

ANNUAL REPORT 2018



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

The annual report has been prepared in accordance with the Danish Ministry of Finance's guidelines and Danish Ministerial Order no. 116 of 19 February 2018 on State Accounting, the Ministry of Finance's Economic Administrative Guidelines, and Danish Ministerial Order no. 1648 of 15 December 2016 on the Funding and Auditing etc. of Universities.

Aarhus, 25 April 2019



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 grants, legislation and other provisions, as well as agreements made and general practice; and
3. that procedures have been set up to ensure the financially efficient administration of the funds and the operations of the institutions covered by the annual report.

BOARD



Connie Hedegaard
Chair



Steen Riisgaard
Substitute



Caroline Søbørg Ahlefeldt



Susanne Bødker



Jørgen Carlsen



Jens Peter Christensen



Anna Louise Dolan Plaskett



Søren Pold



Karoline Poulsen



Ditte Marie Thomsen



Astrid Söderbergh Widding

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 2018. The financial statements comprise the accounting policies, income statement, balance sheet, cash flow statement and notes 1-16. The financial statements have been prepared in accordance with Ministerial Order no. 116 of 19 February 2018 on State Accounting, the Ministry of Finance's Economic Administrative Guidelines, and Ministerial Order no. 1648 of 15 December 2016 on the Funding and Auditing etc. of Universities (hereinafter referred to as the 'government accounting rules').

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

Basis of opinion

We conducted our audit in accordance with international auditing standards and the additional requirements applicable in Denmark, as well as generally accepted public auditing standards, whereby the audit is performed on the basis of Ministerial Order no. 1648 of 15 December 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 the additional requirements applicable in Denmark, just as 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 are correct in all material respects, i.e. prepared in accordance with the government accounting rules. The management is also responsible for such internal controls as the management deems 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 financial statements based on a going concern principle, 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 the additional requirements applicable in Denmark, as well as generally accepted public auditing standards, cf. Ministerial Order no. 1648 of 15 December 2016 on the Funding and Auditing etc. of Universities, will always identify material misstatements, when they exist. 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 the additional requirements applicable in Denmark, as well as generally accepted public auditing standards, cf. Ministerial Order no. 1648 of 15 December 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 the 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 our 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 as of 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 and performance reporting

Management is responsible for the management's report and performance reporting.

Our opinion on the annual financial statements does not comprise the management's report and performance reporting, and we do not express any opinion on the management's report and performance reporting.

In connection with our audit of the financial statements, it is our responsibility to read the management's report and performance reporting, and in this regard to consider whether the management's report and performance reporting 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 and performance reporting contain the information required in accordance with the government accounting rules.

Aarhus, 25 April 2019

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR no.: 33 77 12 31



Claus Lindholm Jacobsen
State-Authorised Public Accountant
mne23338

Based on the work performed, it is our opinion that the management's report and performance reporting 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 and performance reporting.

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 are consistent with the reported appropriations, legislation and other provisions as well as agreements made and general 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 this respect, management is responsible for establishing systems and processes that support economy, productivity and efficiency.

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. On conducting our compliance audit, we test the selected items to obtain reasonable assurance as to whether the tested transactions covered by the financial reporting are consistent with the relevant provisions in appropriations, legislation and other regulations, as well as agreements made and customary 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.

If, on the basis of the work that we have performed, we conclude that there is a material misstatement of this information, we are required to report that fact.

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



Henrik Kragh
State-Authorised Public Accountant
mne26783

2. REPORT

2.1.1 MANAGEMENT

The university	Aarhus University, Nordre Ringgade 1, DK-8000 Aarhus C
Registered in	City of Aarhus, CVR no.: 31119103
Board 2018	Connie Hedegaard, chair Peder Tuborgh, vice-chair Susanne Bødker, employee representative (academic staff) Jens Peter Christensen Michael Bohn Faldborg, student representative (as from 1 October 2018) Margareta Wallin Peterson (until 30 June 2018) Anna Louise Dolan Plaskett, employee representative (technical/administrative staff) Søren Pold Steen Riisgaard Sune Koch Rønnow, student representative (until 30 September 2018) Astrid Söderbergh Widding (as from 1 July 2018) Lieve Vermeulen, student representative (until 31 January 2018) Line Dam Westengaard, student representative (as from 1 February 2018) Gitte Ørskou
Management 2018	Brian Bech Nielsen, rector Berit Eika, pro-rector Arnold Boon, university director Johnny Laursen, dean (Arts) Thomas Pallesen, dean (Business and Social Sciences) Lars Bo Nielsen, dean (Health) Niels Christian Nielsen, dean (Science and Technology)
Auditors	Danish National Audit Office Landgreven 4, DK-1301 Copenhagen K
Institutional auditors	PricewaterhouseCoopers, Statsautoriseret Revisionspartnerselskab Jens Chr. Skous Vej 1, DK-8000 Aarhus C

2.1.2 STRATEGIC OVERVIEW VALUE THROUGH KNOWLEDGE

Aarhus University is a world-class university with an international reputation for excellent research, outstanding research-based degree programmes and value-adding cooperation with both private businesses and public government agencies and institutions. The creation of new knowledge driven by curiosity rooted in deep academic competences, and the dissemination of this knowledge to students, partners and society, is the university's raison d'être.

Aarhus University has a broad academic range, from the classic university disciplines within natural sciences, humanities, theology, social sciences and health sciences, across business management and engineering, to education, environment and agriculture. As a result, the university is uniquely positioned to combine these disciplines to produce scientific and scholarly breakthroughs, in cooperation with both the private and the public sector.

Research is the foundation for Aarhus University's activities. This is not least true for the university's most important task: to educate students and give them new knowledge and insight through research-based degree programmes. In the eyes of the university, graduates are the most important bearers of the university's knowledge. At the same time, the university hopes that students, graduates and employees will take responsibility for bringing their own knowledge into play and thus contribute to ensuring that society rests on a foundation of an informed democracy.

Aarhus University wishes to increase its contribution to the development and welfare of the whole of Danish society. This desire goes further than contributing to economic growth, since the university's role is also to develop critical, constructive dialogue and to place human existence within a larger context, as well as to contribute to sustainable development. To fill this role, the university's research, research-based education and consultancy must be conducted with high quality in an international perspective. In addition, this requires the re-orientation of the university's graduate competency profile in order to better reflect the demands of society, now and in the future, and as well as the expansion of cooperation between the university's many disciplines, and also its cooperation with both the private and the public sector. Overall, this must support Aarhus University's vision

of being a university among the international elite which takes responsibility for the development of society.

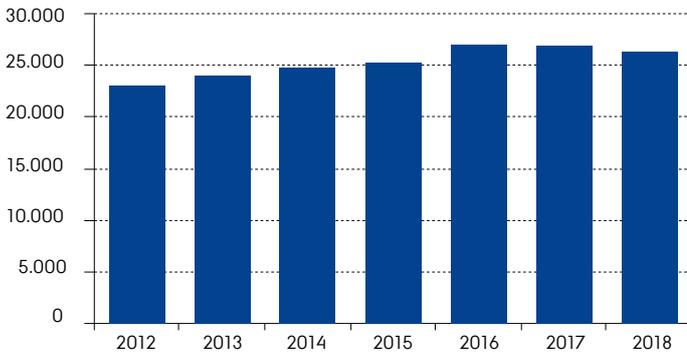
This vision will drive development at Aarhus University over the coming years – together with the awareness that the university is also the framework for the fulfilment of individual dreams and ambitions.

The vision will be implemented through the following priorities:

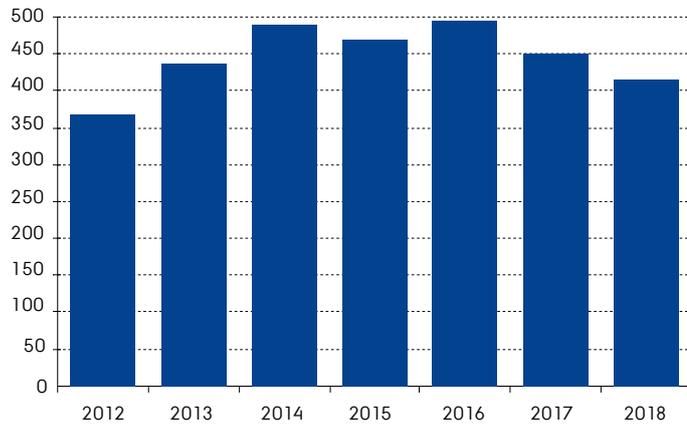
- **Basic research of high international quality**
- **Strengthened cooperation between the university's academic specialisations**
- **Research-based degree programmes of high international quality**
- **Changing the university's graduate competency profile so as to enable more graduates to find employment in the private sector**
- **Focused expansion of cooperation with private and public enterprises**

Aarhus University's campus is already recognised internationally for its distinctive architecture and central location. Over the next few years, the university will further develop and rethink its campus, so that it is characterised by vibrant and active student life as well as inviting cooperation between the university and the outside world through openness, functionality and aesthetics. The campus will thus constitute an inspiring and motivating framework for the students' and employees' work for the benefit of both the individual and society. Finally, in its daily operations, and not least in connection with the construction of new buildings in general, the university will strive to be a university that lives up to best practice with regard to sustainability.

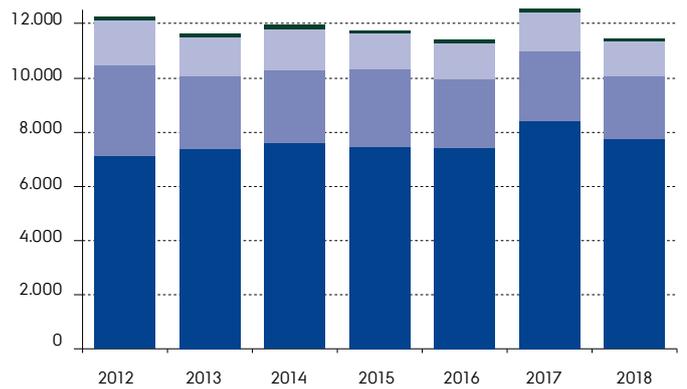
2.1.3 KEY FIGURES



**Student FTEs,
student full-time equivalents**

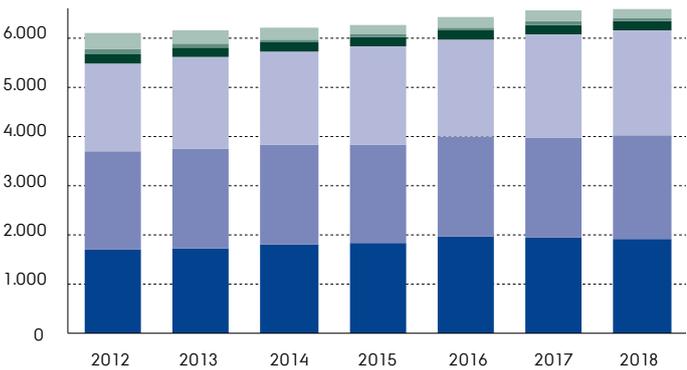


PhD degrees awarded



Publications

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



**AU's total income, by purpose 2012-2018
DKKm, in prices for the year**

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

2.2 MANAGEMENT'S REPORT

2018 was a good year for Aarhus University – a year of impressive academic results and satisfactory financial results. 2018 was characterised by the continued work of strengthening the university's research, education and cooperation with society at large, with significant progress being made during the year.

In 2016 and 2017, Aarhus University decided on a number of strategic initiatives and priorities, which focus on strengthening the university's position as a strong international and research-intensive university with a responsibility for the development of society. The university's work on initiatives and priorities continued in 2018. The aim of the initiatives is to support high-quality basic research and strengthen collaboration between the university's disciplines, as well as strengthening the research capacity in areas in which society is particularly expected to lack expertise and qualified manpower, primarily in engineering and natural sciences. While the humanities, theological and pedagogical area is reduced due to degree programme resizing, at the same time, the university will invest in developing research capacity in these areas. The university's graduate competency profile must be changed to produce more engineers and IT specialists which, in combination with an increased focus on entrepreneurship, ensures that it meets the labour market's future need for competencies, leading to increased employment in the private sector. Furthermore, the university prioritises increased collaboration with private and public companies and institutions.

Digitalisation plays an important supporting role in the university's activities and in Aarhus University's ability to realise its strategic ambitions. In 2018, the senior management team approved a roadmap which is to contribute to ensuring world-class digital research facilities, increased and better use of learning technology in teaching and continuous optimisation of business processes in the administration. All strategic initiatives are followed and evaluated in the annual report to the senior management team and the board and are reflected in the follow-up on the strategic framework contract. The progress of the strategic initiatives was satisfactory in 2018.

At its seminar in mid-2018, the board decided to initiate a strategy process in 2018 and 2019 to set the direction of Aarhus University towards 2030. During the autumn, the senior management team conducted a number of analyses of the university's strengths in order to set ambitious goals for the university's development. The process continues in 2019, and a new strategy is expected to be approved in summer 2019.

In February, the board approved a preliminary draft master plan for the physical development of Aarhus University, stressing that

the focus of the project as a whole must be on high quality and durability. The draft master plan outlines the university's current land use, the expected relocations resulting from the opening of the University City – currently the municipal hospital – and the expected termination of tenancies in and outside Aarhus. The master plan covers Aarhus University's combined activities and is to support the university's overall strategy and strategies in specific areas. The plan is an important tool in the university's efforts to create a framework for a future-proof, city-integrated main campus in Aarhus with student life and round-the-clock activities. Aarhus University will focus most of its land use around the University Park in Aarhus, the University City, the Nobel Park and Katrinebjerg, while continuing the university's activities elsewhere in the country, primarily Emdrup, Herning, Flakkebjerg and Foulum. An internal consultation at the university during the autumn with extensive user involvement processes at the four faculties showed a high rate of participation from both employees and students with overall support for the lines set out in the master plan and a variety of interesting and useful suggestions, which the Rector's Office will include in the coming planning processes. The master plan along with analyses of the university's total building costs for the next ten years are expected to be finally approved by the board in early 2019.

During the year, Aarhus University achieved full institutional accreditation. When the decision of a positive accreditation was received in November 2018, 2½ years had passed since Aarhus University submitted its application for institutional accreditation. A wide circle of managers, employees and students have been involved in the process that was finally concluded in the past year. The process reflects the commitment to the quality of the degree programmes and teaching that is found throughout the university, and at the same time the quality assurance work will be more systematic with clearer management support. The Accreditation Council's decision now makes it possible to continue the development of the degree programme portfolio.

In summer 2018, Aarhus University entered into a strategic framework contract with the Danish Minister for Higher Education and Science, effective from 1 January 2018. The framework contract replaced the previous development contract and has a somewhat changed content. The existing mandatory goals in the development contract have been replaced by a contract in which all goals are based on the individual institution's goals and challenges. The development contract's targets for the individual indicators have similarly been replaced by directional indicators. Lastly, a key change is that the goal fulfilment of the framework contract will trigger grants. When recalculating the

basic subsidy in 2023, 5 per cent of it will thus depend on an overall assessment of the degree of fulfilment of the strategic framework contract. In future, the framework contract will provide a framework for a strengthened strategic dialogue between the ministry and Aarhus University. Going forward, annual institutional meetings will be held between the ministry and the university, where the implementation of the framework contract is the focal point of the discussions.

Aarhus University also celebrated major events in 2018. The university inaugurated the Skou Building – a state-of-the-art biomedicine research building. With an area of 15,000 sq. m, a sophisticated laboratory animal facility and new class 1 and 2 laboratories, the building offers excellent opportunities for researchers to work on genetically modified organisms and animals and will help to attract and retain talented researchers and create world-class research. The research building was inaugurated on 8 October 2018 on the 100th anniversary of the birth of Nobel Laureate Jens Christian Skou, for whom the building is named. Jens Christian Skou's great significance to Aarhus University was acknowledged and highlighted at the inauguration.

The opening of the Crown Prince Frederik Center for Public Leadership marked another important event for Aarhus University in 2018. Aarhus BSS opened a new research centre for public leadership on 26 May 2018 to mark the 50th birthday of HRH Crown Prince Frederik. The centre aims to be an international powerhouse for research-based knowledge on public leadership and will be anchored at the Department of Political Science. In 1995, Crown Prince Frederik completed his MSc in Political Science at the department, which is already home to a very strong research environment in the field of public administration. In future, the Crown Prince will participate in the development of the centre as member of the centre's Governance Committee. The establishment of the centre has been supported by considerable donations from the Købmand Herman Sallings Fond foundation.

An independent international evaluation of AIAS – Aarhus Institute of Advanced Studies – showed that in just five years AIAS has achieved impressive results and recognition as a significant presence on the international research scene. AIAS is the first institute of its kind in Denmark and opened in 2013. It is an independent Institute at Aarhus University and its purpose is to promote top-level research through independent research and within all disciplines.

Freedom of research is a fundamental prerequisite for Aarhus University's activities, which means that the research results produced and reported by the university's researchers may not be influenced by inappropriate considerations or pressure from external or internal stakeholders. The university insists on academic excellence and respect for the researchers' integrity, and when a nationwide study mentioned in the Danish newspaper Politiken at the beginning of the year revealed that researchers experienced political pressure, Aarhus University launched an investigation into the conditions at the university in summer 2018. The investigation, which

was conducted by an external consultancy firm, showed that 16 per cent of respondents had felt pressured to modify, postpone or refrain from the publication of research results. The senior management team takes a serious view of the report's results and is working with the academic councils to explore the solutions proposed by the report following a thorough and constructive discussion with the councils. Preparation of recommendations on how to deal with pressure on the freedom of research, a research ambassador at each faculty whom researchers can contact anonymously and the establishment of a central committee to deal with breaches of freedom of research are some of the solutions which are expected to be implemented during 2019 and which are to contribute to maintaining freedom of research at Aarhus University.

In 2018, the Minister for Higher Education and Science gave permission for Connie Hedegaard to continue as chair of the board until 30 November 2022. The board also extended Rector Brian Bech Nielsen's employment contract until the end of July 2022.

FINANCIAL RESULTS AND PERFORMANCE REPORTING

After several years of profits and an associated increase in equity, a number of long-term initiatives were introduced in connection with the 2018-2021 budget to maintain and further develop the university's academic potential for the benefit of research, education and society at large.

An expected loss of DKK 7 million was budgeted in 2018, and a loss of DKK 2 million was realised. The total revenues were DKK 34 million higher than budgeted, while costs were DKK 16 million higher than budgeted. Financial income was DKK 13 million lower than expected.

The management of Aarhus University is satisfied with the result for 2018 and will in the coming years have a firm focus on continuing its efforts to use the accumulated financial scope to further maintain and develop the university's academic potential. The strategic investments, which were decided in connection with the 2018-2021 budget and continued in the 2019-2022 budget, are expected to result in negative financial results in the entire period. Consequently, in 2022, equity will be very close to the target of 10 per cent of revenue.

2018 is the first year of Aarhus University's strategic framework contract with the Minister for Higher Education and Science. The framework contract is described in section 2.4 of the annual report, but it is Aarhus University's overall assessment that it is generally firmly on track to realising the goals agreed in the strategic framework contract.

RESEARCH AND TALENT DEVELOPMENT

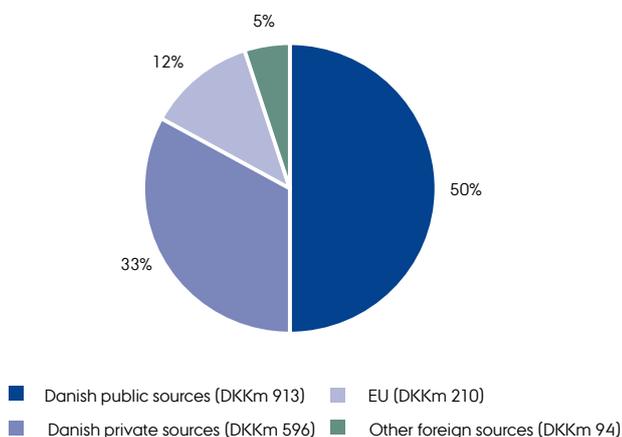
Excellent basic research is the cornerstone of the university's activities. It is an end in itself, because research produces new knowledge and insight for the benefit of society at large. Excellent basic

research is also the foundation for the university's other core activities and is crucial to attracting external research funds from Danish public foundations, the EU and private foundations that are making growing amounts of funding available to research.

Aarhus University is working persistently to improve its already strong research position. In 2018, this was achieved through initiatives aimed at improving the recruitment processes in connection with the appointment of academic staff. At the beginning of the year, the senior management team adopted a code of practice for recruiting tenured academic staff (associate professors and professors), which has been implemented at the faculties. The aim of the initiatives is first and foremost to contribute to ensuring a satisfactory number of qualified applicants for permanent academic positions, so that the research and teaching programmes are staffed by the brightest talents. The initiatives are also expected to improve diversity among applicants – both in terms of internationalisation and gender. Furthermore, a firmer focus on recruitment/employment is expected to have a positive effect on Aarhus University's external research funding in the long term.

Use of external research funding in 2018

In 2018, Aarhus University's use of external funding grew by almost 3 per cent in relation to 2017. Use of funding from all sources, except for Danish public sources, has increased. The largest increase was seen within Danish private sources, where use grew by DKK 91 million.



III. Aarhus University's use of external funding in 2018

The competition for external research funding is fierce, especially within EU funding. Therefore, the university was delighted when in 2018 its researchers were awarded DKK 336 million in new funding from the EU's Horizon 2020 Framework Programme for Research, split between 74 new projects. This means that the funding secured in 2018 is more than double the amount of funding secured in 2016 and 2017, respectively. All in all, Aarhus University has been awarded a total of 241 projects and received approximately DKK 928 million in funding from the Horizon 2020 programme since its launch in 2014.

Research focus areas at the faculties – digitalisation and interdisciplinary collaboration are high on the agenda

In addition to the common strategic initiatives at Aarhus University, the four faculties have invested in strong research focus areas – often in collaboration with external parties or across the faculties.

Researchers from the Faculty of Arts are part of a new digital collaboration with Moesgaard Museum, Odense City Museums and the Historical Museum of Northern Jutland. The aim of the collaboration is to facilitate registration and dissemination of cultural heritage finds through a new digital platform called DIME. The digital platform developed as part of the new collaboration, which is funded by the KROGAGERFONDEN foundation, is intended to build a digital bridge between amateur archaeologists, museums and the general public.

Digitalisation is also on the agenda in the new Center for Legal Informatics (CREDI) at Aarhus BSS. The researchers at the centre will explore the legal consequences of an increasingly digitised society. The centre aims to safeguard the basic legal principles in digital decisions and help to prepare the lawyers of tomorrow for an even more digital future.

An interdisciplinary project developed by researchers from the Department of Public Health and the Department of Computer Science, the Faculty of Health and the Faculty of Science and Technology respectively, supported by Innovation Fund Denmark, has led to the creation of the HealthD360 project. The project will create better health by compiling data from the public health system in Denmark and connecting it with data from people's smartphones and wearable medical devices. The purpose of the project is to develop new models for effective, personal and coherent patient care.

Interdisciplinary collaboration is the focal point of the seven thematic centres: the Arctic Research Centre (ARC), the Centre for Circular Bioeconomy (CBIO), the Interdisciplinary Centre for Climate Change (iClimate), Aarhus University Centre for Digitalisation, Big Data and Data Analytics (DIGIT), Aarhus University Centre for Innovative Food Research (iFOOD), Aarhus University Centre for Integrated Materials Research (iMAT) and Aarhus University Centre for Water Technology (WATEC), which are based at the Faculty of Science and Technology. In 2018, the researchers focused on consolidating and expanding their efforts. In addition, the Faculty of Science and Technology has been working hard to build strong academic environments in connection with the engineering and the digitalisation initiatives in cooperation with the other academic environments at the university. A lot of effort has been put into recruiting academic staff for the two initiatives, and the university is pleased to note that recruitment is progressing satisfactorily in both places.

Talent development and diversity

As part of Aarhus University's targeted efforts to recruit and develop talents, the pilot project and career development programme Junior Researcher Development Programme was established in 2017. The project aims to create clearer career paths for young

researchers without permanent tenure at the university. The programme has been extended until 2020 due to the significant demand for the services offered by the programme and the positive feedback from the target group. The programme consists of two main components: supporting researchers in temporary positions in working strategically on their own career development and supporting research directors in the career development dialogues with junior researchers.

In 2018, Aarhus University continued its efforts to increase the share of female researchers. The challenge is felt at all faculties, but particularly at the Faculty of Science and Technology. All departments and schools have implemented local targets and actions that the senior management team and the faculty management team follow up on annually. One of the standards for the university's recruitment of tenured academic staff is the establishment of search committees, which are to ensure a suitably large and diverse pool of applicants. It is expected that this will help to increase the number of female candidates for permanent academic staff positions.

Prizes and awards

In 2018, several researchers from Aarhus University received prizes and awards for their research. Some examples are mentioned below.

Ivan Damgård, professor of cryptography, Department of Computer Science, received the 2018 Villum Kann Rasmussen Annual Award for Technical and Scientific Research. The award is the largest individual Danish research award and is awarded primarily to a Danish researcher in recognition of a particularly valuable contribution to the technical and natural sciences. The award is presented annually and totals DKK 5 million.

Professor Jørgen Kjems, Department of Molecular Biology and Genetics, received the 2018 Novo Nordisk Prize for his pioneering interdisciplinary studies into how RNA plays a key part in cell regulation and offers enormous potential for the future treatment of diseases. The prize, amounting to DKK 3 million, is given in recognition of unique medical research or other research that may benefit medical science.

Professor Poul Nissen, Department of Molecular Biology and Genetics, was awarded the 2018 Carlsberg Foundation Research Prize for his ground-breaking research into structural biology. The purpose of the prize, amounting to DKK 1 million, is to support researchers who have made vital contributions to basic research and enjoy great scientific recognition.

Professor Robert A. Fenton, Department of Biomedicine, received the 2018 EliteForsk Prize for his research into the role of different membrane proteins in kidney and intestinal epithelial cells. The prize, amounting to DKK 1.2 million, is awarded by the Danish Ministry of Higher Education and Science to five researchers under the age of 45 whose research is world-class.

Professor Søren Fournais, Department of Mathematics, also received the 2018 EliteForsk Prize for his research into the mathematics behind quantum mechanical models of atomic and solid state physics.

Associate Professor Martin Roelsgaard Jakobsen, Department of Biomedicine, received the Anders Jahre Prize for junior medical researchers for his research into how viral infections are detected and combated by the immune system. The prize is awarded by the University of Oslo.

Assistant Professor Mette Trier Damgaard, Department of Economics and Business Economics, received the 2018 Tietgen Award for her research into nudging and human behaviour. The Danish Society for Education and Business, formerly FUHU, presents the award to junior researchers.

Søren Højgaard Mørup, professor, LL.D., Department of Law, received the 2018 Jorck's Foundation Research Award and a travel grant in recognition of his research, which has been a source of inspiration for the courts in several cases.

Professor Ole Sejer Iversen, School of Communication and Culture, and a number of partners received the FabLearn Global Excellence – Organizational Leadership Award, which is a prestigious award from Stanford University. The award was presented in recognition of the cross-municipal school partnership FabLab@SCHOOLdk in which Kolding, Vejle and Silkeborg Municipalities since 2014 have been working with Aarhus University to develop technology education in primary and lower secondary school.

Senior researcher Toke Thomas Høye, Department of Bioscience, received Independent Research Fund Denmark's new original research idea award for his research into the development of new methods for studying the impact of climate change on the interaction between plants and pollinating insects by means of surveillance cameras, automatic image recognition and artificial intelligence (machine learning).

In 2018, Aarhus University's most prestigious scientific award, the Rigmor and Carl Holst-Knudsen Award for Scientific Research, was presented to two researchers who have excelled at the very highest level within their respective fields of research. Professor Jørgen Christensen-Dalsgaard, Department of Physics and Astronomy, has played a crucial role in establishing asteroseismology as an international field of research. Professor Annette Vissing-Jørgensen, University of Berkeley, who has a Bachelor's degree from Aarhus University, is Chair in Finance and Management at the Haas School of Business. Her field of research is finance.

Examples of new major grants

In spring 2018, one of the world's largest psychiatry projects, iPSYCH, received its third grant from the Lundbeck Foundation (DKK 120 million), which ensures the continued research into mental illness. The iPSYCH project studies the genes and risk factors of more than 80,000 Danes in order to examine the relationship between genetic and environmental factors which causes mental illness in some people. So far, the most important outcome of the project is the development of the world's largest data set for the study of the five mental disorders schizophrenia, bipolar disorder (manic depression), depression, autism and ADHD, all of which have immense human and societal costs. By using the large genetic data set generated by iPSYCH in combination with clinical data and data from Danish registers, a focus area in the coming years will be the development of the foundation for personalised medicine in psychiatry.

The Ministry of Higher Education and Science has appointed Professor Bo Brummerstedt Iversen, Department of Chemistry and the Interdisciplinary Nanoscience Center (iNANO), as research director of the first Danish flagship environment at the European Spallation Source (ESS) in Lund, Sweden. The flagship environment (SMART) will focus on exploiting the major Danish investment in ESS, and the goal is to become an international leader within materials research. The area has enormous scientific potential and considerable commercial and innovation opportunities. SMART will be based at an excellent international research environment at Aarhus University in conjunction with the Centre for Integrated Materials Research which brings together strategic materials research across physics, chemistry, geoscience, nanoscience and engineering. The appointment is accompanied by a grant of DKK 34.5 million.

The Novo Nordisk Foundation has donated DKK 255 million to the development and operation of a highly advanced platform to examine and describe proteins at the MAX IV research laboratory at Lund University. Proteins are biological building blocks and play a vital role in the health and development of illness in all living organisms, including humans. Max IV is a facility with two electron storage rings which produce strong X-ray beams in a variety of tubes, which enable researchers to enlarge and see molecular details that would otherwise be impossible to see. The work in the laboratory is a collaborative effort between several universities, and professors Gregers Rom Andersen and Poul Nielsen, both from the Department of Molecular Biology and Genetics, play a key role in the project.

Professor Clive Sabel, Department of Environmental Science, received DKK 60 million from the Novo Nordisk Foundation Challenge Programme to establish the Big Data Centre for Environment and Health at the Department of Environ-

mental Science. The centre is staffed by researchers from the Department of Public Health and the Department of Economics and Business Economics, and uses big data to examine the relationship between environment and health – i.e. what conditions in our immediate surroundings lead to disease on the one hand and quality of life on the other.

Professor Kurt V. Gothelf, Department of Chemistry and the Interdisciplinary Nanoscience Center, also received DKK 60 million from the Novo Nordisk Foundation Challenge Programme to establish the Center for Multifunctional Biomolecular Drug Design at the Interdisciplinary Nanoscience Center. The centre is interdisciplinary, and researchers work in the fields of chemistry, molecular biology, pharmacology and medicine. The researchers will develop a number of new methods for chemically linking small organic and biological molecules in order to produce multi-purpose drugs which are more effective, have fewer side effects and can be adapted to the individual patient.

The Carlsberg Foundation has granted DKK 15 million to a new research project which is to examine how major social disruption caused by globalisation and new technology affects companies, employees and society. The project is expected to improve understanding of the underlying economic mechanisms and produce results that will turn out to be of great social significance on the brink of the fourth industrial revolution with digitalisation as a driving force. The project is headed by Professor Philipp Schröder, research and centre director at the Department of Economics and Business Economics and runs for six years under the auspices of the Firms and Industry Dynamics research centre (FIND).

Professor Jørgen Ellegaard Andersen, director of the Centre for Quantum Geometry of Moduli Spaces at the Department of Mathematics, received a Synergy Grant from the European Research Council. The grant amounts to approximately DKK 75 million to be spent on a mathematical/theoretical physics project with a new approach to quantum theory.

In 2018, Aarhus University was awarded a total of six Consolidator Grants from the European Research Council. This was the first time the grants were also awarded to Aarhus BSS and the Faculty of Arts. Professor Carsten Jensen, Department of Political Science, received a grant of DKK 15 million to be spent on research into election promises. At the Faculty of Arts, Associate Professor Isabelle Torrance, Aarhus Institute of Advanced Studies (AIAS), was awarded a grant to enable research into classical influences on Irish culture, while Professor with Special Responsibilities (MSO) Felix Riede, School of Culture and Society, received a grant to enable research into human responses to rapidly changing climates and environments during the last ice age. The

three other grants were awarded to researchers at Science and Technology: Professor Mark Podolskij, Department of Mathematics, for research into big data; Associate Professor Brigitte Städler, Interdisciplinary Nanoscience Center, for research into the development of tissue for use in the treatment of liver disease; and Associate Professor Tobias Weidner, Department of Chemistry, for research into how bacteria cause freezing in their surroundings.

EDUCATION

Portfolio of degree programmes

The past year's development in the portfolio of degree programmes reflects the profile adjustment introduced in 2016. Several degree programmes, most of which are part of the engineering and digitalisation initiatives, have been accredited or pre-qualified and can be offered as of 2019. In parallel with this, degree programmes at the Faculty of Arts have been merged, reducing the number of programmes.

In September 2018, the Faculty of Arts also opened a national centre for foreign languages. The centre was established as part of the Danish national language strategy and will support foreign language learning throughout the educational system. The overall objective of the language strategy is to encourage more pupils and students to choose foreign languages and acquire strong language skills in addition to English, and to ensure academically excellent and relevant language programmes capable of attracting and retaining the best students. The aim of the language centre is therefore to support both the food chain and the quality of the language programmes.

Furthermore, a new type of degree programmes is available with the introduction of Master's degree programmes for working professionals, and Aarhus University has so far applied for and received approval for five programmes to be offered as Master's degree programmes for working professionals. These are Master's degree programmes in Auditing, Law, Nursing Science, Technology Based Business Development and the Master's degree programme in Health Science.

Recruitment and admission

In 2018, the admissions level at Aarhus University was satisfactory with 7,018 new Bachelor's degree students, which is 29 more than in 2017. 84 per cent of admissions were admitted to the degree programme of their first choice. The profile adjustment is also reflected in the 2018 admissions with more students being admitted to engineering and IT degree programmes compared to last year.

Bachelor's and Master's degree students

- 33,112 students enrolled
- 28,520 applicants
- Bachelor's degree programmes: 7,018 admissions, 4,512 graduates
- Master's degree programmes: 5,898 admissions, 5,203 graduates

In 2018, the minimum grade point average for students admitted to Aarhus University rose from an already high level to 9.2, while the number of degree programmes at the university with open admissions fell in 2018. Both development trends are satisfactory. Equally satisfactory are calculations from Statistics Denmark which show that the number of graduates from Aarhus University who find employment in the private sector has increased to 51 per cent.

Collaboration with upper secondary schools

The close collaboration which Aarhus University has forged with upper secondary schools over the years was further consolidated in 2018. Activity levels were high, with streamed lectures for upper secondary schools, competency development of upper secondary school teachers under the auspices of AU Update, visits to upper secondary schools by The Rolling University and courses targeted at upper secondary school students via SubUniversity, among other things. In addition, the Rector's Office visited the management of 15 upper secondary schools in the Central Denmark Region.

Retention

Aarhus University wants to strengthen student retention and has therefore had a special focus on the first academic year, in particular. In 2018, the university launched a number of educational projects focusing on the commencement of studies, development of an academic identity, academic support activities and first-year didactics, among other things. In addition to this, the university held the conference 'Why don't they stay?' in November with 175 participating degree programme directors, students, student counsellors and representatives from the academic environments.

Educational IT

For the period 2018-2023, Aarhus University has allocated DKK 60 million of the university's strategic funds to developing courses based on better use of learning technologies. In 2018, investments were made in the establishment of an EDU-IT Hub and the redesign of courses. Among other things, the latter was stimulated via the allocation of funding for academic initiatives and prioritisation, procurement and adaptation of technological learning tools. In 2018, the EDU-IT Hub implemented a number of high-priority projects, optimising the functionality and user-friendliness of the university's learning platform, in particular. The establishment of the EDU-IT Hub is the first step towards creating a robust infrastructure for the coming years' investments in

learning technologies at Aarhus University. At programme level, work has gone into the redesign of specific courses and on a wider scale with video production, qualifying courses for teaching staff and the establishment of learning resources for teaching staff and students, among other things.

Students' transition to working life

Aarhus University offers a broad range of initiatives designed to support its students' transition to working life. This is done through many different career events in cooperation with companies, Aarhus Municipality and labour market parties. Concrete examples of other career-boosting activities include the successful completion in 2018 of Aarhus University's first joint interdisciplinary case competition AU Challenge as well as numerous well-attended case competitions and career days at faculty level.

A higher degree of cooperation between students and the labour market during the degree programmes is an important condition for facilitating the students' transition to working life. The process initiated in 2017 with the Career Ready initiative continued in 2018 with a focus on collaborative Master's thesis projects and project-oriented activities. The faculties are working on activities which can encourage more students to write business theses and, as part of these efforts, a study was conducted in 2018 of the potential barriers to writing business theses.

COLLABORATION AND KNOWLEDGE EXCHANGE

Strategic collaboration with the business community and municipalities

Aarhus University's strategic commitment to increased collaboration with the business community and municipalities was intensified and strengthened during 2018. The university has entered into cooperation agreements with several major companies and has established ties to several other companies in order to enter into agreements with them, too. Aarhus University's cooperation agreements with companies have contributed to a number of activities in 2018, including collaboration on research projects, matchmaking events and case competitions. The university will also increase its contribution to the innovativeness and competitiveness of the small and medium-sized enterprises in the region and – in addition to constructive cooperation on research projects, study projects, students' transition to working life etc. – close cooperation with relevant municipalities is a means to achieve this goal.

In 2018, Aarhus University entered into an agreement with Silkeborg Municipality to strengthen collaboration in the field of water, health, 0-18-year-olds and business. Aarhus University has also entered into an agreement with Ringkøbing-Skjern Municipality which focuses on the future of tourism, innovation and growth, agriculture and food, energy and co-creation. The cooperation is characterised by a number of activities which were held in 2018. In addition, Aarhus University and Horsens Municipality has concluded an agreement to explore the possibility of establishing

a demonstration laboratory within technology, materials science and digitalisation. The cooperation agreement will also strengthen cooperation between small and medium-sized enterprises in Horsens Municipality and students from Aarhus University. The university expects that in 2019 broad cooperation agreements will be concluded with additional municipalities in the region. These broad cooperation agreements must be viewed in the light of a number of existing, well-functioning municipal agreements at faculty and school/department level.

In 2018, Aarhus University established an interdisciplinary business network, where AU's employees can share experiences and inspire each other to increase cooperation with society at large. In 2018, Aarhus University also developed proposals for strengthening the field of entrepreneurship for both students and researchers. A final decision is expected in early 2019, after which implementation will begin. This work is also supported by a cooperation agreement between Aarhus University, Aarhus Municipality, the Central Denmark Region and MIT, Boston on the analysis and the establishment of a regional ecosystem for innovation-driven entrepreneurship.

Examples of collaboration

In 2018, the Faculty of Health focused on stepping up and expanding its already successful collaboration with companies in the life science industry, among them Roche, Leo Pharma, Zealand Pharma, Enversion and Novartis. This was done in conjunction with the Health initiatives Match Making Day and Medical Innovation Day, which aim to bring together students, researchers and companies in new partnerships. In 2018, the collaboration between Aarhus University and Arla was strengthened, among other things through a concrete agreement on a joint PhD degree programme with nine PhD students (three a year as of 2019) from both the Faculty of Health and the Faculty of Science & Technology. In December, the Faculty of Arts and the Faculty of Health held a major conference 'High Tech, Human Touch x Health' with a number of companies, which has resulted in several matchmaking events. In 2018, Aarhus BSS teamed up with Salling Group and several other companies to establish a new Retail & Trade line and finance a professorship.

Research-based public sector consultancy

Aarhus University has comprehensive public sector consultancy services covering 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. In addition to the framework agreements, the university is also entering into additional contracts with the ministries, and there is also the external funding attracted by these research environments. The area is therefore a valuable asset to Aarhus University. In summer 2017, the Ministry of Environment and Food of Denmark launched a competitive tendering of its public sector consultancy, and it was announced that the next step would be taken in 2018. The competitive tendering was to be introduced in phases up to 2022, when calls for tender

for all tasks must have been announced, and with effect by no later than 2026. During 2018, Aarhus University's researchers in public sector consultancy therefore prepared for the competitive tendering and are ready to bid on the tasks once the call for tender is announced. However, the ministry has announced that the competitive tendering has been postponed until further notice. The very high standards of the university's public sector consultancy are confirmed by the fact that in 2018 the Ministry of Environment and Food of Denmark expressed considerable satisfaction with Aarhus University's deliveries under the public sector consultancy contracts.

Aarhus University also provides research-based public sector consultancy services in the area of the Ministry of Justice, undertaken by the Department of Forensic Medicine.

Other forms of external collaboration

2018 saw Aarhus University once again undertaking significant dissemination activities. With just under 3 million visitors and more than 5.8 million page views, Danmarkshistorien.dk remains one of Denmark's leading websites for the dissemination of the history of the country. Danmarkshistorien.dk is part of the Department of History at the School of Culture and Society and provides research-based knowledge about Denmark's history gathered by historians, archaeologists and other researchers, primarily from Aarhus University. The website functions both as an online encyclopedia of history that is open to everyone and a digital history book. Popular research communication of knowledge about Danish history is also the topic of a new book series from Aarhus University Press. In 100 books of 100 pages published over a period of eight years – one every month – researchers retrace the history of Denmark.

Since 2012, Aarhus University Press has published the book series 'Reflections', which are small, short, insightful and affordably priced books. Each book is 60 pages long and provides a brief and clear understanding of current research topics. The books have been well-received by critics and readers and by the end of 2018, 64 titles had been published – the latest releases were about *Creativity*, *the Voice*, *the City* and *Jesus*.

Each semester, Public Lectures in Natural Sciences offer 6-8 lectures at the Lakeside Lecture Theatres in Aarhus, with a registered audience of around 800 people for each evening event. The lectures are also livestreamed to 175 upper secondary schools, cinemas, libraries, university extension institutions, community and cultural centres etc. in Denmark, Greenland, Iceland, the Faroe Islands and Southern Schleswig with 6,000-10,000 additional participants. The lectures present the latest research and discoveries from the world of natural sciences. The lecture series is organised by the Faculty of Science and Technology and offered in collaboration with hosts in a number of cities and the Carlsberg Foundation.

2.3 CORE ACTIVITIES AND RESOURCES

After several years of profits and an associated increase in equity, a number of long-term initiatives were introduced in connection with the 2018-2021 budget to maintain and further develop the university's academic potential for the benefit of research, education and society at large.

A loss of DKK 7 million was budgeted in 2018, and a loss of DKK 2 million was realised. The total revenues were DKK 34 million higher than budgeted, while costs were DKK 16 million higher than budgeted. Financial income was DKK 13 million lower than expected.

The management of Aarhus University is satisfied with the result for 2018 and will in the coming years have a firm focus on continuing its efforts to use the accumulated financial scope to further maintain and develop the university's academic potential. The strategic investments, which were decided in connection with the 2018-2021 budget and continued in the 2019-2022 budget, are expected to result in negative financial results in the entire period. Consequently, in 2022, equity will be very close to the target of 10 per cent of revenue.

The financial result for 2018 does not give rise to adjustments of the direction or the 2019-2022 budget.

FINANCIAL RESULTS FOR THE YEAR

In 2018, Aarhus University recorded revenue of DKK 6,596 million, which in real terms is a fall of DKK 69 million from 2017, corresponding to an actual decrease of 1 per cent. Most of Aarhus University's revenues consist of Finance Act grants for education, research and other Finance Act grants (57 per cent), as well as external grants (29 per cent). There are also revenues from public sector consultancy (6 per cent) and other revenues, including sales and financial items (7 per cent).

In real terms, total Finance Act revenues fell by DKK 66 million from 2017 to 2018, down 1.6 per cent. With effect from 2018, Aarhus University's library grant was transferred to the Royal Danish Library, reducing Aarhus University's Finance Act grant by DKK 32.2 million. This was offset by a grant of DKK 10 million for the National Centre for Languages and an additional grant of DKK 29 million as compensation for the university's lower reimbursement of energy taxes.

In real terms, revenues from educational activities were down 2.2 per cent from 2017 to 2018, corresponding to DKK 40 million at the 2018 price level. The decline is the result of reallocation contributions, a fall in student FTE production with 525 fewer student FTEs than in 2017 and lower revenues from completion bonuses. Although the number of bonus-triggering students has increased by 3.1 per cent, the rate for bonus-triggering students has dropped.

Use of external funding in the form of external research grants and other grant-financed activities amounted to DKK 1,945 million, up

DKK 11 million in real terms compared to 2017, corresponding to 0.6 per cent. At the same time, Aarhus University's holding of unused commitments rose from DKK 4,307 million at the end of 2017 to DKK 4,498 million at the end of 2018. Aarhus University has considerable management focus on externally funded projects, and in 2018 the difference between the budget and spending was only DKK 7 million.

External grants account for a growing share of Aarhus University's funding, and in 2016 external grants represented 28 per cent of the university's revenues, in 2017 28.8 per cent, and in 2018 they represented 29.5 per cent of revenues. At the same time, the shift between the different groups of funding sources continues. In 2016, Danish private sources accounted for 25 per cent of the grant-financed research and Danish public sources accounted for 59 per cent, while the EU and other foreign sources accounted for 16 per cent. In 2018, the distribution had changed to 33 per cent from Danish private sources and 50 per cent from the Danish public sources, while the EU and other foreign sources accounted for 17 per cent.

One consequence of this is diminishing cover of indirect costs, due to lower average overhead grants. In 2018, the actual overhead revenues were thus DKK 23 million lower than expected in the 2018 budget. It was also DKK 15 million lower than in 2017. This trend is confirmed by the composition of new grants received which in 2016 consisted of 47 per cent from Danish public sources, 35 per cent from Danish private sources and 18 per cent from the EU and other foreign sources, while in 2018 the composition was almost reversed, with 33 per cent from Danish public sources, 47 per cent from Danish private sources and 20 per cent from the EU and other foreign sources.

In 2018, total staff costs amounted to DKK 4,237 million, equivalent to 64 per cent of Aarhus University's total costs. In real terms, this is an increase of DKK 55 million (+ 1.3 per cent) compared to 2017. The number of staff increased by 0.6 per cent (46 full-time equivalents) from 7,825 to 7,872. The increase is divided into 87 more full-time equivalent academic staff and 40 fewer full-time equivalent technical/administrative staff. The professor/associate professor group is fairly stable with just under 1,600 full-time equivalents, while the assistant professor/postdoc group increased by 21 full-time equivalents and PhD fellows increased by 56 full-time equivalents. The group of part-time academic staff and other members of academic staff has risen by ten full-time equivalents. The decline in full-time equivalent technical/administrative staff is mainly found in shared services and is due to the transfer of library staff to the Royal Danish Library and the annual efficiency requirements in the administration. Total wages and salaries were DKK 43 million lower than budgeted, however.

Rent costs remained on budget, increasing by DKK 14 million from DKK 662 million to DKK 677 million from 2017 to 2018 (an increase of 0.1 per cent in real terms). There was an overall decrease in the

building stock of just under 9,400 gross sq. m., primarily due to the vacating of the Trøjborg Complex.

Other operating costs, excluding rent and depreciation, amounted to DKK 1,552 million, a decline of 5.5 per cent (or DKK 74 million) from 2017. In 2017, other operating costs were high, in part due to the steps taken by the university to improve the study and research environments. Compared to 2016, other operating costs increased by 8 per cent.

Overhead revenues, which in the financial statements are treated as a negative cost, were, as mentioned above, DKK 15 million lower than in 2017, despite an increase in external revenues of almost DKK 50 million. In real terms, the reduction corresponds to 5 per cent. The decrease is closely linked to the above-mentioned shift between public and private sources of external funding.

Depreciation was DKK 139 million, which is DKK 22 million lower than budgeted.

Financial items constituted revenues of DKK 7 million, which was DKK 13 million lower than expected and DKK 35 million lower than in 2017. At the end of 2018, Aarhus University's investments amounted to DKK 1.9 billion, with a return equivalent to 0.3 per cent.

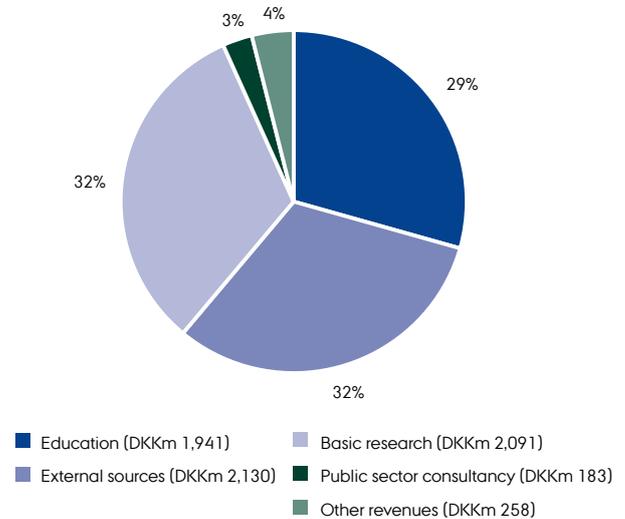
As expected in the budget, overall the 2018 financial statements show slightly declining revenue and relatively small deviations from the budget. The development in revenue is primarily due to a 2 per cent reallocation contribution for education and the public sector contracts. In the field of education, the resizing of certain degree programmes is leading to a further reduction in revenue, whereas the initiatives in engineering and IT are beginning to have a positive impact on revenue. Despite the shrinking revenue, the university has successfully increased the number of staff.

CORE ACTIVITIES AND RESOURCES

The figure below shows the total revenues for the year by education, research, external sources, public sector consultancy and other revenues, including financial income. Revenues from educational activities totalled DKK 1,941 million, most of which is per capita student funding for full-time degree programmes. Compared to 2017, this represents a fall of DKK 50 million or 2.5 per cent in 2018 prices. The fall reflects lower rates due to the reallocation contribution and lower student FTE production caused by the resizing of a number of degree programmes. A recalculation of the completion bonus at the end of 2018 reduced the rates, because all universities produced more graduates. This was offset by the increased production of graduates from Aarhus University in 2018, which partly compensated for the lower rates.

The numbers graduating were 4,512 from Bachelor's degree programmes and 5,203 from Master's degree programmes, student FTE production totalled 26,317, and there were 743 graduates from professional Master's and diploma degree programmes. In 2018, 1,030 active full-time equivalents were enrolled for open and part-time degree programmes.

Revenues in 2018 by purpose in DKK million and as percentages



The statement applies the principles from Universities Denmark's statistical service and therefore the distribution does not fully correspond to the financial statements. For example, revenues from educational activities include not only Finance Act grants for academic degree programmes, but also grants for vocational education and training programmes, tuition fees from foreign students and participation in further and continuing education. External grants comprise grants for research and other grant-financed activities as well as forensic medicine and income-generating activities.

An amount of DKK 198 million from the basic research revenues of DKK 2,077 million arises from the public sector consultancy contract with the Ministry of Environment and Food of Denmark. The public sector consultancy contracts thus total DKK 381 million.

Basic research revenues totalled DKK 2,091 million (32 per cent of Aarhus University's revenues). Unlike the educational taximeter grants, basic research grants are not subject to 2 per cent cutbacks. External sources totalled DKK 2,130 million and included external research grants and other grant-financed activities (of DKK 1,945 million) as well as income-generating activities and forensic medicine services. External research funding amounted to DKK 1,813 million, and other grant-financed activities such as the Sino-Danish Center and Erasmus scholarships amounted to DKK 137 million. Forensic services provided to the Ministry of Justice amounted to DKK 48 million and income-generating activities amounted to DKK 131 million. Income-generating activities on commercial terms consist mainly of the sale of further and continuing education and consultancy services and surveys to ministries.

The public sector consultancy agreement with the Ministry of Environment and Food of Denmark totalled DKK 381 million, of which DKK 198 million is included in the compilation of basic research funding, while DKK 183 million is categorised as public sector consultancy. The grant is reduced by 2 per cent a year.

Other revenues amounted to DKK 258 million which is a decrease of DKK 54 million in real terms compared to 2017. The decrease is due mainly to the grant to the State and University Library of DKK 32.2 million. Other revenues also include admission fee income, net financial items, rent from the letting and subletting of land and buildings, per-hectare aid and sales of agricultural products.

2.3.1 PROCUREMENT

The procurement policy at Aarhus University sets the management framework for the procurement area. The procurement policy determines that:

- All procurement at Aarhus University must take place in accordance with procurement rules and the procurement policy, irrespective of whether the procurement is financed from ordinary or external funding
- Joint agreements must be entered into as framework agreements for appropriate procurement categories
- Invitations to tender must be held for individual acquisitions that are subject to the procurement rules
- If procurement does not require an invitation to tender, more than one quotation must always be obtained
- Procurement officers must use any joint agreements established, and otherwise comply with applicable rules for public procurement
- Procurement must take place via Aarhus University's e-commerce solution, if possible.

Organisation

The procurement steering committee undertakes the overall coordination and prioritisation of tasks in the Procurement unit.

Procurement under the central administration is responsible for establishing agreement cover via joint agreements, the implementation of procurement processes for individual acquisitions, the implementation and operation of e-commerce, and the reporting of key figures in the procurement area. Furthermore, procurement in the central administration must always be involved if an acquisition exceeds DKK 100,000.

Procurement coordinators at schools and departments, and in administrative units, are responsible for the local anchoring of the procurement rules and procurement policy.

Coordination with coordinators takes place via newsletters and targeted enquiries concerning areas of interest. This is supplemented with general information communicated via Procurement's website, including process guides and information on procurement agreements. The written communication is supple-

mented by concrete meetings between the central procurement department and procurement coordinators as well as workshops on procurement agreements.

The decentralised organisation at faculties, departments and schools is currently being expanded in conjunction with the implementation of e-commerce at the university, where several procurement officers are being appointed at schools and departments, and in administrative units. Procurement officers are operational purchasers who supplement the procurement coordinators' strategic function. The senior management team has decided that, on the implementation of e-commerce (and the extended organisation), all procurement at Aarhus University must be undertaken or supported by decentralised procurement officers. The implementation of e-commerce (and the extended organisation) is taking place in 2018 and 2019.

Follow-up on procurement

Procurement under the central administration reports developments in the procurement area to the management. This reporting is to the senior management team, faculty management team, and the school or department. Reporting defines the compliance with existing agreements, procurement potential, and any infringements of rules and policies.

In autumn 2018, auditors carried out random checks in order to examine whether legislation and the procurement policy had been observed for certain specific purchases. The checks showed that purchases were still being made which were not fully compliant with Aarhus University's procurement policy. It also became evident that non-compliance with Aarhus University's procurement policy was especially an issue within the procurement of research equipment.

As a result of these findings, communication to departments, schools and employees has been stepped up in spring 2019. In addition, a new internal random check will be carried out within the area.

It is believed that the measures taken will help to ensure a continued positive development in the area.

2.4 PERFORMANCE REPORTING

On 3 July 2018, Aarhus University entered into a strategic framework contract with the Minister for Higher Education and Science. The framework contract is valid from 1 January 2018 to 31 December 2021.

The framework contract consists of a total of seven strategic goals that are reported in the following. The reporting repeats the conclusions of the status report prepared for the Ministry of Higher Education and Science, with an assessment of whether the university is on track to realising the strategic goals as envisaged.

It is Aarhus University's overall assessment that it is generally firmly on track to realising the goals agreed in the strategic framework contract. This assessment is described in detail below.

Strategic goal 1: Strengthen the quality of research with a view to strengthening Aarhus University's position as a strong international research institution

Aarhus University's assessment of the strategic goal

It is Aarhus University's assessment that the realisation of the strategic goal is on track, and that the goals set for 2018 have been met. Two special initiatives should be highlighted:

Strengthened recruitment efforts. In early 2018, the senior management team adopted a code of practice for recruiting tenured academic staff. The code of practice will contribute to ensuring a satisfactory number of qualified applicants for permanent positions and a diverse pool of applicants. Key figures for follow-up have also been adopted. The first detailed follow-up, which will also serve as the baseline, takes place in spring 2019. However, the changed recruitment practice has already led to a substantial increase in the number of applicants.

Strengthened talent development. The effort to strengthen talent development continues under the auspices of the graduate schools, which in 2018 proposed a set of 'Basic principles for doctoral education at AU'. The basic principles set high standards of quality for the PhD degree programme at Aarhus University. At the same time, the 'Junior Researcher Development Programme' pilot project is being implemented towards 2020.

Baseline figures have been prepared for the agreed indicator 'Number of qualified applicants for permanent academic positions'. The second indicator of the strategic goal 'Attracting external research funding per senior member of academic staff' has developed positively with an increase of almost 3 per cent from 2017 to 2018.

Strategic goal 2: Strengthen research efforts in areas where the labour market particularly lacks expertise and qualified manpower

Aarhus University's assessment of the strategic goal

It is Aarhus University's assessment that the work on the strategic goal is making good progress. The internal 2018 targets for academic staff intake and external research funding have thus been met. Three of the university's four faculties are working to fulfil their share of the target, which is continuously monitored and followed up by the university's management twice a year.

In 2018, targeted efforts were made to recruit talented academic staff in all areas covered by the strategic goal. The ambitious goals for recruitment of academic staff were met within engineering and natural sciences (IT). The same applies to the business area. In the humanities, goals for attracting external research funds were set. In 2018, there was a notable increase in the amount of funds secured.

Strategic goal 3: Enhance students' learning outcomes

Aarhus University's assessment of the strategic goal

High learning outcomes for our students are an important factor in the quality of the degree programmes at Aarhus University. It is Aarhus University's assessment that the 2018 goals set in this regard concerning 1) student engagement, 2) ECTS credits earned, 3) student/academic staff ratio and 4) EDU-IT initiative have been met.

Student engagement at Aarhus University is supported by investment in and prioritisation of a minimum number of lessons on all Master's degree programmes, as well as a stronger focus on supporting learning activities taking place between scheduled teaching activities. The number of lessons offered is above the set minimum in 113 of 114 degree programmes. The students' assessment of the time they spend on lessons and preparation will be calculated via Uddannelseszoom, but the final result is not yet available from the Ministry of Higher Education and Science. However, Aarhus University's own calculation shows a result of 38.7 hours per week – an increase on the last calculation by Euro-student in 2016, indicating enhanced student engagement.

The number of *ECTS credits earned* per semester per student is fairly stable and very high. The steps taken to support a culture of progress at Aarhus University have thus been successful, and work will continue to go into maintaining the level.

The ratios of students per tenured member of academic staff at the Faculty of Arts and at Aarhus BSS are 20.6 and 27.8, respectively, which is an improvement compared to the established baseline. The work to ensure a positive development continues.

Aarhus University's EDU-IT initiative was launched in 2018. A joint EDU-IT Hub has been established and an EDU-IT Coordination Forum set up. The latter aims to strengthen coordination, know-

ledge sharing and ongoing prioritisation of joint IT-technical and educational resources across the EDU-IT initiative. The launch of the initiative was celebrated on 13 March with the participation of some 100 teaching staff, researchers and others working on learning technologies at Aarhus University. The first round of applications for seed money for EDU-IT projects at degree programme level has also been completed, and funding was granted for a wide range of projects. Lastly, a measuring method has been established for the monitoring of courses, which are developed through increased and better use of learning technologies.

Strategic goal 4: Prepare students better for the labour market

Aarhus University's assessment of the strategic goal

In 2018, Aarhus University implemented a number of initiatives, which form the foundation for the coming years' efforts to facilitate the students' transition to a career in the labour market. It is Aarhus University's assessment that the goals set in this regard as well as the work to adjust the graduate competency profile have been achieved and completed.

A higher degree of cooperation between students and the labour market during the degree programmes is an important condition for facilitating the students' transition to working life and increasing the share of graduates in private-sector employment. Aarhus University has launched two key initiatives. The goal is to increase the number of Master's theses written in cooperation with business and industry and the public sector (business theses) as well as the number of students in project-oriented programmes.

As part of the profile change, which aims to balance the needs of the labour market, admissions to engineering and IT degree programmes have risen significantly from 2016 to 2017. The same applies to the development in the degree programme portfolio, where in 2018 a number of engineering and digital degree programmes were accredited or pre-qualified with a view to making them available from 2019.

The share of graduates from Aarhus University who find employment in the private sector developed positively during the past year, and the share now exceeds 50 per cent.

Strategic goal 5: Help to promote greater innovation in private enterprises and the public sector

Aarhus University's assessment of the strategic goal

It is Aarhus University's assessment that the realisation of the strategic goal showed satisfactory progress in 2018. The road has been paved for increased collaboration, which must be specified and further developed in the years to come.

In 2018, Aarhus University worked strategically to expand its collaboration with both the private and public sectors. A number of

cooperation agreements were concluded with major companies and municipalities in order to strengthen education, research and innovation cooperation in selected fields and possibly include the university's research infrastructure and facilities in a collaboration with the companies.

The agreements concluded with municipalities can help to strengthen collaboration with small and medium-sized enterprises (SMEs). It strengthens collaboration between companies and researchers whose joint efforts can create innovative solutions and secure external funding. It also helps to provide better scope for matching Aarhus University graduates and companies, which in 2018 was supported by a number of matchmaking events and career activities.

The number of new research agreements concluded fell slightly from 517 in 2017 to 501 in 2018 but remains high overall, despite a relatively substantial decrease at the Faculty of Science and Technology. The effect of the general strategic agreements is expected to be reflected in a higher number of research agreements in 2019.

Strategic goal 6: Develop the university's contribution to society through research-based public sector consultancy

Aarhus University's assessment of the strategic goal

In 2018, Aarhus University worked hard on the planned initiatives in order to maintain its strong position within research-based public sector consultancy. The indicator – gearing the contract funds to research-based public sector consultancy within food, agriculture and the environment – shows that gearing remains very high despite the continued reduction in the financial scope of the framework agreement. It is therefore estimated that the goal has been achieved.

In 2018, Aarhus University worked hard on the planned initiatives in order to maintain its strong position within research-based public sector consultancy, and Aarhus University believes that the 2018 target for the strategic goal has been met. The indicator – gearing the contract funds to research-based public sector consultancy within food, agriculture and the environment – also shows that gearing remains very high despite the continued reduction in the financial scope of the framework agreement.

Strategic goal 7: Strengthen the development of schools and daycare on the basis of research

Aarhus University's assessment of the strategic goal

In 2018, the management devoted considerable attention to strengthening the development of school and daycare at Aarhus University under the auspices of the National Centre for School Research. Consequently, the 2018 targets for the centre have been met, but the university wants to further cement the centre's position as a national player. The first steps towards achieving this goal were taken in 2018.

3. FINANCIAL STATEMENTS

3.1 ACCOUNTING POLICIES

Basis of accounting

The annual report of Aarhus University has been presented in accordance with the Ministry of Finance's guidelines and Ministerial Order no. 1648 of 15 December 2016 on the Funding and Auditing etc. of Universities.

The accounting policies have been applied consistently with previous years.

Property, plant and equipment are 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.

Revenues are recognised in the income statement as earned. Also, all costs incurred to achieve the earnings for the year, including depreciation, amortisation, write-downs, 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 date of transaction. Gains and losses that arise due to differences between the rate on the transaction date and the rate on the payment date 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.

Revenues

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

Profit or loss 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 continuously 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 revenues in the income statement in step with the depreciation of the relevant non-current assets. This sets off 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 any 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 in normal operations less completion costs and costs incurred to effect sale. The net realisable value is determined with due regard for marketability, obsolescence and the expected selling price development.

Livestock is valued in accordance with the 'TSS circular' from the Danish tax authorities concerning normal commercial values.

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

The basis of depreciation is distributed on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	10-50 years
Leasehold improvements	The lease term/maximum 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 paid, 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 the 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 an 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. Liabilities other than provisions are measured at amortised cost, essentially equalling nominal value.

Liabilities

Liabilities 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 non-current assets procured through grant-financed activities is recognised. The counter entry to property, plant and equipment is an accrual of the value of the donation, which is recognised as revenues on a straight-line basis over the same period as the related non-current assets are subject to depreciation, so that the net income statement is not affected by the depreciation recognised as costs.

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 for funding activities. The fee is recognised as revenues as the grants are spent.

Other deferred income

Other deferred income recognised as liabilities covers other payments received relating to income in the 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 2018	FS 2017
	Ordinary operating income		
	Grants for own operation from the Danish Finance Act	4,162,790	4,145,646
	External funding	1,944,639	1,895,818
	Sales of goods and services	488,183	492,065
	Total ordinary operating income	6,595,612	6,533,529
	Ordinary operating costs		
	Consumption costs		
	Rent	677,222	663,217
	Other consumption costs	103,987	117,829
	Total consumption costs	781,209	781,046
	Staff costs	4,237,370	4,100,542
	Other ordinary operating costs	1,447,572	1,475,990
	Depreciation, amortisation, write-downs and impairment losses	138,742	149,381
	Total ordinary operating costs	6,604,893	6,506,960
	Profit/loss from ordinary operating activities	-9,281	26,569
	Other operating income	0	0
	Profit/loss before financial items	-9,281	26,569
	Financial items		
	Financial income	34,117	55,136
	Financial expenses	27,258	14,108
	Profit/loss for the year	-2,422	67,597

3.3 BALANCE SHEET AS AT 31 DECEMBER

DKK '000			
Note	Assets	FS 2018	FS 2017
	Non-current assets		
	Intangible assets		
	Finished development projects	0	0
	Acquired concessions, patents, licences etc.	1,521	2,675
3.6.2	Total intangible assets	1,521	2,675
	Property, plant and equipment		
	Land and buildings	520,369	569,598
	Plant and machinery	449,250	471,976
	Transport equipment	49,335	48,325
	Equipment and IT equipment	32,565	35,882
	Property, plant and equipment under construction	115,475	42,221
3.6.3	Total property, plant and equipment	1,166,994	1,168,002
	Total non-current assets	1,168,515	1,170,677
	Current assets		
	Inventories	6,963	8,393
	Trade receivables	179,048	151,731
	Receivables from ongoing funding activities	782,479	690,188
	Other receivables	89,348	96,141
	Prepayments	22,305	8,391
	Securities	1,906,704	1,941,634
	Cash	282,807	252,624
	Total current assets	3,269,654	3,149,103
	Total assets	4,438,169	4,319,780

DKK '000			
Note	Equity and liabilities	FS 2018	FS 2017
	Total equity	906,503	914,925
3.6.4	Total provisions	43,670	34,538
3.6.5	Mortgage debt	18,890	21,018
3.6.6	Accrued donations	413,672	370,292
	Total long-term debt	432,562	391,310
	Short-term debt		
	Trade payables	360,907	366,666
	Holiday pay payable	585,426	570,733
	Other payables	131,332	133,554
	Prepaid tied-up funds from ongoing funding activities	1,589,363	1,497,241
3.6.7	Other deferred income	388,407	410,813
	Total short-term debt	3,055,435	2,979,007
	Total equity and liabilities	4,438,169	4,319,780

3.4 STATEMENT OF CHANGES IN EQUITY

DKK '000	Total equity
Equity according to the 2017 annual reports	914,925
Profit/loss for the year	-2,422
Research Centre Foulum, capital contribution to the foundation, cf. document no. 3	-6,000
Total equity as at 31 December 2018	906,503

3.5 CASH FLOW STATEMENT

DKK '000	FS 2018	FS 2017
Profit/loss for the year	-2,422	67,597
Reversal of items with no cash effect:		
Adjustment of equity, cf. document no. 3	-6,000	
Depreciation, amortisation and impairment losses on non-current assets, including profits from disposals	138,742	149,381
Donations recognised as revenues during the year	-54,970	-55,547
Changes in provisions	9,132	-2,653
Changes in receivables etc.	-125,299	74,692
Changes in short-term debt	76,426	110,594
Cash flow from operating activities	35,609	344,064
Purchase of intangible assets	0	-1,735
Purchase of property, plant and equipment	-140,604	-150,948
Disposal of non-current assets	4,024	593
Cash flow from investing activities	-136,580	152,090
Addition of donation obligation	98,351	47,153
Repayment of long-term debt	-2,128	-2,116
Cash flow from financing activities	96,223	45,037
Change in cash	-4,748	237,011
Total securities and cash as at 1 January	2,194,259	1,957,248
Total securities and cash as at 31 December	2,189,511	2,194,259

3.6 NOTES TO THE FINANCIAL STATEMENTS

Note 3.6.1 Number of staff

	2014	2015	2016	2017	2018
Full-time equivalents	8,028	7,866	7,853	7,825	7,872

Note 3.6.2 Intangible assets

DKK '000	Completed development projects	Acquired concessions, patents, licences etc.	Intangible assets under construction	Total
Cost as at 1 January 2018	0	10,208	0	10,208
Additions	0	0	0	0
Transferred to work in progress	0	0	0	0
Disposals	0	0	0	0
Cost as at 31 December 2018	0	10,208	0	10,208
Amortisation as at 1 January 2018	0	7,532	0	7,532
Amortisation for the year	0	1,155	0	1,155
Amortisation of assets sold	0	0	0	0
Amortisation as at 31 December 2018	0	8,687	0	8,687
Carrying amount	0	1,521	0	1,521
Amortisation period/years	20	3		

Out of the total carrying amount of TDKK 1,521, TDKK 1,059 was financed by donations, cf. 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 January 2018	741,689	1,440,010	96,063	247,349	42,222	2,567,333
Additions	16,126	92,096	7,517	24,865	0	140,604
Transferred to work in progress	-43,387	-25,915	-1,349	-2,602	73,253	0
Disposals	-482	-12,715	-3,010	-646	0	-16,853
Cost as at 31 December 2018	713,946	1,493,476	99,221	268,966	115,475	2,691,084
Depreciation as at 1 January 2018	172,092	968,034	47,738	211,468	0	1,399,332
Depreciation for the year	21,485	86,015	4,825	25,579	0	137,904
Depreciation of assets sold	0	-9,823	-2,677	-646	0	-13,146
Depreciation as at 31 December 2018	193,577	1,044,226	49,886	236,401	0	1,524,090
Carrying amount	520,369	449,250	49,335	32,565	115,475	1,166,994
Depreciation period/years	10-50 years	5-20 years	5-30 years	3 years		

Out of the total carrying amount of TDKK 1,166,994, TDKK 413,672 was financed by donations, cf. note 3.6.6.

Public assessment of land and buildings, cf. the most recent assessments for 2017

Building value	415,835
Land value	73,066
Total public assessment	488,901
Property for which no separate public assessment has been made. Book value	3,600

Note 3.6.4 Provisions

DKK '000	FS 2018	FS 2017
Re-establishment commitments re leasehold improvements	3,925	3,925
Limited tenures, mutually agreed departures etc.	14,163	12,270
Impairment loss on Student Self-Service (STADS)	11,000	0
Project provisions	0	1,405
Other provisions	14,582	16,938
Total provisions	43,670	34,538

Note 3.6.5 Mortgage debt

DKK '000	FS 2018	FS 2017
Long-term debt is repaid over the following periods		
Within one year	2,132	2,115
Between one and five years	8,530	8,493
After five years	8,228	10,410
Total mortgage debt	18,890	21,018

Building	Loan type	Interest rate	Principal amount	Outstanding debt 31 December 2018	The loan expires
HIH	Adjustable-rate loan	0	32,017	12,251	31 March 2026
HIH	Adjustable-rate loan	0	10,000	5,975	31 March 2034
HIH	Floating-rate bond loan	Floating	1,196	664	31 March 2032

Loan in HIH property of TDKK 18,890 is expected to be paid off on the transfer of property to the Danish Building and Property Agency in 2019.

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 1 January 2018	367	43,778	270,826	26,234	3,256	25,829	370,290
Transfer	0	0	-11,982	531	-1,742	13,193	0
Donations received	1,249	43,932	43,681	0	10,189	0	99,051
Donations recognised as income	-557	-1,170	-47,725	-1,101	-4,417	0	-54,970
Donations disposed of	0	0	-699	0	0	0	-699
Accrued donations 31 December 2018	1,059	86,540	254,101	25,664	7,286	39,022	413,672

Accrued donations are recognised as revenues in the following periods:

Within one year	48,235
Between one and five years	166,124
After five years	199,313
Total accrued donations as at 31 December 2018	413,672

Note 3.6.7 Other prepayments

DKK '000	FS 2018	FS 2017
Prepayment of grants 2019 from the Ministry of Higher Education and Science	337,688	347,121
Other prepayments	50,719	63,692
Total other prepayments	388,407	410,813

Note 3.6.8 Use of funds for free places and scholarships in the period 1 September 2017 - 31 August 2018.

DKK '000				
<i>Use</i>				
	Number of students enrolled on fully or partly free places	Number of scholarship recipients	Use of free places (DKK)	Use of scholarships (DKK)
Rate 1	68	35	1,567	3,570
Rate 2	2	1	439	90
Rate 3	25	19	1,720	1,821
Total	95	55	3,726	5,481
<i>Financial statements</i>				
Year	Transferred from the Danish Agency for Institutions and Educational Grants (SIU) (DKK)	Retained earnings from international fee-paying students (DKK)	Use in the financial year (DKK)	Result (DKK)
2014	10,268		13,207	-2,939
2015	10,086		14,180	-4,094
2016	9,756	246	10,975	-973
2017	9,526	179	10,492	-787
2018	9,396	0	9,074	322

Note 3.6.9 Scholarships for particularly talented students for the 2015, 2016, 2017 and 2018 financial years

DKK '000			
Year	Number of scholarships	Subsidies from the Danish Agency for Institutions and Educational Grants (DKK)	Use in the financial year (DKK)
2015	0	1,200	0
2016	7	2,600	377
2017	11	1,200	1,150
2018	11	0	808

* In addition to the above use of scholarships, TDKK 1,033 was used on the taximeter, bringing the total use in the financial year to TDKK 1,841.

* There are a total of 11 research fellows who are affiliated with the Innovation Fund Denmark projects Future Cropping or NEXT, both of which are community partnerships.

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

DKK '000	FS 2018	FS 2017
Student sports activities and other student activities		
Student sports activities	898	898
Other student activities	1	6
Total student activities	899	903
Student political activities		
Student Council/Studenteraudet/Joint Student Council	1,449	1,177
Konservative Studenter	141	46
Frit Forum	144	144
Total student political activities	1,734	1,367
Total	2,632	2,270

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 a non-commercial nature with the Aarhus University Research Foundation, Incuba Science Park, CAPNOVA, Agro Business Park, Agro Food Park, the Danish University Extension, Constructive Institute, 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, Studenterhusfonden 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 30 November 2038.

The commitments are distributed as follows:

DKK '000	Rental commitments
Within one year	472,341
Between one and five years	934,578
After five years	577,826
Total rental commitments	1,984,745

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 no 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 TDKK 53,784. 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 discontinue the Institute of Business and Technology in Herning (now the Department of Business Development and Technology) or to discontinue the degree programmes offered at the centre, the Ministry of Higher Education and Science will be entitled to an amount of TDKK 52,499, equivalent to the net transfer price at the time of the centre's amalgamation with the university on 1 January 2006, adjusted according to specific 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 would have a pro rata 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 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 a re-establishment obligation if the Government of Greenland does not wish 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 of TDKK 18,890 is secured by way of mortgages on the university's properties with a carrying amount as at 31 December 2018 of TDKK 55,709.

Note 3.6.16 Equity investments

DKK '000				
Aarhus University has ownership interests in the following companies:	Investment and acquisition			
Company	2018	Accumulated	Total company share capital (nominal amount in DKK)	AU's ownership share in %
SIMHERD A/S		145	500	29.00
TEGNOLOGY ApS		34	267	12.90
Pleuratech ApS		5	125	3.84
Cercare Medical ApS		2	313	0.77
Brincker Dynamics ApS		8	80	10.00
Methyl Detect		13	50	25.40

Equity investments are recognised in the financial statements at DKK 0. The university had no revenues or expenses in 2018 relating to the above-mentioned companies following their formation.

Note 3.6.17 Overview of accumulated result for income-generating activities

DKK '000	2015	2016	2017	2018
Revenues	133,372	132,222	145,622	131,474
Direct and indirect costs	126,827	126,788	134,498	123,236
Result	6,545	5,434	11,125	8,238
Accumulated results as from 2007*)	93,254	98,688	109,812	118,051

*) 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 do not include any revenue from income-generating activities in the National Environmental Research Institute.

4. APPENDICES

4.1 OVERVIEW OF ACTIVITY TYPES (DIVISIONAL FINANCIAL STATEMENTS)

DKKm	All divisional financial statements	DFS 1: General activities	DFS 2: Income-generating activities	DFS 3: Forensic medicine	DFS 4: Grant-financed research	DFS 5: Other grant-financed activities	DFS 6: Education research
Revenues							
Finance Act grants	4,163	4,161					2
External funding	1,945				1,809	136	
Sales and other operating income	488	303	131	47	5	1	
Total revenues	6,596	4,464	131	47	1,813	137	2
Costs							
Wages and salaries	4,237	3,118	48	23	1,007	41	
Rent	677	666		5	6		
Other operating costs	1,552	618	75	15	747	95	2
Depreciation and amortisation	139	81		2	55		
Total costs	6,605	4,483	123	46	1,813	137	2
Profit/loss from ordinary operating activities	-9	-19	8	2			
Total financial items	7	7					
Profit/loss for the year	-2	-12	8	2			

4.2 FINANCIAL HIGHLIGHTS

No.	Financial highlights	FS 2018	FS 2017
	Revenues, DKKm		
1	Education	1,941	1,952
2	Research	2,091	2,037
3	External funding	2,130	2,091
4	Research-based public sector consultancy services	183	184
5	Basic grants	52	85
6	Other income	206	225
	Costs in DKKm broken down by purpose		
7	Research*	3,427	3,320
8	Education*	2,223	2,203
9	Research dissemination and knowledge exchange*	189	251
10	Research-based public sector consultancy*	416	412
11	General management, administration and service	321	286
	Staff (full-time equivalents)		
12	Academic staff	4,009	3,902
13	Part-time academic staff	377	397
14	Technical/administrative staff	3,486	3,526
	Balance sheet		
15	Equity, DKKm	907	915
16	Balance sheet, DKKm	4,438	4,320
17	Buildings, total (gross area in sq. m.)	685,770	695,132
	Activity and production information		
	Students		
18	Number of admissions to Bachelor's degree programmes	7,018	6,989
19	Number of admissions to Master's degree programmes	5,898	5,767
20	Number of students enrolled as at 1 October	33,112	33,120
21	Student FTE production	26,317	26,842
	Graduates		
22	Number of Bachelor's degree graduates	4,512	4,368
23	Number of Master's degree graduates	5,203	5,917
	Open and part-time degree programmes		
24	Number of active full-time equivalents	1,030	1,142
25	Number of professional Master's and diploma degree programme graduates	743	713
	Internationalisation		
26	Number of outgoing students (exchange students)	2,005	1,748
27	Number of incoming students (exchange students)	1,090	1,055
28	Number of foreign exchange students on full programmes in Denmark	2,962	2,913
	PhD programmes		
29	Number of PhD students enrolled	1,813	1,798
30	PhD student intake (new PhD students)	490	507
31	No. of approved PhD dissertations	417	452
	Research and dissemination results		
32	Number of publications (bibliometric indicator)	6,605	5,823
33	Reported patents	24	19
34	Reported inventions	68	54
35	Number of projects with business and industry	2,474	2,358
36	Number of external projects	4,699	4,720
37	Revenues from cooperation with business and industry, DKKm	690	574

*) Costs before distribution of costs to general management, administration and service.

5. SINO-DANISH CENTER FOR EDUCATION AND RESEARCH

The Danish-Chinese university cooperation comprises six active research areas, seven Master's degree programmes (with an eighth scheduled for 2020), and since its launch it has helped fund almost 200 PhD scholarships at Danish universities.

Move to the House of the Danish Industry Foundation in Beijing

In 2018, the Sino-Danish Center for Education and Research finally moved into the House of the Danish Industry Foundation at UCAS's Yanqihu Campus in Huairou north of Beijing. In future, the building will house the Sino-Danish Center for Education and Research's educational activities, and in July students and administrative staff moved in. The new facilities have offered new ways to strengthen cooperation with business and industry. The building is available to companies, universities and institutions with activities in China, and since the inauguration, the building has been used for a wide range of activities organised by Danish universities, the Chinese Academy of Sciences and companies. In November, the Sino-Danish Center for Education and Research and Innovation Centre Denmark hosted Corporate Innovation Days 2018 for business leaders, researchers and students. During the year, the Sino-Danish Center for Education and Research hosted visits from the Chinese Deputy Prime Minister Liu Yandong and the Danish Minister for Development Cooperation Ulla Tørnæs, among others. There is also considerable interest in visiting the Sino-Danish Center for Education and Research, especially from Danish upper secondary schools, and Master's degree students are also using the facilities for academic and social events.

In October, members of the Joint Managerial Committee attended UCAS's 40th anniversary celebrations. SDC's Danish chair of the board was the only foreign speaker invited to the event. In connection with the anniversary celebrations, the Danish director of the Sino-Danish Center for Education and Research attended a workshop on the framework for future cooperation between universities in China and the rest of the world.

The Danish board of the Sino-Danish Center for Education and Research

Emeritus Professor Niels Overgaard Andersen, University of Copenhagen, has joined the Danish board, replacing Pro-Rector Thomas Bjørnholm from the University of Copenhagen. Dean Lars Bo Nielsen from the Faculty of Health, Aarhus University, has

also joined the board. He replaces Rector Brian Bech Nielsen as Aarhus University's representative on the board. At the board meeting in April, the board elected Dean Philip John Binning from the Technical University of Denmark as Chair and Pro-Rector of Aalborg University Inger Askehave as Vice-Chair.

Students, graduates and researchers

Since 2014, 572 Danish, international and Chinese students have completed a Master's degree programme at SDC. In 2018, 47 full-time students and four exchange students enrolled at one of the seven Master's degree programmes via the Danish universities.

The Sino-Danish Center for Education and Research has completed the first graduate survey among Danish, international and Chinese graduates. Among the respondents, 94 per cent had found employment one year after graduation, only 5 per cent were unemployed, while 1 per cent had enrolled in a new degree programme.

During 2018, more than 200 researchers from Danish universities travelled to China – many of them on several occasions – to teach or conduct research within the framework of the Sino-Danish Center for Education and Research.

During the year, the Danish branch of the Sino-Danish Center for Education and Research co-funded 24 new PhD fellows across six research areas: Water and Environment, Sustainable Energy, Nanoscience, Social Sciences, Life Sciences and Food and Health. In 2017, the Danish branch began to co-fund postdoc scholarships, and in 2018 it co-funded another eight postdocs. The majority of the PhD students and postdocs contribute to the teaching at the Master's degree programmes in China.

Approval of new degree programme

In April 2018, the forthcoming Master's degree programme in International Food Quality and Health was approved by the Accreditation Council, and the degree programme is expected to admit the first students in 2020.

SINO-DANISH CENTER FOR EDUCATION AND RESEARCH
 INCOME STATEMENT 1 JANUARY - 31 DECEMBER 2018
 BALANCE SHEET AS AT 31 DECEMBER 2018

DKK '000			
Note	Income statement	FS 2018	FS 2017
	Ordinary operating income		
	Grants for own operation from the Danish Finance Act	31,164	30,573
	External funding	29,700	28,900
	Total ordinary operating income	60,864	59,473
	Subsidies transferred to Danish universities	57,191	43,065
	Subsidies transferred to China	0	0
	Total funds transferred	57,191	43,065
	Ordinary operating costs		
	Consumption costs		
	Rent	517	443
	Other consumption costs	112	83
	Total consumption costs	629	526
	Staff costs	7,274	7,105
	Other ordinary operating costs	3,300	15,437
	Depreciation, amortisation, write-downs and impairment losses	153	0
	Total ordinary operating costs	68,547	66,133
	Profit/loss for the year	-7,683	-6,660

Balance sheet			
Assets			
	Balance, AU	61,370	69,053
	Total assets	61,370	69,053
Equity and liabilities			
	Balance, end of 2017	69,053	75,713
	Funds paid by partners 2018	60,864	59,473
	Use of funds paid by partners 2018	-68,547	-66,133
	Funds available for future activities, end of 2018	61,370	69,053
	Total equity and liabilities	61,370	69,053

Annual Report 2018

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Aarhus University

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The following publications report on Aarhus University's activities: *Annual Report* and *AU Key Figures*.

All publications are available at www.au.dk – see the menu item 'About AU/Strategy'.

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