



ANNUAL REPORT 2014



AARHUS UNIVERSITY

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1. STATEMENT BY THE MANAGEMENT AND AUDITORS' REPORT

1.1 STATEMENT BY THE MANAGEMENT ON THE ANNUAL REPORT

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

The annual report has been presented in accordance with Executive Order No. 1281 of 15 December 2011 on the Funding and Auditing etc. of Universities.

It is hereby confirmed:

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

Aarhus, 29 April 2015

Brian Bech Nielsen
Rector

Jane Kraglund
University Director

Berit Eika
Pro-rector

UNIVERSITY BOARD

Michael Christiansen
Chairman

Peder Tuborgh
Deputy Chairman

Sarah Askholm Junge

Peter Bugge

Susanne Bødker

Bertha P. Beck Mortensen

Andreas Birch Olsen

Connie Hedegaard

Margareta Wallin Peterson

Steen Riisgaard

Gitte Ørskou

1.2 INDEPENDENT AUDITORS' REPORT

We have audited the financial statements of Aarhus University for the period 1 January - 31 December 2014. The financial statements comprise accounting policies, income statement, balance sheet, statement of changes in equity, cash flow statement and notes 1-16. The financial statements have been prepared in accordance with the Danish Audit of State Accounts etc. Act, rules laid down in the Danish Ministry of Finance's Economic Administrative Guidelines and Executive Order No. 1281 of 15 December 2011 on the Funding and Auditing etc. of Universities.

Management's responsibility for the financial statements

The management is responsible for preparing and presenting financial statements that give a true and fair view in accordance with the Danish Audit of State Accounts etc. Act, rules laid down in the Danish Ministry of Finance's Economic Administrative Guidelines and Executive Order No. 1281 of 15 December 2011 on the Funding and Auditing etc. of Universities. Such responsibility comprises the preparation, implementation and maintenance of internal controls that are relevant in order to be able to prepare and present financial statements that give a true and fair view and are free from material misstatement, irrespective of whether such misstatement is caused by fraud or errors, as well as the choice and use of appropriate accounting policies and the making of accounting estimates that are deemed to be fair in the circumstances.

In addition, it is the responsibility of the management to ensure that the financial transactions included in the financial statements are consistent with appropriations granted, legislation and other provisions, agreements made and general practice.

The auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with international auditing standards and additional requirements under Danish audit regulation, generally accepted public auditing standards and in compliance with the agreement on internal audits at the universities concluded between the Danish Minister for Higher Education and Science and the Auditor General under section 9 of the Danish Auditor General's Act. These standards require that we fulfil ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes audit actions performed to obtain audit evidence of the amounts and disclosures stated in the financial statements. The audit actions chosen depend on the auditor's assessment, including the assessment of the risk of material misstatement in the financial statements, irrespective of whether such misstatement is caused by fraud or errors. In making the risk assessment, the auditor will consider internal controls that are relevant to the preparation and fair presentation of financial statements that are free of material misstatement. The purpose is to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the university's internal control. The audit also comprises an evaluation of whether the accounting policies applied by the management are appropriate and whether the accounting estimates made by the management are fair as well as an assessment of the overall presentation of the financial statements.

The audit also comprises an evaluation of whether procedures and internal controls have been established to ensure that the transactions included in the financial statements are consistent with appropriations granted, legislation and other provisions, agreements made and general practice.

In our opinion, the audit evidence obtained is sufficient and provides a suitable basis for our opinion.

Our audit did not give rise to qualifications.

Opinion

In our opinion, the financial statements of Aarhus University for the financial year 1 January - 31 December 2014 have in all materiality been presented in accordance with the Danish Audit of State Accounts etc. Act, rules laid down in the Danish Ministry of Finance's Economic Administrative Guidelines and Executive Order No. 1281 of 15 December 2011 on the Funding and Auditing etc. of Universities. In addition, we believe that procedures and internal controls have been established to ensure that the transactions included in the financial statements are consistent with appropriations granted, legislation and other provisions, agreements made and general practice.

Auditors' report on the management's report for 2014, performance reporting and appendices

We have read the management's report for 2014 and the section on performance reporting (pages 5-26) and appendices (pages 37-40). We have not performed any activities other than the audit of the financial statements. Against this background, we believe that the information provided in the management's report for 2014, the performance reporting and appendices is in accordance with the financial statements.

Aarhus, 29 April 2015

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

Claus Lindholm Jacobsen
State-Authorised Public Accountant

Henrik Kragh
State-Authorised Public Accountant

2. REPORT

2.1 MANAGEMENT

The university	Aarhus University, Nordre Ringgade 1, 8000 Aarhus C, Denmark
Registered in	City of Aarhus, CVR no.: 31119103
University Board 2014	Michael Christiansen, Chairman Peder Tuborgh, Deputy Chairman Mariann Fischer Boel (until 1.12. 2014) Heidi Klokke Andersen, Student representative (until 31.1.2015) Benjamin Bilde Boelsmand, Student representative (until 31.1.2014) Peter Bugge, Employee representative (academic staff) Susanne Bødker, Employee representative (academic staff) Connie Hedegaard (from 1.12.2014) Bertha P. Beck Mortensen, Employee representative (technical and administrative staff) Andreas Birch Olsen, Student representative (from 1.2.2014) Margareta Wallin Peterson Steen Riisgaard Gitte Ørskou
Management 2014	Rector Brian Bech Nielsen (acting university director from 1.7.2014) Søren E. Frandsen, Pro-rector (until 31.5.2014) Eika Berit, Pro-rector (from 1.6.2014) Jørgen Jørgensen, University Director (until 30.6.2014) Mette Thunø, Dean (Arts) (until 30.6.2014) Johnny Laursen, Dean (Arts) (from 1.7.2014) Allan Flyvbjerg, Dean (Health) Svend Hylleberg, Dean (Business and Social Sciences) Niels Christian Nielsen, Dean (Science and Technology)
Auditors	Danish National Audit Office St. Kongensgade 45, 1264 Copenhagen K, Denmark
Institutional auditors	PricewaterhouseCoopers, Statsautoriseret Revisionspartnerselskab Jens Chr. Skous Vej 1, 8000 Aarhus C, Denmark

2.2 STRATEGIC OVERVIEW

AARHUS UNIVERSITY'S STRATEGY 2013-2020

MISSION

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

VISION

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

VALUES

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

STRATEGIC GOALS 2013-2020

Research

- Increase the number of research areas in the international elite
- Focus on societal challenges and strengthen cooperation
- Attract more external funding

Education

- Develop the quality of degree programmes in accordance with the highest international standards
- Produce graduates with strong competences
- Accommodate diversity among students

Talent development

- Offer talent development at the highest international level
- Recruit, develop and retain researchers with outstanding talents
- Offer talent development activities and programmes starting at Bachelor's level

Knowledge exchange

- Intensify collaboration with the business community and the public sector
- Consolidate and develop the university's role of independent scientific consultant to the public sector
- Improve the choice of continuing and further education programmes
- Strengthen contributions to the development of civil society

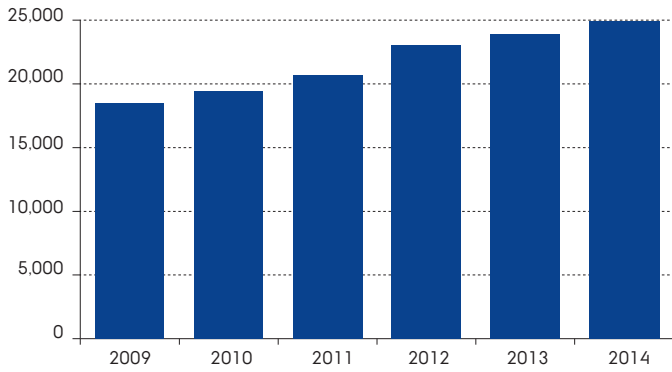
PREREQUISITES

- Good working conditions
- A good environment for study and work
- An accessible, visionary management
- The opportunity for further education
- A coherent, efficient and professional administration
- Optimal financial and legal framework conditions

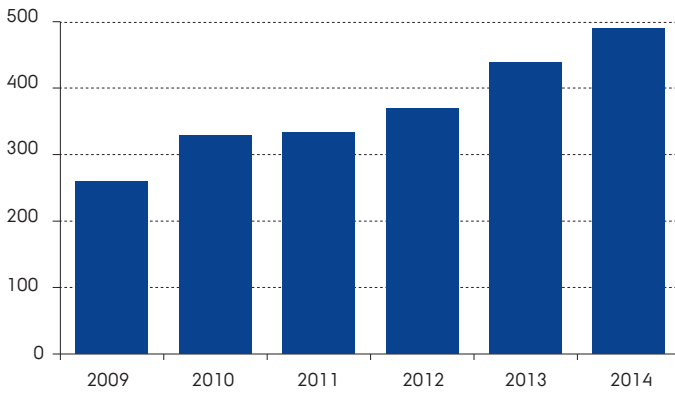
Aarhus University's strategy can be read at www.au.dk

2.3 KEY FIGURES *

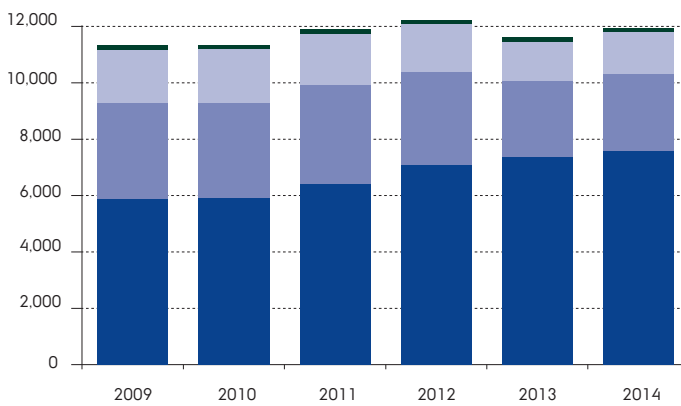
* Key figures include School of Engineering from 2012



**Student FTEs,
years of full-time study**

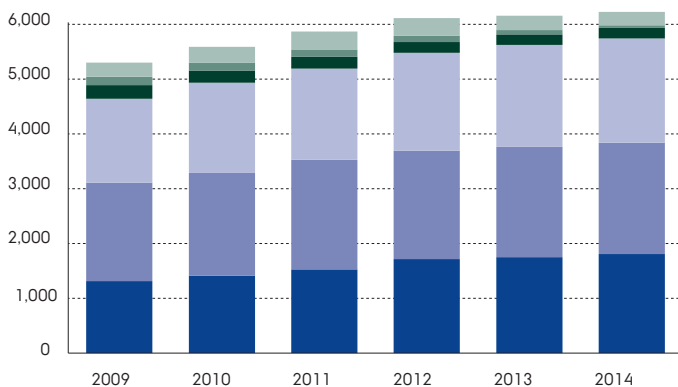


PhD degrees awarded



Publications

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



**Total income, by purpose 2009-2014
DKK '000 in prices for the year**

- Other income
- Other Finance Act funding
- Research-based public-sector consultancy
- External funds
- Research
- Education

2.4 REPORT FOR 2014

INTRODUCTION AND SUMMARY

Aarhus University intensifies focus on quality

An intense year, 2014 brought significant changes for Aarhus University's employees and students alike, both financially and organisationally. It must be stressed that Aarhus University has succeeded in creating a solid platform for its future development.

The financial slowdown was necessary.

The primary reason was a structural deficit, which arose as a result of lower than expected revenues. A deeply felt consequence of the cuts was having to say goodbye to approx. 300 employees.

As mentioned, 2014 was a year characterised by organisational restructurings. In the spring, employees and students contributed to a comprehensive analysis of the internal problems at Aarhus University. The wish was to hear their ideas on the changes needed to create an organisation which would guarantee optimum conditions for education and research. In particular within the administrative area.

This organisation is now taking shape, and the university's finances have been re-balanced. Not least thanks to the hard work of the university's staff. At Aarhus University, we expect more or less to be able to maintain the current admissions level. The basic funds from the state are also expected to stay at the current level as the prospect is one of zero growth for the university sector. We must be realistic and take the very stiff national and international competition for research funds seriously, but in spite of this we have a clear desire to attract more external funding. And we have a good basis for doing so. As can be seen from the annual report, AU researchers achieved impressive results in 2014 and successfully attracted external funding for the establishment of new and excellent research environments and centres.

Aarhus University sets high and ambitious standards, and we will concentrate on qualitative rather than quantitative opportunities for growth. We want to raise the bar further for our educational and research activities. Our scientific production measures up against the best in the world, and our employees are keen to see further development in this field, which will further consolidate Aarhus University's strong international position.

The Danish universities have seen major changes and reforms since the large mergers in 2006/2007, but there are now signs of peace and stability on that front. However, our students and employees must still be prepared to tackle new challenges and requirements from the outside world – from the public sector, business and industry, organisations and politicians. Flexibility and the ability to embrace change are fundamental qualities in our world, both when it comes to realising our own ambitions, and also in order to live up to the demands of, among others, the Danish Ministry of Higher Education and Science. Aarhus University is geared for this.

INTRODUCTION

The higher education degree programmes in Denmark have been the subject of considerable public debate in recent years. The study progress reform, institutional accreditation, the internationalisation strategy and digitalisation are some of the more demanding activities which the university must undertake while, at the same time, strengthening the quality of its degree programmes and developing and adapting them to a rapidly changing world. Therefore, in 2014 Aarhus University decided to give higher priority to its educational activities by changing the pro-rector's position from knowledge exchange to education, and by employing Professor of Medical Education Berit Eika as the new pro-rector. Berit Eika came from a position as vice-dean for education at Health at AU. At the turn of the year 2014/2015, Jane Kraglund, who came from a position as CEO at Odense University Hospital, was appointed new university director. Finally, in 2014, Associate Professor Johnny Laursen was appointed acting dean at the Faculty of Arts.

Also in 2014, Aarhus BSS achieved the so-called Triple Crown accreditation. This happened when EQUIS accredited the faculty's business-related activities for a three-year period. This means that Aarhus BSS has now been accredited by the three most highly recognised international business school accreditations worldwide (AACSB, AMBA and EQUIS). Triple Crown-accredited business schools constitute an exclusive club comprising approx. 1% of all business schools worldwide.

In 2014, the new Navitas building opened at the port of Aarhus. Members of the consortium behind the construction of Navitas are Aarhus University, Aarhus School of Marine and Technical Engineering and INCUBA, the aim being to create a Danish and international hub for energy technology, research, innovation and education. The building will be home to 2,700 students, teachers, researchers and entrepreneurs. Navitas is equipped with state-of-the-art laboratory facilities and experimental equipment and will, among other things, house the university's educational and research activities within the fields of construction and mechanical engineering. In other words, parts of the Aarhus University School of Engineering and the Department of Engineering. Navitas has been designed as an energy class 1 building and according to the principles of integrated energy design. This means that the building continuously adapts to its users and keeps its energy consumption at a minimum. On the roof, 1,280 solar cells supply the building with energy, while at its lowest levels, the building is cooled with sea water.

2014 was very much a year in which the foundations were laid for the university's future development. Decisions were made on increased staff and student involvement and on adjustments to the academic and administrative organisation following a comprehensive internal problem analysis and a consultation process, and unfortunately also a series of cutbacks needed to balance the university's finances. The following sections describe several examples of the university's research, education, knowledge exchange

and talent development activities. Finally follows an outline of the internal processes surrounding the cutbacks and the organisational changes which took place at the university in 2014.

RESEARCH

Research is becoming increasingly international and interdisciplinary, being conducted across borders, across sectors, across organisational boundaries and across the boundaries between traditional core disciplines. In 2014, this was reflected in various ways at Aarhus University. For example, the university established ten new researcher-initiated networks across faculties and departments; considerable efforts were devoted to writing more and better applications for the EU's 8th Framework Programme for research and innovation, Horizon 2020; a strong partnership was established with industry and the public authorities on testing medicine and tomorrow's crop production; and as a result of international cooperation, a new telescope was opened on Tenerife. The telescope will be part of a worldwide network of up to eight telescopes which will monitor the heavens round the clock.

The foundation for such cooperation, be it across national borders, disciplines or sectors, is first and foremost the high academic standard of the research conducted at Aarhus University – and generally at other Danish universities. In 2014, this was documented in an evaluation of the Danish Council for Independent Research carried out by an international panel. At the same time, in 2014 the Danish Parliament decided to grant DKK 3 billion to the Danish National Research Foundation, thus enabling the foundation to maintain its current level of activity until 2026-27.

- External research funding: DKK 1,568 billion
- Proportion of grants from DFF in 2014; 24.8%
- Three new basic research centres
- Eight new ERC grants

In 2014, the Danish National Research Foundation announced the establishment of 12 new basic research centres. This represents a total investment of almost DKK 700 million over the next six years, with a possible extension for a further four years. Of this amount, DKK 177 million is being invested in three new centres at Aarhus University: the Centre for Urban Network Evolution (UrbNet, headed by Professor Rubina Raja), the Centre for Carbon Dioxide Activation (CADIAC, headed by Professor Troels Skrydstrup) and the Centre for Music In the Brain (MIB, headed by Professor Peter Vuust). The three new centres bring the total number of basic research centres at Aarhus University to 16.

Two of the three new centres share the conviction that answers are to be found in the borderland between widely differing core disciplines. Among the research groups, archaeologists are working with researchers from physics and geology, and researchers from music with neuroscientists.

By combining archaeological and historical approaches with newly developed scientific methods, the UrbNet centre will thus explore and rewrite the history of urbanisation. The centre will investigate and compare urban communities in medieval northern Europe, in ancient cities around the Mediterranean and beside the Indian Ocean. The MIB centre is a unique partnership between Aarhus University, Aarhus University Hospital and the Royal Academy of Music, and, using the latest brain-scanning methods, the centre will shed light on questions which spring from a deep understanding of and practical experience with the basic workings of music and the ability of music to explain the functioning of the brain. The third centre, CADIAC, will uncover fundamental new knowledge about CO₂ activation, thereby creating sustainable solutions to using the molecule as a valuable reagent for high-value chemicals, which are important for industry. Rather than seeing CO₂ as a problem, CADIAC regards CO₂ as a valuable and energy-efficient resource.

In 2014, funding was provided for ten existing or new interdisciplinary research networks via an open call from the university. Researchers could apply for up to DKK 200,000 a year for a three-year period to strengthen the cooperation and launch new activities across the various core disciplines. Based on 56 applications, ten networks were selected which, by combining methods and expertise from several disciplines, will increase our knowledge of subjects such as smart urban development, energy, food and nutrition as well as telemedicine. Finally, a network of researchers from environmental science, economics, public health and geoscience will strengthen research into access to clean drinking water for the Earth's rapidly growing population. All the networks have emerged on the initiative of the researchers themselves, and the aim is for their interdisciplinary cooperation to create new knowledge and form the basis for a number of new research projects and grants from, for example, Horizon 2020, the Danish National Research Foundation or one of the major private foundations.

In 2014, a new interdisciplinary research project headed by Troels Staehelin Jensen, which is analysing diabetic neurodegenerative diseases from different angles, was granted DKK 60 million by the Novo Nordisk Foundation. The project seeks to identify why up to half of all diabetics suffer from painful neuritis. By combining knowledge from clinical studies, basic research and registry studies, the researchers will help to make it easier in future to assess the individual patient's risk of developing neuritis and ensure that treatment of the disease becomes more effective. Leading researchers from Odense University Hospital, the University of Oxford and the University of Michigan are also participating in the project.

In addition to the large centres and projects, a wide range of research projects are being carried out at the university's schools and departments. In 2014, this resulted in 11,940 publications, including approx. 7,500 peer-reviewed articles and contributions to books. One of these articles deserves particular mention for

its considerable impact: The article on the gut microbial flora of the vulture published in Nature Communications by Professor Lars Hestbjerg Hansen from the Department of Environmental Science. His research showed that vultures' gut flora consist of a wide range of bacteria which are pathogenic for humans, but important for the vulture to be able to digest carrion. In addition to the findings being extremely interesting, the article resulted in an almost global media frenzy. Lars Hestbjerg Hansen was interviewed by The Economist, The New York Times, The Washington Post, the US radio station NPR, Die Welt, El Pais and a wide range of Danish media.

SONG and other new research infrastructure

In many academic environments, an up-to-date and unique research infrastructure is a prerequisite for strengthening and maintaining high-quality research. Eight years ago, astronomers from Aarhus University and the University of Copenhagen came up with the idea of a Stellar Observations Network Group (SONG), which will consist of up to eight telescopes specifically targeted at studying the stars and the planetary systems around them. The astronomers' dream was to develop a prototype for a new, ultra-modern and robotic telescope which was cheap and efficient to run, and which could make a difference scientifically without costing the earth, even before the entire planned network of eight telescopes worldwide had been completed. In 2014, the first telescope was inaugurated on Tenerife. The idea of having a global network of telescopes is that as the Earth rotates, it is possible to follow the observations of stars and planets from one telescope to the next telescope in the network over long consecutive periods of time. The telescopes can be used to measure stellar oscillations, and thus provide knowledge about the stars' inner structure, as well as finding earth-like exoplanets in our own galaxy, the Milky Way. Professor Jørgen Christensen-Dalsgaard, director of the Stellar Astrophysics Centre, one of the basic research centres at Aarhus University, heads the SONG project. The cost so far has been approx. DKK 30 million, and the telescope is financed by the Carlsberg Foundation, the Villum Foundation, the Danish Council for Independent Research (FNU), the European Research Council (ERC), the University of Copenhagen, Instituto De Astrofísica de Canarias and Aarhus University.

In 2014, the Danish Minister for Higher Education and Science awarded DKK 20.3 million to a new national laser centre, DANLASE. The large grant will be used, for example, to procure advanced lasers, and the new laboratory facilities at Aarhus University will come to house three new lasers: An ultra high-intensity laser, which can be used for X-rays; a laser with ultra high precision for dating; and a laser microscope with high-level spatial resolution as well as the ability to distinguish between different molecules. The centre is a partnership with Technical University of Denmark, among others, and will represent Denmark in connection with large EU partnerships and funding.

Within the social sciences and the humanities, researchers are also increasingly using laboratories to conduct controlled experi-

ments. Several years ago therefore, Aarhus BSS took the initiative to bring together, develop and upgrade the existing facilities and establish the Cognition and Behaviour Lab. The laboratory is a combined facility offering access to, for example, eye trackers, EEG, equipment for measuring psychophysiological activity, equipment for recording and monitoring experimental tests as well as software which makes it possible to store and analyse the collected data. More than 60 researchers are affiliated with the laboratory, and experiments have already been conducted by researchers within the following fields: political science, consumer behaviour, economics, psychology, linguistics, study of religion and biology. The laboratory thus serves as a meeting place for researchers from many different core disciplines and a platform for experiments and projects involving researchers from various fields.

In 2014, the newly built and modernised greenhouses opened in the Botanical Gardens in Aarhus. The greenhouses focus, in particular, on disseminating factual information and new research findings about the natural world, and more than 80,000 visitors are expected a year, including many school and upper secondary school classes. The plant collections are divided into four different climate zones, each with their own distinctive features and experiences. Here, visitors can immerse themselves in stories about peculiar plants and exquisite flowers, and see fascinating videos and photographs that provide insights into human interaction with the flora around us and into the coexistence of humans and the natural world.

In 2014, an international call for tenders was announced for the particle radiotherapy facility which will be at the heart of the National Centre for Particle Radiotherapy at Aarhus University Hospital. By the deadline, three bids had been received, and immediately after New Year 2015 a decision was made on who would supply the equipment, installation and service. The National Centre for Particle Radiotherapy is expected to open in 2018 and will have the capacity to treat 1,200 Danish cancer patients a year. Aarhus University and Aarhus University Hospital are already actively engaged in joint particle radiotherapy R&D, involving doctors from various branches of particle radiotherapy and researchers working within physics and molecular biology.

At Aarhus University Hospital, investments were also made in 2014 in a new so-called hyperpolarisation MR scanner, representing completely new medical scanner technology that increases the sensitivity of traditional MRI scanners by a factor of 10,000 or more. Denmark is the third country in Europe to introduce the system for patients. When, in a few years' time, the university hospital can offer Danish cancer patients particle radiotherapy, the hyperpolarisation technology will be able to show exactly where the extremely concentrated beams should be directed. Moreover, within the fields of diabetes and cardiovascular diseases for example, the technology will give doctors new and important knowledge about the individual patient's illness, and thus pave the way for more effective treatments of some of the most common diseases in the western world. The new instrument set-up has cost approx. DKK

35 million, of which more than DKK 20 million has been donated by the Moller Foundation and Karen Elise Jensens Fond.

Major research awards

Every year, a large number of researchers at Aarhus University are awarded for the excellence of their research, and only a few can be mentioned here. In 2014, one of the most important science awards in Denmark went to Professor Bo Brummerstedt Iversen from the Department of Chemistry, who was presented with the Grundfos Prize of DKK 1 million. The prize was given to Brummerstedt for his ground-breaking research into highly energy-efficient materials.

Moreover, in 2014 two researchers from Aarhus University were among the recipients of a total of five Elite Researcher Prizes. The prizes were awarded to Professor Daniel Otzen, iNANO and Department of Molecular Biology and Genetics, and Professor Jens-Christian Svenning, Department of Bioscience. The Elite Researcher Prize is worth DKK 1.2 million, of which DKK 1 million must be used for research activities, while the remaining DKK 200,000 is a personal prize of honour.

Finally, six researchers from Aarhus University were awarded the coveted ERC grants in 2014. Four researchers received ERC Starting Grants. They were Assistant Professor Bjørn Panyella Pedersen, Department of Molecular Biology and Genetics, and postdoc Jan-Pieter Buylaert, Department of Geoscience and Technical University of Denmark, group leader Keisuke Yonehara, DANDRITE and the Department of Biomedicine, and Associate Professor Jakob Sherson, Department of Physics and Astronomy. Two researchers received ERC Consolidator Grants. They were Professor Anders Møller, Department of Computer Science, and Associate Professor Liv Hornekær, Department of Physics and Astronomy/iNANO, og, og lektor Liv Hornekær, Institut for Fysik og Astronomi/iNANO.

Horizon 2020 and the Danish National Innovation Foundation launched

In 2014, the EU finally initiated its 8th Framework Programme for research. One of Aarhus University's objectives is to significantly increase its share of EU funding for research, and considerable efforts have been made to submit more and better applications. One of the objectives is for researchers from the university to coordinate applications for more and bigger grants from the current framework programme, and in 2014 three researchers from Aarhus University became coordinators of large EU grants. One of them is Martin Brynskov, associate professor in Information Studies from the Department of Aesthetics and Communication. Brynskov is coordinating the OrganiCity project, which involves cooperation between Aarhus, London and Santander – three cities which all have experience of using so-called smart city technologies. Smart city technologies are technological solutions which improve the standard of service provided to citizens while also reducing resource consumption. A smart city is thus a city which seeks to implement intelligent urban development, among other things by developing initiatives that optimise the town or city by integrating the physical environment with the digital world. The project has

been awarded a grant of DKK 54 million over three years and involves universities, government agencies and institutions and businesses in the three cities.

Partnerships with industry and government agencies and institutions are also the focal points of several projects under the new Innovation Fund Denmark set-up. Aarhus University is participating in two so-called social partnerships under the foundation. One of the projects, called Future Cropping, is about developing tomorrow's crop production so that it is both financially and environmentally sustainable. It looks, for example, at how farmers can target and minimise the use of fertilisers by integrating environmental technologies with weather and area data. The project has been granted DKK 50 million from Innovation Fund Denmark and has a total budget of DKK 100 million. The project has ten core partners who, in addition to Aarhus University and the University of Copenhagen, comprise a number of businesses. Aarhus University is also involved in NEXT, which is the world's first social partnership between public hospitals, universities and the pharmaceutical industry. The project will, among other things, offer new medicines to cancer patients who have exhausted normal treatments. The project has a total budget of DKK 124 million, which includes a DKK 50 million investment from Innovation Fund Denmark. In 2014, the Department of Clinical Medicine and Aarhus University Hospital decided to gather all clinical research units under the name Aarhus University Hospital Clinical Trial Unit. The aim is to strengthen collaboration with the pharmaceutical industry, so that more pharmaceutical companies choose to test new drugs or new medical equipment in Aarhus.

EDUCATION

At the moment, higher education programmes in Denmark are the subject of considerable public debate. And with good reason, because their graduates are some of the universities' most important contributions to society. The debate has, among other things, resulted from the very ambitious goals set by a string of Danish governments for an increase in admissions to the universities and other institutions of higher education, and the ensuing discussions about the quality and relevance of the degree programmes, about completion times, about internationalisation etc.

In autumn 2013, the Danish government appointed the Expert Committee on Quality in Higher Education in Denmark, and in 2014 the committee published two sub-reports. In the first report, the committee addressed the total offering of higher education degree programmes in Denmark, the degree programmes chosen by young people and the future needs of the labour market. The focus of the second report was the content of the degree programmes.

Aarhus University welcomes the debate on quality and is working consistently to improve the quality of the higher education degree programmes. For the same reason, in 2014 Aarhus University reiterated its decision to focus on quality rather than quantity.

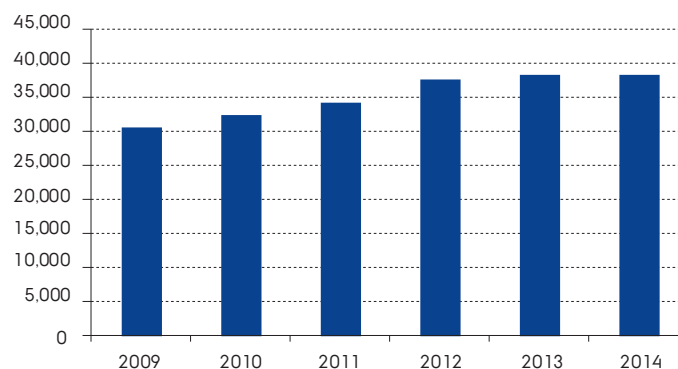
Applications, intake and graduates

On 1 October 2014, a total of 38,120 students were enrolled at Aarhus University, corresponding to 24% of the students enrolled at Danish universities. The number of students enrolled at Aarhus University is on a par with 2013, but up 18% compared to 2010. In 2014, 4,613 Bachelor's degree students and 4,192 Master's degree students graduated from Aarhus University, representing increases of 4% and 5%, respectively, relative to 2013.

The Bachelor's degree programme intake at Aarhus University totalled 7,166, representing a minor fall in 2014 of 4% compared to 2013.

In 2014, Aarhus University received 23,869 applications for admission through quota 1, which is a fall of 6% compared to 2013. The proportion of first-priority applications was 37%, both in 2013 and 2014. The number of students admitted to Master's degree programmes in 2014 was 5,493, representing a slight fall of 5% relative to 2013.

Number of students enrolled 2009-2014



A good study environment

In spring 2014, a large survey was again conducted of the study environment at Aarhus University. In total, 13,647 students at the university voiced their views on the study environment by completing the questionnaire. The survey, which was also carried out in 2007 and 2011, showed that the level of both academic and social well-being is very high among students at Aarhus University. For example, 88% of the students feel comfortable with their choice of degree programme, and 85% would recommend their degree programme to others.

- 38,120 students enrolled
- 23,869 quota-1 applicants
- Bachelor's degree programmes: 7,166 admissions, 4,613 graduates
- Master's degree programmes: 5,493 admissions, 4,192 graduates

One of the most noteworthy points in the study environment survey was an increase from 2011 to 2014 in the proportion of students who have experienced stress symptoms. In cooperation with the Student Council, a large meeting was held about stress, while the issue is also being addressed as part of the local follow-up by the faculties.

Implementation of Blackboard as a common platform for educational IT

2014 saw the technical implementation of the university's new shared Learning Management System: Blackboard. The teaching staff and the administration now have a common platform for online course management (for example communicating information and distributing teaching material). The system is also very suitable as a forum for online learning activities as such, including the testing of new technologies and new teaching methods and tools, and thus for increasing the amount of time and energy that students put into their studies. Having a shared system also encourages increased interdisciplinarity in the degree programmes – both internally at faculty level and across the faculties. The common platform provides a solid foundation for the continued development of educational IT at Aarhus University in the coming years.

In 2014, a specific project was launched which is aimed at giving students of dentistry access to more digital resources. As part of the project, a digital supplement to the anatomical museum at the Department of Dentistry is made available. www.anatomionline.dk/museum allows greater flexibility in how the students prepare for anatomy lessons by making the museum's rare collection of specimens available online.

High-quality degree programmes

In 2014, Aarhus University extended the process leading up to the application for institutional accreditation, so that the university's self-evaluation report is now being submitted in April 2016 – and the accreditation is expected to be ready in April 2017. In 2014, focus was on creating a solid basis for the application, for example by implementing Aarhus University's policy for quality assurance in education, establishing a solid set of data for the quality assurance activities, describing the existing quality assurance procedures, and testing a new concept for evaluating degree programmes.

Adapting the portfolio of degree programmes

In autumn 2014, the Danish government decided to resize admissions to a number of Bachelor's and Master's degree programmes at institutions of higher education. The resizing was targeted at degree programmes which for several years had seen systematic above-average rates of unemployment. This means that Aarhus University must cut 650 Bachelor's degree places over a four-year period, after which similar cuts will be introduced to the Master's degree intake. The cuts will affect the faculties as follows: Arts must reduce its intake by 440 Bachelor's degree students, Aarhus BSS by 172 students, while Science and Technology must reduce its Bachelor's degree intake by 38.

As regards the resizing of the degree programmes, Aarhus University will in the coming years focus on how to ensure a better match between students and degree programmes in order to minimise drop-out rates.

Study progress reform

In 2013, a second reform, the so-called study progress reform, was adopted by a majority in the Danish Parliament, and the reform became effective for students starting a Bachelor's degree programme at Aarhus University in summer 2014. The students are thus subject to the requirements for course registration introduced by the study progress reform, meaning that they are automatically registered for 30 new ECTS every semester (corresponding to the exams for half a year of full-time study), and that they are automatically registered for both first and second examination attempts. The handling of the new statutory requirements has required extensive preparation, and the experience gained from the first semesters is expected to prove invaluable when, in 2015, all the students starting after the summer will be covered by the reform. The university is throwing itself into the task, but it cannot be ruled out that the reform's detailed and strict requirements will result in significantly increased drop-out rates.

In 2014, considerable preparatory efforts went into identifying supportive initiatives needed to ensure study progress, from the identification and handling of courses where bottlenecks can occur in connection with registration for exams to focusing on learning and study skills. In the coming years, more administrative tasks are expected to result from the study progress reform, including the abolition of supplementary courses between Bachelor's and Master's degree programmes. So far, this has been postponed until 2016.

A focus area in 2014 was the question of how the existing and supplementary guidance initiatives can help delayed students. Valuable experience has been gained with the so-called study process interviews. A study process interview is a chance for students to talk about and seek help with handling, for example, writer's block, exam anxiety or stress. The initiative was launched in connection with the follow-up on the latest study environment survey, but it is also expected to help address some of the challenges arising as a result of the study progress reform in the form of delayed students or students who go down with stress.

Cohesive educational system

The university shares a common destiny with the upper secondary schools. Many upper secondary school students go on to study at the university, and many of the university's graduates go on to teach at upper secondary schools. To strengthen this relationship, Aarhus University has launched a number of initiatives, for example the Rolling University scheme, whereby researchers and students from Aarhus University step in as teachers at upper secondary schools for a day, while the upper secondary school teachers are offered continuing education at the university. And the SubUniversity project, a mentor-based bridge-building project whereby

upper secondary schools in the Central Denmark Region and the university work with social mobility for talented young people.

In connection with Science in the City in summer 2014, the unofficial European Science Show Championships were won by Aarhus University's Chemistry and Physics Shows. Together with chemistry and physics students from Technical University of Denmark, they made up the Danish national team. The Chemistry and Physics Shows see students from Aarhus University visiting lower and upper secondary schools, where they conduct fascinating experiments and thus inspire young people to study the natural sciences. Since 1998, the two shows have been performed in front of more than 150,000 young people.

Finally, Aarhus University is involved in several institutional partnerships which contribute to creating a more cohesive educational system. In 2014, a new cooperation agreement was signed with VIA University College on education, research and development to create a framework for specific projects in the academic environments.

KNOWLEDGE EXCHANGE

Aarhus University interacts with society at large and actively contributes to addressing the challenges faced by society and to developing civil society. This happens in cooperation with companies, municipalities and regions, through providing consultancy services for government agencies and institutions, through technology transfer, through further and continuing education and in general through the dissemination of knowledge.

Business collaboration and technology transfer

In 2014, Aarhus University continued its collaboration with businesses and organisations with varying degrees of scope and intensity. Aarhus University intends to meet its responsibilities to society through more extensive and better coordinated business collaboration and, in so doing, receive valuable contributions to its research and educational activities and value creation in general. The foundation for the university's business collaboration was strengthened during the year through the appointment of so-called business ambassadors at all schools and departments who are charged with facilitating cooperation between the university and businesses, and through analyses of the framework conditions for knowledge exchange. In November, a major conference under the title BIG DATA – BIG IMPACT was held. The conference appealed widely to researchers, private companies and public institutions interested in the growing significance of big data for research, business and society as a whole. A key element at the conference was the presentation of a number of cases exemplifying how big data technology and the research behind it are being applied by companies, and among government agencies and institutions and other players. The various cases were presented by researchers and companies to shed light on both the research involved and the practical application of big data.

Since 2010, students have benefited from Aarhus University's appointment by the Danish Enterprise and Construction Authority as an "Entrepreneurial University". In addition to significantly developing the teaching of entrepreneurship under the auspices of the Entrepreneurial University project, the university has also set up a Student Incubator for all Bachelor's and Master's degree students at the university who want to work with entrepreneurship based on their academic specialisation. The students are offered access to office facilities, sparring and an interdisciplinary entrepreneurial environment, in addition to which workshops and more self-designed courses are organised. Between the setting-up of the Student Incubator in autumn 2011 and the end of 2014, 419 students (312 company registration numbers) had registered, while almost 100 alumni businesses created between one and 80 jobs each. Close links are established with the business community through so-called spin-in projects, whereby existing businesses are assigned as consultants and models for the students.

AU Herning's cooperation with businesses and government agencies and institutions is one example of excellent business collaboration at departmental level. The department makes annual agreements with the neighbouring local authorities, and has a business ambassador who continually signs new and maintains existing agreements with businesses as well as extensive collaboration between students and businesses on internships and specific project partnerships. Within the field of engineering, as a result of several large external grants, the Department of Engineering is involved in partnerships with a number of companies. Thanks to a large EU grant, the department is working with several businesses and public-sector partners to find new solutions to reducing energy consumption in residential areas. The READY project involves 1,000 households in Aarhus, which in the coming years will act as a full-scale laboratory for researchers at the department.

One of Aarhus University's goals is to work with large as well as small and medium-sized enterprises. One such large company is Arla Foods, which is in the process of establishing an innovation centre at the Agro Food Centre in northern Aarhus, where it will be a central part of the Danish Food Cluster to which Aarhus University also belongs. The Danish Food Cluster works to attract talent, investments and companies to Denmark, and contributes to strengthening the Danish innovation system for foods. Over a five-year period, Arla will invest DKK 62.5 million in a new research centre, with Aarhus University and the University of Copenhagen as partners. The funding is ear-marked for research into how dairy products can strengthen the immune system, prevent diseases such as type 2 diabetes and also counter malnutrition, and the centre will, for example, be financing 40 PhD and postdoctoral positions.

As far as small and medium-sized enterprises are concerned, the Department of Law at Aarhus University together with Nykredit and PwC has established the Knowledge Forum for Small and Medium-sized Enterprises. The partnership was established in 2012 with the aim of contributing to the continued development and growth of small and medium-sized enterprises. The project

has received considerable recognition. The programmes for the individual companies run for three years with quarterly sparring, monitoring and follow-up for each company. During the three-year programme, the consultants look at key elements: the company's manager, its business model, the business environment and the company's business plan.

TEGnology is one example of fruitful collaboration with a company on the development of a special product. The collaboration came about when an entrepreneur approached one of the academic environments at the Department of Chemistry. Several years later, it has now resulted in the development of an energy material which can transform waste heat into electricity for, for example, cars. The researchers have developed the material based on zinc antimonide and magnesium silicide, its unique property being that it works at very high temperatures. The company's test results from 2014 show that the technology works, and it is expected to result in environmental benefits as well as being commercially attractive.

In 2014, Aarhus University was a founding member of the MedTech Innovation Consortium, which aims to strengthen the collaboration between Aarhus University, the Central Denmark Region, VIA University College and a number of local authorities on the development of the East Jutland ecosystem for health innovation. The purpose of the MedTech Innovation Consortium is, among other things, to help develop new and promising products, processes and services for the health sector in cooperation with local authorities, the region, knowledge institutions and private businesses – and to contribute to the implementation of new solutions in the healthcare system for the benefit of citizens, patients and the Danish economy.

Research-based public-sector consultancy

Research-based public-sector consultancy is one of Aarhus University's key activities, and the university primarily provides services – via the Danish Centre for Food and Agriculture (DCA), the Danish Centre for Environment and Energy (DCE) and a number of departments – to the Ministry of Food, Agriculture and Fisheries of Denmark, the Danish Ministry of the Environment, the Danish Ministry of Climate, Energy and Building and the Government of Greenland. Public-sector consultancy covers research, consultancy, emergency response and research dissemination under framework agreements with the ministries which totalled DKK 405 million in 2014. In addition, the research environments are attracting very considerable external funding within these core disciplines each year. In 2014, Aarhus University posted total revenues of more than DKK 1 billion from its public-sector consultancy relating to the environment, the natural sciences, the climate, agriculture and foods.

In continuation of the Commission on Nature and Agriculture, in 2014 the Danish Minister for Food, Agriculture and Fisheries and the Danish Minister of the Environment established a "partnership on the building of knowledge about the means for land use regulation". The partnership brings together agriculture, green organisations, Local Government Denmark (LGDK), universities, knowledge institutions as well as the Danish Ministry of the Environment and the Ministry

of Food, Agriculture and Fisheries of Denmark for a joint initiative to strengthen the scientific basis for developing a new way of regulating the agricultural sector. Vice-dean Kurt Nielsen, Science and Technology, has been appointed chairman of the partnership.

In line with the EU's Water Framework Directive, the EU countries must implement national water management plans, aiming for a "good status" for water bodies. In mid-2014, the Danish Ministry of the Environment issued its proposals for final water management plans which would ensure the "good status" of rivers, streams, lakes and coastal waters so they offer good conditions for the flora and fauna. Science and Technology has provided a lot of expert advice to the Ministry of the Environment in connection with the preparation of the water management plans.

Dialogue with society and research dissemination

In June, Aarhus University's newly commissioned research vessel Aurora served as an inspiring backdrop for the university's participation in Denmark's Political Festival on Bornholm. "Open ship" events were held during the festival, and a wide range of debates about, for example, education and the environment were held on board.

With 101 brief stories about the nineteenth century written by researchers from all four faculties and compiled in the book *Danmark bliver Danmark* (Denmark becomes Denmark), Aarhus University and Aarhus University Press contributed to the Festival of the Century, which in 2014 was themed on the nineteenth century. The festival was organised by the Danish University Extension in close collaboration with Aarhus University and a number of cultural institutions. Ambitious and wide-reaching, the festival comprised about 300 events being held in Aarhus. The Festival of the Century is a festival of historical knowledge which was held for the first time in 2012 and which will continue, with changing themes, up until 2017, when Aarhus is European Capital of Culture.

The public science lectures which are organised by Science and Technology in cooperation with the Danish University Extension were also a huge success in 2014, with more than 27,000 reserved seats for the five different lectures which are held at the Lakeside Lecture Theatres each semester. The lectures are given by science researchers from Aarhus University or invited speakers with one lecture per week, and each lecture is usually repeated over three weekday evenings and transmitted live to several lecture halls. The popular lectures are now also being held in several other towns in Jutland, albeit not on quite the same scale.

In 2014, Aarhus University Press continued its popular knowledge dissemination activities, among other things through the publication of booklets in the *Tænkepauser* (Pause for Thought) series. New titles included *Sandhed* (Truth), *Terror* (Terror) and *Erindring* (Memory). Like previous publications, the popular books provide clear and concise insight into current research topics. In the words of Higher Education Minister Sofie Carsten Nielsen: "Popular dissemination of outstanding research".

TALENT DEVELOPMENT

The development and recruitment of highly talented students and employees is a special focus area for Aarhus University. From summer 2013, the most talented and motivated students have therefore been given the opportunity to participate in pilot projects at Science and Technology involving extra academic activities as part of special talent development programmes based on strong research environments. The purpose of the talent development programmes is to give students the chance to fully develop their potential and to educate graduates with particularly clear-cut research/innovation and entrepreneurial profiles. At the moment, the university is trying to develop company-based programmes as part of its talent development activities. Talent development is already being offered to Bachelor's degree students, and the tracks are organised as add-on programmes, where the students follow a specially planned programme as a supplement to their ordinary studies. The programmes focus on research, innovation and entrepreneurship on, initially, the physics, chemistry and nanoscience degree programmes. In 2014, 31 students followed the programmes, and the experience is very positive. The students find the courses academically challenging, which helps to increase their motivation. In the coming years, the programmes are expected to be offered in conjunction with more degree programmes at Science and Technology. Health continues to enjoy considerable success with its Research Year programme. More students are enrolling for the Research Year programme, with 129 admitted in 2014. The Research Year programme is a one-year pre-graduate programme in health and medical science research for students of medicine and odontology, and which concludes with an exam.

Quality in PhD degree programmes

In 2014, Aarhus University published "Quality in PhD degree programmes", the first survey to be conducted in Denmark on how PhD students perceive their PhD degree programme. The survey showed that the university's PhD students are generally satisfied with their learning and with the quality of the research. The survey also showed that the university's PhD students constitute an important resource; they love their subject, and they assume ownership and responsibility for their projects. The PhD students' predominantly positive experience of their PhD degree programme is, to a significant extent, explained by their affiliation with research environments where you work together, and where more senior researchers acknowledge the PhD students' research. However, a small number of PhD students often feel exhausted and stressed, and in some cases the PhD students feel that the researchers are excessively harsh and negative when providing feedback on their work. In the course of the year, four of the university's graduate schools addressed the results of the survey and implemented action plans intended to ensure improvements where this has been deemed necessary.

Quality assurance of PhD degree programmes

The heads of the graduate schools have developed a quality assurance model for the PhD degree programmes at Aarhus University.

The model focuses on admission requirements, input during the programme, the outcome of the PhD degree programme and the organisation of the PhD degree programme, for example the graduate schools. As part of the PhD quality assurance activities, international evaluations of the graduate schools will be carried out in 2014/2015, structured according to the quality model. Some of the quality assurance focuses on the job market for PhDs.

- 91% started their PhD degree programme because they were passionate about research
- 89% are generally satisfied with what they have learned during their PhD programme
- 95% find that their supervisor is friendly and accommodating
- 13% feel that they often or almost always have severe stress symptoms

Source: PhD survey (2014)

Elite Researcher scholarships and other talent prizes

In 2014, five of Aarhus University's talented PhD students were again awarded an Elite Researcher travel grant of DKK 300,000 from the Danish Minister of Higher Education and Science. The grant must be used for studying abroad in world-leading research environments. The five students conduct research within areas such as the development of head and neck cancer; the mechanisms behind expectation structures when listening to music; whether reforms introducing targets and performance management actually result in better-quality public services; and the opportunities for and consequences of rewilding – a nature management strategy where you strive to achieve self-managing ecosystems and greater biodiversity. The PhD students have chosen to seek inspiration from various research environments, for example Harvard Medical School, the University of Michigan and the Harvard Kennedy School. In addition, in 2014 six young researchers from Aarhus University received the prestigious "DFF - Research talent" title from the Danish Council for Independent Research's Sapere Aude programme. The title comes with DKK 500,000, which gives the young researchers the opportunity to strengthen their international networks.

Large grant for Aarhus Institute of Advanced Studies

The Aarhus Institute of Advanced Studies (AIAS) opened in June 2013. The aim of the institute is to promote independent research, research collaboration and international networking at the highest level by attracting particularly talented researchers from all over the world within all academic disciplines. At AIAS, fellowships are offered to both junior and senior researchers for a specified period of up to three years in the form of Jens Christian Skou Fellowships for internal researchers at Aarhus University and AIAS COFUND Fellowships for external researchers. In January 2014, the institute was awarded the largest EU grant under the 7th Framework Programme for research ever awarded to Aarhus University, which totalled DKK

46 million. This EU COFUND grant is a stamp of approval for the institute's fellowship programme and will co-finance about 70 fellowships in the 2014-2018 period. After the first COFUND call, 17 new fellows from 12 different countries joined on 1 October 2014. AIAS houses 34 fellows from all over the world and from all faculties. Two large AIAS conferences were held in 2014; the theme of the first was anthropology and philosophy (Moral Engines: Exploring the moral drives in human life), while that of the second was physics (Cold Atoms and Beyond). In addition, a series of workshops, seminars, doctoral defences etc. were held.

CUTS AND PROBLEM ANALYSIS

AU's financial situation

After an extended period of growing funding levels for research and education, and the resulting growth in the number of employees, it became clear at the end of 2013 that the growth in revenues would not meet the levels budgeted in the preceding years. The falling revenues had resulted in a structural deficit to the tune of DKK 150 million a year for the university.

In order to re-balance the university's finances and ensure sufficient funding for new initiatives at the departments, schools and faculties, it was decided to identify cost savings totalling DKK 225 million, or 3% of the university's budget. The senior management team therefore started a cost-cutting process which, among other things, meant that the university had to say goodbye to a total of 308 employees (94 academic staff and 214 technical and administrative staff), of whom 128 were dismissed and 180 were voluntary redundancies. In addition to dismissals, resignations and a job freeze, running costs were cut in a wide range of other areas in order to achieve the goal of a balanced budget. The dismissed employees were offered competence development and counselling in relation to their future careers.

Internal problem analysis

Based on the changes resulting from the mergers in 2007 and the internal reorganisation in 2011, an internal analysis of problems at the university was conducted in 2014 with a view to identifying the most significant problem areas within the university's organisation and administration which had either arisen as a result of the restructuring, or which had not been resolved in connection with the reorganisation. The analysis was carried out by an analysis panel appointed by the academic councils and the senior management team. As part of the analysis, the panel appointed an expert group made up of researchers with special insight into organisational models chaired by Professor Torben M. Andersen from the Department of Economics and Business Economics. The expert group was tasked with identifying the most important issues and, as part of its work, conducted a questionnaire-based survey among the university's employees as well as a number of qualitative interviews. In its report, the expert group highlighted, among other things, the problems with the administrative support being provided for the departments, and the need for a review of the new department structure. Based on the expert group's report and comments from

the analysis panel, the senior management team prepared a list of suggested solutions which was submitted for consultation throughout the university. Then, in the autumn, a number of decisions were made. Among other things, it was decided to delegate more authority to the departments (for example within the areas of finance and budgeting as well as appointments), to increase staff and student involvement, to review the faculties' organisational structure and to review the university's communication. Finally, the administrative support was reorganised with a view to strengthening support for the departments. The organisational adjustments are expected to ensure more efficient support and support which is more closely integrated with the academic environments so as to underpin the activities at the department and thus the university's core activities.

NEW DEVELOPMENT CONTRACT FOR 2015-2017

Finally, in 2014 a new development contract was agreed with the Ministry of Higher Education and Science for the 2015-2017 period. The development contract is aligned with the university's strategy for the 2013-2020 period and the previous development contract for 2012-2014.

FINANCIAL RESULTS FOR THE YEAR

The financial statements for Aarhus University have been presented in accordance with the Danish Ministry of Finance's guidelines and Executive Order No. 1281 of 15 December 2011 on the Funding and Auditing etc. of Universities. In 2014, the university posted turnover of DKK 6,196 million. The university realised a loss of DKK 12 million or 0.2% of the turnover. The balance sheet total as at 31 December 2014 was DKK 3,225 million.

The results for the year, which are largely in balance, should be seen in light of the losses realised for the previous two years and a budgeted loss of DKK 60 million for 2014, and also against the background of the measures in the form of staff reductions and other cutbacks introduced during winter 2013/14. Due to notice periods and voluntary redundancy packages, the staff reductions will not take effect until 2015. Instead, a modified job freeze has been introduced, and considerable restraint has been exercised in relation to other operating costs – in particular in the administration, which is facing annual cutbacks of at least 2% in the coming years, cf. the budget assumptions for the 2014 and 2015 budgets.

The result posted for 2014 was DKK 48 million better than budgeted. The budget deviation equates to less than 0.8% of turnover and is considered to be satisfactory. The budget deviation is mainly explained by a reluctance to spend all the strategic funds in 2014 and general cost restraint.

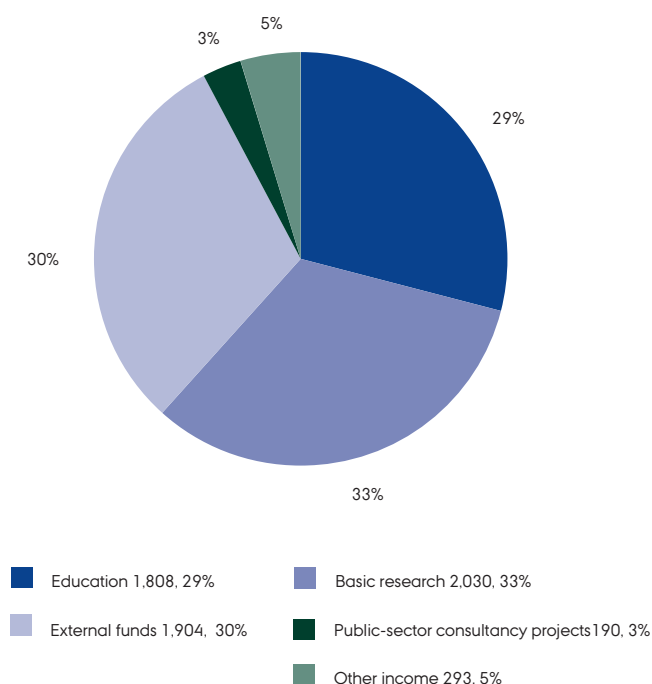
In 2014, turnover was DKK 43 million (0.7%) below budget, costs were DKK 73 million (1.2%) lower than budgeted, and net financials were DKK 18 million better than expected in the budget. Growth

in turnover from 2013 to 2014 amounted to DKK 51 million, i.e. just under 1% or close to zero growth, when taking inflation into account. Costs in current prices were reduced by 1% from 2013 to 2014, with wages and salaries being 0.3% lower in 2014 than in 2013, while other operating costs were 3% lower.

The University Board and the Rector's Office are pleased that the university has thus succeeded in balancing its financial results. In the present low-growth scenario, it is particularly important that focus be maintained on the two factors most crucial to furthering academic growth and development: Firstly, realising the planned administrative cutbacks, and secondly attracting more external funding.

In 2014, the university's funding was distributed by purpose as follows:

Figure. Revenues in 2014 by purpose in DKK million and percentages



An amount of DKK 215 million out of the basic research income of DKK 2,030 million stems from public-sector consultancy contracts with the Ministry of Food, Agriculture and Fisheries of Denmark and the Danish Ministry of the Environment. The public-sector consultancy contracts thus total DKK 405 million.

Status for administrative cutbacks

In 2012, the university was ordered by the state to implement administrative cutbacks totalling DKK 30 million, and from 2013 onwards savings of DKK 60 million a year have to be found (level 13). Due to the major organisational changes introduced in 2011/12, it was decided to introduce the administrative cutbacks for Aarhus University in phases so as not to coincide with the organisational restructuring and so as to safeguard operations. However, from 2014 it has been decided – also as part of the necessary adjustment to the low-growth scenario – that the administrative functions and other shared services must reduce spending by DKK 25 million a year in 2014-2016, and so far by 2% a year from then on.

In 2014, very considerable restraint was exercised by the faculties' administrative functions and by the shared services, and the planned cutbacks were realised in full in 2014. The budget for 2015-2018 includes the above-mentioned further cutbacks in spending by the administrative functions.

2.5. PERFORMANCE REPORTING

In 2012, Aarhus University entered into a development contract with the Danish Ministry of Science, Innovation and Higher Education for the 2012-2014 period. The development contract comprises seven targets, of which the first four are set by the Minister for Science, Innovation and Higher Education and the last three by Aarhus University.

A. Programme quality

Graduates from Aarhus University constitute a significant product from the university to society at large. Aarhus University is therefore responsible for ensuring high quality in its degree programmes.

B. Better cohesion in the educational system

Aarhus University wishes to focus on smooth transitions between programmes, vertically and horizontally, thereby creating a more flexible, interconnected educational system.

C. Faster completion times

Effectively organised programmes are needed if students are to complete their studies faster. Aarhus University is also responsible for offering students the option of fast-tracking their studies.

D. Increased innovation capacity – knowledge exchange with society

With its considerable academic breadth, research and education, Aarhus University is able and obliged to open its doors to the outside world and exchange knowledge, ideas and expertise with society at large.

E. Research quality

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

F. Talent development

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

G. Global solutions

Aarhus University wants to help contribute to solving the major challenges facing society, challenges which span the traditional scientific disciplines.

For each goal there are one or two indicators, equating to a total of 13. It is a clear and concise development contract, which is also ambitious in terms of both the choice of goals and the determination of specific targets.

Summary – status for target achievement (indicators)

Number of indicators	13
Incorrect base figures	1
Target achieved	4
Target partially achieved	5
Target not achieved	3

For four of the indicators, targets were achieved in 2014, and for an additional five indicators, the results achieved almost meet the targets defined. However, the results achieved for three of the indicators deviate so much from the agreed targets that they cannot be deemed to have been achieved. This applies to the number of Master's students enrolled from other Danish educational institutions, the financial scope of further and continuing education, and finally external funding from foreign sources. For a single indicator (financial scope of partnership agreements with society), results have not been computed as the defined target was basically wrong.

In connection with the conclusion of the contract, Aarhus University chose to draw up a very ambitious contract which could serve as an internal management tool. In the university's opinion, the contract would contribute to guaranteeing very substantial benefits for society, but due to the high level of ambition it would be relatively difficult to achieve all the targets in full. The university believes that this strategy was supported wholeheartedly by the Danish Agency for Higher Education in connection with the negotiation of the development contract. The assessment of the degree of achievement must be viewed in this light, and with the targets for nine out of 13 indicators having been fully or partially achieved, the university regards the results as a whole as being satisfactory.

In connection with the conclusion of the new development contract for 2015-2017, Aarhus University decided to retain seven of the 13 indicators, either unchanged or in a modified version. The following points are to be retained:

- Student satisfaction with their studies
- Transition to the labour market for graduates
- Master's degree students enrolled from other Danish educational institutions
- Financial scope of partnership agreements with society
- Impact of research in the international research community
- External funding from foreign sources
- PhDs' transition to the labour market

The tables below detail the actual development in activities for the whole contract period, and comments are made on the targets not achieved.

General outline of performance targets in development contract 2012-2014

A. Programme quality

1. Student satisfaction with their studies

	2011	2012	2013	2014
Targets	-	-	-	88%
Results	86%	-	-	88%

Comment: The target for 2014 was achieved.

2. Transition to the labour market assessed through analyses of the job situation 4-19 months after having completed Master's degree

	2011	2012	2013	2014
Targets		National average + 1 percentage point	National average + 2 percentage points	National average + 2 percentage points
Results*)	86% = Avg. + 1 percentage point	85% = Avg. + 1 percentage point	84% = Avg. + 1 percentage point	83% = Avg.

*) According to the Danish Ministry of Higher Education and Science, the figures for 2014 are preliminary.

Comment: The target was partially achieved. The figures for 2014 relate to the employment rate for graduates from 2012. The employment rate for new graduates from Aarhus University declined by 1 percentage point relative to the year before, and is now on a par with the sector as a whole. The university deems this to be satisfactory – not least in light of the university's very diverse mix of graduates. The shortfall relative to the target corresponds to about 75 graduates out of approx. 3,700 new graduates not finding employment during the reporting period.

The number of new graduates from Aarhus University in 2012, on which the reporting of the employment rate for 2014 is based, went up by 11% from 3,314 in 2011 to 3,689. Despite the slightly reduced employment rates, the number of graduates in employment increased by almost 250 from 2011 to 2012.

B. Better cohesion in the educational system

3. Number of upper secondary school students taught by students and researchers from Aarhus University through "The Rolling University" scheme

	2011	2012	2013	2014
Targets		13,000	14,000	16,000
Results	12,000	13,125	14,847	16,422

Comment: The target for 2014 was achieved.

4. Number of Master's degree students enrolled on the basis of a Bachelor's degree or a professional Bachelor's degree from other Danish educational institutions

	2011	2012	2013	2014
Targets	-	-	1,248	1,495
Results	-	1,124	1,226	1,135

Comment: The target for 2014 was not achieved, and the total number of Master's degree students from other Danish educational institutions fell relative to 2013. In 2013, the target was virtually achieved. The decline in 2014 was first and foremost at Arts, where the total intake of Master's degree students declined by 228 compared to 2013. The reduced intake was primarily seen for Master's degree programmes at the Department of Education, which traditionally admits a large proportion of students based on professional Bachelor's degrees from other Danish educational institutions. The reduced intake was, among other things, based on concerns that the labour market would not be able to absorb the number of graduates.

BSS realised the budgeted growth in 2014, while the Faculty of Health, as a consequence of the introduction of restricted admission to sport science, reduced the number of students enrolled from other Danish institutions. The Faculty of Science and Technology's long-term focus on the Master of Science in Engineering degree programmes is not yet having an impact.

C. Faster completion times

5. Number of ECTS credits earned by students at AU Summer University enrolled on full-time study programmes at a Danish university

	2011	2012	2013	2014
Targets		6,000 ECTS	6,300 ECTS	6,800 ECTS
Results	5,543 ECTS	5,257 ECTS	6,725 ECTS	8,503 ECTS

Comment. The target for 2014 was achieved.

6. Completion times for bachelor's and master's degree programmes

Bachelor's degree programmes	2011	2012	2013	2014
Targets		3.2 years	3.1 years	3.1 years
Results	3.2 år	3.2 years	3.1 years	3.1 years

Comment. The target for 2014 was achieved.

Master's degree programmes	2011	2012	2013	2014
Targets		2.9 years	2.9 years	2.8 years
Results	3.0 years	2.9 years	2.8 years	2.9 years

Comment. The target for 2014 is close to being achieved, but the overall average completion time for Master's degree programmes is up from 2.8 to 2.9 years.

The study progress reform has resulted in an increased focus on completion times, and a number of measures have been introduced to help students complete their studies faster. This has probably meant that some of the students who have been enrolled for a long time have resumed and completed their studies before being subjected to the requirements of the study progress reform, which has had a negative impact on average completion times.

D. Increased innovation capacity – knowledge exchange with society

7. Financial scope of partnership agreements with society

	2011	2012	2013	2014
Targets ^{*)}		DKK 1,100 million ^{*)}	DKK 1,200 million ^{*)}	DKK 1,300 million ^{*)}
Results ^{**)}	DKK 1,060 million ^{*)}	^{**)}	DKK 787 million	DKK 944 million

^{*)} The basis for defining the targets for the 2012-2014 period was wrong due to problems with the integration of the financial management systems at several of the merged institutions.

^{**)} As per above, the results for the base year (2011) were wrong, which meant that the results for 2012 could not be calculated reliably. This is described in the Annual Report 2012 and Annual Report 2013.

Comment: The financial scope of partnership agreements with society, including the annual scope of research-based public-sector consultancy, increased considerably from 2013 to 2014. Due to the incorrect base figures (see the explanatory notes), the target is not categorised as having been achieved, partially achieved or not achieved.

8. Financial scope of further and continuing education

	2011	2012	2013	2014
Targets		DKK 95 million	DKK 103 million	DKK 112 million
Results	DKK 89.5 million	DKK 95 million	DKK 90 million	DKK 88 million

Comment: In 2014, the financial scope of further and continuing education was almost on a par with 2011 and 2013. The target increase for 2014 was thus not achieved. As also noted in Annual Report 2013, the tight budget for 2014 has meant that it has not been possible to start up new activities in this area in 2014. Instead, focus has been on quality assurance and the consolidation of existing activities.

E. Research quality

9. Impact of Aarhus University's research in the international research community

	2011	2012	2013	2014
Targets updated*)				1.36
Results	1.36	1.34	1.34	1.35

*) Measuring method and targets updated, see comment in Annual Report 2012 and Annual Report 2013.

Comment. The target was partially achieved. The figures for the individual years are based on citation measurements over four years. This means that the figures for 2014 are based on citations from publications from the 2008-2011 period.

From 2013 to 2014, Aarhus University increased the impact of its research, which was already considerable. The figures show that the university's publications are cited 35% more than the world average for similar publications, which is satisfactory.

10. External funding from foreign sources

	2011	2012	2013	2014
Targets		DKK 220 million	DKK 240 million	DKK 260 million
Results	DKK 200 million	DKK 203 million	DKK 206 million	DKK 210 million

Comment. Aarhus University saw a slight annual increase in the level of external funding from the 2011 base year to 2014, but the target was not achieved.

Aarhus University gives a high priority to attracting more external funding from both domestic and foreign sources, especially from the EU. The preparatory efforts devoted to sending more and better applications to the EU's 8th Framework Programme, Horizon 2020, which began in 2013, continued in 2014, and the preliminary results indicate a very satisfactory success rate for the applications.

F. Talent development

11. PhDs' transition to the labour market assessed through analyses of the job situation 4-19 months after being awarded PhD degree

	2011	2012	2013	2014
Targets		National average + 1 percentage point	National average + 2 percentage points	National average + 2 percentage points
Results*)	93% = Avg. + 1 percentage point	93% = Avg. + 1 percentage point	92% = Avg.	91% = Avg.

*) According to the Danish Ministry of Higher Education and Science, the figures for 2014 are preliminary.

Comment: The target was partially achieved. The figures for 2014 show the employment rates for PhDs from 2012. The employment rate for new PhDs from Aarhus University declined by 1 percentage point relative to the year before and is still on a par with the sector as a whole. The transition rate for Aarhus University's PhDs remains high and considerably higher than for Master's degree graduates. The shortfall relative to the target corresponds to just under ten PhDs out of approximately 400 not having made the transition to the labour market during the reporting period.

The number of new PhDs from Aarhus University in 2012, on which the reporting of the employment rate for 2014 is based, went up by 11% from 353 in 2011 to 392. Despite the slightly reduced employment rates, the number of graduates in employment increased by more than 30 from 2011 to 2012.

G. Global solutions

12. Total annual - internally and externally financed - investments in Aarhus University's interdisciplinary centres

	2011	2012	2013	2014
Targets		DKK 200 million	DKK 240 million	DKK 275 million
Results	DKK 172 million	DKK 186 million	DKK 213 million	DKK 260 million

Comment: The target for 2014 was partially achieved. The annual increase in investments measured in terms of annual spending by the interdisciplinary centres continued in 2014, the investments in 2014 being approximately 50% higher than in the 2011 base year. The establishment of the centres has taken longer than expected, which has delayed the external funding attracted by the centres by approximately one year, so the target for 2013 was achieved in 2014.

3. FINANCIAL STATEMENTS

3.1 ACCOUNTING POLICIES

Basis of accounting

The annual report for Aarhus University has been presented in accordance with the Danish Ministry of Finance's guidelines and Executive Order No. 1281 of 15 December 2011 on the Funding and Auditing etc. of Universities.

The accounting policies have been applied consistently with previous years.

The annual report is presented in DKK '000.

Recognition and measurement in general

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

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

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

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

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

Financial assets and liabilities are measured at amortised cost.

On recognition and measurement, account is taken of foreseeable risks and losses arising before the presentation of the annual

report and proving or disproving matters existing on the balance sheet date.

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

Foreign currency translation

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

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

Income taxes and deferred tax

The university is not subject to taxation.

Income

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

Net financials

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

Intangible assets

Finished development projects

Extensive research is an integral part of Aarhus University's activities. The general rule is that this research is non-commercial, and the costs incidental to such research are recognised in the income statement as and when incurred.

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

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

Acquired concessions, patents, licences etc.

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

Property, plant and equipment

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

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

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

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

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

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

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

No recognition of assets has been made based on bundling.

Non-current assets received as donations

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

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

Collections and works of art

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

Inventories

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

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

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

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

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

Receivables

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

Receivables from ongoing funding activities

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

Prepayments

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

Securities

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

Provisions

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

Long-term debt

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

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

Holiday pay payable

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

Accrued donations

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

Prepaid tied-up funds from ongoing funding activities

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

Other deferred income

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

3.2 INCOME STATEMENT 1 JANUARY - 31 DECEMBER

DKK '000			
Note	Income statement	FS 2014	FS 2013
	Ordinary operating income		
	Grants for own operations over the Danish Finance Act	4,000,376	3,951,683
	External funds	1,733,411	1,701,326
	Sales of goods and services	462,611	492,761
	Total ordinary operating income	6,196,398	6,145,770
	Ordinary operating costs		
	Consumption costs		
	Rent	654,635	657,890
	Other consumption costs	104,763	109,597
	Total consumption costs	759,398	767,487
	Staff costs	4,021,286	4,031,905
	Other ordinary operating costs	1,323,036	1,362,063
	Depreciation, amortisation and impairment losses	131,954	133,892
	Total ordinary operating costs	6,235,674	6,295,347
	Profit/loss from ordinary operating activities	-39,276	-149,577
	Net financials		
	Financial income	29,000	11,709
	Financial expenses	2,163	3,308
	Net profit/loss for the year	-12,439	-141,176

3.3 BALANCE SHEET AS AT 31 DECEMBER

DKK '000			FS 2014	FS 2013
Note	Assets			
	Non-current assets			
	Intangible assets			
	Finished development projects		0	0
	Acquired concessions, patents, licences etc.		2,197	2,707
3.6.2	Total intangible assets		2,197	2,707
	Property, plant and equipment			
	Land and buildings		648,957	254,921
	Plant and machinery		452,120	426,332
	Transport equipment		49,729	10,304
	Equipment and IT equipment		45,546	46,973
	Property, plant and equipment under construction		123,566	496,464
3.6.3	Total property, plant and equipment		1,319,918	1,234,994
	Total investments		0	0
	Total non-current assets		1,322,115	1,237,701
	Current assets			
	Inventories		7,372	4,738
	Trade receivables		225,439	242,063
	Receivables from ongoing funding activities		262,603	282,629
	Other receivables		156,328	150,951
	Prepayments		10,860	22,784
	Securities		735,799	695,311
	Cash		504,051	426,867
	Total current assets		1,902,452	1,825,343
	Total assets		3,224,567	3,063,044

DKK '000			FS 2014	FS 2013
Note	Liabilities and equity			
	Total equity		471,051	477,265
3.6.4	Total provisions		43,880	24,358
3.6.5	Mortgage debt		53,895	56,052
3.6.6	Accrued donations		396,221	359,928
	Total long-term debt		450,116	415,980
	Short-term debt			
	Trade payables		403,414	322,993
	Holiday pay payable		536,956	551,103
	Other payables		123,383	132,010
	Prepaid tied-up funds from ongoing funding activities		801,327	727,382
3.6.7	Other deferred income		394,440	411,953
	Total short-term debt		2,259,520	2,145,441
	Total liabilities and equity		3,224,567	3,063,044

3.4 STATEMENT OF CHANGES IN EQUITY

DKK '000	Total equity
Equity according to 2013 annual reports	477,265
Retained earnings	-12,439
Adjustment of liability, interest rate swap	225
Research Centre Foulum, capital contribution from the state, cf. document no. 49	6,000
Total equity as at 31 December 2014	471,051

3.5 CASH FLOW STATEMENT

DKK '000	FS 2014	FS 2013
Net profit/loss for the year	-12,439	-141,176
Adjustment of liability, interest rate swap	225	1,182
Research Centre Foulum	6,000	0
Reversal of items with no cash effect:		
Depreciation, amortisation and impairment losses on non-current assets	130,410	133,869
Donations recognised as income during the year	-44,003	-51,628
Changes in provisions	19,522	-3,201
Change in receivables etc.	40,564	40,246
Changes in short-term debt	114,079	-173,412
Cash flow from operating activities	254,358	-194,120
Purchase of intangible assets	-1,431	-1,550
Purchase of property, plant and equipment	-217,166	-304,929
Disposal of non-current assets	3,772	172
Cash flow from investing activities	-214,825	-306,307
Addition of donation obligation	80,296	120,328
Repayment of long-term debt	-2,157	-14,068
Cash flow from financing activities	78,139	106,260
Change in cash	117,672	-394,167
Total securities and cash as at 1 January	1,122,178	1,516,345
Total securities and cash as at 31 December	1,239,850	1,122,178

3.6 NOTES TO THE FINANCIAL STATEMENTS

Note 3.6.1 Staff

	2011	2012	2013	2014
Full-time equivalents	7,687	7,992	8,217	8,028

Note 3.6.2 Intangible assets

DKK '000	Finished development projects	Acquired concessions, patents, licences etc.	Intangible assets under construction	Total
Cost as at 1.1.2014	5,655	12,478	0	18,133
Addition	0	1,431	0	1,431
Transferred	0	-1,328	1,328	0
Disposal	-4,062	-4,997	0	-9,059
Cost as at 31.12.2014	1,593	7,584	1,328	10,505
Amortisation as at 1.1.2014	5,655	9,771	0	15,426
Amortisation for the year	0	877	0	877
Amortisation on disposed assets	-4,062	-3,933	0	-7,995
Amortisation as at 31.12.2014	1,593	6,715	0	8,308
Carrying amount	0	869	1,328	2,197
Amortisation period/years	20	3		

Out of the total carrying amount of DKK 2.197 million, DKK 0.086 million was financed by donations, see note 3.6.6.

Note 3.6.3 Property, plant and equipment

DKK '000	Land and buildings	Plant and machinery	Transport equipment	Equipment and IT equipment	Property, plant and equipment under construction	Total
Cost as at 1.1.2014	367,963	1,297,063	52,717	261,165	496,464	2,475,372
Addition	69,484	73,188	7,633	23,497	43,363	217,165
Transferred	344,027	31,484	36,235	4,515	-416,261	0
Disposal	-4,214	-66,519	-5,443	-49,712	0	-125,888
Cost as at 31.12.2014	777,260	1,335,216	91,142	239,465	123,566	2,566,649
Depreciation as at 1.1.2014	113,043	870,731	42,412	214,192	0	1,240,378
Depreciation for the year	19,450	77,132	3,757	29,193	0	129,532
Depreciation on disposed assets	-4,190	-64,767	-4,756	-49,466	0	-123,179
Depreciation as at 31.12.2014	128,303	883,096	41,413	193,919	0	1,246,731
Carrying amount	648,957	452,120	49,729	45,546	123,566	1,319,918
Depreciation period/years	10-50	5-20	5-30	3		

Out of the total carrying amount of DKK 1,319,918 million, DKK 396,135 million was financed by donations, see note 3.6.6.

The university's ownership of the assigned property which originally belonged to HIH is expected to be officially assigned to the Danish Building and Property Agency (BYGST) in 2015. The book value of the property as at 31 December 2014 was DKK 61,303 million.

The university's property at Dalgas Avenue in Aarhus with a book value of DKK 90.3 million has been sold, the date of completion being 1 February 2015.

Public assessment of land and buildings, cf. the most recent assessment, as at 1 October 2012.

Building value	355,835
Land value	97,257
Total public assessment	453,092
Property for which no separate public assessment has been made. Carrying amount	4,000

Note 3.6.4 Provisions

DKK '000	FS 2014	FS 2013
Re-establishment commitments re leasehold improvements	21,747	4,693
Limited tenures, mutually agreed departures etc.	17,400	15,333
Compensation	1,200	1,200
Project provisions	3,133	3,132
Other provisions	400	0
Total provisions	43,880	24,358

Note 3.6.5 Mortgage debt

DKK '000	FS 2014
Long-term debt is repaid over the following periods	
Within one year	3,090
Between one and five years	10,218
After five years	40,587
Total mortgage debt	53,895

Loan in HIH property of DKK 26.964 million is expected to be paid off through the transfer of property to the Danish Building and Property Agency in 2015.

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 and	Transport equipment	Equipment and IT equipment	Non-current asset under construction	Total
Accrued donations as at 1.1.2014	38	47,974	200,962	366	6,936	103,652	359,928
Reclassification	0	0	-12,040	0	0	12,040	0
Transfer	0	0	22,844	29,736	1,390	-53,970	0
Donations received	103	0	50,675	773	5,924	22,821	80,296
Donations recognised as income	-55	-1,167	-35,563	-502	-6,096	0	-43,383
Donations disposed of	0	0	-461	0	-159	0	-620
Accrued donations as at 31.12.2014	86	46,807	226,417	30,373	7,995	84,543	396,221
Accrued donations are recognised as income in the following periods:							
Within one year							44,299
Between one and five years							147,195
After five years							204,727
Total accrued donations as at 31.12.2014							396,221

Note 3.6.7 Other deferred income

DKK '000	FS 2014	FS 2013
Grants 2014 from the Agency for Universities and Internationalisation	333,143	314,216
Other deferred income	61,297	97,737
Total other deferred income	394,440	411,953

Note 3.6.8 Use of funds for free places and scholarships in the period 1 September 2013 - 31 August 2014. DKK '000

<i>Use of free places</i>		
	Number of students enrolled on fully or partially free places	Free places stated in number of active full-time equivalents (student FTEs)
Rate 1	104	69.5
Rate 2	30	3.9
Rate 3	43	28.9

Funds for payment of scholarships, DKK '000

Number of scholarship recipients	78
Total amount paid in scholarships	6,612.0

Note 3.6.9 Study activity in the period 1 September 2013 - 31 August 2014 for Erasmus Mundus and Erasmus Mundus Joint Master Degree (Erasmus+) students from third countries who are enrolled at a Danish university, have commenced their studies after 1 August 2009 and who receive Erasmus Mundus scholarships from the EU. DKK '000

<i>Use of free places</i>		
	Number of students enrolled on fully or partially free places	Free places stated in number of active full-time equivalents (student FTEs)
Rate 1	13	11.8
Rate 2	9	1.6
Rate 3	0	0.0

Funds for payment of scholarships, DKK '000

Number of scholarship recipients	0
Total amount paid in scholarships	0

In the past, a few students on the European Journalism programme have been granted a free place scholarship concurrently with an EU scholarship, but none during this reporting period.

No students on the Lifelong Learning programme have received an EU scholarship concurrently with a free place scholarship.

Note 3.6.10 The university's total costs for student political activities and other student activities DKK '000

DKK '000	FS 2013	FS 2014
Student sports activities and other student activities		
Student sports activities	934.7	888.0
Other student activities	47.9	1.9
Total student activities	982.6	889.9
Student political activities		
Student Council/Studenterlauget/Joint Student Council	1,849.0	1,592.3
Konservative Studenter	40.6	41.7
Frit Forum	150.0	130.1
Liberale Studenter	0.0	0.0
Total student political activities	2,039.6	1,764.1
Total	3,022.2	2,654.0

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

Aarhus University engages in non-commercial cooperation with the Aarhus University Research Foundation and Incuba Science Park, Østjysk Innovation A/S, Agro Business Park, Agro Food Park, the Danish University Extension, Studenterhus Aarhus, 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 independent institution Sandbjerg Estate, Studenterhusfonden, the Orion Planetarium in Jels and the Danish institutes in Athens and Damascus.

Note 3.6.12 Contractual obligations

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

The commitments are distributed as follows:

DKK '000	Rental commitments
Within one year	435,581
Between one and five years	903,999
After five years	1,033,960
Total rental commitments	2,373,540

The Engineering College of Aarhus has entered into a forward rate agreement (swap contract) for part of the long-term mortgage debt. The market value of this, DKK 3,690 million, is recognised as debt in the balance sheet and taken to equity.

Note 3.6.13 Contingent assets

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

Note 3.6.14 Contingent liabilities

Some employees have civil servant status, which means that Aarhus University is obliged to provide redundancy payment for up to 36 months if they are dismissed. The total maximum commitment is DKK 104.678 million. The pension liability for civil servants has been covered by the ongoing payment of pension contributions to pension funds.

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

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

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

Cases concerning work-related injuries are pending of which the outcome is still not known.

Note 3.6.15 Charges

Mortgage debt is secured by way of mortgages on the university's properties with a carrying amount as at 31 December 2014 of DKK 53.895 million. The Engineering College of Aarhus has assigned the purchase sum in connection with the sale of the property Dalgas Avenue 2. The guarantee expires on 30 September 2015.

Note 3.6.16 Equity investments**DKK '000**

Aarhus University has ownership shares in the following companies:

Company	Investment and acquisition		Total company share capital (nominal amount in DKK)	AU's ownership share in %
	2014	Accumulated		
SIMHERD A/S		245	500	49.00
TEGNOLOGY ApS		53	267	12.90
PLEURATECH ApS		5	125	4.00
CarouCELL ApS		58	125	46.55
Combat Stroke ApS	0	2	80	2.35

Equity investments are recognised in the financial statements at DKK 0. The university had no income or expenses in 2014 relating to the above companies following their formation.

4. APPENDICES

4.1 OVERVIEW OF ACTIVITY TYPES (DIVISIONAL FINANCIAL STATEMENTS)

DKK '000	All divisional financial state- ments	DFS 1: General activities	DFS 2: Commer- cial activities	DFS 3: Forensic medicine	DFS 4: Grant- financed research	DFS 5: Other grant- financed activities	DFS 6: Education research
Income							
Finance Act grants	4,000,376	3,999,757					620
External funding	1,733,411	421			1,562,889	170,101	0
Disposals and other operating income	462,611	292,812	120,645	45,991	4,617	-1,453	0
Total income	6,196,398	4,292,989	120,645	45,991	1,567,506	168,648	620
Costs							
Wages and salaries	4,021,286	3,082,306	52,132	25,379	824,306	36,848	315
Rent	654,635	646,416	556	5,226	2,120	317	0
Other operating costs	1,427,800	522,346	55,042	11,035	706,123	132,950	305
Depreciation and amortisation	131,954	83,451	774	4,351	43,377		
Total costs	6,235,674	4,334,518	108,505	45,991	1,575,926	170,115	620
Profit before net financials	-39,276	-41,529	12,141	0	-8,420	-1,468	0
Financial income	29,000	29,000	0	0	0	0	0
Financial expenses	-2,164	-2,099	-1	0	-78	14	0
Net financials	26,837	26,901	0	0	-78	14	0
Net profit/loss for the year	-12,439	-14,627	12,140	0	-8,498	-1,454	0

4.2 FINANCIAL AND OPERATING DATA

Nos.	Financial and operating data	2014	2013
	Income, DKKm		
1	Education	1,808.3	1,749.6
2	Research	2,030.3	2,013.6
3	External funds	1,903.8	1,862.3
4	Research-based public-sector consultancy	189.9	192.6
5	Basic grants	49.9	75.9
6	Other income	242.6	262.4
	Costs in DKKm by purpose		
7	Research *	3,214.0	3,140.2
8	Education *	1,997.3	2,028.9
9	Dissemination and knowledge exchange *	297.3	314.8
10	Research-based public-sector consultancy *	388.7	379.5
11	General management, administration and service	310.5	401.3
	Staff (full-time equivalents)		
12	Academic staff	3,942.5	3,956.9
13	Part-time academic staff	466.5	496.2
14	Technical and administrative staff	3,619.1	3,763.6
	Balance sheet		
15	Equity, DKKm	471.1	477.3
16	Balance sheet, DKKm	3,224.6	3,063.0
17	Buildings, total (gross area in sq. m.)	688,448	679,479

4.2 FINANCIAL AND OPERATING DATA (CONTINUED)

Nos.	Financial and operating data	2014	2013
Activity and production information			
Students			
18	Number of admissions on Bachelor's degree programmes	7,166	7,488
19	Number of admissions on Master's degree programmes	5,493	5,780
20	Number of students enrolled as at 1 October	38,120	38,169
21	Student FTEs	24,633	23,895
Graduates			
22	Number of Bachelor's degree graduates	4,613	4,455
23	Number of Master's degree graduates	4,192	4,002
Open and part-time programmes			
24	Number of active FTEs	1,424	1,438
25	Graduates on Master degree and diploma degree programmes	848	877
Internationalisation			
26	Number of outgoing students (exchange students)	1,802	1,192
27	Number of incoming students (exchange students)	1,026	1,109
28	Number of foreign exchange students on full programmes in Denmark	3,333	3,279
PhD programmes			
29	Number of PhD students enrolled	1,827	1,875
30	PhD student intake (new PhD students)	451	548
31	Approved PhD dissertations	490	438
Research and dissemination results			
32	Number of publications (bibliometric indicator)	5,561	5,418
33	Reported patents	21	15
34	Reported inventions	55	56
35	Number of projects with the business community	2,662	2,221
36	Number of external projects	5,493	4,737
37	Income from cooperation with the business community, DKKm	484.8	477.1

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

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

The Sino-Danish Center for Education and Research (SDC) is the result of strategic cooperation between the eight Danish universities and the University of Chinese Academy of Sciences (UCAS) in Beijing under the direct leadership of the Chinese Academy of Sciences (CAS). The Danish SDC secretariat, which is based at Aarhus University, coordinates the Danish universities' contributions to the collaboration.

2014 was an eventful year for SDC. In the spring, on Saturday 26 April 2014, HM Queen Margrethe II cut the first sod for the Danish Industry Foundation's House, which in future will house SDC's educational activities at UCAS's Yanqihu Campus north of Beijing. In July, SDC celebrated yet another important event with the graduation of the first batch of students from the Master's degree programmes in Innovation Management, Neuroscience and Neuroimaging, Public Management and Social Development, and Water and Environment. A total of 79 Danish and Chinese students completed their studies at SDC in 2014.

SDC in Beijing offers seven Master's degree programmes. Four programmes started up in 2012, and another three were added in 2013. At the turn of the year 2014/15, a total of 294 Danish and Chinese Master's degree students were actively enrolled on SDC programmes.

From the outset, all SDC's activities have been divided into five main fields of research: Life Sciences, Nano Science, Social Sciences, Sustainable Energy, and Water and Environment. Growing interest is being expressed by both the Danish and Chinese partners in further developing the cooperation to include more fields of research, and potential new fields have been identified and discussed.

The number of Danish researchers and teaching staff involved in activities in China financed via the Danish SDC cooperation is continuing to increase.

As regards the research cooperation, a new PhD financing model has been introduced by the Danish partners. In future, a fixed annual amount will be earmarked in the Danish budget for the initiation of PhD projects, the purpose being to strengthen the cooperation with the CAS departments and promote synergies between SDC's research activities and the educational activities.

So far, all educational activities have taken place in China, but in summer 2014, all students on the programme in Chemical and Biochemical Engineering visited Denmark, attending lectures at Technical University of Denmark (DTU), visiting Danish companies and participating in DTU's Green Challenge initiative. A group SDC students achieved an impressive second place in the competition. The students' trip to Denmark was partly paid for through financial contributions from Danish companies.

In spring 2014, the Chinese students on the programme in Public Management and Social Development spent two weeks in Denmark, visiting several Danish universities, the Danish Parliament and the Danish Ministry of Education. The trip was organised by their fellow Danish students and was financed partly by a donation from the Danish Industry Foundation.

As has been the case in previous years, the Danish SDC secretariat has been heavily involved in recruiting Danish students for the Master's degree programmes in China. Together with the Danish universities, the secretariat has worked hard to raise awareness of SDC.

Last spring, former rector of Aarhus University Lauritz B. Holm-Nielsen was appointed new Danish Executive Director of SDC, assuming overall responsibility for consolidating and developing SDC's core activities – research and education.

SINO-DANISH CENTER FOR EDUCATION AND RESEARCH
INCOME STATEMENT 1 JANUARY – 31 DECEMBER 2014
BALANCE SHEET AS AT 31 DECEMBER 2014

DKK '000			
Note	Income statement	FS 2014	FS 2013
	Ordinary operating income		
	Grants for own operations over the Danish Finance Act	29,449	27,889
	External funds	28,700	28,500
	Total ordinary operating income	58,149	56,389
	Subsidies transferred to Danish universities	47,850	36,677
	Subsidies transferred to China	0	0
	Total funds transferred	47,850	36,677
	Ordinary operating costs		
	Consumption costs		
	Rent	419	147
	Other consumption costs	28	31
	Total consumption costs	447	179
	Staff costs	5,373	4,363
	Other ordinary operating costs	1,336	2,768
	Depreciation, amortisation and impairment losses	0	0
	Total ordinary operating costs	55,006	43,987
	Profit before net financials	3,142	12,402
	Net financials		
	Financial income	0	0
	Financial expenses	0	0
	Profit before extraordinary items	3,142	12,402
	Extraordinary items		
	Extraordinary income	0	0
	Extraordinary expenses	0	0
	Net profit/loss for the year	3,142	12,402

Balance sheet			
Assets			
	Balance, AU	59,478	56,335
	Total assets	59,478	56,335
Liabilities and equity			
	Balance, end of 2013	56,335	43,934
	Funds paid by partners 2014	58,149	56,389
	Use of funds paid by partners 2014	-55,006	-43,987
	Deferred income	0	-1
	Funds available for future activities, end of 2014	59,478	56,335
	Total liabilities and equity	59,478	56,335

The above activities have been included in the financial statements for Aarhus University

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