assets	12	395 217	257 174

Note 22. Taxes receivable tax liabilities

(in euros)	Note	31 Dec 2018		31 Dec 2017	
		Prepayment	Liability	Prepayment	Liability
Value added tax	10	0	70 761	0	28 561
Corporate income tax	10	0	11 216	0	11 216
Personal income tax	10	0	336 740	0	306 942
Social tax	10	0	635 134	0	571 653
Obligatory funded pension	10	0	27 320	0	27 588
Unemployment insurance premium	10	0	41 045	0	37 247
Other taxes receivables and liabilities		0	0	0	0
Prepayment account balances	3	32 054	0	25 240	0
Total		**32 054**	**1 126 384**	**25 240**	**983 207**

Note 23. Related parties

(in euros)	2018	2017
Fees of the Senate members	1 170 334	1 109 808

In 2018, no transactions were made with related parties which are not compliant with the legal acts or general requirements of internal documents of the accounting liable person or market conditions.

Note 24. Shares in foundations and non-profit associations, private limited company

Tallinn University is a founder member :	**Code of transaction partner**	**TU impact**
MTÜ Dormitorium	603501	Dominant
MTÜ Tallinna Ülikooli Spordiklubi	603502	Dominant
MTÜ Eesti Digikeskus (under liquidation)	609701	Material
Enn Soosaare SA	800301	Material
Läänemaa Elukeskkonna Tuleviku-uuringute SA	609302	Material

SA Virumaa Kompetentsikeskus (bankrupt)	591305	Material
MTÜ Dormitorium is a founder member:		
E-Kyla Arendus OÜ	609401	Material

All units are located in Estonia.

The bankruptcy of SA Virumaa Kompetentsikeskus has no financially assessable impact on Tallinn University.

Note 25. Off-statement of financial position assets

(in euros)	31 Dec 2018	31 Dec 2017
Small assets	3 163 031	3 108 238

Note 26. Off-statement of financial position receivables and liabilities

Domestic funding (in euros)	Source	31 Dec 18	31 Dec 17
Ministry of Education and Research	28	3 424 970	0
Archimedes Foundation	28	679 824	5 413 857
Archimedes Foundation	39	486 575	515 180
Environmental Investment Centre	39	226 857	0
Ministry of Foreign Affairs	60	200 786	191 743
Ministry of Finance	28	128 918	0
Ministry of Education and Research	27	24 948	0
HITSA	60	24 046	10 660
Archimedes Foundation	60	13 312	15 314
Enterprise Estonia	28	0	367 078
SA INNOVE	27	0	1 180 831
Total:		**5 210 236**	**7 694 663**

International funding receivables (in euros)	Source	Project	31 Dec 18	31 Dec 17
European Commission/Horizon 2020	39	CEITER	489 980	1 496 250
European Commission / Erasmus +	39	PT&SCHE	92 596	462 978
European Commission /Horizon 2020	39	EXCEPT	0	148 201
European Commission /Horizon 2020	39	HURMUR	0	462 978
Total:			**582 576**	**2 724 746**

Domestic liabilities (in euros)	Source	31 Dec 18	31 Dec 17
Ministry of Education and Research	28	36 990	59 110
Total:		**36 990**	**59 110**

Note 27. Subsequent events

The events after the reporting date, not taken into account in the assessment of assets and liabilities, but which considerably influence the result of the financial year, are not known at the date of preparing the report.

Note 28. Going concern

As at 31 December 2018, the current liabilities of Tallinn University exceeded current assets in the amount of 27 919 euros (on 31 December 2017, in the amount of 1 450 013 euros). The financial statements of the University have been prepared based on the going concern of the University, as in the opinion of the management the negative current capital as at 31 December 2018 will not create economic difficulties for the University. The financing of the University from the state budget is stable. According to the financing agreement on the basis of the administration contract concluded between Tallinn University and Ministry of Education and Research the university is monthly financed from the state budgetary funds. The University has had the same structure of current capital through the years.

Independent authorized auditor's report

To the Senate of Tallinn University

Opinion

We have audited the financial statements of Tallinn University which comprise the statement of financial position as at 31 December 2018 and the statement of income, statement of cash flows and statement of changes in net assets for the financial year, and notes to the financial statements, including a summary of significant accounting policies.
In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Tallinn University as at 31 December 2018 and its financial performance and cash flows for the financial year in accordance with the Estonian financial reporting standard.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (Estonia). Our responsibilities under those standards are further described in the *Authorized Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the University in accordance with the Code of Ethics for Professional Accountants (Estonia), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Rector is responsible for the other information included in the annual report in addition to the financial statements and the report of our auditor.
Our opinion on the financial statements does not cover other information and we do not express any form of assurance conclusion thereon.
In connection with our audit of the financial statements, our responsibility is to read other information and, in doing so, to consider whether it is materially inconsistent with the financial statements or our knowledge obtained in the audit or appears to be materially misstated otherwise.
If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Rector and those charged with governance for the financial statements

The Rector is responsible for the preparation and fair presentation of the financial statements in accordance with the Estonian financial reporting standard and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, the management is responsible for assessing the University's capability of going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless the management either intends to liquidate the University or to cease operations, or has no realistic alternative but to do so.
Those charged with governance are responsible for overseeing the University's financial reporting process.

Authorized auditor's responsibilities as regards the audit of the financial statements
Our objectives are to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an authorized auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (EE) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of the users taken on the basis of these financial statements.
As part of an audit in accordance with ISAs (EE), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control.
Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the University to cease to continue as a going concern.
Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
We communicate with those charged with governance of the University regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

(digitally signed)
Betty Blös
Authorized auditor, licence No. 664

BDO Eesti AS
Activity licence No. 1
A.H.Tammsaare tee 47, 11316 Tallinn

17 May 2019

Signatures to the Annual Report for 2018

The annual report of Tallinn University for the financial year which ended on 31 December 2018 consists of the management report and the financial statements.

The management of Tallinn University has prepared the management report and the financial statements.

The report includes the independent authorized auditor's report.

The Rector of Tallinn University has reviewed the annual report and approved it for submission to the Senate.

/digitally signed/

Tiit Land
Rector

/digitally signed/

Kurmet Ojamaa
Head of Finances

/digitally signed/

Kanni Zeiger
Head of the Finance Office