

ANNUAL REPORT 2017



AARHUS UNIVERSITET





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1. STATEMENT BY THE MANAGEMENT AND AUDITORS' REPORT

1.1 STATEMENT BY THE MANAGEMENT ON THE ANNUAL REPORT

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

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

Aarhus, 11 April 2018

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 to ensure the financially efficient administration of the funds and the operations of the institutions covered by the annual report.

Brian Bech Nielsen
Rector

Arnold Boon
University Director

Berit Eika
Pro-rector

UNIVERSITY BOARD

Connie Hedegaard
Chair

Peder Tuborgh
Deputy Chair

Susanne Bødker

Jens Peter Christensen

Anna Louise Dolan Plaskett

Søren Pold

Margareta Wallin Peterson

Steen Riisgaard

Sune Koch Rønnow

Line Dam Westengaard

Gitte Ørskou

1.2 INDEPENDENT AUDITORS' REPORT

To the Board of Aarhus University

Auditor's report on the financial statements

Opinion

We have audited the financial statements of Aarhus University for the financial year 1 January - 31 December 2017. The financial statements comprise the accounting policies, income statement, balance sheet, cash flow statement and notes 1-16. The financial statements have been prepared in accordance with Executive Order no. 70 of 27 January 2011 on State Accounting, the Ministry of Finance's Economic Administrative Guidelines, and Executive Order no. 1648 of 15 December 2016 on the Funding and Auditing etc. of Universities (hereinafter referred to as the 'government accounting rules').

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

Basis of opinion

We conducted our audit in accordance with international auditing standards and the additional requirements applicable in Denmark, as well as generally accepted public auditing standards, whereby the audit is performed on the basis of Executive Order no. 1648 of 15 December 2016 on the Funding and Auditing etc. of Universities. Our responsibility according to these standards and requirements is described in more detail in the auditor's report, in the section 'The auditor's responsibility for the audit of the financial statements'. We are independent of the university in accordance with IESBA's international ethics standards for accountants and the additional requirements applicable in Denmark, just as we have fulfilled our other ethical obligations under these rules and requirements. In our opinion, the audit evidence obtained is sufficient and provides a suitable basis for our opinion.

Management's responsibility for the financial statements

The management is responsible for preparing financial statements which are correct in all material respects, i.e. prepared in accordance with the government accounting rules. The management is also responsible for such internal controls as the management deems necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In connection with the preparation of the financial statements, the management is responsible for assessing the university's ability to

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

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

Our goal is to obtain reasonable assurance that the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report with an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit performed in accordance with international standards on auditing and the additional requirements applicable in Denmark, as well as generally accepted public auditing standards, cf. Danish Executive Order no. 1648 of 15 December 2016 on the Funding and Auditing etc. of Universities, will always identify material misstatements, when they exist. Misstatements can arise from fraud or error, and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

As part of an audit performed in accordance with international standards on auditing and the additional requirements applicable in Denmark, as well as generally accepted public auditing standards, cf. Danish Executive Order no. 1648 of 15 December 2016 on the Funding and Auditing etc. of Universities, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to these risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than for material misstatements resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the overriding of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the university's internal control.

- Evaluate the appropriateness of the accounting policies applied by the management and the reasonableness of the accounting estimates and related disclosures made by the management.
- Conclude whether the management's preparation of the financial statements on a going concern basis is appropriate, and whether, based on the audit evidence obtained, material uncertainty exists related to events or matters which may cast significant doubt on the university's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify our opinion on the financial statements. Our conclusions are based on information available to us as of the date of the auditor's report. Future events or conditions may, however, cause the university to cease to continue as a going concern.

We communicate with the senior management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Auditor's statement on the management's report and performance reporting

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

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

In connection with our audit of the financial statements, it is our responsibility to read the management's report and performance reporting, and in this regard to consider whether the management's report and performance reporting are materially inconsistent with the financial statements or any knowledge obtained by us during the audit, or in any other way appear to contain material misstatement.

Aarhus, 11 April 2018

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR no.: 33 77 12 31

Claus Lindholm Jacobsen
State-Authorised Public Accountant
mne23338

Our responsibility is furthermore to consider whether the management's report and performance reporting contain the information required in accordance with the government accounting rules. Based on the work performed, it is our opinion that the management's report and performance reporting are in accordance with the financial statements and have been prepared in accordance with the requirements set out in the government accounting rules. We have not found any material misstatement in the management's report and performance reporting.

Report on other legal and regulatory requirements

Statement on legal-critical audit and performance audit

Management is responsible for ensuring that the transactions covered by the financial reporting comply with appropriations granted, legislation and other regulations, and with agreements entered into and customary practice; and that due financial consideration has been given to the administration of the funds and the operations which are covered by the financial statements. In this respect, management is responsible for establishing systems and processes that support economy, productivity and efficiency.

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

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

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

Henrik Kragh
State-Authorised Public Accountant
mne26783

2. REPORT

2.1.1 MANAGEMENT

THE UNIVERSITY	Aarhus University, Nordre Ringgade 1, DK-8000 Aarhus C
REGISTERED IN	City of Aarhus, CVR no.: 31119103
UNIVERSITY BOARD 2017	Michael Christiansen, (Chair until 31.1.2017) Connie Hedegaard, (Chair as from 1.2.2017) Peder Tuborgh, Deputy Chair Susanne Bødker, employee representative (academic staff) Sarah Yde Junge, student representative (until 31.1.2017) Sune Koch Rønnow, student representative (as from 1.2.2017) Søren Pold, employee representative (academic staff) Margareta Wallin Peterson Anna Louise Dolan Plaskett, employee representative (technical/administrative staff) Steen Riisgaard Lieve Vermeulen, student representative Gitte Ørskou Jens Peter Christensen (as from 1.2.2017)
MANAGEMENT 2017	Brian Bech Nielsen, rector Berit Eika, pro-rector Arnold Boon, university director Johnny Laursen, dean (Arts) Ole Steen Nielsen, dean (Health) (acting dean until 30.3.2017) Lars Bo Nielsen, dean (Health) (as from 1.4.2017) Thomas Pallesen, dean (Business and Social Sciences) Niels Christian Nielsen, dean (Science and Technology)
AUDITORS	Danish National Audit Office Landgreven 4, DK-1301 Copenhagen K
INSTITUTIONAL AUDITORS	PricewaterhouseCoopers, Statsautoriseret Revisionspartnerselskab Jens Chr. Skous Vej 1, DK-8000 Aarhus C

2.1.2 STRATEGIC OVERVIEW

AARHUS UNIVERSITY'S STRATEGY 2013-2020

MISSION

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

VISION

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

VALUES

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

STRATEGIC GOALS 2013-2020

Research

- 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 talent
- Offer talent development activities and programmes starting at Bachelor's level

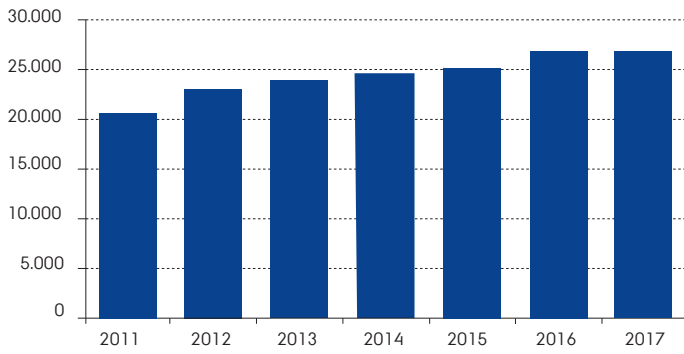
Knowledge exchange

- 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 further and continuing education programmes
- Strengthen contributions to the development of civil society

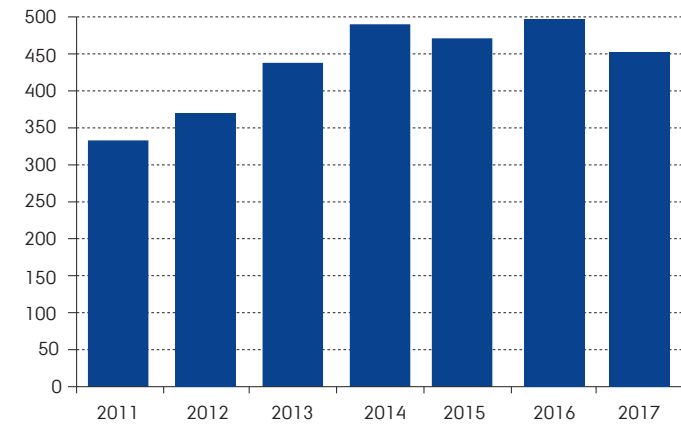
PRECONDITIONS

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

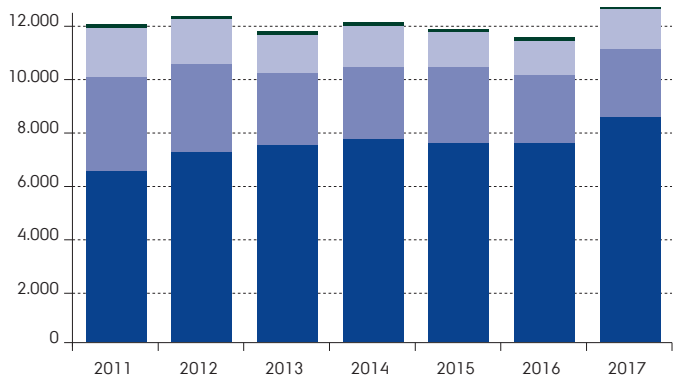
2.1.3 KEY FIGURES*



**Student FTEs,
student full time equivalents**

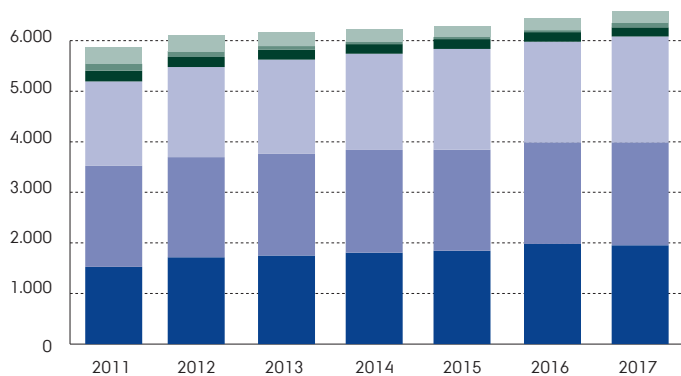


PhD degrees awarded



Publications

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



**AU's total income, by purpose 2011-2017
DKK million, in prices for the year**

- Other income
- Other government subsidies
- Research-based public sector consultancy
- Eksterne midler
- Research
- Education

*) Key figures include Aarhus University School of Engineering from 2012

2.2 MANAGEMENT'S REPORT

2017 was a satisfactory year for Aarhus University. The year was characterised by the continued work of strengthening the university's research, education and cooperation with society at large. The accounts reflect the university's ongoing ambition to devote considerable funds to strategic development.

During the year, Aarhus University continued its strategic work to strengthen its position as a strong international and research-intensive university that takes responsibility for social development. In 2017, a number of strategic initiatives adopted and launched in 2016 – including the decision to change the university's graduate profile – were supplemented with the board's endorsement of a major digitisation initiative. The change in the graduate profile is intended to achieve a better balance between the degree programmes of the university's faculties, in order to be better prepared to meet the future needs of the labour market. The digitisation initiative supports this purpose, and many of the university's academic areas will play an important role in using the potential of the digital transformation, not least by working together to contribute solutions to the challenges this will entail. The university can also use the digitisation initiative to develop its position of strength in the digital area.

The digitisation initiative consists of four mutually dependent focus areas. In 2017, the university's board adopted the plans for the first two focus areas. Focus area 1 is 'educating more digitisation specialists' which very directly supports the change in the university's graduate profile. With this initiative, the university will double its production of natural science digitisation specialists (graduates in computer science, IT product development and data science) and thereby respond to the labour market's unfulfilled demand in this particular area. 'Educational IT' (EDU IT) is focus area 2 in the digitisation initiative. The aim of EDU IT is – through increased use of IT before, during and after teaching sessions – to further improve the quality of the degree programmes. The headings for focus areas 3 and 4 are the 'dissemination of relevant digital competences to all degree programmes' and 'further and continuing education of the existing workforce'.

As part of the preparatory work for the university's new strategic framework contract with the Ministry of Higher Education and Science, the university's strategy has been defined by setting a number of priorities. The defined strategy has been discussed by the university's board in connection with the consideration of negotiation material for the strategic framework contract. Aarhus University's strategic priorities can be summarised as

- Basic research of high international quality
- Strengthening of the interdisciplinary cooperation on research and education, in order to strengthen the cooperation with external partners and increase the university's contribution to addressing the major societal and nature-related challenges
- Research-based degree programmes of high international quality
- Changing the university's graduate profile so that more graduates can find employment in the private sector.

During 2017, Aarhus University continued the preparations to take over the municipal hospital area on Nørrebrogade in Aarhus. In January 2017, the board was presented with the winning proposal from AART Architects in the competition for a development plan for the area, and this proposal has formed the basis for the draft local plan. The local planning proposal was prepared in close cooperation between Forskningsfondens Ejendomsselskab A/S (FEAS), which owns the site, Aarhus University and the City of Aarhus, and is expected to be adopted by the Aarhus City Council in the first half of 2018. Aarhus University can occupy and put the area into use by entering into leases as and when the university requires the space for its activities. Until then, FEAS will lease out the areas for other purposes, including other business activities.

On 9 June 2017, the board approved a number of principles for the strategic development of the university's main campus. The principles are intended to ensure that Aarhus University remains a top-class university in international terms, including by strengthening the interaction between research and education, by the university strengthening its cooperation with business and industry, and through the sustainable development of the Aarhus University campus. These principles are the basis for the ongoing work and, in close cooperation between FEAS and Aarhus University, a vibrant and attractive campus and urban area – an 'urban-integrated campus' – must be developed, as a combination of the university's activities, related residential complexes, commercial activities, shops and public services. This development is supported by the coming local plan.

For several years, Aarhus BSS (Aarhus University, School of Business and Social Sciences) has worked hard to achieve the prestigious international accreditations of AACSB, AMBA and EQUIS. In 2017, the faculty gained a five-year AMBA accreditation for its MBA degree programme. Aarhus BSS also achieved renewal of its EQUIS accreditation for a further three years, and for the first time the entire faculty is now covered by the accreditation. With these three accreditations, the faculty can now call itself a Triple Crown accredited business school – a quality label that only around 1% of the world's business schools have achieved.

On 5 April 2017, the board decided that Aarhus University's library functions would be transferred to the Royal Danish Library, which was established as a merger between the State and University Library and the Royal Library with effect from 1 January 2017. Since 2012, Aarhus University's library services had been provided jointly with the State and University Library, organised as AU Library. This cooperation is continued in the Royal Danish Library and the new organisation is expected to achieve professional and financial synergies. Going forward, Aarhus University is covered by a framework agreement with the Royal Danish Library, in line with the University of Copenhagen, in the national digital development of the library area. The decision entailed the transfer of the relevant staff to the new organisation, and was taken after an extensive internal consultation process at Aarhus University. The transfer enters into effect and has a financial impact as from 1 January 2018.

On 1 April 2017, Professor Lars Bo Nielsen was appointed Dean at Health. Lars Bo Nielsen came from a position as head of the Department of Clinical Medicine at the Faculty of Health and Medical Sciences, University of Copenhagen.

FINANCIAL RESULTS AND PERFORMANCE REPORTING

Aarhus University posted revenue of DKK 6,534 million for 2017, representing an improvement from 2016 of DKK 131 million or approximately 2% (in current prices). The increase corresponds to real growth of 0.8%. It is primarily due to an increase of 5.2% (3.9% in fixed prices) in use of external subsidies. The revenue from educational activities decreased by 2.9% in fixed prices, despite an increase in active enrolment with 7.8% more graduates (releasing a completion bonus) and 0.3% more student FTEs than in 2016. The decline in revenue is thus related to decreasing rates for both the taximeter grants and the completion bonus. The basic research funds are exempt from the 2% savings requirement and are therefore at the 2016 level. In overall terms, the costs for the year were close to the budget.

The financial profit was DKK 68 million, so that equity at the end of 2017 amounted to DKK 915 million, equivalent to 14% of revenue. The board has adopted the objective that equity should be 10% of revenue, with fluctuation of +/-2.5%. This means that funds are available for continued investment in the strategic development of the university's core areas, including for the non-recurring costs associated with the occupation of the University City (the municipal hospital area). A number of strategic investments in B2018-2021, with budget deficits for the entire budget period, have thus already been adopted. With the current budget for 2018-2021, at the end of 2021 equity will be very close to the target of 10% of revenue.

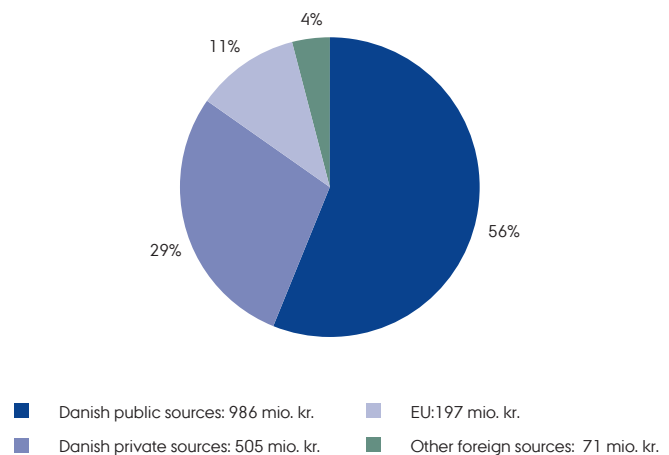
2017 is the last year of Aarhus University's development contract with the Ministry of Higher Education and Science. The reporting for 2017 is thus also the final reporting under the development contract, before it is replaced by the coming strategic framework contract for the 2018-2021 period. The performance reporting shows that ten targets were achieved in full, while six targets were not achieved. As stated in section 2.4 Performance reporting, in

the view of Aarhus University the overall result is satisfactory. For example, the targets in the degree programme area have generally fulfilled the ambitious expectations, just as the external funds obtained – both Danish and foreign – have fulfilled expectations.

RESEARCH AND TALENT DEVELOPMENT

Aarhus University has continued its work to become an even stronger international, research-intensive university, characterised by high quality in all core activities. The contributions made by academic staff ensure the university a strong starting point, but in order to further strengthen the quality of research it is necessary to ensure greater competition for appointments to more of the permanent academic positions. In 2017, the senior management team therefore drew up a set of norms to form the basis for strengthening the faculties' recruitment guidelines and practices. During 2017, the norms were subject to consultation in several instances at the faculties, departments and schools and academic councils. The focus includes additional open advertisements and using search committees to attract an increased number of qualified Danish and foreign applicants to the positions.

Consumption of external research funds in 2017



The competition for external funding is becoming more and more intense, and the enhanced efforts to recruit top researchers and young talents must be seen in this light. In 2017, Aarhus University achieved an increase of almost 5%, compared to the previous year, in the consumption of research funds awarded through competition.

In 2017, researchers from Aarhus University received DKK 149 million from the EU's framework programme for research, Horizon 2020. Aarhus University's success rate of approximately 14% is at the level of the average of approximately 12% for all universities in the EU. In recent years, the university has succeeded in obtaining increased funding from private Danish organisations and foundations, and these grants now account for around 29% of the total external funding.

In 2017, besides the strategic initiatives adopted by the board, Aarhus University has also at faculty level invested in the development of new and strong research areas. Science and Technology has set up six interdisciplinary thematic centres which utilise the unique opportunities inherent in the interaction between classical natural sciences, sector-oriented research and engineering activities. The centres include access for business and industry and will contribute solutions within circular bioeconomy, materials, water, digitisation, food and climate. Each centre is financed with DKK 15 million over five years. With the support of the university's joint strategic funds, Aarhus BSS established the Dale T. Mortensen Centre three years after the Nobel prize winner's death. The research centre will further develop the theories of the American professor of economics concerning 'search costs' in the different markets used by people every day. The centre has been established with a budget of DKK 12 million over five years.

Technology creating new opportunities for research

After five years of work under the auspices of the GenomeDenmark consortium, together with colleagues from the University of Copenhagen, the Technical University of Denmark and BGI Europe, researchers from Health and Science and Technology have completed the project concerning the Danish reference genome. In the mapping of 150 Danes' genomes, by using a unique method researchers have succeeded in creating a reference genome that contains far more detail than is known from other studies around the world.

Research into genome data creates new opportunities to treat patients with serious illnesses. In 2017, Aarhus University, together with the Central Denmark Region, established a new genome data centre comprising leading researchers in the fields of genetics, bioinformatics, molecular medicine and personalised medicine across Health, Science and Technology, Aarhus BSS and Aarhus University Hospital/the Central Denmark Region, and the iPSYCH National Research Project. The genome data centre is based on the interdisciplinary iSEQ centre (Centre for Integrative Sequencing), and the focal point is the centre's supercomputer, which with immense processing power performs genomic analysis for users from hospitals and universities in Denmark and abroad. The researchers use the analyses to develop new prevention and treatment opportunities. Hospitals use the genomic analyses in screening and diagnosis, and to individualise the treatment of each patient.

When the world's most powerful and advanced neutron source, the European Spallation Source (ESS) in Lund, Sweden, is commissioned in 2025, it will help to set entirely new standards for material research. Together with five of Denmark's other universities, the Danish Agency for Science and Higher Education and the European Spallation Source in Lund (ESS), in 2017 Aarhus University entered into an agreement to strengthen the cooperation and knowledge sharing between ESS and the research environments in Denmark. The new agreement is part of the strategy to make Denmark one of the world's leading centres for research into hard, soft and biological materials. Aarhus University is spearheading the development and construction of the Heimdal instrument, which will make it possible to follow a material from its atomic structure

to the microscopic level. In addition, the university is contributing to the national ESS strategy, with proposals for research beacons within hard materials and biological structures.

Prizes and awards

In 2017, many researchers received prizes and awards for their research. Some examples are mentioned here.

Professor Poul Nissen, Department of Molecular Biology and Genetics, received the 2017 Novo Nordisk Prize for his groundbreaking studies of ion pumps' structure and mechanism. Poul Nissen has identified at a detailed level how ions and nutrients, among other things, are transported in and out of cells. This basic knowledge is of great importance to understanding life processes and combating diseases. The Novo Nordisk Prize, amounting to DKK 3 million, is given in recognition of unique medical research or other research that may benefit medical science.

Professor Hanne Christine Bertram, Department of Food Science, received one of the year's EliteForsk prizes for her research into the relationship between diet and health. The newly appointed elite scientist is distinguished in particular by her contribution to developing the metabolomics technique – an advanced method of investigating the body's metabolism. The EliteForsk prize amounts to DKK 1.2 million and is awarded each year to five outstanding Danish researchers.

In 2017, Professor Bo Brummerstedt Iversen from the Department of Chemistry received the Queen Margrethe II Science Award, which was established in 2015 by the Royal Danish Academy of Sciences and Letters to mark the 75th birthday of its patron, HM the Queen. Bo Brummerstedt Iversen received the award for his research in materials crystallography.

Professor Karl Anker Jørgensen, Department of Chemistry, received one of the Carlsberg Foundation's Research Prizes for 2017 for his research within organic chemistry that has been of considerable international significance. The prize is for an amount of DKK 1 million.

Professor Helle Vandkilde was the first researcher at a Danish university to receive the prestigious 'Europa 2017' research prize. The prize is awarded by 'The Prehistoric Society' and honours researchers for a particular contribution within European archaeology. Helle Vandkilde received the award for her work over many years to increase understanding of and research into the Bronze Age. Besides a minor monetary amount, the prize consists of a two-day conference in the honour of the prize-winner, the Europa 2017 Honoree.

In 2017, the European Federation of Psychology Associations awarded the Aristotle Prize to the Center on Autobiographical Memory Research (CON AMORE), Aarhus BSS, headed by Professor Dorthe Berntsen. The prize is awarded every second year to a psychologist or group of psychologists who are internationally recognised for significant and original contributions to psychology as a science or as a profession. In 2017, Aarhus University's finest internal scientific award, the

Rigmor and Carl Holst-Knudsen Award for Scientific Research, was awarded to two researchers who have excelled at the very highest level. Professor of Anthropology Nils Bubandt, School of Culture and Society, and Professor of Economics Bo Ernø Honoré, who graduated from Aarhus University and now works at Princeton University, each received a prize of DKK 100,000.

Strengthening career development for junior researchers

Aarhus University works actively to attract and develop strong research talents. This work is absolutely central to being able to maintain and develop the quality of the university's research. In 2017, the Junior Researcher Development Programme was established as a pilot project. This programme which supplements the local career clarification at the schools and departments, is the first of its kind in Denmark, and has four career tracks: Research Leadership, Industry, Teaching and Supervision, as well as a self-designed track which gives the researcher an opportunity to compile courses from the other tracks. The programme is available to assistant professors, postdocs and new staff on the tenure track, and will create better conditions and clearer career paths for the junior researchers who are not permanent staff members of the university. Besides courses, the programme includes career fairs, visits to companies, and network and alumni events. In connection with the project, a group of junior researchers from across the university's four faculties have taken the initiative to establish the first Junior Researcher Association at Aarhus University. The association will focus on offering relevant professional events, increasing the influence of junior researchers on university policy, and creating an interdisciplinary, cross-university network.

Examples of major grants

Three new basic research centres

The Center for Electromicrobiology (CEM) at Science and Technology, headed by Professor Lars Peter Nielsen, will study cable bacteria, which is a newly discovered life form of which each individual consists of thousands of cells in a centimetre-long chain, surrounded by a common outer sheath with electrical conductors. **The Center for Cellular Signal Patterns (CellPat)** at Science and Technology, headed by Professor Jørgen Kjems, will identify how cells talk to each other and thereby make it possible to prevent or correct the types of miscommunication that make people ill. **The Center for PROteins in MEMOry (PROMENO)** at the Faculty of Health, headed by Professor Anders Nykjær, will research into how emotional impacts, such as anxiety, post-traumatic stress, addictions and depression, affect long-term memory.

Two new VILLUM INVESTIGATOR centres

The Center for Biodiversity Dynamics in a Changing World (BIO-CHANGE), headed by Professor Jens-Christian Svenning, will use high-resolution data from satellites and its own laser scanning of landscapes to investigate how the global environmental changes are affecting the Earth's flora and fauna. **The Machine Learning in Atomic Structure Determination centre** is headed by Professor Bjørk Hammer and will set a new standard for the reliable determination of the structure of advanced materials.

TrygFonden's Centre for Child Research receives an additional grant of DKK 40 million.

TrygFonden's Centre for Child Research achieved extension of its grant from the Tryg Foundation up to 2022 by an additional DKK 40 million. More than 60 junior and senior researchers within economics, pedagogics, psychology, political science, sociology, criminology and children's language are affiliated to the centre. The aim is to create politically feasible, practice-oriented and scientifically-tested actions that can help to qualify work in the field of children and adolescents.

Horizon 2020 grant for the Aarhus Institute of Advanced Studies (AIAS)

AIAS received a grant of DKK 38 million from the 'Excellent Science' pillar for non-earmarked research, so that the centre has now received two large grants from Horizon 2020. The grant will fund around 77 research fellowships over a five-year period. A fellowship lasts for up to three years and applications are accepted from talented Danish and international researchers within various fields of research.

Horizon 2020 grant for PhD network

In 2017, the ANTHUSIA collaboration received an EU grant of DKK 31 million for 15 PhD projects which, in the coming years, will lead to insights into how organisations working in Africa can better handle some of the greatest challenges on the African continent. Professor MSO (with special responsibilities) in Anthropology Lotte Meinert is the coordinator of this collaboration.

Major grant for HIV research

Even though today's modern HIV medicine is effective, it cannot remove the last remnant of the virus from the body. In 2017, researchers from the Faculty of Health and Aarhus University Hospital received a grant of DKK 19 million from the global division of the pharmaceutical company Gilead Sciences to investigate and test new medical preparations that may be able to completely remove the HIV virus from the body.

Game-Based Learning in the 21st Century

Professor Jeppe Bundsgaard of the National Centre for School Research at the Danish School of Education, together with researchers from Aalborg University, among others, has received an amount of DKK 10 million from Innovation Fund Denmark for the Game-Based Learning research project. They will investigate how children's enjoyment of computer games can be utilised to create increased learning and well-being at school.

EDUCATION

Institutional accreditation

In June 2017, the university received the Accreditation Council's decision that Aarhus University would receive conditional positive accreditation. The Accreditation Council commended the fundamental elements of the university's quality system and acknowledged that its employees and students had created a well-functioning and well-established system in a large and complex organisation, and the Accreditation Panel noted in particular that 'all levels of

AU, from students to senior management, wish to ensure quality and are ready to participate actively in the development of the quality processes'. However, the Accreditation Panel also pointed out deficiencies in the system in terms of monitoring the extent to which the degree programmes are based on research, and in the rules for appointing external members of degree programme evaluation panels.

Again in 2017, the degree programme quality processes were therefore based on institutional accreditation. After the decision, the university has worked intensively to adjust the quality system in order to take account of the criticism concerning inadequate use of external experts and insufficient management information concerning the research basis for the degree programmes. The adjustments to the quality system have been incorporated in every link of the education chain and in 2017, the university conducted degree programme evaluation of 50 degree programmes and evaluated the annual status of 191 degree programmes. By agreement with the Accreditation Council, in the autumn of 2017, Aarhus University commenced the re-accreditation process, which is expected to be completed in November 2018.

Use of technology in teaching

In 2017, Aarhus University created a shared foundation for a joint educational IT initiative – called EDU IT. As previously stated, EDU IT is the second of four tracks in the university's strategic digitisation initiative. The purpose of this track is to create better learning outcomes through continuous awareness of didactic-pedagogical developments in conjunction with technological support. EDU IT will also contribute to increasing time-on-task and student retention by responding to and stimulating different learning activities.

The main elements of the initiative are the optimisation of the learning platform, the redesign of a significant number of courses, the adjustment and development of learning technologies as well as competency development and recognition of excellence in teaching. In 2017, action plans were drawn up for how this will be rolled out at the faculties. The action plans describe how the university ensures continuity between previous initiatives and the future ambitions in the area.

Transition from education to the labour market

During their working lives, graduates have a higher employment rate than other groups in the labour market, but take a little longer to gain a foothold in the labour market. This makes the transition from student life to a career in the labour market an important focus area. In the course of the year, there was dialogue with various external parties, including the City of Aarhus, on how the university and the City can jointly support the university's graduates' transition from studies to the labour market.

Employer panels are an important forum and link to the labour market, and the panels' composition and working method were adjusted and revised at the Faculty of Health and at Aarhus BSS. At the

Faculty of Arts, work continued on supplementing the department-/school-wide employer panels with degree-programme-specific employer forums.

For a number of years, Aarhus University has undertaken extensive bridge-building activities in collaboration with the students, including project-oriented courses, career guidance, CompanyDating and mentoring schemes. In 2017, as part of a concerted effort under the 'Career Ready' heading, special initiatives were planned in order to strengthen students' transition to the labour market. One of the initiatives is to monitor Master's theses written in collaboration with companies and the public sector. Another initiative is the preparatory work for an interdisciplinary case competition, which will take place in 2018.

Bachelor's and Master's degree students, 2017

- 33,120 students enrolled
- 27,792 applicants
- Bachelor's degree programmes: 6,989 admissions, 4,368 graduates
- Master's degree programmes: 5,767 admissions, 5,917 graduates

Pedagogical competency development

The research basis for the degree programmes and the teachers' didactic competences are the basis for teaching and degree programmes of high quality. In 2017, the university revised the teacher training programme for assistant professors to fulfil the new requirements and expectations made of the teachers. The course addresses three levels of teaching: Skills in planning and teaching techniques, the competence to make and justify own pedagogical choices, and the competence to communicate and collaborate with colleagues on teaching and developing quality in teaching. The course has also been further developed and expanded with training in the use of digital learning tools in teaching.

In 2017, the university offered a newly developed online introductory course for new teaching staff. The course gives new teachers an introduction to key learning concepts and focuses particularly on learning outcomes and active learning. The new staff members evaluated the quality of and benefit from the course very positively, and the course will now be a permanent element of the university pedagogical centres' course portfolio.

COLLABORATION AND KNOWLEDGE EXCHANGE

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

Collaboration with the business community and municipalities

Aarhus University's strategic commitment to increased collaboration with the business community and municipalities was strengthened during 2017. In the course of the year, the university intensified its dialogue with a number of large companies concerning oppor-

tunities for cooperation agreements, and several agreements are expected to be concluded in early 2018. The university will also increase its contribution to the innovativeness and competitiveness of the small and medium-sized enterprises in the region and – in addition to constructive cooperation on research projects, study projects, students' transition to working life etc. – close cooperation with relevant municipalities is a means to achieve this goal. A recent report published by the Confederation of Danish Industry shows that Aarhus University is the university with the next-highest number of agreements with companies, only surpassed by the Technical University of Denmark (figures from 2016). A current satisfaction survey in the same report shows that companies are generally very satisfied with the cooperation with the university: 81 percent of the companies that have cooperated with Aarhus University assess that the cooperation has been 'good' or 'very good'.

In 2017, Aarhus University entered into a broad cooperation agreement with the City of Aarhus. This agreement also focuses on the mutual shared interest in attracting talent to the city, the development of the city as a centre for youth and studies, and the development of municipal welfare services. The university expects that in 2018 broad cooperation agreements will be concluded with additional municipalities in the region. These broad cooperation agreements must be viewed in the light of a number of existing, well-functioning municipal agreements at faculty and school/department level, such as the Department of Public Health.

Aarhus University has strengthened the internal organisation behind the cooperation with companies and municipalities through the establishment of a central business committee with the Rector's Office and the four deans, business committees at the four faculties, and business engagement partners at all schools and departments. The organisation supports the many existing well-functioning collaboration projects between the university and society at large, and also helps to highlight Aarhus University's profile as an attractive partner for companies.

Research-based public-sector consultancy

Public-sector consultancy services cover research, consultancy, emergency response and research dissemination under framework agreements with Danish ministries, first and foremost with the Ministry of Environment and Food of Denmark. The total contract sum, including supplementary contracts, amounts to DKK 441 million. Including the external funding which these research environments attract, the activities account for around DKK 1 billion. In view of the significant gearing of the funds, this area is an important asset for Aarhus University. Research-based public-sector consultancy was in focus in 2017 due to the notification of competitive tendering and extensive discussion of Aarhus University's calculation models.

In a press release dated 28 June 2017, the Ministry of Environment and Food announced competitive tendering for the national public-sector consultancy in the environmental and food area. The competitive tendering will be introduced in phases up to 2022,

when calls for tender for all tasks must have been announced, and with effect by no later than 2026. In 2017, Aarhus University won the competitions for public-sector consultancy within wildlife management and monitoring of wolves in Denmark. In the field of wildlife management, there were two invitations to tender, comprising research and consulting within such areas as the management of hunting, conflict species and invasive animals, as well as the management of birds and mammals, and man's effects on the species. This is a fine acknowledgement of the good and solid work that is taking place in the area of wildlife management. Aarhus University also provides research-based public-sector consultancy services in the area of the Danish Ministry of Justice, undertaken by the Department of Forensic Medicine. In 2017, the public-sector consultancy services in the area of forensic medicine amounted to DKK 46 million.

Aarhus University and industry collaborating on patent-free research platforms

Together with a number of leading Danish industrial companies, Aarhus University has initiated a new form of collaboration on industrially-relevant basic research. The concept combines basic research with industrial innovation in a new way, to ensure that industry and universities achieve greater benefit from each other's knowledge and technology. University researchers and companies collaborate on creating fundamental new knowledge that is continuously made openly available to everyone – and for which no-one may take out patents. From the innovative Open Science platform, researchers and companies from all over Denmark make their results and data openly available, free of charge, to any interested parties. The SPOMAN Open Science platform is the first platform and is an open collaboration on polymer materials and nanocomposites which was started up at the initiative of Professor Kim Daasbjerg, Department of Chemistry and iNANO.

Other forms of external cooperation

Two of Aarhus University's recognised dissemination activities achieved significant results once again in 2017. At www.danmarkshistorien.dk, the research-based knowledge of the history of the Danes continues to be very popular. In 2017, the website had just over 2.8 million visitors, with approximately 5.8 million page views, making it one of Denmark's leading websites for the dissemination of the history of the country. Each semester, Public Lectures in Natural Sciences offer 6-8 lectures at the Lakeside Lecture Theatres in Aarhus, with a registered audience of around 800 people for each evening event. The lectures are also livestreamed to 130 upper secondary schools, cinemas, libraries, university extension institutions, community and cultural centres etc. in Denmark, Greenland, Iceland, the Faroe Islands and Southern Schleswig, where the number of participants depends on such factors as the size of the local community. In addition, the lecturers often repeat their lectures at the Lakeside Lecture Theatres and at venues in other Danish cities.

Aarhus University has had very active research disseminators to mark the 500th anniversary of the Reformation. All over Denmark, and at www.reformation.au.dk, numerous researchers from such disciplines as Theology, History, Philosophy and the History of Ideas have disseminated knowledge about the Reformation. The researchers have used articles, blogs, books, lecture theatres and radio broadcasts – and theatre stages have been the venues for research shows and historical talkshows. The anniversary of the Reformation was also the focus of the year's MatchPoints seminar, which the university held in collaboration with the City of Aarhus and the Danish University Extension, and in the presence of Her Majesty Queen Margrethe II. A large number of researchers and artists attended this event, for which the theme was the significance of the Reformation for the development of Danish society.

2.3 CORE ACTIVITIES AND RESOURCES

The 2017 budget was laid with a plan to put previous years' savings into play in order to maintain and further develop the university's academic potential. An expected deficit of DKK 12 million was budgeted for.

The university's students achieved the year's goal of reducing the degree completion time, and the university therefore did not receive the expected progress fine of DKK 44 million. Financial revenue was DKK 26 million higher than expected, while a delay in new construction meant that occupation and commissioning costs had to be deferred until 2018. In combination, these factors changed the expected deficit to a profit of DKK 68 million.

The management of Aarhus University (AU) is satisfied with the result for 2017 and will continue its efforts to use the accumulated financial scope to further maintain and develop the university's academic potential, for the benefit of research, education and society at large. A number of strategic investments in B2018-2021, with budget deficits for the entire budget period, have thus already been adopted. With the current budget for 2018-2021, equity at the end of 2021 will be very close to the target of 10% of revenue. As a consequence, the result for the year is only expected to lead to minor shifts in the adopted budget.

FINANCIAL RESULTS FOR THE YEAR

In 2017, AU's revenue amounted to DKK 6,534 million, which was an increase of 2% compared to 2016. This improvement corresponded to real growth of 0.8%. In addition, net financial income amounted to DKK 41 million, so that the university's total revenue in 2017 amounted to DKK 6,575 million in prices for the year. Most of AU's revenue consists of Finance Act appropriations for education and research, and other appropriations (57%), as well as external grants (29%). There is also revenue from public sector consultancy (6%) and other revenue, including sales and financial items (8%).

The revenue from educational activities decreased by DKK 32 million from 2016, despite both increased activity and no progress fine, which means that AU earns DKK 28 million more in completion bonus. The decrease amounted to 2.9% in fixed prices. The consumption of external grants was DKK 1,896 million, which is an increase of DKK 94 million compared to 2016. In fixed prices, the increase is equivalent to almost 4%. At the same time, AU's holding of unused commitments increased from DKK 3,992 million to DKK 4,307 million. AU has had increased management focus on projects with external funding, and in 2017 the consumption exceeded budget for the first time in recent years. There has been a shift between different groups of funding sources, since in 2017 private sources accounted for 29% of external funds used, compared

to 25% in 2016. One consequence of this is diminishing cover of indirect costs, due to lower average overhead grants. This trend will probably continue in the short term, since the intake of new funds also includes an increasing private funding share.

In 2017, total staff costs amounted to DKK 4,101 million, equivalent to 63% of AU's total costs. This is an increase of DKK 75 million compared to 2016, in current prices, corresponding to real growth of 0.7%. Staff consumption was reduced by 28 FTEs overall, compared to 2016. The professor/associate professor and assistant professor/postdoc groups increased by a total of 41 FTEs, and the TAP (technical/administrative staff) group increased by 27 FTEs, while the FTE consumption in the group of other VIP (academic staff), DVIP (part-time academic staff) and PhD students decreased. The total salary consumption was DKK 45 million lower than budgeted. The background to this includes that it has taken longer than anticipated to implement some of the planned strategic recruitment initiatives.

Rent was DKK 13 million lower than in 2016, and DKK 15 million below budget, mainly due to the completion of a construction project that resulted in a rent reduction with retroactive effect, as well as the delay of the Skou building, which meant that occupation and commissioning had to be postponed until 2018.

The costs of other operations excluding rent and depreciation amounted to DKK 1,594 million, which is DKK 121 million above budget and represents real growth exceeding 13% from 2016 to 2017. The implementation of the strategic measures to strengthen and develop the university's position has, among other things, led to improvements in the study and research environments.

Depreciation was DKK 11 million below budget, which is related to such factors as the delayed commissioning of new buildings.

Financial items gave revenue of DKK 41 million, which corresponds to revenue in 2016.

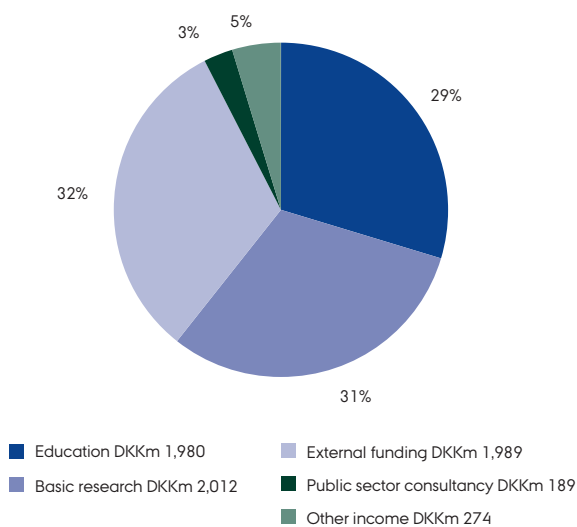
The result for the year was a profit of DKK 68 million, of which financial revenue amounts to DKK 41 million, so that equity amounted to DKK 915 million at the end of 2017. This means that there are funds available for continued investment in strategic development of the university's core areas, including for non-recurring costs in conjunction with the occupation of the University City (the municipal hospital area). This financial scope is particularly important in view of the expected declining Finance Act revenue, as a consequence of the annual 2% reallocation contribution and degree programme resizing concerning admissions for certain degree programmes. Use of equity for strategic investments has been incorporated in

B2018-2021. In overall terms, a deficit of DKK 168 million is budgeted for. In view of the budgeted deficit, in 2021 AU's equity will be very close to the target of 10% of revenue. The financial results for 2017 are thus solely expected to entail minor adjustments to the budget going forward.

CORE ACTIVITIES AND RESOURCES

The figure below shows the total revenue for the year by purpose (education, basic research, external funds, public-sector consultancy and other income), including net financial income. The revenue from educational activities consists primarily of Finance Act grants in the form of taximeter subsidies and completion bonus, as well as tuition fees from fee-paying foreign students and part-time students. The revenue from educational activities totalled DKK 1,952 million (approximately 29% of the university's revenue in 2017, compared to 31% in 2016). The revenue from educational activities declined by 2.9%, equivalent to DKK 54 million in fixed prices, despite an increase in active enrolment, with 7.8% more graduates releasing completion bonus, and 0.3% more student FTEs than in 2016. The revenue decrease is due to reductions in the rates applying to taximeter subsidies and completion bonus.

Revenue in 2017 by purpose in DKK million and as percentages



The statement applies the principles from Universities Denmark's statistical service and therefore the distribution does not fully correspond to the financial statements.

An amount of DKK 200 million from the basic research income of DKK 2,037 million arises from the public-sector consultancy contracts with the Ministry of Environment and Food of Denmark. The public-sector consultancy contracts thus total DKK 384 million.

The numbers graduating were 4,368 from Bachelor's degree programmes and 5,917 from Master's degree programmes, student FTE production totalled 26,842, and there were 713 graduates from professional Master's and diploma degree programmes. In 2017, 1,142 active full-time equivalents were enrolled for open and part-time degree programmes.

Basic research revenue totalled DKK 2,037 million (31% of AU's revenue). External funds amounted to DKK 2,091 million, including external research grants and other grant-financed activities, income-generating activities and forensic medicine services. External research grants amounted to DKK 1,760 million, and other grant-financed activities (e.g. the Sino Danish Center and Erasmus scholarships) amounted to DKK 140 million. Forensic medicine services for the Ministry of Justice amounted to DKK 46 million, while income-generating activities, e.g. comprising consulting services for ministries, investigations and sale of further and continuing education, amounted to DKK 146 million. From 2016 to 2017, there was overall growth of DKK 103 million in the consumption of external funds, equivalent to real growth of almost 4%.

The agreement appropriations with the Ministry of Environment and Food totalled DKK 384 million, of which DKK 184 million is categorised as public sector consultancy, and DKK 200 million is included in the compilation of basic research grants. The agreement appropriations are reduced annually by 2%, and the Ministry of Environment and Food is continuously withdrawing selected areas as public procurement is introduced.

Other revenue amounted to DKK 310 million and includes other Finance Act revenue, letting and subletting of buildings and sites, hectare subsidies and sale of agricultural products, and net financial items.

2.3.1 PROCUREMENT

The procurement policy at AU sets the management framework for the Procurement area at AU. The procurement policy determines that:

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

Aarhus University's procurement policy is available at www.au.dk

Organisation

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

Procurement under the central administration is responsible for establishing agreement cover via joint agreements, the implementation of procurement processes for individual acquisitions, the implementation and operation of e-commerce, and the reporting of key figures in the procurement area.

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

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

As from the autumn of 2017, the decentralised organisation is being expanded in conjunction with the implementation of e-commerce at the university, where procurement officers are being appointed at schools and departments, and in administrative units. Procurement officers are operational purchasers who supplement the procurement coordinators' strategic function. The senior management team has decided that, on the implementation of e-commerce (and the extended organisation), all procurement at AU must be undertaken or supported by decentralised procurement officers. The implementation of e-commerce (and the extended organisation) is taking place in 2017-2019.

Follow-up on procurement

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

2.4 PERFORMANCE REPORTING

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

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

- Objective 5, Increased social mobility – more talents in action, was omitted
- A new mandatory objective 10, Increased regional knowledge-based collaboration

The contract period for the development contract for 2015-2017 expired on 31 December 2017. On the basis of the reporting of the achievement of the objectives for 2017, Aarhus University has assessed the overall achievement of the objectives for the contract period.

Summary 2017 – status of target achievement (indicators)	
Number of indicators	16
<i>Of which</i>	
Target achieved	10
Target partly achieved	0
Target not achieved	6

In the view of Aarhus University, in overall terms this is a satisfactory result. 10 out of 16 objectives were achieved, while three of the other six objectives were affected negatively by changed framework conditions during the contract period. Concerning the objectives achieved, the objectives in the education area, for example, have by and large fulfilled the ambitious target figures, just as the external funding obtained – both Danish and foreign – has fulfilled expectations. Concerning the six objectives that were not achieved, the following applies:

- Three of the indicators are subject to amended framework conditions occurring after the conclusion of the contract: Indicator 1.1 *Study Environment*, where the study progress reform has affected the result negatively; indicator 4.1 *Ratio of full-degree students*, where the result is equivalently negatively affected by the degree programme resizing; and indicator 9.1 *Cooperation agreements with society at large* – including public-sector consultancy – which is subject to 2% savings that have affected both framework contracts and supplementary contracts with the Ministry of Environment and Food of Denmark.

- Indicator 6.1 *Research impact* is characterised by how it is not possible to influence the result within the contract period. The significant decrease in the research impact is not satisfactory, however, and as shown by the following reporting, there is considerable focus on accommodating the development in this area.
- Finally, there are two indicators, 6.2 *BFI* and 8.2 *Talent track*, for which the target figures have not been achieved, but where there has nonetheless been clear positive development in the level of activity during the contract period. Yet these results are not satisfactory either, and there is focus on raising the level for both indicators.

The report tables below account for the fulfilment of the objectives, and comments of both a technical and non-technical nature are made on a number of the indicators.

1. Improving degree programme quality

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

1.1 Level of students' satisfaction with their degree programme

	2014	2015	2016	2017
Target		-	-	89%
Result	88%	-	-	87%

Note: The target for 2017 was not achieved.

The annual reports for 2015 and 2016 describe the ongoing initiatives to strengthen the study environment at Aarhus University and thereby to achieve the target for 2017. However, a number of political measures, in particular the study progress reform, have changed the framework conditions for students in a negative way. 87% of students who fully or largely agree that they are generally very satisfied with their degree programme is still a very large majority of the students, even though the result does not fulfil the very ambitious goal.

In conjunction with the degree programme quality processes in 2017, there was follow-up on the study environment survey at degree programme and faculty level, and decisions concerning actual follow-up were taken. Work is thus ongoing to ensure a good study environment and general satisfaction among the students.

1.2 Teaching activity; lessons offered

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

Note: The target for 2017 was achieved.

All Bachelor's degree programmes thus offer students a minimum on average of 12 hours per week for 14 weeks = 168 hours per semester.

Prioritisation of resources and management focus have led to the achievement of this ambitious target. Ensuring a minimum number of hours is a good foundation to support time-on-task. The minimum number of hours is integrated in the internal degree programme quality processes and these efforts will thus be maintained in the coming years.

1.3 Up-to-date courses and conduct of courses

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

Note: The target for 2017 was achieved.

During the contract period, Aarhus University has implemented the established plan for the roll-out of a new joint e-learning platform (Blackboard). In 2015, it was made available to all potential users among Bachelor's and Master's degree students. In 2016, all permanent teaching staff were offered the opportunity to develop their competences in the use of Blackboard, and in 2017, all faculties, as planned, drew up action plans for the ongoing work.

The intention behind drawing up action plans for rethinking and redesigning teaching elements is that increased and better use of learning technology requires this work to be integrated with the didactic development. The action plans have been drawn up in parallel and are integrated with the establishment of an EDU IT initiative, as the starting point for investment in the increased and better use of learning technology in the course of the next six years.

2. Greater relevance and increased transparency

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

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

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

Note: The target for 2017 was achieved.

Data is based on unemployment in the 4th and 7th quarters after graduation from a Master's degree programme. In the Ministry of Higher Education and Science's statistics, the figures published in 2017 thus refer to number of Master's degree graduates qualifying in 2014.

Throughout the period, the unemployment rate for Aarhus University has been equivalent to, or slightly better than, the national average for the university sector. The result should be viewed in the light of the fact that Aarhus University has the clearly largest share (38%) of the university sector's humanities graduates, who also account for the sector's highest unemployment rate.

3. Better coherence and cooperation

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

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

	2013	2015	2016	2017
Target		24%	23%	22%
Result	25%	25%	26%	26%

Note: The target for 2017 was achieved.

Throughout the contract period, there was a satisfactory level of activity compared to the overall university sector. In all years, the result thus exceeded the fixed target figures.

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

	2013	2015	2016	2017
Target		44	47	50
Result	38	64	60	53

Note: The target for 2017 was achieved.

Throughout the contract period, there was a satisfactory level of activity exceeding the fixed target figures.

4. Increased internationalisation

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

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

	2013	2015	2016	2017
Target		17%	18%	19%
Result	17%	14%	14%	14%

Note: The target for 2017 was not achieved.

As highlighted in the reports for 2015 and 2016, the efforts to increase the number of international students are impeded by the degree programme resizing that was introduced after the development contract was adopted. This has presented a particular challenge for Aarhus University, since the university has the largest share of humanities and pedagogical Master's degree students at the universities. As a starting point, almost 30% of the full-degree students at Aarhus University were enrolled at the Faculty of Arts, which is the faculty most affected by the degree programme resizing. This is thus a factor over which Aarhus University has had no control.

During the contract period, Aarhus University launched a number of initiatives to support the area, including by setting an earlier application deadline for overseas applicants. An application fee has also been introduced, in order to raise the quality of the applicants, while the ongoing communication with the applicants has been strengthened.

As stated in the 2016 annual report, the university's expectation was that these initiatives would have a positive impact, but it was also emphasised that the efforts were not expected to achieve the target figure. This is confirmed by the 2017 figures, which show that Aarhus University has maintained its share of the university sector's full-degree students at the same level as in 2015 and 2016.

5. Increased social mobility – more talents in action

The target is no longer part of the development contract.

6. A research-intensive university

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

6.1 Research impact in the international research community

	2013	2015	2016	2017
Target		1.34	1.35	1.35
Result	1.34	1.35	1.28	1.26

Note: The target for 2017 was not achieved.

After a research impact at a very high level for a number of years, during the last two years Aarhus University has experienced a decline that is not satisfactory. In order to counter this development, the university has launched a number of initiatives to strengthen the recruitment of researchers, as well as the development of the talents educated by the university itself. This includes increased competition for positions (a larger number of qualified candidates) and greater internationalisation, e.g. as increased requirements for study periods abroad for the university's own researchers before permanent tenure. This is expected to increase the quality of research and thereby improve the research impact.

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

	2013	2015	2016	2017
Target		6,225	6,350	6,475
Result	5,984	6,436	6,241	6,327

Note: The target for 2017 was not achieved.

The statement for 2015 was originally marred by errors on the part of the Danish Agency for Science, Technology and Innovation. The error has subsequently been corrected, so that the listed results are now correct.

From the starting year of 2013 and up to 2017, Aarhus University's production of BFI publication points increased by almost 6%, while the number of VIPs (academic staff members) decreased by 1% during the period. However, the rate of increase has not matched the target figures, with an expected increase of 8%. The measures described under indicator 6.1 are also expected to have a positive impact on the production of BFI publication points. The university maintains its focus on journal publication being in the best renowned, point-scoring journals, as far as this is possible.

7. Attracting external research funding

From a strong starting point, Aarhus University will improve the quality and level of activity of its research. In order to achieve this ambition, it is vital to retain and further expand the level of external grants and thereby ensure flexibility and scope for research activities.

7.1 Attracting external research funding from Danish sources

	2014	2015	2016	2017
Target		DKK 1,400 million	DKK 1,450 million	DKK 1,500 million
Result	DKK 1,358 million	DKK 1,435 million	DKK 1,421 million	DKK 1,492 million

Note: The target for 2017 was achieved.

Throughout the contract period, there was significant focus on obtaining external funds. The actual level of consumption of external research funds from Danish sources has, with marginal deviations, corresponded to the target figures set for 2015-2017.

7.2 Attracting external research funding from sources outside Denmark

	2014	2015	2016	2017
Target		DKK 220 million	DKK 230 million	DKK 240 million
Result	DKK 210 million	DKK 252 million	DKK 260 million	DKK 268 million

Note: The target for 2017 was achieved.

Throughout the contract period, there was significant focus on obtaining external funds. The actual level of funds obtained from foreign sources significantly exceeded the target figures fixed for 2015-2017.

8. Talent development

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

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

	2013	2015	2016	2017
Target		Maintain level relative to the national average	Maintain level relative to the national average	Maintain level relative to the national average
Result	92% (the national average)	92% (= 1% above the national average)	92% (= 2% above the national average)	90% (= 1% above the national average)

Note: The target has been achieved.

At the end of February 2018, the latest employment figures were received from the Ministry of Higher Education and Science. They are provisional and have not yet been published. In the Ministry of Higher Education and Science's statistics, the 2017 figures refer to the PhD production in 2015.

For Aarhus University, throughout the period there was an employment level which, despite a very high starting point, exceeded the national average for the university sector.

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

	2013	2015	2016	2017
Target		300	400	500
Result	244	335	380	429

Note: The target for 2017 was not achieved.

Throughout the duration of the contract, there has been considerable activity in this area, with positive development. From the starting year of 2013 until 2017, activity thus increased by 75%, compared to an expected increase of 123%. Despite the positive development, the objective has not been achieved, which is due to a number of factors: the study progress reform has made it difficult to attract the necessary number of students, there has been a delay in the establishment of new talent tracks, and finally, Aarhus University has awaited the evaluation of the Ministerial Order on Talent Activities and the adjustments of the area entailed by the evaluation.

9. Collaboration with society

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

9.1 The financial scope of partnership agreements with society

	2014	2015	2016	2017
Target		DKK 940 million	DKK 955 million	DKK 965 million
Result	DKK 937 million	DKK 961 million	DKK 954 million	DKK 936 million

Note: The target for 2017 was not achieved.

Throughout the contract period, there was significant activity in this area, and up to and including 2016, the level of activity has exceeded or corresponded to the target figures. The result for 2017, however, was negatively affected by the general savings in the framework contracts for public sector consultancy for the Ministry of Environment and Food, while the supplementary tasks did not have the same extent as before. The financial scope of the other cooperation agreements has maintained the level, with a slight increase, during the contract period.

9.2 Number of research contracts with businesses

	2013	2015	2016	2017
Target		420	440	460
Result	381	438	519	517

Note: The target for 2017 was achieved.

During the entire contract period, there was considerable activity in this area, so that the level of activity for all years has exceeded the fixed target figures for 2015-2017.

10. Increased regional knowledge-based collaboration

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

10.1. Students involved in projects with companies during their studies at AU Herning Campus

	2015	2016	2017
Target		60	80
Result	40	421	484

Note: The target for 2017 was achieved.

As stated in the 2016 annual report, the target figures have proved to underestimate the actual level of activity. In recent years, there has been increasing focus on students writing assignments in collaboration with a company during each semester, which means that virtually all Business Development Engineering (BDE) students at AU Herning Campus have an internship with a company, or write semester assignments or their Bachelor's project or Master's thesis in close collaboration with a company. The increasing number of BDE students has contributed further to the very positive results.

3. FINANCIAL STATEMENTS

3.1 ACCOUNTING POLICIES

Basis of accounting

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

The accounting policies have been applied consistently with previous years.

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

The annual report is presented in DKK '000.

Recognition and measurement in general

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

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 date of transaction. Gains and losses that arise due to differences between the rate on the transaction date and the rate on the payment date are recognised in the income statement as financial income or financial expenses.

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

Income taxes and deferred tax

The university is not subject to taxation.

Income

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

Costs

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

Financial items

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

Intangible assets

Finished development projects

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

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

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

Acquired concessions, patents, licences etc.

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

Property, plant and equipment

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

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

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

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

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

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

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

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

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

Non-current assets received as donations

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

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

Collections and works of art

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

Inventories

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

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

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

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

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

Receivables

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

Receivables from ongoing funding activities

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

Prepayments

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

Securities

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

Provisions

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

Long-term debt

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

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

Liabilities

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

Holiday pay payable

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

Accrued donations

As mentioned under property, plant and equipment, the value of 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 on a straight-line basis over the same period as the related property, plant and equipment are subject to depreciation, so that the net income statement is not affected by the depreciation recognised as costs.

Prepaid tied-up funds from ongoing funding activities

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

Other deferred income

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

Cash flow statement

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

3.2 INCOME STATEMENT 1 JANUARY – 31 DECEMBER

DKK '000			
Note	Income statement	FS 2017	FS 2016
	Ordinary operating income		
	Grants for own operation over the Danish Finance Act	4,145,646	4,110,400
	External funding	1,895,818	1,802,180
	Sales of goods and services	492,065	490,638
	Total ordinary operating income	6,533,529	6,403,218
	Ordinary operating costs		
	Consumption costs		
	Rent	663,217	676,707
	Other consumption costs	117,829	74,490
	Total consumption costs	781,046	751,197
	Staff costs	4,100,542	4,025,273
	Other ordinary operating costs	1,475,990	1,313,675
	Depreciation, amortisation and impairment losses	149,381	153,550
	Total ordinary operating costs	6,506,960	6,243,695
	Profit/loss from ordinary operating activities	26,569	159,523
	Other operating income	0	0
	Profit/loss before net financials	26,569	159,523
	Financial items		
	Financial income	55,136	58,344
	Financial expenses	14,108	18,063
	Profit/loss for the year	67,597	199,804

3.3 BALANCE SHEET AS AT 31 DECEMBER

DKK '000			FS 2017	FS 2016
Note	Assets			
	Non-current assets			
	Intangible assets			
	Finished development projects		0	0
	Acquired concessions, patents, licences etc.		2,675	2,153
3.6.2	Total intangible assets		2,675	2,153
	Property, plant and equipment			
	Land and buildings		569,598	538,877
	Plant and machinery		471,976	509,390
	Transport equipment		48,325	51,764
	Equipment and IT equipment		35,882	41,816
	Property, plant and equipment under construction		42,221	23,968
3.6.3	Total property, plant and equipment		1,168,002	1,165,815
	Total non-current assets		1,170,677	1,167,968
	Current assets			
	Inventories		8,393	7,699
	Trade receivables		151,731	172,326
	Receivables from ongoing funding activities		690,188	750,899
	Other receivables		96,141	85,250
	Prepayments		8,391	13,362
	Securities		1,941,634	1,632,435
	Cash		252,624	324,812
	Total current assets		3,149,103	2,986,783
	Total assets		4,319,780	4,154,751

DKK '000			FS 2017	FS 2016
Note	Liabilities and equity			
	Total equity		914,925	847,328
3.6.4	Total provisions		34,538	37,191
3.6.5	Mortgage debt		21,018	23,134
3.6.6	Accrued donations		370,292	378,686
	Total long-term debt		391,310	401,820
	Short-term debt			
	Trade payables		366,666	304,957
	Holiday pay payable		570,733	553,898
	Other payables		133,554	166,431
	Prepaid tied-up funds from ongoing funding activities		1,497,241	1,448,718
3.6.7	Other deferred income		410,813	394,409
	Total short-term debt		2,979,007	2,868,412
	Total liabilities and equity		4,319,780	4,154,751

3.4 STATEMENT OF CHANGES IN EQUITY

DKK '000	Total equity
Equity according to the 2016 annual reports	847,328
Profit/loss for the year	67,597
Total equity as at 31 December 2017	914,925

3.5 CASH FLOW STATEMENT

DKK '000	FS 2017	FS 2016
Profit/loss for the year	67,597	199,804
Reversal of items with no cash effect:		
Depreciation, amortisation and impairment losses on non-current assets, including profits from disposals	149,381	153,550
Donations recognised as income during the year	-55,547	-57,843
Changes in provisions	-2,653	9,472
Changes in receivables etc.	74,692	3,171
Changes in short-term debt	110,594	225,242
Cash flow from operating activities	344,064	533,396
Purchase of intangible assets	-1,735	-216
Purchase of property, plant and equipment	-150,948	-85,165
Disposal of non-current assets	593	2,828
Cash flow from investing activities	152,090	-82,553
Addition of donation obligation	47,153	21,092
Repayment of long-term debt	-2,116	-1,929
Cash flow from financing activities	45,037	19,163
Change in cash	237,011	470,006
Total securities and cash as at 1 January	1,957,248	1,487,242
Total securities and cash as at 31 December	2,194,259	1,957,248

3.6 NOTES TO THE FINANCIAL STATEMENTS

Note 3.6.1 Staff consumption

	2013	2014	2015	2016	2017
Full-time equivalents	8,217	8,028	7,866	7,853	7,825

Note 3.6.2 Intangible assets

DKK '000	Completed devel- opment projects	Acquired con- cessions, patents, licences etc.	Intangible assets under construction	Total
Cost as at 1.1.2017	943	9,945	216	11,104
Reclassification	-221	217		-4
Additions	0	1,735	0	1,735
Transferred to work in progress	0	216	-216	0
Disposals	-722	-1,906	0	-2,628
Cost as at 31.12.2017	0	10,207	0	10,207
Depreciation as at 1.1.2017	943	8,008	0	8,951
Reclassification	-221			-221
Amortisation for the year	0	1,430	0	1,430
Depreciation of sold assets	-722	-1,906	0	-2,628
Depreciation as at 31.12.2017	0	7,532	0	7,532
Carrying amount	0	2,675	0	2,675
Amortisation period/year	20	3		

Out of the total carrying amount of TDKK 2,675, TDKK 366 is financed by donations, cf. note 3.6.6.

Note 3.6.3 Property plant and equipment

DKK '000	Land and buil- dings	Plant and ma- chinery	Transport equip- ment	Equipment and IT equipment	Property, plant and equipment under construction	Total
Cost as at 1.1.2017	679,387	1,425,268	96,896	234,183	23,969	2,459,703
Reclassification	14,788	221				15,009
Additions	53,915	43,763	1,340	20,530	31,401	150,949
Transferred to work in progress	0	13,423	-301	26	-13,148	0
Disposals	-6,401	-42,665	-1,872	-7,390		-58,328
Cost as at 31.12.2017	741,689	1,440,010	96,063	247,349	42,222	2,567,333
Depreciation as at 1.1.2017	140,510	915,879	45,131	192,367	0	1,293,887
Reclassification	14,788	439				15,227
Amortisation for the year	22,088	92,636	-4,479	26,491	0	145,694
Depreciation of sold assets	-5,294	-40,920	-1,872	-7,390	0	-55,476
Depreciation as at 31.12.2017	172,092	968,034	47,738	211,468	0	1,399,332
Carrying amount	569,597	471,976	48,325	35,881	42,222	1,168,001
Amortisation period/years	10-50 years	5-20 years	5-30 years	3 years		

Out of the total carrying amount of TDKK 1,168,001, TDKK 369,924 was financed by donations, cf. note 3.6.6.

Public assessment of land and buildings, see the most recent assessments for 2016

Building value	415,835
Land value	73,066
Total public assessment	488,901
Property for which no separate public assessment has been made. Carrying amount	3,700

Note 3.6.4 Provisions

DKK '000	FS 2017	FS 2016
Re-establishment commitments re leasehold improvements	3,925	3,926
Limited tenures, mutually agreed departures etc.	12,270	14,832
Compensation	0	0
Project provisions	1,405	3,133
Other provisions	16,938	15,300
Total provisions	34,538	37,191

Note 3.6.5 Mortgage debt

DKK '000	FS 2017	FS 2016
Long-term debt is repaid over the following periods		
Within one year	2,115	2,115
Between one and five years	8,493	8,478
After five years	10,410	12,540
Total mortgage debt	21,018	23,133

Loan in HIH property of TDKK 21,018 is expected to be paid off on the transfer of property to the Danish Building and Property Agency in 2018.

Note 3.6.6 Accrued donations

Distribution of accrued donations on asset types:

DKK '000	Acquired concessions, patents, licences etc.	Land and buildings	Plant and machinery	Transport equipment	Equipment and IT equipment	Non-current assets under construction	Total
Accrued donations 1.1.2017	830	44,467	292,784	28,489	4,061	8,054	378,685
Correction	0	0	0	0	0		0
Transfer	0	0	-18,297	-1,333	1,855	17,775	0
Donations received	0	482	45,457	173	1,302	0	47,414
Donations recognised as income	-464	-1,170	-48,857	-1,095	-3,962	0	-55,548
Donations disposed of	0	0	-261	0	0	0	-261
Accrued donations 31.12.2017	366	43,779	270,826	26,234	3,256	25,829	370,290

Accrued donations are recognised as income in the following periods:

Within one year	50,366
Between one and five years	140,900
After five years	179,024
Total accrued donations as at 31.12.2017	370,290

Note 3.6.7 Other prepayments

DKK '000	FS 2017	FS 2016
Prepayment of grants 2017 from the Ministry of Higher Education and Science	347,121	332,439
Other prepayments	63,692	61,970
Total other prepayments	410,813	394,409

Note 3.6.8 Use of funds for free places and scholarships in the period 1 September 2016 – 31 August 2017.

DKK '000				
<i>Consumption</i>				
	Number of students enrolled on fully or partly free places	Number of scholarship recipients	Use of free places (DKK)	Use of scholarships (DKK)
Rate 1	73	44	1,695	4,351
Rate 2	1	1	780	126
Rate 3	31	18	2,079	1,736
Total	105	63	4,554	6,213

Financial statements

Year	Transferred from the Danish Agency for Institutions and Educational Grants (SIU) (DKK)	Retained earnings from international fee-paying students (DKK)	Consumption in the financial year (DKK)	Result (DKK)
2014	10,268		13,207	-2,939
2015	10,086		14,180	-4,094
2016	9,756	246	11,352	-973
2017	9,526	179	10,492	-787

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

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

*Consumption in the financial years solely covers scholarship payments. In addition, there was consumption of TDKK 845 in 2017.

The seven fellows who were enrolled in 2016 are affiliated with the Innovation Fund Denmark projects Future Cropping and NEXT, both of which are community partnerships.

The affiliation with a company is established in the second year of study. The 11 persons enrolled in 2017 have not yet reached their second year of study.

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

DKK '000	FS 2017	FS 2016
Student sports activities and other student activities		
Student sports activities	898	935
Other student activities	6	16
Total student activities	903	951
Student political activities		
Student Council/Studerterlauget/Joint Student Council	1,177	1,208
Konservative Studenter	46	47
Frit Forum	144	147
Total student political activities	1,367	1,402
Total	2,270	2,353

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

Aarhus University engages in cooperation of a non-commercial nature with the Aarhus University Research Foundation, Incuba Science Park, CAPNOVA, Agro Business Park, Agro Food Park, the Danish University Extension, Constructive Institute, Studenterhus Aarhus, the Centre for Business Research, the Danish Society for Nature Conservation, the Danish Consumer Council, the Danish Animal Welfare Society and the Danish Hunters' Association. The university cooperates with and subsidises the self-governing institution Sandbjerg Estate, the Studenterhusfonden foundation, 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	205,716
Between one and five years	400,463
After five years	1,239,580
Total rental commitments	1,845,759

Note 3.6.13 Contingent assets

The university has a full or partial right to certain inventions and patents. The value of these patents and inventions is uncertain, and there is no sufficient basis for recognition.

Note 3.6.14 Contingent liabilities

Some employees have civil servant status, which means that Aarhus University is obliged to provide redundancy pay for up to 36 months if they are dismissed. The total maximum liability is TDKK 64,614. The pension liability for civil servants has been covered by the ongoing payment of pension contributions to pension funds.

In respect of paid 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 established.

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

If the university chooses to discontinue the Institute of Business and Technology in Herning (AU Herning) or to discontinue the programmes offered at the centre, the Ministry of Higher Education and Science will be entitled to an amount of TDKK 52,499, equivalent to the net transfer price at the time of the centre's amalgamation with the university on 1 January 2006, adjusted according to specific guidelines, including the difference in the market value of the buildings and the carrying amount. Partial discontinuation of the programmes would mean that the Ministry of Higher Education and Science would have a pro rata claim. The Ministry of Higher Education and Science may approve changes made to the programmes covered by the amalgamation on 1 January 2006, without the university being fully or partly liable to pay the adjusted net transfer price to the Ministry of Higher Education and Science.

Aarhus University has furnished a guarantee of TDKK 1,722 to the Danish Agency for Higher Education in connection with the conclusion of a contract on 'Det Regionale Studievalg for Østjylland' (the regional education and career guidance centre in Eastern Jutland). The guarantee is valid until 1 November 2018.

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

Note 3.6.15 Charges

Mortgage debt of TDKK 21,018 is secured by way of mortgages on the university's properties with a carrying amount as at 31 December 2017 of TDKK 57,108.

Note 3.6.16 Equity investments

DKK '000				
Aarhus University has ownership interests in the following companies:	Investment and acquisition			
Company	2017	Accumulated	Total company share capital (nominal amount in DKK)	AU's ownership share in %
SIMHERD A/S		145	500	29.00
TEGNOLOGY ApS		34	267	12.90
Pleuratech ApS		5	125	3.84
Cercare Medical ApS		2	279	0.86
Brincker Dynamics ApS		8	80	10.00
Methyl Detect		13	50	25.40

Equity investments are recognised in the financial statements at DKK 0. The university had no income or expenses in 2017 relating to the aforementioned companies following their formation.

Note 3.6.17 Overview of accumulated result for income-generating activities

DKK '000	2014	2015	2016	2017
Income	120,645	133,372	132,222	145,622
Direct and indirect costs	108,505	126,827	126,788	134,498
Result	12,140	6,545	5,434	11,125
Accumulated results as from 2007*)	86,709	93,254	98,688	109,812

*) Aggregate result includes the results from 2007 onwards. The source of the information for 2007 is the merged institutions' individual annual reports. The National Environmental Research Institute (NERI) had one divisional financial statement in 2007. Consequently, the figures for 2007 do not include any revenue from income-generating activities in the National Environmental Research Institute.

4. APPENDICES

4.1 OVERVIEW OF ACTIVITY TYPES (DIVISIONAL FINANCIAL STATEMENTS)

DKK '000	All divisional financial statements	DFS 1: General activities	DFS 2: Income-generating activities	DFS 3: Forensic medicine	DFS 4: Grant-financed research	DFS 5: Other grant-financed activities	DFS 6: Education research
Income							
Finance Act grants	4,145,646	4,145,490					156
External funding	1,895,818	-230			1,758,719	137,328	
Sales and other operating income	492,065	296,653	145,622	46,195	1,207	2,364	23
Internal contributions		504		-504			
Total income	6,533,529	4,442,418	145,622	45,691	1,759,927	139,693	178
Costs							
Wages and salaries	4,100,542	3,025,163	58,153	22,209	957,697	36,916	404
Rent	663,217	652,519	233	5,320	4,543	603	
Other operating costs	1,593,819	660,931	75,941	14,560	741,590	101,022	-225
Depreciation and amortisation	149,381	89,810	171	3,589	55,795	17	
Total costs	6,506,960	4,428,422	134,498	45,677	1,759,626	138,558	178
Profit/loss from ordinary operating activities	26,569	13,995	11,125	13	301	1,135	0
Financial income	55,135	55,135					
Financial expenses	14,108	14,082	20		-10	17	
Net financials	41,027	41,053	-20		10	-17	
Profit/loss for the year	67,596	55,049	11,105	13	311	1,118	0

4.2 FINANCIAL AND OPERATING DATA

No.	Financial and operating data	FS 2017	FS 2016
	Income, DKKm		
1	Education	1,952	1,980
2	Research	2,037	2,012
3	External funding	2,091	1,988
4	Research-based public-sector consultancy services	184	189
5	Basic grants	85	39
6	Other income	225	235
	Costs in DKKm broken down by purpose		
7	Research*	3,320	3,159
8	Education*	2,203	2,111
9	Research dissemination and knowledge exchange*	251	277
10	Research-based public-sector consultancy*	412	369
11	General management, administration and service	286	298
	Staff (full-time equivalents)		
12	Academic staff	3,902	3,918
13	Part-time academic staff	397	436
14	Technical and administrative staff	3,526	3,499
	Balance sheet		
15	Equity, DKKm	915	847
16	Balance sheet, DKKm	4,320	4,155
17	Buildings, total (gross area in sq. m.)	695,132	675,216
	Activity and production information		
	Students		
18	Number of admissions to Bachelor's degree programmes	6,989	7,219
19	Number of admissions to Master's degree programmes	5,767	5,846
20	Number of students enrolled as at 1 October	33,120	34,497
21	Student FTEs	26,842	26,867
	Graduates		
22	Number of Bachelor's degree graduates	4,368	4,914
23	Number of Master's degree graduates	5,917	6,072
	Open and part-time degree programmes		
24	Number of active full-time equivalents	1,142	1,211
25	Number of professional Master's and diploma degree programme graduates	713	701
	Internationalisation		
26	Number of outgoing students (exchange students)	1,748	2,021
27	Number of incoming students (exchange students)	1,055	1,004
28	Number of foreign exchange students on full programmes in Denmark	2,913	2,959
	PhD programmes		
29	Number of PhD students enrolled	1,798	1,781
30	PhD student intake (new PhD students)	507	473
31	No. of approved PhD dissertations	452	497
	Research and dissemination results		
32	Number of publications (bibliometric indicator)	5,823	5,709
33	Reported patents	19	17
34	Reported inventions	54	71
35	Number of projects with the business community	2,358	2,600
36	Number of external projects	4,720	5,008
37	Income from cooperation with the business community, DKKm	574	494

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

5. SINO-DANISH CENTER FOR EDUCATION AND RESEARCH

In 2017, the Danish-Chinese university cooperation developed and strengthened its activities within education and research. There was particular focus on recruitment of students, the continued involvement of all eight Danish universities, the optimisation of the research and education portfolio and the relocation of activities from the Zhongguancun campus in Beijing to the Yanqihu campus in Huairou, north of Beijing.

SDC INAUGURATES NEW HOME

The House of the Danish Industry Foundation at the University of Chinese Academy of Sciences' Yanqihu campus north of Beijing was inaugurated on 25 September, attended by His Royal Highness Crown Prince Frederik, Minister for Higher Education and Science Søren Pind, Denmark's ambassador to China A. Carsten Damsgaard, representatives from the Danish universities, Vice-President of the People's Congress' National Standing Committee Zhang Baowen and President of the Chinese Academy of Sciences Bai Chunli.

The 11,000-sq.m. building enables SDC to gather all teaching and administration under one roof. During 2017, the building was the venue for a large number of symposia, student activities, PhD courses and visits from, among others, the Danish Foreign Policy Committee and a delegation of EU member states' research attachés. It is expected that the official handover of the building to SDC will take place in the first half of 2018.

A NEW RESEARCH THEME FINDS ITS WAY TO SDC

In autumn 2017, SDC launched the new research area of 'Food and Health', which is based on the strengths of Denmark and China in the fields of food safety, nutrition and marketing, supply chain management and economic food production. SDC expects to offer a Master's degree in this area and to enrol the first students in 2019. The creation of the new research area means that SDC now spans six social sciences and natural sciences research areas.

MANAGEMENT

In October 2017, Professor Philip John Binning of the Technical University of Denmark (DTU) joined the Danish board of SDC. Philip John Binning is dean of Master's and PhD programmes, as well as internationalisation, at DTU and replaces Professor Martin Bendsøe as DTU's representative on the board.

After three years as Danish director of SDC, Lauritz B. Holm-Nielsen took his retirement in 2017. The Danish board engaged deputy director Morten Laugesen as new Danish SDC director as from 1 December 2017. Morten Laugesen has been employed by SDC since 2009 and previously served as acting director. He will continue to be based at the SDC secretariat at Aarhus University, with frequent visits to China.

RESEARCHERS AND STUDENTS

27 PhD programmes were launched in 2017, with the support of the Danish side of SDC. Most of the PhD students contribute teaching under the Master's programmes. In 2017, the Danish side has also begun to co-finance postdoc scholarships, and the first eight postdoc programmes have commenced. The postdoc scholarship holders also contribute to teaching the Master's programmes.

In the course of the year, around 200 researchers from the Danish universities have researched and/or taught in China under SDC auspices, thereby continuing to help to strengthen cooperation and mobility among Danish and Chinese researchers.

Since 2014, 395 Danish, Chinese and international students have completed a Master's degree programme at SDC, and in 2017, 46 students were admitted to one of the seven Master's degree programmes via the Danish universities. An additional 11 have been admitted as exchange students on one of SDC's Master's degree programmes.

SINO-DANISH CENTER FOR EDUCATION AND RESEARCH
 INCOME STATEMENT 1 JANUARY – 31 DECEMBER 2017
 BALANCE SHEET AS AT 31 DECEMBER 2017

DKK '000			
Note	Income statement	FS2017	FS2016
	Ordinary operating income		
1	Grants for own operation over the Danish Finance Act	30,573	41,241
	External funding	28,900	28,600
	Total ordinary operating income	59,473	69,841
	Subsidies transferred to Danish universities	43,065	45,108
	Subsidies transferred to China	0	0
	Total funds transferred	43,065	45,108
	Ordinary operating costs		
	Consumption costs		
	Rent	443	569
	Other consumption costs	83	54
	Total consumption costs	526	623
	Staff costs	7,105	6,170
2	Other ordinary operating costs	15,437	2,497
	Total ordinary operating costs	66,133	54,398
	Profit/loss for the year	-6,660	15,443

Balance sheet			
Assets			
	Balance, AU	69,053	75,713
	Total assets	69,053	75,713
Liabilities and equity			
	Balance, end of 2016	75,713	60,270
	Funds paid by partners 2017	59,473	69,841
	Use of funds paid by partners 2017	-66,133	-54,398
	Funds available for future activities, end of 2017	69,053	75,713
	Total liabilities and equity	69,053	75,713

Note 1: Including grants of TDKK 900 in 2017 and TDKK 8,000 in 2016 for the purchase of furniture and fittings for the House of the Danish Industry Foundation in Beijing.

Note 2: Of which the purchase of furniture and fittings for the House of the Danish Industry Foundation in Beijing for TDKK 8,778 in 2017.

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

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