

# ANNUAL REPORT 2016



AARHUS UNIVERSITY





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# 1. STATEMENT BY THE MANAGEMENT AND AUDITORS' REPORT

## 1.1 STATEMENT BY THE MANAGEMENT ON THE ANNUAL REPORT

The University Board has today considered and adopted the annual report of Aarhus University.

The annual report of Aarhus University has been presented in accordance with the Danish Ministry of Finance's guidelines and Executive Order no. 1063 of 30 June 2016 on the Funding and Auditing etc. of Universities.

Aarhus, 5 April 2017



Brian Bech Nielsen  
Rector



Arnold Boon  
University Director



Berit Eika  
Pro-rector

It is hereby confirmed:

1. that the annual report gives a true and fair view, which means that it is free from material misstatement and omissions and that the presentation of and reporting on targets in the annual report are adequate;
2. that the financial transactions included in the financial statements are consistent with the reported appropriations, legislation and other provisions as well as agreements made and general practice; and
3. that procedures have been set up which ensure a financially efficient administration of the funds and the operations of the institutions covered in the annual report.

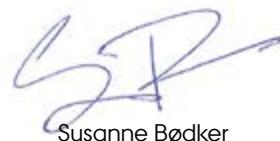
## UNIVERSITY BOARD



Connie Hedegaard  
Chairman



Peder Tuborgh  
Deputy Chairman



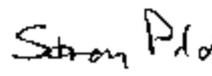
Susanne Bødker



Jens Peter Christensen



Anna Louise Dolan Plaskett



Søren Pold



Margareta Wallin Peterson



Steen Riisgaard



Sune Koch Rønnow



Lieve Vermeulen



Gitte Ørskou

## 1.2 INDEPENDENT AUDITORS' REPORT

To the Board of Aarhus University

### Auditor's report on the financial statements

#### Opinion

We have audited the financial statements of Aarhus University for the financial year 1 January – 31 December 2016. The financial statements comprise accounting policies, income statement, balance sheet, cash flow statement and notes 1–16. The financial statements have been prepared in accordance with Executive Order no. 70 of 27 January 2011 on State Accounting, the Ministry of Finance's Economic Administrative Guidelines as well as Executive Order no. 1063 of 30 June 2016 on the Funding and Auditing etc. of Universities (hereinafter referred to as the 'government accounting rules').

In our opinion, the financial statements are in all material respects correct, i.e. prepared in accordance with the government accounting rules.

#### Basis of opinion

We conducted our audit in accordance with international auditing standards and additional requirements applicable in Denmark as well as generally accepted public auditing standards, as the audit is performed on the basis of Executive Order no. 1063 of 30 June 2016 on the Funding and Auditing etc. of Universities. Our responsibility according to these standards and requirements is described in more detail in the auditor's report, in the section 'The auditor's responsibility for the audit of the financial statements'. We are independent of the university in accordance with IESBA's international ethics standards for accountants and additional requirements applicable in Denmark, in addition to which we have fulfilled our other ethical obligations under these rules and requirements. In our opinion, the audit evidence obtained is sufficient and provides a suitable basis for our opinion.

#### Management's responsibility for the financial statements

The management is responsible for preparing financial statements which in all material respects are correct, i.e. prepared in accordance with the government accounting rules. The management is also responsible for such internal controls 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 connection with the preparation of the financial statements, the management is responsible for assessing the university's ability to

continue as a going concern; for providing information on matters relating to its continued operations, where relevant; and for preparing the financial statements based on a going concern basis, unless the management either intends to liquidate the university or to cease operations or has no realistic alternative but to do so.

#### The auditor's responsibility for the audit of the financial statements

Our goal is to obtain reasonable assurance that the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report with an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit performed in accordance with international standards on auditing and additional requirements applicable in Denmark, as well as good public auditing practice, cf. Danish Executive Order no. 1063 of 30 June 2016 on the Funding and Auditing etc. of Universities, will always identify 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 users made on the basis of these financial statements.

As part of an audit performed in accordance with international standards on auditing and additional requirements applicable in Denmark, as well as good public auditing practice, cf. Danish Executive Order no. 1063 of 30 June 2016 on the Funding and Auditing etc. of Universities, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to these risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than for material misstatements resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the overriding of internal control.
- Obtain an understanding of internal controls 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 the accounting policies applied by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude whether the management's preparation of the financial statements on a going concern basis is appropriate, and whether, based on the audit evidence obtained, material uncertainty exists related to events or matters which 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 the auditor's report to the disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify our opinion on the financial statements. Our conclusions are based on information available to us at the date of the auditor's report. Future events or conditions may, however, cause the university to cease to continue as a going concern.

We communicate with the senior management 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.

#### **Auditor's statement on the management's report, appendices and SDC**

The management is responsible for the management's report, appendices and SDC.

Our opinion on the financial statements does not comprise the management's report (section 2, pages 7-25), the appendices (section 4, pages 37-38) and SDC (section 5, pages 39-40), and we do not express any opinion on the management's report, the appendices and SDC.

In connection with our audit of the financial statements, it is our responsibility to read the management's report, appendices and SDC and, while doing so, consider whether the management's report, appendices and SDC are materially inconsistent with the financial statements or any knowledge obtained by us during the

audit or in any other way appear to contain material misstatement. Our responsibility is furthermore to consider whether the management's report, appendices and SDC contain the information required in accordance with the government accounting rules.

Based on the work performed, it is our opinion that the management's report, appendices and SDC are in accordance with the financial statements and have been prepared in accordance with the requirements set out in the government accounting rules. We have not found any material misstatement in the management's report, the appendices and SDC.

#### **Report on other legal and regulatory requirements**

##### **Statement on compliance audit and performance audit**

Management is responsible for ensuring that the transactions covered by the financial reporting comply with appropriations granted, legislation and other regulations and with agreements entered into and usual practice; and that due financial consideration has been given to the administration of the funds and the operations which are covered by the financial statements.

In performing our audit of the financial statements, it is our responsibility in accordance with generally accepted public auditing standards to select relevant items for both compliance audit and performance audit purposes. When conducting a compliance audit, we test the selected items to obtain reasonable assurance as to whether the transactions covered by the financial reporting comply with the appropriations granted, legislation and other regulations as well as agreements entered into and usual practice. In the case of a performance audit we assess with reasonable assurance whether the tested systems, processes or transactions support due financial concerns in relation to the management of the assets and operations of the entities covered by the financial statements.

We must report on any grounds for significant critical comments should we find such in performing our procedures.

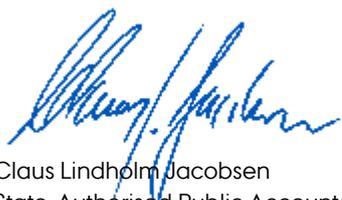
We have no significant critical comments to report in this respect.

Aarhus, 5 April 2017

#### **PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

CVR no.: 33 77 12 31



Claus Lindholm Jacobsen  
State-Authorised Public Accountant



Henrik Kragh  
State-Authorised Public Accountant

## 2. REPORT FOR 2016

### 2.1.1 MANAGEMENT

<b>The university</b>	Aarhus University, Nordre Ringgade 1, 8000 Aarhus C, Denmark
<b>Registered in</b>	City of Aarhus, CVR no.: 31119103
<b>University Board 2016</b>	Michael Christiansen, Chairman Peder Tuborgh, Deputy Chairman Susanne Bødker, employee representative (academic staff) Connie Hedegaard Sarah Yde Junge, student representative Bertha P. Beck Mortensen, employee representative (technical/administrative staff) (until 31.1.2016) Andreas Birch Olsen, student representative (until 31.1.2016) Søren Pold, employee representative (academic staff) Margareta Wallin Peterson Anna Louise Dolan Plaskett, employee representative (technical/administrative staff) (from 1.2.2016) Steen Riisgaard Lieve Vermeulen, student representative (from 1.2.2016) Gitte Ørskou
<b>Management 2016</b>	Brian Bech Nielsen, rector Berit Eika, pro-rector Arnold Boon, university director Johnny Laursen, dean (Arts) Allan Flyvbjerg, dean (Health) (until 30.9.2016) Ole Steen Nielsen, dean (Health) (acting dean from 1.10.2016) Thomas Pallesen, dean (Business and Social Sciences) Niels Christian Nielsen, dean (Science and Technology)
<b>Auditors</b>	Danish National Audit Office Landgreven 4, 1301 Copenhagen K, Denmark
<b>Institutional auditors</b>	PricewaterhouseCoopers, Statsautoriseret Revisionspartnerselskab Jens Chr. Skous Vej 1, 8000 Aarhus C, Denmark

## 2.1.2 STRATEGIC OVERVIEW

### AARHUS UNIVERSITY'S STRATEGY 2013–2020

#### MISSION

Aarhus University is an academically diverse and strongly research-oriented institution that creates and shares knowledge.

#### VISION

Aarhus University strives to be a leading globally oriented university with a strong engagement in the development of society.

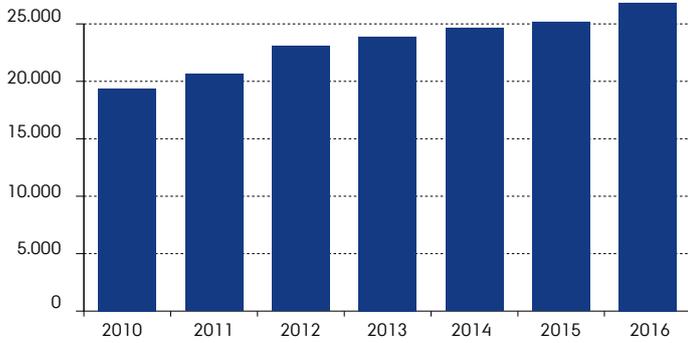
#### VALUES

Aarhus University is a signatory to the European universities' Magna Charta. Freedom of research, independence, study, curiosity and critical interaction with the surrounding world are thus essential values for the university.

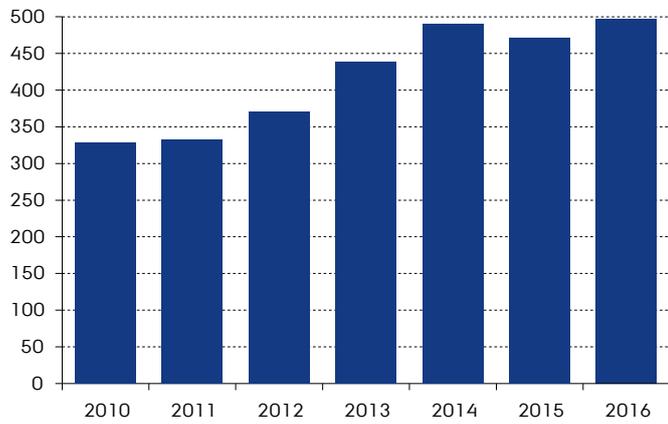
## STRATEGIC GOALS 2013–2020

Research	<ul style="list-style-type: none"> <li>• Increase the number of research areas in the international elite</li> <li>• Focus on societal challenges and strengthen cooperation</li> <li>• Attract more external funding</li> </ul>
Education	<ul style="list-style-type: none"> <li>• Develop the quality of degree programmes in accordance with the highest international standards</li> <li>• Produce graduates with strong competences</li> <li>• Accommodate diversity among students</li> </ul>
Talent development	<ul style="list-style-type: none"> <li>• Offer talent development at the highest international level</li> <li>• Recruit, develop and retain researchers with outstanding talents</li> <li>• Offer talent development activities and programmes starting at Bachelor's level</li> </ul>
Knowledge exchange	<ul style="list-style-type: none"> <li>• Intensify collaboration with the business community and the public sector</li> <li>• Consolidate and develop the university's role of independent scientific consultant to the public sector</li> <li>• Improve the choice of further and continuing education programmes</li> <li>• Strengthen contributions to the development of civil society</li> </ul>
<b>ASSUMPTIONS</b>	<ul style="list-style-type: none"> <li>• Good working conditions</li> <li>• A good environment for study and work</li> <li>• An accessible, visionary management</li> <li>• The opportunity for further and continuing education</li> <li>• A coherent, efficient and professional administration</li> <li>• Optimal financial and legal framework conditions</li> </ul>

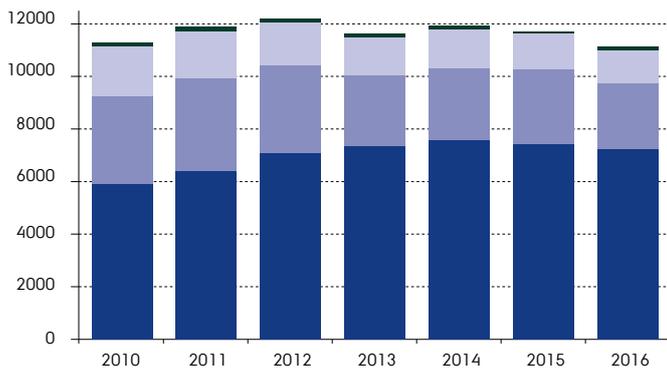
### 2.1.3 KEY FIGURES \*



**Student FTEs,  
Student full time equivalents**

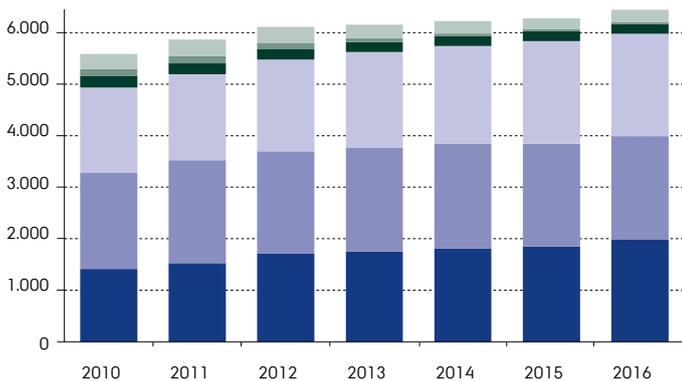


**PhD degrees awarded**



**Publications**

- Teaching publications
- Research dissemination publications
- Reviews, editorials, conference papers, scientific reports, etc.
- Articles, books and contributions to books



**Total income, by purpose 2010-2016  
DKK '000 in prices for the year**

- Other income
- Other government subsidies
- Research-based public sector consultancy
- External funding
- Research
- Education

\*) Key figures include Engineering College of Aarhus from 2012

## 2.2 MANAGEMENT'S REPORT

2016 was a good year for Aarhus University – a year of impressive academic results and satisfactory financial results. The results were achieved despite the competitive situation and financial framework conditions. A strengthened Aarhus University is ready to retain and develop its academic potential, and the university will continue to allocate considerable funds to the strategic development of the university despite the budget cuts.

Aarhus University has decided to strengthen its education profile, to a greater extent tailoring its degree programmes to the private job market. This means that our degree programmes will – to an even greater extent – be aligned with society's needs. In 2016, the University Board therefore decided on a number of strategic initiatives which – while insisting at all times on maintaining the high quality of our research and educational activities – will contribute to sharpening the course taken by Aarhus University. The new course has been decided following thorough preparatory work, and over the coming years, a significant part of the university's funding will go towards financing these initiatives.

The initiatives mean that Aarhus University will have some of the highest student intakes for engineering programmes in Denmark based on a significant expansion of both its BSc and MSc degree programmes in engineering. The demand for bachelors of engineering is deemed to be considerable, particularly in the central Jutland region, and the MSc degree programmes drive the establishment of strong, competitive research environments in support of the high quality of our degree programmes. The aim is for Aarhus University to educate 1,200–1,300 engineers a year by 2025. This also means that we will really start reaping the benefits of the merger between Aarhus University and the Engineering College of Aarhus back in 2012.

Arts currently has one of the strongest academic environments within the humanities, theology and education science in the Nordic region, a position which will be maintained and strengthened. The new profiling of Arts will ensure a strengthening of its strong research environment, among other things through the recruitment of excellent researchers, despite the reduced number of student places at the faculty following the Danish government's degree programme resizing initiative. The strategy will thus entail both a quality boost and stronger links with the labour market for the language programmes through the transfer of the business communication programmes in English, German, French and Spanish from Aarhus BSS to Arts.

Another key initiative is the establishment of the National Centre for School Research at the Danish School of Education. This reflects the

fact that Aarhus University is home to Denmark's largest school and preschool research environment, and is therefore the natural place to bring together key players in these fields of enquiry. The centre opened in August 2016 in collaboration with VIA University College.

As part of the strategic initiatives, Aarhus University will also be strengthening the business areas through the new appointments of more than 25 strong researchers so as to significantly strengthen the research environment as well as through a strengthening of the branding of Aarhus BSS. Finally, Aarhus University will work to open the health sciences towards business and industry, and work to identify the specific needs of the pharmaceutical industry, strengthening the degree programme in medicine with a view to meeting these needs and increasing the job opportunities for graduates in the private sector.

In addition to deciding on the strategic initiatives, the University Board has approved the Rector's Office's plans to change the university's educational profile and develop its business collaboration through new focus areas. The change entails increased digitisation (increased production of computer science, IT and data science graduates), bridge-building between the university and the business community, spin-outs as well as innovation and research collaboration with businesses. This work was initiated in the autumn of 2016 and will continue in the coming years.

It is a central wish for Aarhus University to further develop its coherent and urban campus. It is therefore highly satisfactory that 2016 started with the announcement of the promising news of the acquisition by Forskningsfondens Ejendomsselskab A/S (FEAS) of the Aarhus University Hospital buildings on Nørrebrogade with effect from 2019. FEAS is a subsidiary of the Aarhus University Research Foundation. The hospital buildings comprise more than 110,000 square metres of floor area, and the buildings will be leased from FEAS in step with the university's need for more space. In combination with the existing university park, the former hospital buildings will strengthen the profile of the entire Aarhus campus as an attractive and future-proof research and study environment. In addition to accommodating the university's core activities, the vision is to create a campus that incorporates halls of residence, shops and start-up businesses as well as being integrated with the surrounding urban neighbourhoods. A campus which is integrated with the city and teeming with student life and activities at all hours.

In autumn 2016, Aarhus University launched a comprehensive, inclusive process – *Campus 2.0* – inviting students, staff, citizens, the municipal system, the business sector and the cultural community to come up with suggestions for the future use of the area.

Aarhus University is now working closely with FEAS on an overall development plan for the entire campus area, incorporating the contributions from the process.

### FINANCIAL RESULTS AND PERFORMANCE REPORTING

Aarhus University posted revenue of DKK 6,403 million for 2016, representing an improvement from 2015 of DKK 124 million or approx. 2%. The increase corresponds to actual growth of 1%. It is primarily due to a considerable increase in educational activities, resulting in increased revenues in the form of taximeter subsidies, completion bonuses and the fact that, contrary to expectations, the university did not have to pay a study progress reform fine. It is not known to what extent the unforeseen increase in the level of educational activity is permanent or simply a non-recurring gain due to the study progress reform. Net financials were negative in 2015, while constituting income of DKK 40 million in 2016. A profit of DKK 200 million was generated, which contributes to strengthening the university prior to an expected decline in revenue in the coming years. Equity totals DKK 847.3 million and thereby meets the University Board's target, which is 10% of revenue. Despite the prospect of falling revenues, the university is thus able to continue to strengthen and develop its core areas, and as mentioned elsewhere, a series of strategic initiatives will be launched for this purpose in the coming years.

Aarhus University's performance reporting for 2016 did not live up to the very high level realised in 2015. Eight targets were achieved, two targets were partially achieved, while four targets were not achieved. In addition, the development contract contains a target which will not be measured until 2017 as well as a target in respect of which no data is as yet available from the Ministry of Higher Education and Science. Even though the achievement of targets for 2016 was thus not entirely satisfactory, the results for education were largely in line with expectations, while the level of external funding attracted – for Danish and foreign funding combined – was in line with the target figures.

### RESEARCH AND TALENT DEVELOPMENT

In 2016, Aarhus University maintained and marginally increased the level of research funding awarded through competition. The Finance Act 2016 entailed a considerable reduction in the level of research funds awarded through competition. The external research grants can therefore come under pressure in the future. The university is focusing on various mechanisms to improve the attraction of funding, which is subject to fierce competition from both Danish and foreign research institutions. Aarhus University has intensified its efforts to recruit top researchers and younger talents as a means of improving the university's competitiveness when it comes to attracting research funding. The university attaches considerable importance to this initiative, and the work will be intensified in the future.

In 2016, researchers from Aarhus University received DKK 138 million from the EU Framework Programme for Research and Innovation (Horizon 2020); they have received a total of DKK 439 million since the start of the programme. Aarhus University's success rate of approximately 15% is above the average of approximately 12% for all universities in the EU.

### Examples of major grants

**SynchroniCity:** DKK 112 million under the EU's 'Industrial Leadership' pillar for the development of future 'smart city' solutions, integrating the 'Internet of Things' into the city's and the market's digital infrastructure for the benefit of citizens, businesses and government agencies and institutions. The project includes 34 partners and is coordinated by Associate Professor Martin Brynskov from the School of Communication and Culture.

**EDGE:** An 'Innovative Training Network' under the 'Excellent Science' pillar. The project has received almost DKK 30 million, and its purpose is to train 15 PhD students from five European countries within the fields of virology and immunology, in particular herpes viruses. The project is being undertaken in collaboration with a number of European universities, hospitals and companies in five countries, and is coordinated by Professor Søren Riis Paludan from the Department of Biomedicine.

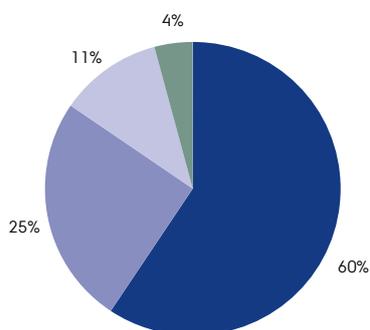
**BRAINSTRUC:** Together with researchers from the University of Copenhagen, researchers from Aarhus University, headed by Professor Poul Nissen from the Department of Molecular Biology and Genetics, have received a grant of up to DKK 60 million from the Lundbeck Foundation for the advancement of brain research in Denmark. Over the next five years, the researchers will work together to improve our understanding of structure biology and the complex and dynamic interaction between proteins, membranes, and other biological molecules in the human brain.

**Niels Bohr professorships:** The National Centre for Register-based Research at Aarhus BSS and the Department of Physics and Astronomy have both received a DKK 30 million grant from the Danish National Research Foundation to fund a Niels Bohr Professorship. The declared objective of the Niels Bohr programme is the enrichment of Danish research environments with first-class researchers from abroad. The two new Niels Bohr professors are John McGrath, University of Queensland, Australia, who is one of the world's leading researchers in schizophrenia and other mental illnesses, and Thomas Pohl from the Max Planck Institute, a professor of quantum physics. Over the next five years, the Niels Bohr professors will spend between 50 and 100% of their time at their Danish research environments.

**VILLUM Centre of Excellence for Dirac Materials:** A five-year grant of DKK 33.5 million from the Villum Foundation has financed the establishment of the centre, which focuses on exploring new avenues in materials research. Professor Philip Hofmann, Department of Physics and Astronomy, heads the centre, which is to further develop several of the so-called Dirac materials, which have electrical properties similar to those of graphene. Aarhus University's particle accelerator – ASTRID2 – will play a key role in the work.

**Carlsberg Foundation:** Based on a grant of DKK 15 million, Johanna Seibt, professor with special responsibilities (MSO) at the School of Culture and Society, will be heading a research project in human interaction with robots. Among other things, her research will help to develop socially responsible robot technologies, thereby addressing some of the challenges surrounding future technological developments and the development of machines with social intelligence.

### Consumption of external research funding in 2016



In recent years, the university has succeeded in obtaining more funding from private Danish organisations and foundations, and these grants now account for about 11% of the university's total research income, or 25% of the total external research funding. Private organisations and foundations are often willing to invest in large-scale projects and focus long-term, which makes it attractive to apply to these. However, these efforts should be seen in light of the fact that the foundations often do not pay overheads, and thus cover a smaller proportion of the indirect costs associated with projects.

There is still a need for the university to intensify its efforts to increase both the number and quality of applications submitted both to the EU and to private organisations and foundations.

#### Examples of research-related breakthroughs

Aarhus University is known for the high quality of its research. In 2016, activities at the university included two key research results.

For the first time ever, researchers succeeded in elucidating antihydrogen, and in this way performed spectroscopic measurements of antimatter. This has for many years been a key goal for antimatter physicists, and now an international research group headed by Professor Jeffrey Hangst, Department of Physics and Astronomy, has succeeded in doing just that. This represents a major step towards determining whether antimatter behaves differently to ordinary matter.

Fast analysis and early diagnosis have a considerable bearing on the possible treatments available to cancer patients and their chances of survival. A method can now measure specific changes in cells based on a saliva swab or a blood sample before the cancer develops into a tumour. The method measures changes in the system that activates or switches off the genes in the cells. Almost all types of cancer start in this way, and it has previously been very difficult to measure these changes. The discovery has been published by researchers from the Department of Biomedicine in collaboration with international partners.

#### Examples of special research facilities

Research facilities of the highest international standard is a key parameter for recruiting the best researchers. Facilities established in 2016 include:

**Cleanroom:** The new cleanroom facilities at the Department of Geoscience enable new types of research to be conducted requiring extremely precise measurements of the property of materials, from lava flows in volcanoes to nano-scale biomedical impacts.

**RESCUE Lab:** A new energy laboratory at the Department of Engineering, which offers access to absolutely top-class technical facilities for both researchers and students as well as Danish and foreign companies. The laboratory will be used to collect knowledge about ways of optimising a sustainable energy supply in Denmark and the rest of Europe.

**Dissections** require teaching facilities out of the ordinary, and on 2016 Aarhus University completed extensive renovation and expansion work at the conservation and dissection facilities in the basement at the Department of Biomedicine, which ensures that Health now has some of the best dissection facilities in the world.

#### Prizes and awards

In 2016, Associate Professor Liv Hornekær from the Department of Physics and Astronomy received one of the prestigious EliteForsk prizes and DKK 1.2 million for her research into surface physics. Liv Hornekær's field of research is surface physics, and she is pioneering the research into the properties and special significance of graphene for the formation of molecules in interstellar space.

Professor Jens Stougaard from the Department of Molecular Biology and Genetics received Denmark's largest individual research award, the Villum Kann Rasmussen Annual Award for Technical and Scientific Research, of DKK 5 million. Since 2007, Jens Stougaard has headed the CARB basic research centre, where 40 researchers are currently working, and the award is given in recognition of Jens Stougaard's research into plant biology, including the root nodules resulting from the symbiotic relationship between legumes and nitrogen-fixing bacteria.

Professor Jens-Christian Svenning from the Department of Bioscience became the first person to be presented with Queen Margrethe II's Science Award, which was established in 2015 by the Royal Danish Academy of Sciences and Letters to mark the 75<sup>th</sup> birthday of its patron, HM the Queen. It is the first award in the Queen's own name, and Jens-Christian Svenning received the award for his research into geographical ecology and the link between climate and biodiversity.

Associate Professor Alexander N. Zelikin from the Department of Chemistry and the Interdisciplinary Nanoscience Center (iNANO) received the Lundbeck Foundation Research Prize for Young

Scientists 2016 for researchers under 40 years of age as well as the Danish Polymer Prize from the Danish Academy of Technical Sciences (ATV). Alexander N. Zelikin is a leading expert in the world within the development of medical polymer materials and biomedical design.

Lars Wiuff Andersen from the Department of Clinical Medicine and Aarhus University Hospital received the Lundbeck Foundation Talent Award 2016 for researchers under 30 years of age who have conducted particularly promising research within the health sciences. Lars Wiuff Andersen conducts research into acute and critical illness – primarily clinical research – within heart surgery, serious infections and cardiac arrest.

#### Talent and young research talent

Aarhus University works actively to attract and develop strong research talents. This work is absolutely central to being able to maintain and develop the quality of the university's research. The efforts include, among other things, so-called start packages from the Aarhus University Research Foundation for both assistant professors and associate professors as well as the Marie Curie fellowships for junior and senior researchers.

In 2016, Science and Technology entered into a cooperation agreement with Novo Nordisk aimed at strengthening research and development into protein technology. Under the new agreement, a total of nine PhD students will be offered a three-year research scholarship to be spent both in the technological research environments at Science and Technology and at Novo Nordisk's R&D department in Måløv near Copenhagen. The Aarhus Novo Nordisk Science and Talent Network will run for five years.

In 2016, Aarhus University decided to address the challenge of the low proportion of female researchers from assistant professor level upwards. Following a broad consultation process at the university, the senior management team adopted an action plan with a catalogue of tools. All departments have prepared an action plan setting out targets for their efforts. The ambition is to create opportunities for all talents.

## EDUCATION

### Institutional accreditation

In spring 2016, Aarhus University submitted its application for institutional accreditation. The self-evaluation report, which constitutes the backbone of the application, describes the university's quality system, and the description has subsequently been followed up by visits from the accreditation panel appointed to assess the system.

Managers, employees and students participate in the annual degree programme quality assurance processes, which will replace the rota accreditation system once the university is granted a positive accreditation.

As part of the quality process, in 2016 Aarhus University completed 38 degree programme evaluations, and 177 degree programmes have completed an annual status review. The course-specific dialogues are based on data on the individual degree programmes, and local follow-up is agreed. At the same time, cross-organisational follow-up is carried out to ensure that any common challenges are handled at faculty and/or university level. The processes support the course-specific quality culture and ensures management support.

### Study progress

In autumn 2015, the Danish Parliament amended the study progress reform, and Aarhus University has subsequently devoted considerable efforts to implementing the amendments with particular focus on the revised study progress rules. The process has focused on balancing the required time-to-degree reductions with the students' possibilities for completing their degrees. The balance has ensured that Aarhus University has, on the one hand, lived up to the time-to-degree reduction targets dictated by the ministry, while on the other hand allowing students greater flexibility to complete their studies. In addition to the revised rules, a number of strategic projects have been implemented with a view to increasing study intensity, with particular focus on optimising the thesis-writing process. As a result of the efforts designed to improve study progress, the time-to-degree reduction targets determined by the ministry were met, which meant that no study progress reform fine had to be paid in 2016. Going forward, the implementation of the new rules and their effect on times to degree will be monitored closely.

#### Bachelor's and Master's degree students

- 34,497 students enrolled
- 28,462 applicants
- Bachelor's degree programmes: 7,219 admissions; 4,914 graduates
- Master's degree programmes: 5,846 admissions, 6,072 graduates

### Cooperation with upper secondary schools

In 2016, Aarhus University continued its targeted efforts to recruit talented and motivated students, which again this year bore fruit in connection with the summer intake. On average, the qualifying grade point averages were up, as was the number of first-priority applications relative to the number of students admitted to Bachelor's degree programmes.

Aarhus University engages in solid cooperation with the upper secondary schools, which supports the university's overall focus on quality. The purpose of the cooperation is to contribute to the recruitment of the top half of the upper secondary school classes, and through further and continuing education of upper secondary school teachers to contribute to increasing the quality of teaching at upper secondary schools. In 2016, the recruitment campaign activities were therefore supplemented with intensified cooperation with the upper secondary schools:

- The liaison organisation between Aarhus University and the upper secondary schools in Central Denmark Region is fully established with representatives from the various types of schools, and the internal organisation has been optimised with a focus on knowledge sharing and networking
- An internet portal has been established for all Aarhus University's offers targeted at the upper secondary schools
- The rector and pro-rector have paid successful visits to a large number of upper secondary schools with a view to ensuring closer cooperation
- Popular seminars for upper secondary school teachers have been developed further to cater for a greater academic spread. Moreover, a new demand-driven competence development concept – AU Update – has been developed, which involves the joint development of academic content by researchers, upper secondary school teachers, university pedagogics centres and specialist consultants for the individual programmes.

#### Talent development efforts

In 2016, the university adopted an Aarhus honours programme model based on experiences from Science and Technology, and in the coming years, the plan is to start offering honours programmes to students on a broader range of degree programmes. The model consists of individualised, extracurricular study programmes targeted at highly talented and motivated students who have the potential to excel within a specific academic area.

Students are required to follow their ordinary degree programme concurrently with the honours programme. The model sets standards for workload, academic challenges and selection.

Aarhus University's dual career efforts generally aim to support academic talent without loss of other talent, and these efforts will be intensified. With AU Elitesport from 2011, Aarhus University has created a profile and built up special competences within the field of dual career programmes, offering guidance and support for students following two parallel career tracks: an academic track as a university student, and a track as an elite athlete. The experience gained has been positive, and the dual career programmes are now being offered to other students in the form of guidance for student entrepreneurs.

In 2016, two out of every three Olympic and world championship medals were won by elite athletes who are also studying. Students from Aarhus University won more than 20% of all Danish medals.

#### COLLABORATION AND KNOWLEDGE EXCHANGE

Collaboration and knowledge exchange with society are key elements in Aarhus University's strategy, and are part and parcel of many of the activities undertaken by the faculties, departments, schools and centres.

#### Collaboration with the business community and municipalities

An increasing share of university graduates must find employment in the private sector, and in 2016 Aarhus University took steps to

#### Examples of external cooperation

**DABAI:** The 'Danish Center for Big Data Analytics Driven Innovation' project is coordinated by the Alexandra Institute. Other participants are the departments of computer science at the University of Copenhagen, the Technical University of Denmark (DTU) and Aarhus University, the companies Systematic, Visma and BusinessMinds as well as the Danish Agency for Digitisation, the Danish Business Authority and the Central Denmark Region. In addition, a wide range of other private and public undertakings are also involved in specific case activities at the centre. The purpose of the project is to develop algorithm techniques and methods for big data analysis, machine learning and interactive visual analytics that can be reused across a range of cases in three business fields: public data, data from the food industry and data from IT-based learning. DABAI has a budget of just over DKK 117 million, of which DKK 45 million comes from Innovation Fund Denmark.

**PLAYTrack:** A research project at the Interacting Minds Centre at the School of Culture and Society for which the keywords are creativity, enthusiasm and life-long learning. The project is financed by a grant of DKK 12 million from the LEGO Foundation, and PLAYTrack will work closely with the foundation to develop new methods for investigating and documenting how play promotes learning. PLAYTrack also supports a new Play User Lab in Billund, which is run by the Municipality of Billund and the LEGO Foundation.

**Apple:** In 2016, Aarhus University entered into a special agreement with the company Apple, which is in the process of constructing a very large data storage facility in Foulum. The agreement means that Aarhus University will supply the data centre with stable renewable energy in the form of biogas, and for this purpose, the university will, among other things, conduct research into competitive so-called methanisation technologies capable of converting the CO<sub>2</sub> component in biogas to methane. In addition, research will be conducted into the possibilities of storing wind power and solar power so as to stabilise the supply of renewable energy.

**Coast to Coast Climate Change:** The School of Culture and Society has entered into cooperation with Central Denmark Region on an EU project which over the coming six years will make the region more robust to climate change. The project also aims to generate new knowledge, business development and exports.

**Tourism:** Researchers from Arts will help to rethink tourism in Danish coastal towns. As part of a new research project funded by a DKK 5.5 million grant from Innovation Fund Denmark, researchers from Arts – in collaboration with the Aarhus School of Architecture, the Municipality of Ringkøbing-Skjern, the KRAFT project, VisitAarhus and Danish Coastal and Nature Tourism – will rethink tourism in Danish coastal towns.

**Centre for Quality of Life:** The Department of Psychology and Behavioural Sciences is working with the City of Aarhus to establish the centre; the centre director will be Associate Professor Lars Larsen. The centre will develop a basis for helping to improve the quality of life for elderly people through, for example, existentialist dialogue sessions with a psychologist, and the centre will conduct research into quality of life among the elderly.

strengthen the university's collaboration with the business community. By offering more degree programme elements that bring the students into direct contact with businesses and public institutions, the university is helping to boost future job opportunities for its students. Another initiative launched by Aarhus University is Career Ready, the purpose of which is to stimulate and strengthen the links between the degree programmes and the future professional lives of the university's graduates. The implementation of the initiative will start in 2017.

Aarhus University has established a central business committee consisting of the Rector's Office and the four deans. The purpose of the committee is to further strengthen the many existing activities in cooperation with the business community, for example the extensive formal and informal cooperation between researchers and businesses, including the university's comprehensive technology transfer activities. At the beginning of 2017, the organisation will be further strengthened at faculty and departmental/school level with the clear aim of ensuring that Aarhus University is perceived as an attractive partner for businesses and of sharpening the career elements in the degree programmes for students.

Over the years, Aarhus University has engaged in very satisfactory collaboration with a number of municipalities, but there is a need to strengthen this cooperation. In 2016, Aarhus University therefore entered into an agreement with Business Region Aarhus, a political partnership between twelve municipalities in East Jutland. Under the agreement, Aarhus University commits to conducting follow-up research into growth and development in East Jutland, while the member municipalities of Business Region Aarhus contribute to creating job opportunities for accompanying spouses of employees at Aarhus University. This will strengthen the university's ability to recruit international researchers and lecturers at a high level. Aarhus University plans to further expand its municipal cooperation in the coming years by entering into framework agreements with more municipalities in Central Denmark Region.

### **Research-based consultancy**

Public-sector consultancy services cover research, consultancy, emergency response and research dissemination under framework agreements with Danish ministries, first and foremost with the Ministry of Environment and Food of Denmark. The total contract sum, including supplementary contracts, is DKK 460 million, and inclusive of the external funding attracted by these research environments, the activities generate revenue of about DKK 1 billion, thus constituting an important asset for Aarhus University.

Aarhus University researchers at the Danish Centre for Food and Agriculture (DCA) and at the Danish Centre for Environment and Energy (DCE) contributed to the reports which led to the adoption by the Danish Parliament of the government's agricultural package, and subsequently found themselves at the focus of the ensuing political debate. The process has demonstrated that it is important that the university supports its employees when they are involved in delivering research on issues involving considerable economic or commercial interests and that the university upholds the overall principles of openness and transparency etc.

### **Other external cooperation**

Two of Aarhus University's tried-and-tested knowledge dissemination activities continued in 2016 with impressive results. In early summer 2016, the [danmarkshistorien.dk](http://danmarkshistorien.dk) site topped 20 million views, which must be taken as an indication of a lasting and high level of interest in research-based knowledge about Danish history in the form of articles, e-books, sources, film and audio clips, games, quizzes etc. The public natural science lectures, of which four to five are held each semester at the Lakeside Lecture Theatres in Aarhus, attracted more than 2,000 people for each of the three evening lectures held in the spring semester 2016. In addition, the lectures were streamed from Aarhus to a large number of upper secondary schools, libraries, cinemas, Danish University Extensions, village halls, citizens' and culture centres etc. in Denmark and abroad; some of the lectures will also be delivered live in a number of towns in Jutland.

## 2.3 CORE ACTIVITIES AND RESOURCES

The budget for 2016 was based on an expected decline in revenues, and the expectation was therefore a balanced budget. A record-high production of student FTEs and graduates resulted in increased revenues from educational activities, which – together with positive net financials – generated results which are more positive than expected.

The Aarhus University management is pleased that the results for 2016 and the accumulated equity have not only enabled the university to adapt to the reduced budgetary framework conditions in the coming years, but are also allowing the university sufficient leeway to maintain and further develop its academic potential through new strategic initiatives.

### FINANCIAL RESULTS FOR THE YEAR

Aarhus University posted revenue of DKK 6,403 million for 2016. Net financial income of DKK 40 million takes the university's total revenues for 2016 to DKK 6,444 million. Most of Aarhus University's income takes the form of state subsidies (61.9%) and external funding (30.9%). Income from public-sector consultancy and other income account for 7.2% of revenues.

Revenues from educational activities increased by DKK 135 million from 2015 to 2016, due to a high level of activity as a result of the study progress reform. In addition, contrary to expectations, Aarhus University was not required to pay a study progress reform fine in 2016. The increase in revenues from educational activities from 2015 to 2016 is probably of a non-recurring nature. The consumption of external funding was DKK 1,802 million, which is marginally lower than in 2015. The lower level of consumption of external funding reflects the cuts to government research funding and the intensifying competition for external funding.

In 2016, staff costs amounted to DKK 4,025 million (64.5% of Aarhus University's total expenses). Total staff costs were up DKK 40 million relative to 2015. Staff consumption in 2016 was 7,853 full-time equivalents compared to 7,866 in 2015, representing a decline of almost 0.2%.

Other operating costs, exclusive of rent, amortisation and depreciation, totalled DKK 1,388 million, rent and property taxes amounted to DKK 677 million, while amortisation and depreciation totalled DKK 154 million.

Net financials constituted an income of DKK 40 million.

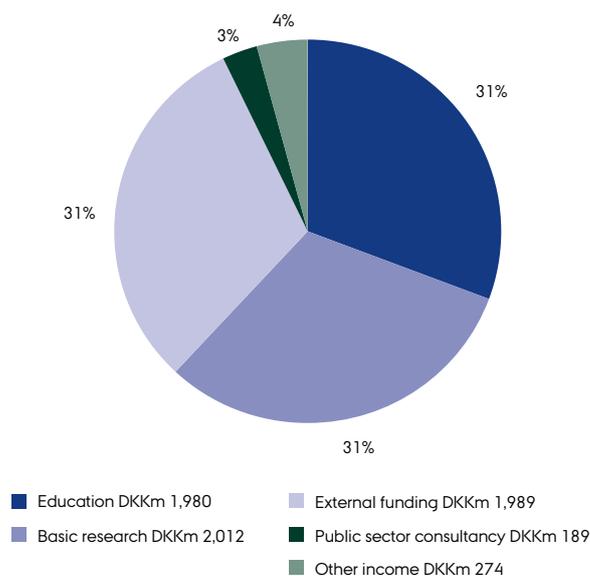
The result for the year was a profit of DKK 200 million against a budgeted break-even result. This is primarily due to an unexpectedly high level of study activity due to the study progress reform.

In addition to the profit from ordinary operating activities, the financial income was significantly higher than budgeted in 2016. Aarhus University's equity totalled DKK 847 million at the end of 2016, corresponding to just over 13% of revenue. Aarhus University will use this leeway for new strategic initiatives and reduce equity to 10% of revenue.

### CORE ACTIVITIES AND RESOURCES

The figure below shows the total revenues for the year by purpose (education, basic research, external funds, public-sector consultancy and other income), including net financials.

Revenues in 2016 by purpose in DKKm and percentages



An amount of DKK 203 million out of the basic research income of DKK 2,012 million stems from public-sector consultancy contracts with the Ministry of Environment and Food of Denmark. The public-sector consultancy contracts thus total DKK 393 million.

The revenues from educational activities consist primarily of Finance Act grants in the form of taxameter subsidies, completion bonuses and tuition fees from fee-paying foreign students and part-time students. These revenues amounted to DKK 1,980 million (30.7% of Aarhus University's revenues), an increase of DKK 135 million relative to 2015. Production included 4,914 Bachelor's degree graduates, 6,072 Master's degree graduates, 26,867 student FTEs and 701 graduates from professional Master's and diploma degree programmes. In 2016, 1,211 full-time equivalents were enrolled on open and part-time degree programmes.

Basic research revenues totalled DKK 2,012 million (31.2% of Aarhus University's revenues). External funds totalled DKK 1,988 million, and comprise external research funding and other grant-financed activities (including research-related sales such as conferences), income-generating activities and forensic services for the Danish Ministry of Justice. External research funding from Danish and foreign public and private sources totalled DKK 1,681 million of the total external funding, and other grant-financed activities amounted to DKK 128 million. Income-generating activities totalled DKK 132 million, originating, for example, from the university's dental clinic and from contracts for advisory and consultancy services, which are won, for example, following government tenders, while forensic services to the Ministry of Justice totalled DKK 47 million.

The public-sector consultancy contracts with the Ministry of Environment and Food of Denmark totalled DKK 392 million, of which an amount of DKK 189 million is categorised as public-sector consultancy, while DKK 203 million is included in the basic research grants. The public-sector consultancy contracts are reduced by 2% a year, while an increasing number of areas under the Ministry of Environment and Food of Denmark are subject to competition.

Other operating income consists of, among other things, rent from the subletting of land and buildings, PhD-related income, per-hectare aid and sales of agricultural products, income from conferences, licences and royalties as well as net financials.

## 2.4 PERFORMANCE REPORTING

In January 2015, Aarhus University entered into a development contract with the Ministry of Higher Education and Science for the period 2015–2017. The contract comprised nine objectives, of which the first five were mandatory objectives decided by the minister, while the last four were self-chosen objectives.

On 29 June 2016, upon the request of the Minister for Higher Education and Science, an addendum to the development contract was signed. The addendum comprises two elements:

- Objective 5, *Increased social mobility – more talents in action*, is no longer part of the development contract
- A new mandatory objective 10, *Increased regional knowledge-based collaboration*

### 1. Improving degree programme quality

Aarhus University has a strong focus on maintaining and further developing the quality of its degree programmes in accordance with the highest international standards.

### 2. Greater relevance and increased transparency

Graduates are Aarhus University's most important contribution to society. They go on to hold key positions nationally as well as internationally and generate value. They do so on the basis of strong academic competences from research-based, high-quality degree programmes.

### 3. Better coherence and cooperation

Aarhus University wishes to focus on greater coherence in the educational system, vertically and horizontally, thereby creating a more flexible and coherent system.

### 4. Increased internationalisation

Aarhus University gives a high priority to the internationalisation of its educational and research environments. Internationalisation must contribute to a high concentration and mobility of talent at all levels.

### 5. Increased social mobility – more talents in action

The target is no longer part of the development contract.

### 6. A research-intensive university

Research is one of the principal cornerstones of Aarhus University, and is the foundation for the university's other core activities.

### 7. Attracting external research funding

From its current strong position, Aarhus University will improve the quality and level of activity of its research in the coming years. In order to realise this ambition, it is vital to retain and further increase the level of external funding, thus creating flexibility and freedom for research activities.

### 8. Talent development

Aarhus University's ability to find and develop the most promising research talents helps to secure a sizeable pool of talent for the Danish knowledge society.

### 9. Collaboration with society

Aarhus University wishes to put knowledge to use through close, long-term and innovative relations with society. The goal is to generate economic, cultural and technological value for society as well as for the university.

### 10. Increased regional knowledge-based collaboration

With this indicator, Aarhus University focuses on a specific aspect of the university's collaboration with the rest of society. Particular and specific focus is thus directed at strengthening regional knowledge-based collaboration through the university's relations with small and medium-sized enterprises.

The development contract is clear and concise. For each of the objectives, between one and three key performance indicators have been selected. The key performance indicators are all central to the university's overall objectives. Moreover, the target figures have been determined based on an ambitious, yet realistic assessment of progress in the individual areas.

#### Summary – status for target achievement (indicators)

Number of indicators	16
<i>of which</i>	
To be measured in 2017	1
Target achieved	8
Target partially achieved	2
Target not achieved	4
Awaiting publication of data by the Ministry of Higher Education and Science	1

The tables below show the results for 2016, and comments are made on a number of the indicators of both a technical and non-technical nature.

## 1. Improving degree programme quality

### 1.1 Level of student satisfaction with their degree programme

	2014	2015	2016	2017
Target		-	-	89%
Result	88%	-	-	

Note: No targets were defined for 2016 in the development contract.

A study environment survey was conducted in 2016. The collection of data was carried out in autumn 2016, and the results of the survey were made available in spring 2017. In connection with the collection of data, a number of initiatives were launched – from a targeted communication to student-driven initiatives – with a view to increasing the response rate and hence the validity of the survey results. The efforts bore fruit and resulted in an increase from 40% in 2014 to a response rate of 46% in 2016, which equates to an additional 1,844 students completing the questionnaire.

Since the last survey, a number of reforms have been introduced, and the study progress reform in particular, combined with the heated relevance debate in the media, must have had a potentially negative impact on students' stress levels and hence their overall level of satisfaction.

### 1.2 Teaching activity – lessons offered

	2015	2016	2017
Target		82% (autumn semester)	100% (spring and autumn semesters)
Result	78% (autumn semester)	<b>82%</b> <b>(autumn semester)</b>	

Note: The target for 2016 was achieved.

### 1.3 Up-to-date courses and conduct of courses

	2015	2016	2017
Target	Focus: The new shared e-learning platform (Blackboard) must be available to at least 95% of all Bachelor's and Master's degree programmes.	Focus: A minimum of 85% of all permanent teaching staff have been offered the opportunity to develop their competences in using Blackboard for teaching activities.	Focus: All faculties have prepared an action plan setting out which course elements can be rethought and redesigned by means of Blackboard or other relevant technologies as well as how.
Result	Blackboard is implemented for all potential users among Bachelor's and Master's degree students.	<b>In 2016, all permanent teaching staff were offered the opportunity to develop their competences in using Blackboard for teaching activities.</b>	

Note: The target for 2016 was achieved.

## 2. Greater relevance and increased transparency

### 2.1 Transition to the labour market assessed through analyses of unemployment levels after graduation from a Master's degree programme

	2013	2015	2016	2017
Target		Maintain a level corresponding to the national average	Maintain a level corresponding to the national average	Maintain a level corresponding to the national average
Result	12% (= national average)	12% (= 1 percentage point better than national average)	<b>11% (= 1 percentage point better than national average)</b>	

Note: The target for 2016 was achieved.

## 3. Better coherence and cooperation

### 3.1 Aarhus University's share of the Master's degree students in the university sector who are enrolled on the basis of a Bachelor's degree or a professional Bachelor's degree from other Danish educational institutions

	2013	2015	2016	2017
Target		24%	23%	22%
Result	25%	25%	<b>26%</b>	

Note: The target for 2016 was achieved.

### 3.2 Number of PhD students enrolled at Aarhus University in collaboration with a university college

	2013	2015	2016	2017
Target		44	47	50
Result	38	64	<b>60</b>	

Note: The target for 2016 was achieved.

## 4. Increased internationalisation

### 4.1 Aarhus University's share of the university sector's full-degree students (foreign students on full degree programmes)

	2013	2015	2016	2017
Target		17%	18%	19%
<b>Result</b>	17%	14%	<b>14%</b>	

*Note:* The target for 2016 was not achieved.

As highlighted in the annual report for 2015, efforts to increase the number of international students are hampered by the Danish government's degree programme resizing plan, which was adopted after the conclusion of the development contract. This is a particular challenge for Aarhus University, as it has the proportionately largest share of Master's degree students on arts and education/social education programmes compared with the other Danish universities. In the past, about 30% of the full-degree students at Aarhus University have been enrolled at Arts, the faculty most severely hit by the cuts. This is thus a factor over which Aarhus University has no control.

Aarhus University has launched a number of initiatives which are expected to have a positive effect; however, the university does not expect these steps to be able to make up completely for the effects of the degree programme resizing plan.

Aarhus University has, among other things, introduced an earlier application deadline for overseas applicants and reduced the tuition fees for a large number of degree programmes. Furthermore, an application fee has been introduced for the purpose of improving the quality of the applications received. Aarhus University has also strengthened its ongoing communication with applicants.

## 5. Increased social mobility – more talents in action

The target is no longer part of the development contract.

## 6. A research-intensive university

### 6.1 Impact of research in the international research community

	2013	2015	2016	2017
Target		1.34	1.35	1.35
<b>Result</b>	1.34	1.35	<b>1.28</b>	

*Note:* The target for 2016 was not achieved. Aarhus University has seen a decrease in the impact of its research, which is not satisfactory. Discussions have been initiated on how the university may, in the long term, restore the very high level of research impact which was seen up until 2015. A key element is strengthening the recruitment of top researchers. Furthermore, a strong focus must be maintained on a publication strategy which gives priority to publications of a high scientific quality.

## 6.2 Research production measured in bibliometric indicator (BFI) publication points

	2013	2015	2016	2017
Target		6,225	6,350	6,475
<b>Result</b>	5,984	6,436	<b>6,241</b>	

*Note:* As stated in the annual report for 2015, the figure for 2015 from the Danish Agency for Science, Technology and Innovation was incorrect. The error has subsequently been corrected, and the figure for 2015 has been adjusted from 6,772 to 6,436, which is the correct figure.

The target for 2016 was not achieved. Aarhus University saw a fall in the production of bibliometric indicator (BFI) publication points, which is not satisfactory. The university believes that the fall is ascribable, among other things, to the increased focus on the part of the university's researchers on applying for external research funds during this period. Within the field of clinical research, there has also been considerable pressure on the researchers to undertake other clinical tasks.

Occasioned by the decline, among other things, discussions have been initiated on how to strengthen the recruitment of top researchers. These initiatives are expected to increase production in the long term. In addition, course activities have been planned in 2017, targeted especially at PhD students and regarding publication, which is also expected to contribute to an increase in BFI production.

## 7. Attracting external research funding

### 7.1 Attracting external research funding from Danish sources

	2014	2015	2016	2017
Target		DKK 1,400 million	DKK 1,450 million	DKK 1,500 million
<b>Result</b>	DKK 1,358 million	DKK 1,435 million	<b>DKK 1,421 million</b>	

*Note:* The target for 2016 was not achieved. The result is affected by the reduced government research pools in the 2016 Finance Act. When research funds are generally under pressure, it can also result in a certain reluctance to spend in research environments. The total consumption of external research funds from Danish sources is 2% below the target figure, and the total consumption of external funding was 0.1% lower in 2016 relative to 2015.

### 7.2 Attracting external research funding from sources outside Denmark

	2014	2015	2016	2017
Target		DKK 220 million	DKK 230 million	DKK 240 million
<b>Result</b>	DKK 210 million	DKK 252 million	<b>DKK 260 million</b>	

*Note:* The target for 2016 was achieved.

## 8. Talent development

### 8.1 PhDs' transition to the labour market assessed through analyses of the job situation 4-19 months after receiving their PhD degree

	2013	2015	2016	2017
Target		Maintain level relative to the national average	Maintain level relative to the national average	Maintain level relative to the national average
Result	92% (national average)	n/a	n/a	

Note: Awaiting publication of employment survey by the Ministry of Higher Education and Science.

### 8.2 Number of students who participate in voluntary honours programmes and courses for particularly talented and motivated students

	2013	2015	2016	2017
Target		300	400	500
Result	244	335	380	

Note: The target was partially achieved.

There has been a significant increase in recent years in the number of students who participate in voluntary honours programmes for particularly talented and motivated students. The very ambitious target for 2016 was, however, only partially achieved, among other things because it has proven difficult to attract the expected number of students in some areas.

## 9. Collaboration with society

### 9.1 Financial scope of partnership agreements with society

	2014	2015	2016	2017
Target		DKK 940 million	DKK 955 million	DKK 965 million
Result	DKK 937 million	DKK 961 million	DKK 954 million	

Note: The target was partially achieved.

### 9.2 Number of research contracts with businesses

	2013	2015	2016	2017
Target		420	440	460
Result	381	438	519	

Note: Note: The target for 2016 was achieved.

## 10. Increased regional knowledge-based collaboration

### 10.1. Number of students who participate in company-based projects during their study programmes at AU Herring Campus

	2015	2016	2017
Target		60	80
<b>Result</b>	40	<b>421</b>	

*Note:* The target for 2016 was achieved.

The base figure for 2015 concerns the three degree programmes Global Management and Manufacturing (GMM), MSc in Economics and Business Administration (Marketing and Business Innovation), and the MSc in Engineering (Technology Based Business Development) at AU Herring Campus. The target figures for 2016 and 2017 include all degree programmes.

The target figures have been shown to underestimate the actual level of activity. There has been an increasing focus on students doing assignments in collaboration with a company on all semesters, which means that practically all Business Development Engineering students (BDE) at AU Herring Campus now do an internship with a company or do semester assignments or their Bachelor's project or master thesis in close collaboration with a company. The increasing number of BDE students has contributed further to the positive results.

## 3. FINANCIAL STATEMENTS

### 3.1 ACCOUNTING POLICIES

#### **Basis of accounting**

The annual report for Aarhus University has been presented in accordance with the Danish Ministry of Finance's guidelines and Executive Order no. 1063 of 30 June 2016 on the Funding and Auditing etc. of Universities.

The accounting policies have been applied consistently with previous years.

Property, plant and equipment is normally depreciated over the expected useful lives of the assets, but assets may instead be depreciated over their economic lives based on a concrete assessment.

The annual report is presented in DKK '000.

#### **Recognition and measurement in general**

The financial statements are prepared in accordance with the historical cost principle.

Income is recognised in the income statement as earned. Also, all costs incurred to achieve the earnings for the year, including depreciation, amortisation, impairment losses and provisions as well as reversals of amounts previously recognised in the income statement as a result of changed accounting estimates, are recognised in the income statement.

Assets are recognised in the balance sheet if it is probable that future economic benefits will flow to the university and the value of the assets can be measured reliably.

Liabilities are recognised in the balance sheet if it is probable that future economic benefits will flow out of the university, and the value of the liabilities can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are remeasured as described for each item below.

Financial assets and liabilities are measured at amortised cost.

On recognition and measurement, account is taken of foreseeable risks and losses arising before the presentation of the annual report and proving or disproving matters existing on the balance sheet date.

Danish kroner is used as the currency of measurement. All other currencies are regarded as foreign currency.

#### **Foreign currency translation**

Foreign currency transactions are translated using the rate of exchange at the transaction date. Gains and losses that arise due to differences between the rate on the transaction date and the one in effect on the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, liabilities and other monetary items denominated in foreign currencies that have not been settled on the balance sheet date are translated using the rate of exchange on the balance sheet date. Differences between the rate on the balance sheet date and the rate on the transaction date are recognised in the income statement as financial income or financial expenses.

#### **Income taxes and deferred tax**

The university is not subject to taxation.

#### **Income**

The university is covered by the Danish University Act and thus receives government subsidies. The government subsidies are disbursed monthly in 12 instalments on the basis of the forecast number of student full-time equivalents and are recognised in the period in which they are received. Every year in October, the actual number of student full-time equivalents is calculated, and the on-account payments are adjusted. Government subsidies for public-sector consultancy are recognised in the period in which they are received. External funding received and commitments made, including income from partnership agreements, are recognised as income as and when costs are incurred. Tuition fees from open education are recognised as income in the period to which they relate. Other sales and cash sales are recognised as income at the time of invoicing.

#### **Costs**

Costs include the costs associated with the year's activities.

#### **Financial items**

Financial income and expenses include interest as well as realised and unrealised foreign currency translation adjustments.

### Intangible assets

#### *Finished development projects*

Comprehensive research is an integral part of Aarhus University's activities. The general rule is that this research is not commercial, and the costs incidental to such research are recognised in the income statement as and when incurred.

Only costs for inventions where it is possible to demonstrate a relation between costs incurred and future earnings are capitalised.

Inventions, patents and licences are measured at cost less accumulated amortisation and impairment losses or a lower recoverable amount and are amortised over the term of the right, which is typically 20 years, or a shorter useful life.

#### *Acquired concessions, patents, licences etc.*

IT software licences are measured at cost less accumulated amortisation and impairment losses and are amortised over the term of the agreement, but not over more than three years.

### Property, plant and equipment

Land is measured at cost. No depreciation is effected for land.

Buildings, leasehold improvements, plant and machinery, transport equipment as well as other equipment and IT equipment are measured at cost less accumulated depreciation and impairment losses.

Donated buildings taken over from the Danish State are measured on initial recognition at replacement cost based on an assessment made by the Ministry of Higher Education and Science.

Property, plant and equipment under construction are measured at cost.

Cost includes the acquisition price and costs directly related to the acquisition until the time when the asset is ready to be put into operation.

Assets with an acquisition price of less than DKK 100,000 are recognised as cost in the year of acquisition.

Assets are normally depreciated over their expected useful life (see below).

Assets deemed to have a shorter economic life based on a concrete assessment may instead be depreciated over their economic life.

Profits or losses from the disposal or scrapping of non-current assets are recognised in the income statement under depreciation and impairment losses.

### Non-current assets received as donations

Aarhus University regularly acquires non-current assets using funding from grant-financed activities. The projects are financed by the EU, enterprises, the Danish State, grants and private individuals. The non-current assets are depreciated in accordance with the usual accounting policies.

As a counter entry to the recognised non-current assets, an item is recognised under prepayments as 'Accrued donations'. This item is dissolved and recognised as income in the income statement in step with the depreciation of the relevant non-current assets. This will offset the effect on the profit of the depreciation of non-current assets received through grant-financed activities.

### Collections and works of art

Over the years, the university has received an extensive number of collections and works of art from different benefactors. These are not regarded as having any financially measurable value for Aarhus University, and the university is not planning to sell any of them. For this reason, the collections and works of art have not been recognised in the financial statements at a value.

### Inventories

Inventories, i.e. stocks that can be sold and are included in active production, are measured at the lower of cost (using the FIFO principle) and net realisable value. The net realisable value of inventories is calculated as the expected selling price during normal operations less completion costs and costs incurred to effect sale. The net realisable value is determined with regard to marketability, obsolescence and the expected selling price development.

Livestock is valued in accordance with the so-called TSS circulars from the Danish tax authorities on normal commercial values.

Consumables are not recognised in the balance sheet, as the total value is not material, and almost the same level of stocks is maintained from year to year.

### The basis of depreciation is distributed according to the straight-line principle over the expected useful lives of the assets, which are:

Buildings	10–50 years
Leasehold improvements	The lease term/max. 10 years
Plant and machinery	5–20 years
Transport equipment	5–30 years
Equipment and IT equipment	3 years

**Receivables**

Receivables are recognised in the balance sheet at the lower of amortised cost and net realisable value, which here corresponds to the nominal value less write-downs for bad debts. Write-downs for bad debts are based on an individual assessment of each receivable.

**Receivables from ongoing funding activities**

To the extent that Aarhus University incurs costs for activities which are financed by grants under the agreements, but where the grants have not yet been disbursed, the grants to which Aarhus University has acquired a right are recognised as receivables from ongoing funding activities.

**Prepayments**

Prepayments recognised under assets include costs incurred relating to subsequent financial years.

**Securities**

Securities recognised under current assets and which form part of cash reserves include listed bonds measured at fair value on the balance sheet date. The fair value is measured on the basis of the most recently listed ask price.

**Provisions**

Provisions are recognised when the university, due to an event that happened before or on the balance sheet date, has a legal or constructive obligation, and it is probable that economic benefits will flow out of the university to meet such obligation.

**Long-term debt**

Fixed-interest loans, such as mortgage loans and loans with credit institutions, are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. For subsequent periods, the loans are measured at amortised cost so that the difference between the proceeds and the nominal value is recognised in the income statement as interest expenses over the term of the loan.

Other liabilities other than provisions are measured at amortised cost, essentially equalling nominal value.

**Liabilities other than provisions**

Liabilities other than provisions are measured at amortised cost, essentially equalling nominal value.

**Holiday pay payable**

This item includes both holiday pay payable and the holiday pay obligation.

**Accrued donations**

As mentioned under property, plant and equipment, the value of property, plant and equipment procured through grant-financed activities is recognised. The counter entry to property, plant and equipment is the accrued value of the donation, which is recognised as income according to a straight-line principle over the period of depreciation of the related property, plant and equipment, the effect being that the net income statement is not affected by the expensed depreciation.

**Prepaid tied-up funds from ongoing funding activities**

Prepaid tied-up funds relate to ongoing funding activities, which are funds received to cover costs not yet incurred. Aarhus University charges a fee for certain grants to cover capacity costs incidental to funding activities. The fee is recognised as income as the grants are spent.

**Other deferred income**

Other deferred income recognised as liabilities cover other payments received relating to income in subsequent financial years.

**Cash flow statement**

The cash flow statement shows the cash flows for the year from operating, investing and financing activities and the cash effect of these cash flows. The statement includes the value of bonds and cash.

## 3.2 INCOME STATEMENT 1 JANUARY – 31 DECEMBER

DKK '000			
Note	Income statement	FS 2016	FS 2015
	<b>Ordinary operating income</b>		
	Grants for own operations over the Danish Finance Act	4,110,400	3,989,133
	External funds	1,802,180	1,804,543
	Sales of goods and services	490,638	485,593
	<b>Total ordinary operating income</b>	<b>6,403,218</b>	<b>6,279,269</b>
	<b>Ordinary operating costs</b>		
	Consumption costs		
	Rent	676,707	660,920
	Other consumption costs	74,490	94,396
	<b>Total consumption costs</b>	<b>751,197</b>	<b>755,316</b>
	Staff costs	4,025,273	3,985,692
	Other ordinary operating costs	1,313,675	1,340,525
	Depreciation, amortisation and impairment losses	153,550	144,335
	<b>Total ordinary operating costs</b>	<b>6,243,695</b>	<b>6,225,868</b>
	<b>Profit/loss from ordinary operating activities</b>	<b>159,523</b>	<b>53,401</b>
	Other operating income	0	124,490
	<b>Profit/loss before net financials</b>	<b>159,523</b>	<b>177,891</b>
	<b>Financial items</b>		
	Financial income	58,344	19,479
	Financial expenses	18,063	20,896
	<b>Net profit/loss for the year</b>	<b>199,804</b>	<b>176,474</b>

## 3.3 BALANCE SHEET AS AT 31 DECEMBER

DKK '000			FS 2016	FS 2015
Note	Assets			
	<b>Non-current assets</b>			
	<b>Intangible assets</b>			
	Acquired concessions, patents, licences etc.		2,153	3,442
3.6.2	<b>Total intangible assets</b>		<b>2,153</b>	<b>3,442</b>
	<b>Property, plant and equipment</b>			
	Land and buildings		538,877	538,364
	Plant and machinery		509,390	546,445
	Transport equipment		51,764	50,055
	Equipment and IT equipment		41,816	46,752
	Property, plant and equipment under construction		23,968	53,907
3.6.3	<b>Total property, plant and equipment</b>		<b>1,165,815</b>	<b>1,235,523</b>
	<b>Total non-current assets</b>		<b>1,167,968</b>	<b>1,238,965</b>
	<b>Current assets</b>			
	Inventories		7,699	7,058
	Trade receivables		172,326	200,299
	Receivables from ongoing funding activities		750,899	696,222
	Other receivables		85,250	117,670
	Prepayments		13,362	11,460
	Securities		1,632,435	1,135,270
	Cash		324,812	351,971
	<b>Total current assets</b>		<b>2,986,783</b>	<b>2,519,950</b>
	<b>Total assets</b>		<b>4,154,751</b>	<b>3,758,915</b>

DKK '000			FS 2016	FS 2015
Note	Liabilities and equity			
	<b>Total equity</b>		<b>847,328</b>	<b>647,525</b>
3.6.4	<b>Total provisions</b>		<b>37,191</b>	<b>27,719</b>
3.6.5	Mortgage debt		23,134	25,063
3.6.6	Accrued donations		378,686	415,436
	<b>Total long-term debt</b>		<b>401,820</b>	<b>440,499</b>
	<b>Short-term debt</b>			
	Trade payables		304,957	406,658
	Holiday pay payable		553,898	547,171
	Other payables		166,431	98,590
	Prepaid tied-up funds from ongoing funding activities		1,448,718	1,229,406
3.6.7	Other deferred income		394,409	361,347
	<b>Total short-term debt</b>		<b>2,868,412</b>	<b>2,643,172</b>
	<b>Total liabilities and equity</b>		<b>4,154,751</b>	<b>3,758,915</b>

### 3.4 STATEMENT OF CHANGES IN EQUITY

DKK '000	Total equity
Equity according to 2015 annual reports	647,524
Net profit/loss for the year	199,804
<b>Total equity as at 31 December 2016</b>	<b>847,328</b>

### 3.5 CASH FLOW STATEMENT

DKK '000	FS 2016	FS 2015
Net profit/loss for the year	199,804	176,474
<b>Reversal of items with no cash effect:</b>		
Depreciation, amortisation and impairment losses on non-current assets including profits from disposals	153,550	19,845
Donations recognised as income during the year	-57,843	-52,643
Changes in provisions	9,472	-16,161
Change in receivables etc.	3,171	82,352
Changes in short-term debt	225,242	-68,808
<b>Cash flow from operating activities</b>	<b>533,396</b>	<b>141,059</b>
Purchase of intangible assets	-216	-2,682
Purchase of property, plant and equipment	-85,165	-150,135
Disposal of non-current assets	2,828	216,124
<b>Cash flow from investing activities</b>	<b>-82,553</b>	<b>63,307</b>
Addition of donation obligation	21,092	71,858
Repayment of long-term debt	-1,929	-28,832
<b>Cash flow from financing activities</b>	<b>19,163</b>	<b>43,026</b>
<b>Change in cash</b>	<b>470,006</b>	<b>247,392</b>
<b>Total securities and cash as at 1 January</b>	<b>1,487,242</b>	<b>1,239,850</b>
<b>Total securities and cash as at 31 December</b>	<b>1,957,248</b>	<b>1,487,242</b>

### 3.6 NOTES TO THE FINANCIAL STATEMENTS

#### Note 3.6.1 Staff consumption

	2012	2013	2014	2015	2016
Full-time equivalents	7,992	8,217	8,028	7,866	7,853

**Note 3.6.2 Intangible assets**

DKK '000	Finished development projects	Acquired concessions, patents, licences etc.	Intangible assets under construction	Total
Cost as at 1.1.2016	943	8,935	1,929	11,807
Addition	0	2,145	-1,929	216
Transferred	0	-216	216	0
Disposal	0	-919	0	-919
<b>Cost as at 31.12.2016</b>	<b>943</b>	<b>9,945</b>	<b>216</b>	<b>11,104</b>
Amortisation as at 1.1.2016	943	7,422	0	8,365
Amortisation for the year	0	1,505	0	1,505
Amortisation on disposed assets	0	-919	0	-919
<b>Amortisation as at 31.12.2016</b>	<b>943</b>	<b>8,008</b>	<b>0</b>	<b>8,951</b>
<b>Carrying amount</b>	<b>0</b>	<b>1,937</b>	<b>216</b>	<b>2,153</b>
Amortisation period/years	20	3		

Out of the total carrying amount of DKK 2.153 million, DKK 830 million is financed by donations, see note 3.6.6.

**Note 3.6.3 Property, plant and equipment**

DKK '000	Land and buildings	Plant and machinery	Transport equipment	Equipment and IT equipment	Property, plant and equipment under construction	Total
Cost as at 1.1.2016	659,521	1,396,229	93,487	253,630	53,907	2,456,774
Addition	6,617	51,885	5,400	21,264	19,756	104,922
Transferred	16,823	10,042	810	2,263	-49,694	-19,756
Disposal	-3,574	-32,888	-2,801	-42,974	0	-82,237
<b>Cost as at 31.12.2016</b>	<b>679,387</b>	<b>1,425,268</b>	<b>96,896</b>	<b>234,183</b>	<b>23,969</b>	<b>2,459,703</b>
Depreciation as at 1.1.2016	121,157	849,784	43,431	206,879	0	1,221,251
Depreciation for the year	22,401	94,474	4,441	28,416	0	149,732
Amortisation on disposed assets	-3,048	-28,379	-2,741	-42,928	0	-77,096
<b>Amortisation as at 31.12.2016</b>	<b>140,510</b>	<b>915,879</b>	<b>45,131</b>	<b>192,367</b>	<b>0</b>	<b>1,293,887</b>
<b>Carrying amount</b>	<b>538,877</b>	<b>509,389</b>	<b>51,765</b>	<b>41,816</b>	<b>23,969</b>	<b>1,165,816</b>
Depreciation period/years	10–50 years	5–20 years	5–30 years	3 years		

Out of the total carrying amount of DKK 1.165816 million, DKK 377.855 million was financed by donations, see note 3.6.6.

The university's ownership of the assigned property which originally belonged to HIH is expected to be officially assigned to the Danish Building and Property Agency in 2017. The book value of the property as at 31 December 2016 was DKK 58.506 million.

**Public assessment of land and buildings, see the most recent assessments for 2014 and 2015**

Building value	415,835
Land value	73,066
<b>Total public assessment</b>	<b>488,901</b>
<b>Property for which no separate public assessment has been made. Carrying amount</b>	<b>3,800</b>

**Note 3.6.4 Provisions**

DKK '000	FS 2016	FS 2015
Re-establishment commitments re leasehold improvements	3,926	3,875
Limited tenures, mutually agreed departures etc.	14,832	11,134
Project provisions	3,133	3,132
Other provisions	15,300	9,578
<b>Total provisions</b>	<b>37,191</b>	<b>27,719</b>

**Note 3.6.5 Mortgage debt**

DKK '000	FS 2016	FS 2015
Long-term debt is repaid over the following periods		
Within one year	2,115	1,929
Between one and five years	8,478	7,807
After five years	12,540	15,327
<b>Total mortgage debt</b>	<b>23,133</b>	<b>25,063</b>

Loan in HIH property of DKK 23.133 million is expected to be paid off through the transfer of property to the Danish Building and Property Agency in 2017.

**Note 3.6.6 Accrued donations**

Distribution of accrued donations on asset types:

DKK '000	Acquired concessions, patents, licences etc.	Land and buildings	Plant and machinery	Transport equipment	Equipment and IT equipment	Non-current assets under construction	Total
Accrued donations as at 1.1.2016	1,291	45,637	312,969	29,583	4,961	20,995	415,436
Transfer	0	0	11,293	0	1,648	-12,941	0
Donations received	0	0	20,460	0	2,689	0	23,149
Donations recognised as income	-461	-1,170	-49,880	-1,094	-5,237	0	-57,842
Donations disposed of	0	0	-2,058	0	0	0	-2,058
<b>Accrued donations as at 31.12.2016</b>	<b>830</b>	<b>44,467</b>	<b>292,784</b>	<b>28,489</b>	<b>4,061</b>	<b>8,054</b>	<b>378,685</b>

Accrued donations are recognised as income in the following periods:

Within one year	49,506
Between one and five years	167,822
After five years	161,357
<b>Total accrued donations as at 31.12.2016</b>	<b>378,685</b>

**Note 3.6.7 Other prepayments**

DKK '000	FS 2016	FS 2015
Prepayment of grants 2017 from the Ministry of Higher Education and Science	332,439	307,540
Other prepayments	61,970	53,807
<b>Total other prepayments</b>	<b>394,409</b>	<b>361,347</b>

**Note 3.6.8 Use of funds for free places and scholarships in the period 1 September 2015 – 31 August 2016.**

DKK '000				
<i>Consumption</i>				
	Number of students enrolled on fully or partially free places	Number of scholarship recipients	Use of free places (DKK)	Use of scholarships (DKK)
Rate 1	101	63	2,573	5,436
Rate 2	1	0	660	0
Rate 3	38	17	1,340	1,701
<b>Total</b>	<b>140</b>	<b>80</b>	<b>4,573</b>	<b>7,137</b>
<i>Financial statements</i>				
Year	Transferred from the Danish Agency for Higher Education (DKK)	Retained earnings from international fee-paying students (DKK)	Consumption in the financial year (DKK)	Result (DKK)
2016	9,756	246	11,352	-1,350

**Note 3.6.9 Scholarships for particularly talented students for the academic years 2015–2016 and 2016–2017**

DKK '000			
Year	Number of scholarships	Subsidies from the Danish Agency for Institutions and Educational Grants (DKK)	Consumption in the financial year (DKK)
2015	0	1,200	0
2016 (1 August 2016 to 31 December 2016)	7	2,600	377

The affiliation with a company is established in the second year of study. AU admitted the first students on the programmes for particularly talented students in summer 2016, so no students have yet reached their second year of study.

**Note 3.6.10 Aarhus University's total costs for student political activities and other student activities**

DKK '000	FS 2016	FS 2015
<b>Student sports activities and other student activities</b>		
Student sports activities	935	954
Other student activities	16	15
<b>Total student activities</b>	<b>951</b>	<b>969</b>
<b>Student political activities</b>		
Student Council/Studenterlauget/Joint Student Council	1,208	1,249
Konservative Studenter	47	48
Frit Forum	147	150
Liberale Studenter	0	0
<b>Total student political activities</b>	<b>1,402</b>	<b>1,447</b>
<b>Total</b>	<b>2,353</b>	<b>2,416</b>

**Note 3.6.11 Information on foundations, organisations etc. with which the university engages in special cooperation of a non-commercial nature**

Aarhus University engages in cooperation of non-commercial nature with the Aarhus University Research Foundation, Incuba Science Park, CAPNOVA, Agro Business Park, Agro Food Park, the Danish University Extension, Studenterhus Aarhus, the Centre for Business Research, the Danish Society for Nature Conservation, the Danish Consumer Council, the Danish Animal Welfare Society and the Danish Hunters' Association. The university cooperates with and subsidises the self-governing institution Sandbjerg Estate, the Studenterhusfonden foundation, the Orion Planetarium in Jels and the Danish institutes in Athens and Damascus.

**Note 3.6.12 Contractual obligations**

Aarhus University has rental commitments with periods of non-terminability up to 1 January 2036.

**The commitments are distributed as follows:**

DKK '000	Rental commitments
Within one year	445,499
Between one and five years	893,424
After five years	616,187
<b>Total rental commitments</b>	<b>1,955,110</b>

**Note 3.6.13 Contingent assets**

The university has a full or partial right to certain inventions and patents. The value of these patents and inventions is uncertain, and there is not a sufficient basis for recognition.

**Note 3.6.14 Contingent liabilities**

Some employees have civil servant status, which means that Aarhus University is obliged to provide redundancy pay for up to 36 months if they are dismissed. The total maximum liability is DKK 85.218 million. The pension liability for civil servants has been covered by the ongoing payment of pension contributions to pension funds.

In respect of salaried PhD fellows, the university guarantees the students' pay during the period of enrolment. This guarantee may be used if the pay costs are not covered by the companies or institutions with which training agreements have been made.

Aarhus University is covered by the Danish State's self-insurance principle.

If the university chooses to close down the Institute of Business and Technology in Herning or to discontinue the programmes offered at the centre, the Ministry of Higher Education and Science is entitled to an amount corresponding to the net transfer price at the time of the institution's amalgamation with the university on 1 January 2006 of DKK 52.499 million, adjusted according to special guidelines, including the difference in the market value of the buildings and the carrying amount. Partial discontinuation of the programmes would mean that the Ministry of Higher Education and Science will have a proportionate claim. The Ministry of Higher Education and Science may approve changes made to the programmes covered by the amalgamation on 1 January 2006 without the university being fully or partly liable to pay the adjusted net transfer price to the Ministry of Higher Education and Science.

Aarhus University has furnished a guarantee of DKK 1.722 million to the Danish Agency for Higher Education in connection with the conclusion of a contract on 'Det Regionale Studievalg for Østjylland'. The guarantee is valid until 1 November 2018.

Aarhus University must conduct research at the Villum Research Station in northeast Greenland until the contract expires on 1 January 2025. By this time, Aarhus University will be subject to re-establishment commitments if the Government of Greenland does not want to renew the cooperation agreement, and if Aarhus University does not wish to conduct research at the station after this date. This is not considered to be the likely outcome.

**Note 3.6.15 Charges**

Mortgage debt is secured by way of mortgages on Aarhus University's properties with a carrying amount as at 31 December 2016 of DKK 23.133 million.

**Note 3.6.16 Equity investments**

DKK '000				
Aarhus University has ownership shares in the following companies:				
Company	Investment and acquisition			AU's ownership share in %
	2016	Accumulated	Total company share capital (nominal amount in DKK)	
SIMHERD A/S	0	145	500	29.00
TEGNOLOGY ApS	0	34	267	12.90
PLEURATECH ApS	0	5	125	4.00
Combat Stroke ApS	0	3	110	2.35
Brincker Dynamics ApS	0	8	80	10.00
Methyl Detect	13	13	50	25.40

Equity investments are recognised in the financial statements at DKK 0. The university had no income or expenses in 2016 relating to the above companies following their formation.

**Note 3.6.17 Overview of accumulated result for income-generating activities**

DKK '000	2013	2014	2015	2016
Income	103,525	120,645	133,372	132,222
Direct and indirect costs	92,855	108,505	126,827	126,788
Result	10,670	12,140	6,545	5,487
Accumulated results as from 2007 *)	74,569	86,709	93,254	98,688

\*) Aggregate result includes the results from 2007 onwards. The source of the information for 2007 is the merged institutions' individual annual reports. The National Environmental Research Institute (NERI) had one divisional financial statement in 2007. Consequently, the figures for 2007 include no revenues from income-generating activities in the National Environmental Research Institute.

**Note 3.6.18**

On 14 December 2015, Aarhus University received a grant of DKK 2.4 million as an extraordinary contribution to the realisation of potential efficiencies. The grant was used in 2016 to fund special operational and process optimisation efforts in the administration.

## 4. APPENDICES

### 4.1 OVERVIEW OF ACTIVITY TYPES (DIVISIONAL FINANCIAL STATEMENTS)

DKK '000	All divisional financial statements	DFS 1: General activities	DFS 2: Commercial activities	DFS 3: Forensic medicine	DFS 4: Grant-financed research	DFS 5: Other grant-financed activities	DFS 6: Education research
<b>Income</b>							
Finance Act grants	4,110,400	4,111,985					-1,585
External funding	1,802,180	-21			1,676,739	125,462	
Disposals and other operating income	490,638	304,489	132,222	47,181	4,050	2,669	28
<b>Total income</b>	<b>6,403,218</b>	<b>4,416,453</b>	<b>132,222</b>	<b>47,181</b>	<b>1,680,788</b>	<b>128,131</b>	<b>-1,557</b>
<b>Costs</b>							
Wages and salaries	4,025,273	3,012,103	55,993	22,442	899,458	35,029	248
Rent	676,707	664,720	534	5,293	5,526	633	
Other operating costs	1,388,165	497,880	70,143	14,085	715,580	92,282	-1,805
Depreciation and amortisation	153,550	89,763	118	3,891	59,683	95	
<b>Total costs</b>	<b>6,243,695</b>	<b>4,264,466</b>	<b>126,788</b>	<b>45,711</b>	<b>1,680,247</b>	<b>128,039</b>	<b>-1,557</b>
<b>Profit/loss from ordinary operating activities</b>	<b>159,523</b>	<b>151,987</b>	<b>5,434</b>	<b>1,470</b>	<b>541</b>	<b>92</b>	<b>0</b>
Financial income	58,344	58,344			1		
Financial expenses	18,063	17,982	-53	5	124	5	0
<b>Total net financials</b>	<b>40,281</b>	<b>40,362</b>	<b>53</b>	<b>-5</b>	<b>-124</b>	<b>-5</b>	<b>-0</b>
<b>Net profit/loss for the year</b>	<b>199,804</b>	<b>192,349</b>	<b>5,487</b>	<b>1,465</b>	<b>417</b>	<b>87</b>	<b>-0</b>

## 4.2 FINANCIAL AND OPERATING DATA

Nos.	Financial and operating data	FS 2016	FS 2015
<b>Income, DKKm</b>			
1	Education	1,980	1,845
2	Research	2,012	2,000
3	External funds	1,988	1,992
4	Research-based public-sector consultancy	189	193
5	Basic grants	39	46
6	Other income	235	202
<b>Costs in DKKm by purpose</b>			
7	Research *	3,159	3,178
8	Education *	2,111	2,060
9	Dissemination and knowledge exchange *	277	276
10	Research-based public-sector consultancy *	369	376
11	General management, administration and service	298	304
<b>Staff (full-time equivalents)</b>			
12	Academic staff	3,860	3,910
13	Part-time academic staff	494	455
14	Technical and administrative staff	3,499	3,501
<b>Balance sheet</b>			
15	Equity, DKKm	847	648
16	Balance sheet, DKKm	4,155	3,759
17	<b>Buildings, total (gross area in sq. m.)</b>	675,216	676,560
<b>Activity and production information</b>			
<b>Students</b>			
18	Number of admissions on Bachelor's degree programmes	7,219	7,228
19	Number of admissions on Master's degree programmes	5,846	5,487
20	Number of students enrolled as at 1 October	34,497	36,517
21	Student FTEs	26,867	25,167
<b>Graduates</b>			
22	Number of Bachelor's degree graduates	4,914	4,589
23	Number of Master's degree graduates	6,072	4,520
<b>Open and part-time degree programmes</b>			
24	Number of active full-time equivalents	1,211	1,236
25	Graduates on Master degree and diploma degree programmes	701	772
<b>Internationalisation</b>			
26	Number of outgoing students (exchange students)	2,021	1,262
27	Number of incoming students (exchange students)	1,004	960
28	Number of foreign exchange students on full programmes in Denmark	2,959	3,070
<b>PhD programmes</b>			
29	Number of PhD students enrolled	1,781	1,845
30	PhD student intake (new PhD students)	473	528
31	Approved PhD dissertations	497	471
<b>Research and dissemination results</b>			
32	Number of publications (bibliometric indicator) **	5,709	5,760
33	Reported patents	17	20
34	Reported inventions	71	72
35	Number of projects with the business community	2,600	2,608
36	Number of external projects	5,008	5,143
37	Income from cooperation with the business community, DKKm	494	532

\*] Costs before allocation of costs to general management, administration and service.

\*\*] The number of publications for 2015 stated in the financial statements for 2015 has been changed due to errors in the Danish Agency for Science, Technology and Innovation's calculations of the bibliometric research indicator for 2015.

## 5. SINO-DANISH CENTER FOR EDUCATION AND RESEARCH (SDC)

The Sino-Danish Center for Education and Research (SDC) was established in 2010 as a result of a strategic partnership agreement on education and research between Denmark and China. The eight Danish universities' contributions to the SDC partnership are coordinated by the Danish SDC office at Aarhus University.

SDC currently offers MSc degree programmes, facilitates research collaboration within five focus areas, provides financial support for PhD programmes and works to strengthen the connection between research and educational institutions as well as companies in Denmark and China.

Since 2012, SDC has offered MSc degree programmes in the natural and social sciences in Beijing, where mainly Danish and Chinese students are admitted each year. Since 2012, 699 students have been admitted, and in 2016, 54 students started an MSc degree programme at SDC, after having been accepted via one of the Danish universities.

In the 2011–2016 period, SDC provided financial support for 218 Danish, Chinese and international PhD students, many of whom also teach on the MSc degree programmes. In 2016, 18 PhD programmes were initiated with financial support from the Danish SDC office.

The SDC partners are committed to promoting the mobility of students and researchers between China and Denmark. In 2016, the Danish SDC office thus provided financial support for approx. 200 Danish researchers who have been to China to teach on one of the SDC Master's degree programmes or to conduct research under the auspices of SDC.

The SDC partnership has developed significantly since the establishment in 2010, and to ensure that it is geared for the future, in spring 2016 an international evaluation panel appointed by the Danish board conducted a 360-degree evaluation of the Danish contribution to SDC. The panel concluded, among other things, that the cooperation between the eight Danish universities, the Chinese Academy of Sciences and the University of Chinese Academy of Sciences is ambitious and unique in an international perspective and holds huge potential for the future. One of the

most important strengths is the joint Danish-Chinese ownership structure and the decision-making model which have meant that a strong collaborative culture and impressive results have been created in just a few years. At the same time, the support from the authorities in both countries has been crucial to achieving such impressive results. The panel was also impressed with the way in which all eight universities in Denmark have involved themselves in the cooperation. This has created entirely new contacts between research and education environments in Denmark, while at the same time contributing to increasing the attractiveness of the Danish partners. The start-up phase is now over, and SDC is developing into an actual institution and therefore consolidating its activities.

The international evaluation also resulted in a number of recommendations within areas such as education, PhD programmes and research. Against this background, the Danish SDC secretariat has prepared a number of action plans for the various areas of activity to ensure the continued development of SDC. Some of the focus points are the recruitment of students, double degrees for PhD students, optimisation of the degree programme portfolio, strengthening of cooperation with the business community and the continued involvement of all eight universities in Denmark.

In continuation of the evaluation, at the end of 2016 the Danish SDC management embarked on a round of visits to the rectors of the Danish universities for a status and to talk about the universities' continued involvement in SDC. Meetings will be held with the remaining universities in 2017.

In 2017, SDC will move into its own building at the UCAS Yanqihu Campus north of Beijing. Construction is expected to be completed in June 2017. The building will be inaugurated in autumn 2017, and occupation is also planned for the autumn.

SINO-DANISH CENTER FOR EDUCATION AND RESEARCH  
 INCOME STATEMENT 1 JANUARY – 31 DECEMBER 2016  
 BALANCE SHEET AS AT 31 DECEMBER 2016

DKK '000			
Note	Income statement	FS2016	FS2015
	<b>Ordinary operating income</b>		
1	Grants for own operations over the Danish Finance Act	41,241	31,400
	External funds	28,600	28,600
	<b>Total ordinary operating income</b>	<b>69,841</b>	<b>60,000</b>
	Subsidies transferred to Danish universities	45,108	49,709
	Subsidies transferred to China	0	1,561
	<b>Total funds transferred</b>	<b>45,108</b>	<b>51,270</b>
	<b>Ordinary operating costs</b>		
	<b>Consumption costs</b>		
	Rent	569	545
	Other consumption costs	54	27
	<b>Total consumption costs</b>	<b>623</b>	<b>572</b>
2	<b>Staff costs</b>	6,170	5,652
	Other ordinary operating costs	2,497	1,713
	<b>Total ordinary operating costs</b>	<b>54,398</b>	<b>59,207</b>
	<b>Net profit/loss for the year</b>	<b>15,443</b>	<b>793</b>

Balance sheet			
<b>Assets</b>			
	Balance, AU	75,713	60,270
	<b>Total assets</b>	<b>75,713</b>	<b>60,270</b>
<b>Liabilities and equity</b>			
	Balance, end of 2015	60,270	59,477
	Funds paid by partners 2016	69,841	60,000
	Use of funds paid by partners 2016	-54,398	-59,207
	Funds available for future activities, end of 2016	75,713	60,270
	<b>Total liabilities and equity</b>	<b>75,713</b>	<b>60,270</b>

Note 1: Including lump sum of DKK 8 million for the purchase of furniture and fittings for the House of the Danish Industry Foundation in Beijing.

Note 2: In 2016, compensatory scholarships in the total amount of DKK 59,000 were awarded. The amount has been refunded by the Danish Agency for Higher Education.

**Annual report 2016**  
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The following publications report on Aarhus University's activities: *Annual report* and '*AU i tal*'.

All publications are available at [www.au.dk](http://www.au.dk) – see the menu item 'Information material'.

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