

ANNUAL REPORT 2019



AARHUS UNIVERSITY



CONTENTS

1. Statement by the management and auditors' report.....	3
1.1 Statement by the management on the annual report.....	3
1.2 Independent auditors' report	4
2. Report	6
2.1.1 Management.....	6
2.1.2 Strategic overview	7
2.1.3 Key figures.....	9
2.2 Management's report.....	10
2.3 Financial review	17
2.3.1 Quality grant.....	21
2.4 Performance reporting.....	23
2.5 Outlook for 2020.....	26
3. Financial statements	27
3.1 Accounting policie.....	27
3.2 Income statement 1 January - 31 December.....	30
3.3 Balance sheet as at 31 December	31
3.4 Statement of changes in equity.....	32
3.5 Cash flow statement.....	32
3.6 Notes to the financial statements	32
4. Appendices.....	38
4.1 Overview of activity types (divisional financial statements).....	38
4.2 Financial highlights	39
5. Sino-Danish Center for Education and Research (SDC).....	40
Colophon	42

1. STATEMENT BY THE MANAGEMENT AND AUDITORS' REPORT

1.1 STATEMENT BY THE MANAGEMENT ON THE ANNUAL REPORT

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

The annual report has been prepared in accordance with guidelines from the Danish Ministry of Finance and Danish Ministerial Order no. 116 of 19 February 2018 on State Accounting, the Ministry of Finance's Economic Administrative Guidelines, and Danish Ministerial Order no. 870 of 26 August 2019 on the Funding and Auditing etc. of Universities.

Aarhus, 1 April 2020

It is hereby confirmed:

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



Brian Bech Nielsen
Rector



Arnold Boon
University director



Berit Eika
Pro-rector

BOARD



Connie Hedegaard
Chair



Steen Riisgaard
Substitute



Caroline Søbørg Ahlefeldt



Peter Balling



Anne Skorkjær Binderkrantz



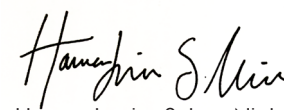
Jørgen Carlsen



Jens Peter Christensen



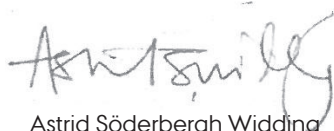
Uffe Pilegård Larsen



Hanna-Louise Schou Nielsen



Ditte Marie Thomsen



Astrid Söderbergh Widding

1.2 INDEPENDENT AUDITORS' REPORT

To the board of Aarhus University

Auditor's report on the financial statements

Opinion

We have audited the financial statements of Aarhus University for the financial year 1 January - 31 December 2019. The financial statements comprise the accounting policies, income statement, balance sheet, cash flow statement and notes 1-17. The financial statements have been prepared in accordance with Ministerial Order no. 116 of 19 February 2018 on State Accounting, the Ministry of Finance's Economic Administrative Guidelines, and Ministerial Order no. 870 of 26 August 2019 on the Funding and Auditing etc. of Universities (hereinafter referred to as the 'government accounting rules').

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

Basis of opinion

We conducted our audit in accordance with international auditing standards and the additional requirements applicable in Denmark, as well as generally accepted public auditing standards, whereby the audit is performed on the basis of Ministerial Order no. 870 of 26 August 2019 on the Funding and Auditing etc. of Universities. Our responsibility according to these standards and requirements is described in more detail in the auditor's report, in the section 'The auditor's responsibility for the audit of the financial statements'. We are independent of the university in accordance with IESBA's international ethics standards for accountants and the additional requirements applicable in Denmark, just as we have fulfilled our other ethical obligations under these rules and requirements. In our opinion, the audit evidence obtained is sufficient and provides a suitable basis for our opinion.

Management's responsibility for the financial statements

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

In connection with the preparation of the financial statements, the management is responsible for assessing the university's ability to continue as a going concern; for providing information on matters relating to its continued operations, where relevant; and for preparing financial statements based on a going concern principle, unless the management either intends to liquidate the university or to cease operations, or has no realistic alternative but to do so.

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

Our goal is to obtain reasonable assurance that the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report with an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit performed in accordance with international standards on auditing and the additional requirements applicable in Denmark, as well as generally accepted public auditing standards, cf. Ministerial Order no. 870 of 26 August 2019 on the Funding and Auditing etc. of Universities, will always identify material misstatements, when they exist. Misstatements can arise from fraud or error, and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

As part of an audit performed in accordance with international standards on auditing and the additional requirements applicable in Denmark, as well as generally accepted public auditing standards, cf. Ministerial Order no. 870 of 26 August 2019 on the Funding and Auditing etc. of Universities, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

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

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

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

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

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

Our responsibility is furthermore to consider whether the management's report and performance reporting contain the information required in accordance with the government accounting rules.

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

Report on other legal and regulatory requirements

Statement on compliance audit and performance audit

Management is responsible for ensuring that the transactions covered by the financial reporting are consistent with the reported appropriations, legislation and other provisions as well as agreements made and general practice; and that due financial consideration has been given to the administration of the funds and the operations which are covered by the financial statements. In this respect, management is responsible for establishing systems and processes that support economy, productivity and efficiency.

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

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

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

Aarhus, 1 April 2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR no. 33 77 12 31



Claus Lindholm Jacobsen
State-Authorised Public Accountant
mne23338



Henrik Kragh
State-Authorised Public Accountant
mne26783

2. REPORT

2.1.1 MANAGEMENT

The university	Aarhus University, Nordre Ringgade 1, DK-8000 Aarhus C
Registered in	City of Aarhus, CVR no.: 31119103
Board 2019	Connie Hedegaard, chair Peder Tuborgh, vice-chair (until 31 January 2019) Steen Riisgaard, substitute from 1 February 2019 Caroline Søeborg Ahlefeldt (from 1 February 2019) Susanne Bødker, employee representative (academic staff) Jørgen Carlsen (from 1 February 2019) Jens Peter Christensen Michael Bohn Faldborg, student representative (until 31 January 2019) Peter Tang Knudsen, student representative (from 1 August 2019) Anna Louise Dolan Plaskett, employee representative (technical/administrative staff) Søren Pold, employee representative (academic staff) Karoline Poulsen, student representative (from 1 February 2019 until 31 July 2019) Ditte Marie Thomsen, student representative (from 1 February 2019) Line Dam Westengaard, student representative (until 31 January 2019) Astrid Söderbergh Widding Gitte Ørskou (until 31 January 2019)
Management 2019	Brian Bech Nielsen, rector Berit Eika, pro-rector Arnold Boon, university director Johnny Laursen, dean (Arts) Thomas Pallesen, dean (Business and Social Sciences) Lars Bo Nielsen, dean (Health) Niels Christian Nielsen, dean (Science and Technology) (until 15 February 2019) Lars Henrik Andersen, acting dean (Science and Technology) (from 16 February 2019)
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 is a strong university that is internationally recognised for the high quality of its research, research-based degree programmes and public sector government consultancy, in addition to value-creating collaboration with private businesses, public sector institutions and civil society. The curiosity-driven creation of knowledge rooted in strong disciplines to the benefit of society has been the university's reason for existing since its founding in 1928.

Aarhus University's academic portfolio is broad-ranging, from the classic university disciplines of the humanities, natural sciences, social sciences, health sciences and theology to business and engineering, educational theory and practice and the environmental and agricultural sciences. This breadth gives the university a unique opportunity to combine strong disciplines in the creation of research breakthroughs, and to establish close collaboration with many sectors to the benefit of society as a whole.

Research is the foundation of Aarhus University's vocation, including what is perhaps the university's most important task: to educate students and to give them access to new knowledge through research-based degree programmes that also develop their characters, creativity, independence and cooperation skills. In the eyes of the university, its students and graduates are the most important bearers of the university's knowledge. For this reason, it is important that they – along with the university's academic staff – take responsibility for bringing their knowledge into play and in this way contribute to a sustainable society and an informed democracy. The university has a broad understanding of sustainability and subscribes to global work on the UN Sustainable Development Goals.

In Strategy 2025, Aarhus University describes its vision, mission and fundamental values. While the vision is in line with the university's existing strategic course, it also sets new and higher goals for academic development and the scope of national and international collaboration. The university's goal is to strengthen its position among leading research-intensive universities while also creating decisive value for the individual and for society as a whole.

The realisation of the vision through concrete actions will create results that will enhance the university's international reputation and impact on society.

Strategy 2025 can only succeed if the university is an attractive place to work that continually develops the quality of the work and study environment. The university's ambition is to be an inspiring framework for all staff and students. To succeed in this, the university must ensure that opportunities and development are available to all, as well as ensuring staff and student involvement and visible, accessible leadership.

AARHUS UNIVERSITY'S VISION

Aarhus University's vision is to be a research-intensive university that aspires to the highest international quality and excels in creating value through knowledge, new insights and collaboration, in addition to facilitating connections between Denmark and the world. Aarhus University's vision for 2025 will be realised through a focus on the following strategic commitments:

- Generating knowledge and research breakthroughs through free, independent research of the highest international quality
- Research-based degree programmes of the highest international quality
- Performing impartial public sector consultancy services of the highest international quality
- Encouraging the university's students, graduates and researchers to bring their knowledge into play in order to shape the society of the future
- Contributing to international collaboration, global engagement and the solution of major societal challenges through interdisciplinary research collaboration
- Generating innovation in established public and private sector companies and startups through collaboration, both internally and with external partners
- Intensifying the exchange of talents and knowledge, locally, nationally and globally.

The vision demands that the university applies its academic strength and breadth and its international position to the creation of value for society, both in Denmark and internationally. In the context of this strategy, value must be understood in a broad sense, as including the social, economic and cultural development of society as a whole. Thus value cannot be construed solely as a question of contributing to economic growth, since the university's role is also to develop critical, constructive dialogue and to frame human existence within a larger context, as well as to contribute to democratic development and a sustainable future.

Democracy and sustainability are central themes in the university's vision for 2025. One of the university's tasks is to contribute to a democracy in which opinions are debated and decisions are made on an informed basis and on the background of the latest knowledge. One of the greatest challenges facing society is the transition to sustainable development. Here the university's task is to contribute solutions through research, education and collaboration. The ongoing digital transformation will also have decisive impact on society in coming years. Here as well, the university must contribute both to driving development and studying its effects on society.

New advances and breakthroughs in knowledge are created both within individual disciplines and in the encounter between them. In recognition of this, the university will both attract international researchers and cultivate its own research staff, whether established researchers, promising junior researchers or talented PhD students.

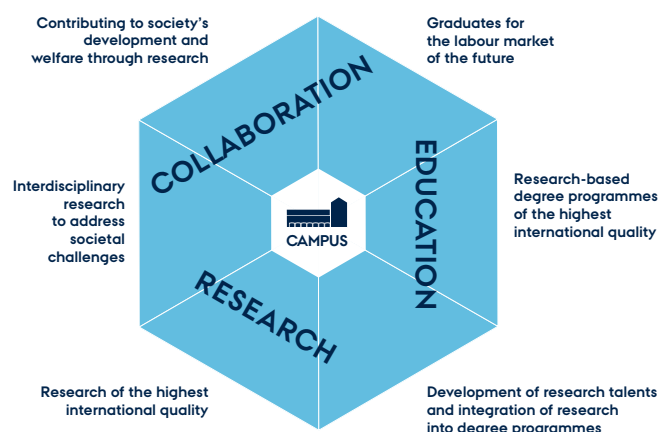
The university is one of the cornerstones of society, and its students, graduates and researchers help shape the society of the future through the knowledge they bring into play, from popular research communication to the general public to research-based public sector consultancy and researchers' participation in government commissions and councils.

Collaboration is absolutely central to this strategy. Specifically, the university's goal is to strengthen collaboration: across disciplines; with the private sector and public sector institutions; and in promoting innovation. In this way, the university can increase the value of its contribution to society while at the same time maintaining its position at the vanguard of the needs of the society of the future.

What drives Aarhus University's international collaboration is the vision of working to connect Denmark to the global society through the university's activities. With their strong tradition for international collaboration, the universities have a special responsibility to take the lead at a time in which international collaboration is facing political challenges, and in which the need to work together to find solutions to global societal challenges is greater than ever. Thus the university wants to work to promote an increased global exchange of knowledge and talent.

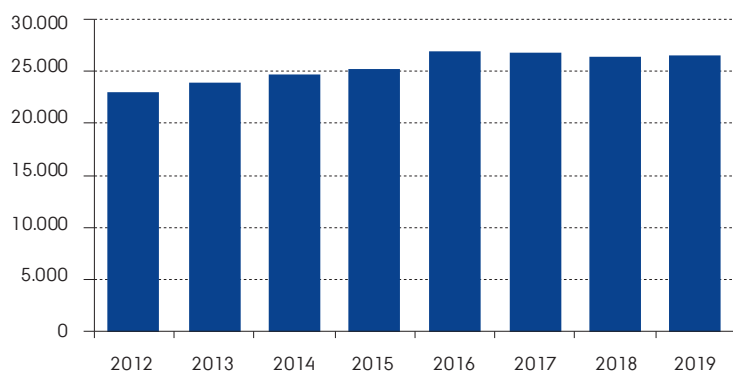
This vision centres on vibrant campuses where students, staff and external partners meet and work closely together. The university's main campus in Aarhus is already recognised internationally for its distinctive architecture and urban location. In the coming years, the university will develop and rethink both its main and satellite campuses, developing them into even more vibrant, engaging and innovative environments for study and research that are operated and developed sustainably. The university's vision for its own sustainable operations and development is described in its climate strategy, which supports the overall vision for 2025.

The vision for Strategy 2025 is thus a manifestation of Aarhus University as a research-intensive university that aspires to the highest international quality and excels in creating value through knowledge, new insights and collaboration. At the same time, the vision emphasises the university's international commitment to bridging between Denmark and the international community. The six core activities of Aarhus University are defined in the university's mission in the strategy, and are illustrated in the figure below.

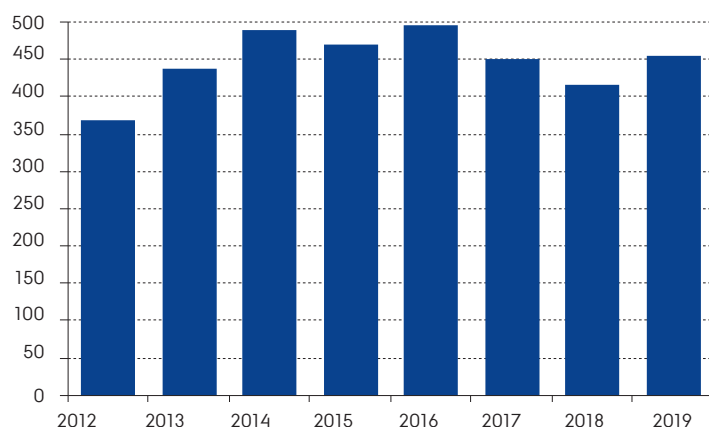


The core activities are categorised under the three main headings research, education and collaboration, and they all include specific strategic goals, sub-goals and initiatives to support the overall goal of ensuring the highest international quality within the core activities.

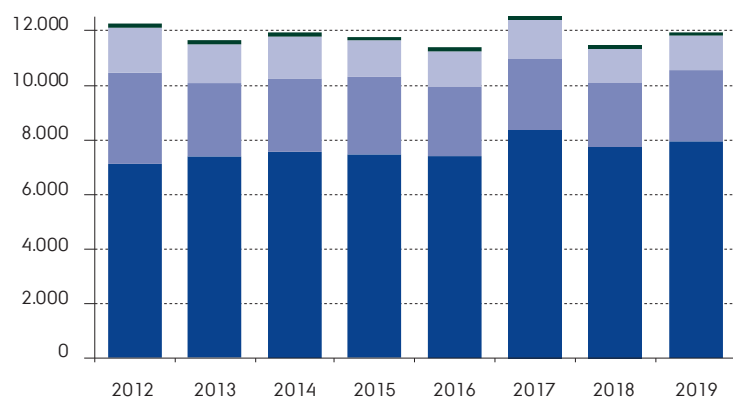
2.1.3 KEY FIGURES



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

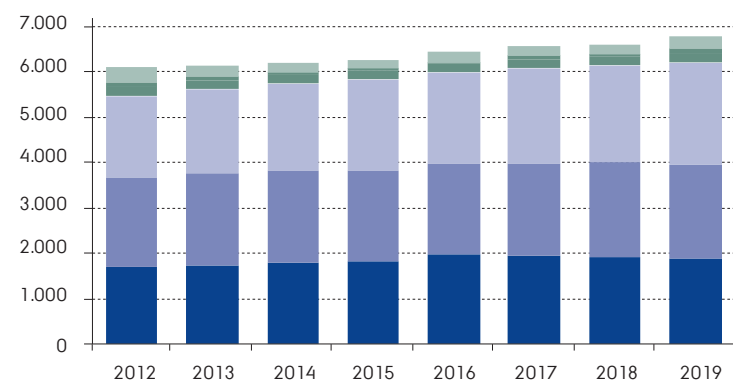


PhD degrees awarded



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, DKKm, in prices
for the year**

- Other income
- Other government subsidies
- External funding
- Research
- Education

2.2 MANAGEMENT'S REPORT

Looking at developments in central key figures and overall operations, 2019 was a good year for Aarhus University, with progress in key areas. However, 2019 was also affected by essential discussions on research integrity and freedom of research, triggered by the so-called beef case, see below. Major academic achievements as well as a satisfactory financial result for the university have been realised. Finally, work has been conducted to develop the university's new strategy to support efforts to further strengthen the university's research, education and collaboration with external parties.

Aarhus University's Strategy 2025 was adopted on 13 December 2019 by the board of Aarhus University. Strategy 2025 sets the course for the university's development, continuing the existing academic development while setting new, ambitious goals. Thus, the strategy reflects the university's historical identity and a clear awareness of the university's continued commitment to an ever changing society. The university's objectives to better address the needs of the labour market for qualified and highly specialised labour and to forge a higher degree of interaction, particularly with the private sector, are key to the strategy, along with new and more ambitious goals within sustainability, interdisciplinary collaboration, diversity and the university's co-responsibility to contribute to a knowledge-based democracy. Furthermore, the university's existing strategic initiatives in engineering and digitalisation, the business area and Arts, as well as the business initiative, are included in the strategy.

Strategy 2025 was the result of thorough preparation over a period of eighteen months, comprising external as well as internal analyses of the university's starting point, identification of clear goals and a consultation process among the university's staff and students. The consultation led to a number of significant changes to the draft strategy, thus providing valuable input to the final strategy. The implementation of Strategy 2025 was prepared in 2019 and will be monitored by the university board and the senior management team on an ongoing basis. During the follow-up, the university will be able to address any changes in societal needs and framework conditions.

In December 2018, the board decided that Aarhus University was to have a climate strategy. The strategy will help to ensure that the university reduces its climate footprint and promotes sustainable development in its operations. Development of the strategy has been driven by work groups, networks and seminars. At the final meeting of the university board for the year, a draft focused climate strategy with ambitious goals was presented, according to which the university will help to achieve the government's

70 per cent target and the objective of the Paris Agreement to reduce anthropogenic warming. The draft strategy has four focus areas with measurable reductions of the university's carbon emissions from buildings, transport and procurement, as well as better waste separation as an environmental measure. The draft climate strategy has been submitted for consultation at the university, and a final proposal will be presented to the board for adoption in April 2020.

In 2018, Aarhus University carried out a major investigation of freedom of research at the university. Freedom of research is a fundamental prerequisite for Aarhus University's activities, which means that the research results produced and reported by the university's researchers may not be influenced by inappropriate considerations or pressure from external or internal stakeholders. The investigation was conducted by an external consultancy firm, and it showed that 16 per cent of respondents had felt pressured to modify, postpone or refrain from publication of their research results. Based on the investigation, in 2019, the senior management team, together with the academic councils, implemented several initiatives, including drawing up recommendations for handling the pressure on freedom of research; strengthening the competence of the research advisers at each faculty who researchers can contact anonymously; and establishing a central committee to deal with breaches of freedom of research. Management responsibility was also emphasised.

In the summer of 2019, research integrity and freedom of research attracted considerable media attention, as well as political attention and internal attention at Aarhus University because of a report on the climate impact of beef in relation to nutrition, published by the Danish Centre for Food and Agriculture (DCA) under Science and Technology. The report did not live up to Aarhus University's guidelines for integrity in research and research communication, and consequently, the university withdrew the report. The senior management team took a stern view of the case and submitted a statement to the Minister for Higher Education and Science to account for the case. Subsequently, the senior management team conducted an internal investigation revealing similar shortcomings in disclosing the involvement of external parties in a number of related reports from the DCA. Consequently, errata slips with the required disclosure were inserted in the reports. Moreover, the senior management team took the initiative to develop a simpler, general set of basic rules for the university's collaborative projects with external partners, and in the future, regular courses/workshops on research integrity will be held for all researchers at Aarhus University to establish an ongoing dialogue about the practical and fundamental

dilemmas that external collaborations and funding may involve. Following the case, Science and Technology has introduced new guidelines for research collaboration with external partners, developed new standard contracts, and increased transparency through several specific initiatives.

In February 2019, the board approved a master plan for the physical development of Aarhus University and, in connection with this, a ten-year facilities finance budget. The master plan was adopted after an internal consultation process involving both students and staff. The plan covers Aarhus University's combined activities and supports the university's overall strategy and strategies in specific areas. It is an important tool in the university's efforts to create a framework for a future-proof, city-integrated main campus in Aarhus with student life and round-the-clock activities. Aarhus University will focus most of its land use around the University Park in Aarhus, the University City, the Nobel Park and Katrinebjerg, while continuing the university's activities elsewhere in Denmark, primarily Emdrup, Roskilde, Herning, Foulum and Flakkebjerg. On 1 May, Forskningsfondens Ejendomsselskab A/S took over the former municipal hospital area in Aarhus – now known as the University City – and, based on the overall plan agreed for the area, demolition and layout have commenced in the northern part of the area, where the Department of Molecular Biology and Genetics will be the first major occupant in early 2022. Facilities for temporary use were also prepared in 2019, and in early 2020, the Kitchen – home to the university's initiative for joint academic innovation activities – opened its doors in these facilities.

In June 2019, the board decided to split Science and Technology into two faculties with effect from 1 January 2020. The decision was based on thorough preparations and internal consultation. The division reflects the fact that revenue at Science and Technology has accounted for almost half of Aarhus University's total budget. With the faculty's major engineering and digitalisation initiatives, there were good prospects that this contribution to revenues would increase further, generating a need for more space for management, integration and academic focus. The change will improve the balance of the overall faculty structure at Aarhus University, which, after the division, will go from four to five faculties of more equal size. Science and Technology will be divided into two faculties of equal standing with regard to their budget, staff and educational responsibility: the Faculty of Natural Sciences and the Faculty of Technical Sciences. With one exception, the former departmental structures will be maintained, and existing collaborations across departments and the two faculties will be continued. Similarly, there should be no barriers blocking expansion of collaboration.

At the beginning of the year, Aarhus University, together with the Central Denmark Region, marked the opening of the National Centre for Particle Radiotherapy at Aarhus University Hospital. The official opening was conducted by the Prime Minister. The centre is financed by both public and private funds, and the

largest private donor is A.P. Møller og Hustru Chastine McKinney Møllers Fond til almene Formaal. Treatment at the National Centre for Particle Radiotherapy is based on proton beams that target diseased tissue with millimetre precision, and the centre is the first and only place for particle therapy in Denmark. Development and operations at the centre are based on highly developed collaboration between medical science, physical science and engineering.

FINANCIAL RESULTS AND PERFORMANCE REPORTING

Aarhus University had a positive financial result for 2019. Although a loss of DKK 48 million was budgeted in 2019, the result realised was a profit of DKK 51 million. Total revenues were DKK 6,727 million against expected total revenues of DKK 6,673 million, corresponding to a positive variance of DKK 54 million. Total costs were DKK 6,730 million, which is DKK 11 million less than the budgeted costs of DKK 6,741 million. Financial income was DKK 33 million higher than the budgeted DKK 20 million.

The financial statements for 2019 show real growth in revenues of almost 0.5 per cent compared with 2018. Revenues from the Danish Finance Act continued to drop due to the 2 per cent re-allocation contribution on educational activities revenues and public sector consultancy. The positive trend in revenues is primarily due to an increase in the use of external funding. Real growth is 4 per cent compared to 2018, and for the first time, external funding amounted to more than DKK 2 billion of Aarhus University's total revenues. The composition of costs is moving towards an increasing percentage of payroll costs with a corresponding decline in the percentage of other operating costs.

Aarhus University's management is generally satisfied with the 2019 results and wants to put more focus on fully exploiting the financial budgetary framework. Moreover, the management will focus more on bringing the accumulated latitude into play to support the university's strategic goals.

2019 was the second year of Aarhus University's strategic framework contract with the Minister for Higher Education and Science. The framework contract is described in detail in section 2.4 of the annual report. In general, Aarhus University assesses that it is generally firmly on track to realising the goals agreed in the strategic framework contract.

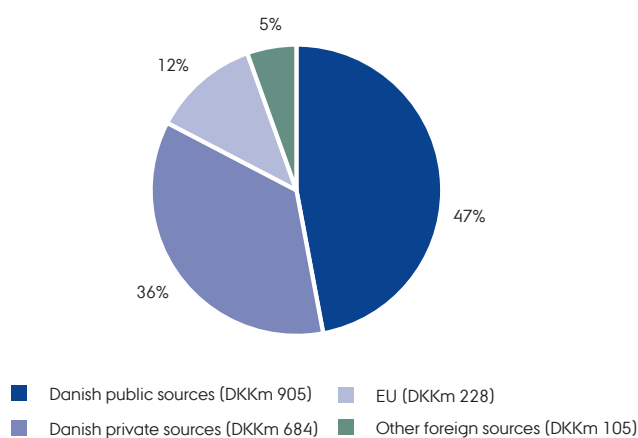
RESEARCH AND TALENT DEVELOPMENT

Aarhus University is a research-intensive university, striving for the highest international quality. Consequently, excellent basic research is a cornerstone of the university's activities. Basic research produces new knowledge and insight for the benefit of society at large. Furthermore, basic research forms the basis for the university's other core activities and is a vital prerequisite for attracting external research funding.

Aarhus University is working persistently to improve its already strong research position. Among other things, this is reflected in ongoing efforts to raise the quality of all aspects of the recruitment process. The university's code of practice for recruiting tenured academic staff is to help secure a satisfactory number of qualified applicants for tenured academic positions to enable the academic environments to appoint researchers of high quality. The code of practice is expected to contribute to a higher degree of diversity in the recruitment process, both in terms of gender and international background. The senior management team is closely monitoring progress, and based on the most recent follow-up, the code of practice seems to be having an effect. Thus, the number of job advertisements attracting four or more qualified applicants has increased by 6 percentage points in one year – from 44 per cent to 50 per cent.

Use of external research funding in 2019

In 2019, Aarhus University's use of external research funding grew by more than 4 per cent in real terms compared with 2018. Use of funding from all sources, except for Danish public sources, has increased. The largest absolute and percentage increase was within Danish private sources, where use grew by DKK 80 million in real terms.



III. Aarhus University's use of external funding in 2019

The competition for external research funding is fierce, especially within EU funding. Therefore, the university was delighted when in 2019 its researchers were awarded DKK 451 million in new funding from the EU's Horizon 2020 Framework Programme for Research, split between 85 new projects. This means that funding secured in 2019 was significantly higher than in 2018, when the university also performed well in terms of attracting funds. All in all, Aarhus University has been awarded a total of 306 projects and received approximately DKK 1.22 billion in funding from the Horizon 2020 programme since its launch in 2014.

Research initiatives at the faculties and major new grants

Among the 85 new EU project grants awarded to Aarhus University in 2019, were eight prestigious European Research Council (ERC) grants. The grants were awarded to all four faculties. Sci-

ence and Technology received five grants and each of the other faculties received one. Professor Alexandre Anesio, Department of Environmental Science, received a Synergy Grant, and Professor Jens Stougaard, Department of Molecular Biology and Genetics received an Advanced Grant. Three researchers received a Consolidator Grant: Professor Rune Slothuus, Department of Political Science, Professor Jacob Fog Bentzon, Department of Clinical Medicine and Associate Professor Thomas Bjørnskov Poulsen, Department of Chemistry. Two researchers received a Starting Grant: Associate Professor Mette Løvschal, School of Culture and Society, and Assistant Professor Patrick Biller, Department of Engineering. Jacob Sherson, professor with special responsibilities (MSO) at the Department of Physics and Astronomy, received a Proof of Concept grant.

Grants from Danish National Research Foundation are particularly attractive in the Danish funding landscape. In 2019, funds were granted for ten new basic research centres, three of which are based at Aarhus University. *The Center for the Experimental-Philosophical Study of Discrimination* (CEPDISC) is headed by Professor Kasper Lippert-Rasmussen, Department of Political Science. The grant amounts to approx. DKK 62 million. *The Center for Interstellar Catalysis* (InterCat) is headed by Professor Liv Hornekær, Department of Physics and Astronomy. The centre will explore the molecular conditions that triggered the origins of life in the universe. The grant amounts to DKK 67.4 million. *The Centre for Complex Quantum Systems* (CCQ) is headed by Professor Thomas Pohl, Department of Physics and Astronomy. The centre will combine the known quantum technologies and investigate what photons, ultracold atoms and laser-cooled ions can do to – and with – each other. The grant amounts to DKK 66.6 million.

In addition, 2019 has seen a number of major research initiatives and grants for research projects that contribute to society in a wide variety of ways.

The newly established *National Centre for Development of Mathematics Education* (NCUM) will be located at the Danish School of Education under Arts. The centre will make vital contributions to enhance the quality of mathematics teaching; from early childhood education and care over primary and lower secondary school to upper secondary school and vocational education and training programmes. The consortium behind the centre consists of a number of universities (Aarhus University, the University of Copenhagen and the Technical University of Denmark) as well as university colleges (VIA University College and University College Copenhagen). The Ministry of Higher Education and Science and the Ministry of Children and Education have allocated DKK 25 million to the centre over a five-year period.

At Aarhus BSS, Professor Michael Bang Petersen from the Department of Political Science will head a large new research project aiming to develop counter strategies to combat hostile behav-

jour in the political SoMe debate. The Carlsberg Foundation has granted DKK 15.7 million under the Semper Ardens programme to this interdisciplinary project, which brings together leading Danish and international researchers.

The FOODHAY consortium, which aims to develop healthier, more sustainable food products and reduce food waste, received a grant of DKK 51.5 million from the Ministry of Higher Education and Science. The consortium is headed by Michelle Williams, head of the Department of Food Science, and is a collaboration between Aarhus University, the Technical University of Denmark, the University of Copenhagen, the Danish Technological Institute and Arla.

Researchers at the Department of Engineering are behind the world's first Center for Ear-EEG. Under the direction of Professor Preben Kidmose, the researchers are world leaders in brain measurement via a special device fitted in the ear like a hearing aid. The university has received a donation of DKK 20 million for the new centre from the families behind WS Audiology and UNEEG Medical and the William Demant Foundation, which is behind Oticon.

Aarhus University has also received a number of grants from large Danish private foundations. Thus, with a grant of DKK 60 million from the Novo Nordisk Foundation Challenge Programme, Professor Torben Heick Jensen, Department of Molecular Biology and Genetics, has established the "Exo-Adapt" research centre, which aims to describe how our cells sort genetic information.

Together with his research group, Professor Thomas Willnow, Department of Biomedicine, will study why and how metabolic risk factors impact the health of the brain and cause Alzheimer's. The research is funded by a Laureate Research Grant of almost DKK 50 million from the Novo Nordisk Foundation.

Five professors from Science and Technology have been selected as Villum Investigators, and will each receive between DKK 30 and 40 million for their research over the next six years: From the Department of Chemistry, Bo Brummerstedt Iversen to develop new materials, Karl Anker Jørgensen to develop green catalysis and Henrik Stapelfeldt to film atoms in molecules in slow motion. From the Department of Computer Science, Lars Birkedal to establish a centre for basic research into program verification, and from the Department of Physics and Astronomy, Yong P. Chen to research hybrid quantum materials.

Professor Poul Nissen, Department of Molecular Biology and Genetics and Professor Leif Østergaard, Department of Clinical Medicine, each received DKK 40 million from the Lundbeck Foundation professorship programme for brain research.

Professor Claus Lindgren Andersen, Department of Clinical Medicine, is the head of a national centre which has received a grant of DKK 25 million from the Danish Cancer Society "Knæk Can-

cer" (Beat Cancer) campaign to conduct research into how a blood test can trace cancer DNA in the blood.

Grants for young talents are crucially important for the development of a promising research career, and several grants aim specifically at young researchers. In 2019, young talented researchers from Aarhus University attracted a number of these grants, and ten of the university's extraordinarily talented young researchers received a Sapere Aude research management grant from Independent Research Fund Denmark. The talented researchers come from many different academic environments at the university. Furthermore, Associate Professor Wolf Eiserhardt from the Department of Biology and Associate Professor Jan Frahm from the Department of Mathematics each received a Villum Young Investigator grant of DKK 10 million.

Talent development and diversity

As part of Aarhus University's targeted efforts to recruit and develop talents, the pilot project and career development programme Junior Researcher Development Programme was established in 2017. The project aims to create clearer career paths for young researchers without permanent tenure at the university. The programme has been extended until 2020 due to the significant demand for the services offered by the programme and the positive feedback from the target group. The programme consists of two components: supporting researchers in temporary positions to work strategically on their own career development, and supporting research directors in their career development dialogues with junior researchers by drawing attention to career pathways and offering career development tools.

In 2019, Aarhus University strengthened its efforts to increase the share of female researchers. Like the rest of the university sector in Denmark, there is a gender imbalance among researchers at the university, and the gap grows bigger as careers progress. Thus, in 2019, 23 per cent of professors at Aarhus University were women. The 8 March 2019, Aarhus University hosted a well-attended conference on the issue. Following the conference, a central Committee for Diversity and Equality has been set up, with the rector and pro-rector sitting at the head of the table. The first task of the committee has been to draw up a new action plan, and the committee serves as a link to activities at the faculties. Aarhus University expects that the initiative will help to increase diversity and gender equality at the university, but changing the gender balance will require a long-term, sustained effort.

Prizes and awards

In 2019, researchers from Aarhus University received prizes and awards for their research. Some examples are mentioned below.

Professor Karl Anker Jørgensen, Department of Chemistry, received the H.C. Ørsted gold medal in chemistry for his internationally ground-breaking research and his ability to communicate scientific results to a broader audience. Karl Anker Jørgensen's field of research is asymmetrical catalysis. He has developed chemicals that

have been widely applied in both the academic world and in a number of industries, including the pharmaceutical industry, and his research has had very significant impact internationally. The medal is awarded by the Royal Danish Academy of Sciences and Letters in collaboration with the Society for the Dissemination of Natural Science, and it was awarded for the first time in 30 years.

Every year, the Danish Ministry of Higher Education and Science awards the EliteForsk prize to five researchers under the age of 45 whose research has been recognised as world-class. The prize is DKK 1.2 million. Professor Peter Teglberg Madsen, Department of Bioscience, received the prize in 2019 for his research into the sensory physiology of animals, with particular focus on marine animals' use of sound and the effects of noise on the marine environment. He has developed a sophisticated measuring device that can be attached directly to a whale's skin with suction discs. This has made it possible to combine physiological measurements with behavioural studies of the animals when they dive deep into the oceans.

Professor Niels Jessen, Department of Biomedicine, also received the EliteForsk prize 2019 for his research aimed at type 2 diabetes, a serious clinical problem and public health issue. He has conducted a number of studies that have shed light on the role of fatty tissue and muscles in the development of diabetes, and how physical activity influences the effect of insulin.

Associate Professor Per Mouritsen, Department of Political Science, received the Danish Independent Research Foundation's award for the original research idea of the year for his research into the relationship between citizenship and integration in Denmark. The project turns integration research upside down. Rather than exploring the consequences of becoming part of Danish society, the researchers aim to explore how the requirements for becoming a Danish citizen affect the people who live in Denmark without citizenship.

Frits Andersen, associate professor of comparative literature at the School of Communication and Culture, received the Georg Brandes Prize for his critically acclaimed work "Sydhavsøen. Nydelsens geografi". The prize is funded by the Danish Arts Foundation project support committee for literature and is presented by the Danish Literature Critics Association.

Aarhus University's most prestigious scientific award, the Rigmor and Carl Holst-Knudsen Award for Scientific Research, is an award of merit for a researcher who primarily works or has worked in affiliation with Aarhus University. In 2019, the award was given to Ann Wenzel, a professor and dentist at the Department of Dentistry and Oral Health. Ann Wenzel is a pioneer in her field of research, oral radiology, with special focus on digital x-ray systems.

EDUCATION

Portfolio of degree programmes

The adaptation of graduate profiles in the portfolio of degree programmes is still being implemented. Thus, Aarhus University offered six new engineering and digital degree programmes in 2019. At Arts, the classical linguistics degree programmes have been combined into the Bachelor's and Master's degree programme in Classical Philology, and similarly, the archaeological Master's degree programmes have been combined into the Master's degree programme in Archaeology. Aarhus BSS has launched a process to adapt the portfolio of Master's degree programmes in Economics and Business Administration to achieve a better match between the degree programmes offered and the demand for graduates. At Health, 2019 saw the first admission to the Advanced Practise Nursing programme, a new track on the Master's degree programme in Nursing.

Recruitment and commencement of studies

In 2019, Aarhus University admitted 6,815 new BA students. This is a small drop of approx. 3 per cent compared to 2018. 85 per cent of the degree programmes now have a grade point average (GPA) cut-off. This is a significant increase from 67 per cent last year.

Bachelor's and Master's degree students

- 33,020 students enrolled
- 26,513 applicants
- Bachelor's degree programmes: 6,815 admissions, 4,626 graduates
- Master's degree programmes: 5,925 admissions, 5,045 graduates

The two primary explanations for the decline in admissions are believed to be the closing of the English-language Bachelor's degree programme in Marketing and Management Communication at Aarhus BSS as a consequence of the international rightsizing, and new admission requirements at Science and Technology. The latter means that from 2019, quota 1 admission requirements have been introduced so that a GPA of at least 7.0 and an average of at least 7.0 in mathematics (level A) is required for all programmes at the faculty. On the STEM programmes, the requirement resulted in status quo on admissions to digital programmes and a slight decline in admissions to engineering programmes. The effort to attract more students to the STEM programmes will continue in the coming years, and with the government's allocation of funding for increased admissions to the STEM programmes, there is likely to be a potential for further initiatives. In the long term, the admission requirements are expected to have a positive effect on the level of retention and thereby on the number of graduates qualifying.

In 2019, Aarhus University launched various initiatives in connection with the introduction week to support students' social and academic integration on their degree programmes. A competence development programme for student advisers was carried out to give them more insight into the roles and frameworks of

the important work they do. Moreover, in collaboration with the Student Council, a campaign was launched involving animation videos for social media, posters and flyers. The message was "Be nice, not nasty" by respecting each other's limits and looking out for each other. In 2020, efforts to strengthen academic and social integration across the university during the first academic year will continue. In 2019, several initiatives were launched for first-year didactics. These will continue in 2020, when Aarhus University will also be hosting the European First Year Experience Conference.

Structure and process

In recent years, time on task, measured as students' own indication of time spent on their degree programme, has been a particular focus area in different contexts. Thus, time on task is part of the strategic framework contract that Aarhus University entered into with the Ministry of Higher Education and Science in 2018, and from 2019, it is included as one of the indicators in the university's degree-programme quality-assurance processes. A comparison of students' indications of the time spent on their degree programmes across the university faculties reveals great variation. Students on degree programmes with the highest rate of funding generally have a higher average time on task than students on degree programmes with the lowest rate of funding.

Across the university, student activation activities are being developed, both for teaching and for the periods between scheduled lessons. The latter form of activities is partly being supported through the educational IT initiative, which is running for the second year. During the year, 134 courses have been redesigned to ensure more and better application of learning technologies. This work will continue in 2020, as such processes at degree programme level are the drivers of the initiative.

In 2019, the organisation of the EDU IT initiative was reinforced through the establishment of a cross-organisational coordination forum aimed at securing knowledge sharing and ongoing prioritisation of joint development projects. In 2019, the initiative was supported by DKK 2 million, allocated as seed money for 22 educational projects. The seed money was supplemented by funding from the faculties. During the year, a multimedia study and an experimental classroom in the EDU IT Hub have been designed to support the continued development of learning technology application and technological teaching infrastructure. The latter includes user-driven development of the functionality of the university's learning platform, and furthermore procurement and development of third-party technologies.

Aarhus University considers research-based teaching as a significant factor in achieving good learning outcomes. Furthermore, our ambition is to enhance students' learning outcomes by strengthening their digital competences beyond mere digital literacy. This will be achieved through the third track of the university's digitalisation initiative, which aims to ensure relevant digital competencies on all university degree programmes. In

this connection, in 2019, Aarhus University and several partner institutions secured funding amounting to almost DKK 13 million for a competence development programme for teaching staff aimed at enhancing their digital competencies to benefit future graduates. The funding was provided by the Ministry of Higher Education and Science.

Collaboration with upper secondary schools

Upper secondary schools are an important collaboration partner for Aarhus University. They contribute future students and they employ graduates pursuing a career as upper secondary school teachers or managers. Therefore, close dialogue with upper secondary schools is a high priority. In 2019, Aarhus University adopted an upper secondary school strategy, providing a framework and setting the direction for the university's wide range of activities targeting upper secondary schools and for future development and prioritisation of the collaboration. Our vision is to be a preferred collaboration partner for upper secondary schools.

One of the popular activities that foster and maintain relationships with upper secondary school students as well as teachers is live streaming of lectures for upper secondary school students. Over the past two years, 15 upper secondary school streaming events have been organised for a total of approx. 17,500 upper secondary school students. Beside the live streaming events, a number of other events and activities take place during a normal year: an annual networking day for top managers at upper secondary schools, visits to upper secondary schools by the Rolling University and courses for upper secondary school students via SubUniversity. Given the decline in the number of school-leavers in the coming years, maintaining and extending the university's relationship with the upper secondary school sector is of crucial importance.

Students' transition to working life

In recent years, Aarhus University has launched a considerable number of initiatives to ensure a better match between education and the labour market. One of the key objectives is for students at all faculties to find relevant employment more quickly, and to a greater extent in the private sector. Calculations from Statistics Denmark show that 51 per cent of graduates from Aarhus University now find employment in the private sector, and this is considered satisfactory. One of the initiatives launched in 2019 aimed at getting more students to complete project placements and write their theses in collaboration with a company or organisation. At faculty and degree programme level, academic regulations have been adjusted, and a communication initiative has been launched to support student contact with companies through project placements and collaborations with companies on Master's theses.

As in previous years, in 2019, Aarhus University held various case competitions at the faculties and across academic fields. Case competitions support students in gaining a business-oriented

and entrepreneurial perspective on their degree programme, while giving companies access to qualified labour. Moreover, Aarhus University frequently organises career days, where students have an opportunity to meet and start a dialogue with many different types of companies. Examples include Arts' case competition in collaboration with Silkeborg Municipality, Health's Medical Innovation Day, the interdisciplinary AU Challenge case competition, the student-driven Aarhus Case Competition, the Career Day in Randers Municipality, the Career Day at Katrinebjerg, etc.

Furthermore, in 2019, Aarhus University identified how it may be possible systematically to acknowledge the supplementary competences relevant to the labour market that students acquire through voluntary work at or outside the university. To follow up on this, a pilot project will be launched in 2020 to clarify whether the project is to be rolled out on a larger scale, and whether some of the many activities organised voluntarily by students to support the social and academic study environment can be integrated in the project.

COLLABORATION AND KNOWLEDGE EXCHANGE

Collaboration and knowledge exchange with society are important elements in Strategy 2025 and are already taking place in many different forms. More than 500 research agreements and 80 reported patents, as well as a few spinout companies, are some of the results of the university's technology transfer to society. In 2019, two spinout companies, based on research at the Department of Biomedicine at the Faculty of Health, earned the trust of investors by attracting venture funding totalling approx. DKK 375 million. Stipe Therapeutics was founded in 2018 and develops cancer immunotherapy, while Draupnir Bio was founded in 2017 and develops pills to treat blood clots in the heart.

In 2019, Aarhus University performed strategic work aimed at promoting cooperation between companies and researchers, and, among other things, representatives from the university held presentations for municipalities, companies and business councils on opportunities for collaboration. In 2019, Aarhus University also continued its long-standing collaboration with the Central Denmark Region, primarily in the healthcare sector.

The university hosted several conferences to help collaboration on creating innovative solutions and attracting external grants. Moreover, Aarhus University has been working internally to inspire staff and students to work more closely with society. Inspiration, knowledge and experience have been shared in the university's local business committees at departments and faculties, and in the university's interdisciplinary business network for all staff.

In 2019, Aarhus University strengthened its collaboration with existing and new partners. For example, six additional strategic agreements have been concluded with municipalities, and the specific activities in the agreements contribute to innovative

partnerships, joint applications to attract external funding, increased application of the university's research, and better access to qualified employees for companies.

Examples of external collaboration

In 2019, Aarhus University hosted the "Partnerships for a sustainable future - on the UN Sustainable Development Goals" conference. The conference brought together a large number of key players, and the aim was to make deep and broad knowledge available to society. Science and Technology hosted the "Spoman Open Science" festival where companies, students and researchers met to discuss joint projects. Open Science projects are basic research projects aimed at generating knowledge. The projects take place at the early stages of a development process before they come into conflict with the collaborating companies' need for confidentiality in relation to development processes.

In 2019, in order to strengthen entrepreneurship at the university, Aarhus University focused its entrepreneurial efforts and decided to establish a new entrepreneurship hub, "The Kitchen", as an attractive and unifying environment for university entrepreneurs – both researchers and students. The Kitchen will form an environment to facilitate collaboration across faculties and with the surrounding entrepreneurial ecosystem. Entrepreneurs can receive professional advice on how best to develop their business, while acquiring competencies to think in terms of innovation and entrepreneurship. The Kitchen opened in February 2020.

In 2019, Arts entered into collaboration with six business councils in Central and Western Jutland with a view to ensuring a better and earlier match between graduates and companies. A substantial grant from the European Social Fund will enable companies from the Central Denmark Region to collaborate with academics from Arts through the "Academics in Business Life" project. Companies will get to know upcoming graduates before they finish their studies and they will have the opportunity to collaborate with them for three months just after they graduate.

In 2019, in collaboration with several prominent players from the Danish retail and brand sector (Arla, Bestseller, Danish Crown, Dagrofa, JYSK, KFI Erhvervsdrivende Fond, Mærkevareleverandørerne, Rema 1000 and Salling Group), Aarhus BSS developed a brand-new Master's degree programme in Commercial and Retail Management. The companies will play an active role in the programme through guest lectures, project placements and Master's theses collaborations, and they will also make a large number of relevant student jobs available to the students. Furthermore, the companies will fund a professorship at Aarhus BSS in Commercial and Retail Management.

Research-based public sector consultancy

Aarhus University has comprehensive public sector consultancy services covering research, consultancy, emergency response and research dissemination under framework agreements with Danish ministries, first and foremost with the Ministry of Environ-

ment and Food of Denmark. The framework agreements are supplemented by additional contracts with the ministries, and, finally, the framework agreement funding is substantially geared by external funding attracted by the research environments. Public sector consultancy is thus an important asset for Aarhus University, with research being part of public sector services and forming the basis of research-based public sector consultancy. A strong research base is therefore a prerequisite for high-quality public sector consultancy.

Last autumn and early in the new year, public sector services were mentioned in the media. Two cases concerning low-lying areas and calculation of nitrogen emissions to the marine environment revealed insufficient quality assurance. As a result, as part of work on the quality management system (see section 2.5), particular focus has been on peer review processes and on closer management follow-up. Aarhus University has also made an effort to better match expectations with the Ministry in relation to deadlines, uncertainty calculations and scientific disclaimers.

In 2019, the Ministry of Environment and Food cancelled a previously announced competitive tender for public sector consultancy, and Aarhus University welcomes this decision. It means that the university will maintain its service agreements with the Ministry of Environment and Food and continue its close collaboration with the ministry. In December 2019, the ministry expressed its general satisfaction with the collaboration and the academic quality of the university's deliverables.

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

Other forms of external collaboration

2019 saw Aarhus University once again undertaking significant dissemination activities. Aarhus University Press will continue publishing the book series *Tænkepauser* (Reflections). These are inexpensive, small, brief and insightful books written by researchers from Aarhus University. Each book contains 60 pages and provides a brief and clear understanding of current research topics, and they have been well-received by reviewers and readers alike. At the end of 2019, the publisher had published 74 titles. The publisher will also continue publishing the book series *100 danmarkshistorier* in which researchers will write about the history of Denmark in 100 books of 100 pages published over eight years. 28 titles have now been published. Selected titles from both book series are being adapted for stage and debated in collaboration with Nørrebro Teater in order to reach an even greater audience.

Aarhus University will continue its public lectures on natural sciences. Each semester, 6-8 lectures are offered in the Lakeside Lecture Theatres in Aarhus for an audience of around 800 people for each evening event. The lectures are live-streamed to 225 upper secondary schools, cinemas, libraries, university extension institutions, community and cultural centres etc. in Denmark, Greenland, Iceland, the Faroe Islands and Southern Schleswig with a total of around 10,000 participants. The lectures present the latest research and discoveries from the world of natural sciences. The lecture series is organised by the Faculty of Science and Technology and offered in collaboration with hosts in a large number of cities and the Carlsberg Foundation.

2.3 FINANCIAL REVIEW

Aarhus University (AU) had a positive financial result for 2019. A loss of DKK 48 million was budgeted in 2019, and the result was a profit of DKK 51 million. Total revenues were DKK 6,727 million against expected total revenues of DKK 6,673 million, corresponding to a positive deviation of DKK 54 million. Total costs were DKK 6,730 million, which is DKK 11 million less than the budgeted costs of DKK 6,741 million. Net financial income was DKK 33 million higher than the budgeted DKK 20 million.

The 2019-2022 budget estimates several years of losses due to a range of long-term initiatives, including new engineering and digital programmes, redesign of teaching by means of more and better learning technologies and teaching infrastructure, implementation of the master plan for moving into the University City, strengthening collaboration with industry as well as further digitalisation of teaching and administration. The initiatives have been implemented and are being monitored on an ongoing basis.

At the end of 2019, the university's equity amounted to DKK 958 million, corresponding to 14 per cent of revenues. The objective is for equity to amount to 10 per cent of revenues.

AU's management is generally satisfied with the 2019 results and wants to put more focus on fully exploiting the financial budgetary framework. Moreover, the management will focus more on bringing the accumulated latitude into play to support the university's strategic goals. In this connection, the 2020 budget has allocated funds for additional support for business and innovation, admission of engineers and more IT specialists as well as sustainability.

The strategic investments are expected to result in negative financial results throughout the coming budget period. At the end of 2023, equity is expected to be close to the target of 10 per cent of revenues.

The financial result for 2019 does not give rise to adjustments of the strategic direction or the 2020-2023 budget.

Financial results for the year

In 2019, AU's revenues were DKK 6,727 million; an increase of DKK 131 million compared with 2018. In real terms, this corresponds to an increase of almost 0.5 per cent.

Total Finance Act revenue increased to DKK 4,191 million in 2019, corresponding to a decrease in real terms of just under 1 per cent compared with the previous year. Basic research funding under the Finance Act has been exempt from the reallocation contribution and has therefore been constant. Therefore, the decline in Finance Act revenue from 2018 to 2019 is primarily evident in education and public sector services. Production of student FTEs increased by 204 from 26,317 in 2018 to 26,521 in 2019, and despite a slight shift in student FTEs from "dry" areas (Arts and Aarhus BSS) with low

taximeters, to "wet" areas (Health and Science and Technology) with high taximeters, this was not enough to compensate for the reallocation contribution of 2 per cent of education funding.

For the first time, use of external funding exceeded DKK 2 billion. Total external funding in the form of external research grants and other external grants increased by DKK 103 million to DKK 2,048 million from 2018 to 2019, corresponding to a real increase of almost 4 per cent. At the same time, AU's holding of unused commitments increased from DKK 4,565 million at the end of 2018 to DKK 5,174 million at the end of 2019 (2019 level). Thus, external funding obtained compared with the use of external funding continues to increase. Further increases in the use of external funding have been budgeted for in the 2020-2023 budget.

Sales and other operating income, including tuition fees for continuing and further education, income-generating activities and forensic services, amounted to approx. 7 per cent of revenues in 2019, which is similar to 2018. In real terms, these activities amounted to DKK 493 million in 2018 and DKK 488 million in 2019.

The university's total costs increased by DKK 124 million from DKK 6,605 million in 2018 to DKK 6,730 million in 2019 in current prices. In real terms, this represents an increase of 0.4 per cent.

Total payroll costs amounted to DKK 4,411 million in 2019, corresponding to approx. 66 per cent of AU's total costs. In 2018, this figure was 64 per cent of total costs. The increase of approx. DKK 172 million from 2018 to 2019 corresponds to a real increase of 2.5 per cent.

Overall, the number of staff increased by just over 2 per cent (168 full-time equivalents) from 7,872 in 2018 to 8,040 in 2019. The increase is divided into 111 more academic staff full-time equivalents and 57 more technical/administrative staff full-time equivalents.

Total other operating costs, incl. rent and building operations, fell by DKK 54 million from DKK 2,229 million in 2018 to DKK 2,175 million in 2019. This corresponds to a real decrease of almost DKK 90 million or 4 per cent.

Overhead revenues were DKK 9 million higher than in 2018. This should be seen in the context of an increase in external funding of more than DKK 100 million. Consequently, the average overhead revenues from external funding decreased from 18 per cent in 2018 to 17 per cent in 2019. The lower overhead percentage is linked to a shift from government to private sources of external funding, see figures 1 and 2. The figures illustrate developments in attracting and using external research funding in the period from 2015 to 2019. Furthermore, the section on core activities and resources provides a more detailed description of external funding.

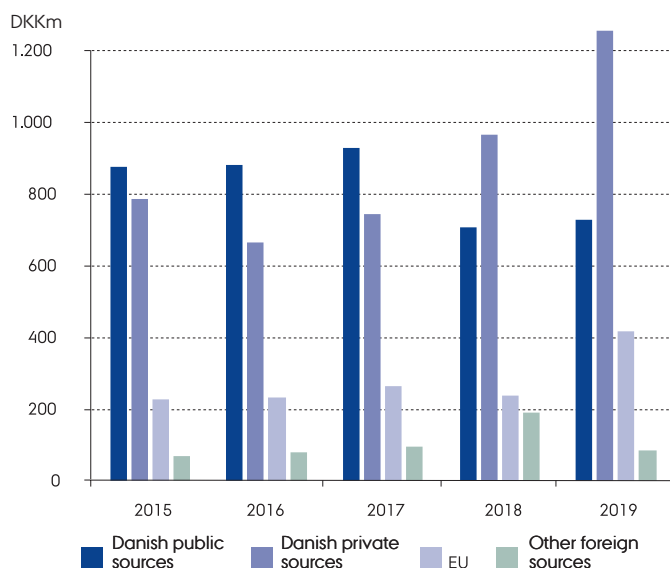


Figure 1. New external research grants obtained, 2015-2019, DKKm, 2019 level

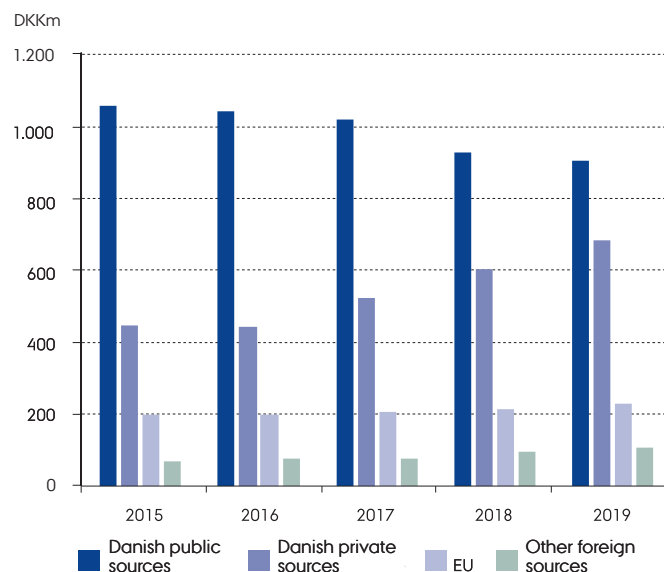


Figure 2. External research funding used, 2015-2019, DKKm, 2019 level

Depreciation/amortisation increased by DKK 5 million to DKK 144 million in 2019, corresponding to a real increase of almost DKK 5 million or just under 4 per cent.

Financial items constituted net revenues of DKK 53 million, which was DKK 33 million higher than the budget and DKK 46 million more than in 2018. At the end of 2019, AU's investments amounted to DKK 1.9 billion. The investments are primarily in Danish bonds, with a smaller portfolio of investments in shares and corporate bonds. The return corresponds to 2.6 per cent.

Core activities and resources

The previous section on the financial results for the year uses a terminology and a categorisation of revenues and costs that primarily refer to section 3. Financial statements.

The following section concerns AU's core activities and resources, represented by the university's revenues broken down by purpose and results of activities such as education, research and PhD programmes. The terminology and the categorisation of revenues follow the definitions in Universities Denmark's statistical service, which are also used to define the financial highlights in Appendix 4.2. Financial highlights are a mandatory part of the annual report and are calculated identically across the sector.

In the financial statements, external funding consists of external research grants and other grant-financed activities, while sale of goods and services includes income-generating activities, forensic services and other revenues under ordinary activities (cf. Appendix 4.1). In the break-down of revenues by purpose, forensic medicine and income-generating activities are included in the external funding category. Consequently, discrepancies will occur between the figures in the two sections.

The university's core activities - education, research, public sector consultancy and knowledge sharing - are financed by funding under the Finance Act, external research grants, other external grants, income-generating activities, sales of forensic services, public sector services as well as other revenues in the form of net financial income, letting and subletting, and other sales of goods and services. The sources of revenue are broken down in figure 3.

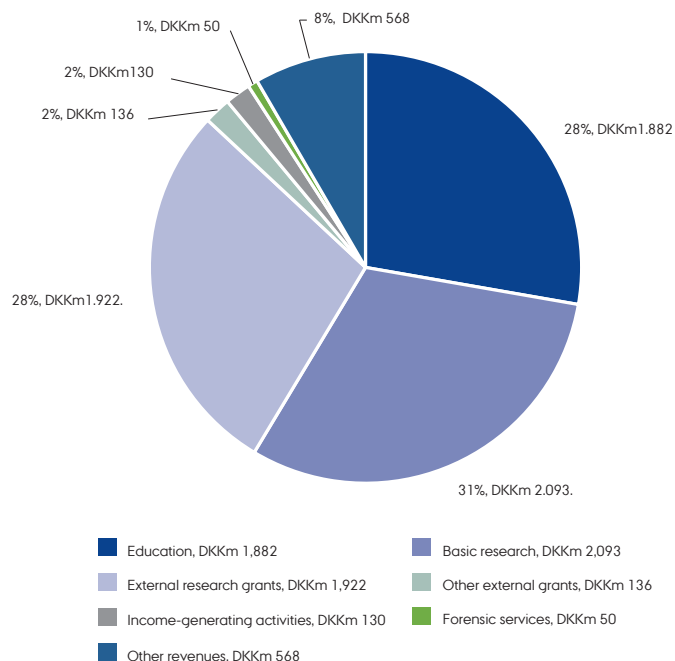


Figure 3 Break-down of revenues, DKKm and per cent

The statement is based on principles from Universities Denmark's statistical service.

Revenues from educational activities totalled DKK 1,882 million, corresponding to 28 per cent of the university's total revenues. Basic research revenues amounted to 31 per cent of total revenues, corresponding to DKK 2,093 million, and in 2019, 50 per cent of the amount in the public sector services contract with the Ministry of Environment and Food of Denmark is included under basic research. Thus, the public sector consultancy contract figures both as basic research funds (50 per cent) and as other revenues. Consequently, 50 per cent of the public sector consultancy contract is counted as research funds and included in the statement of public investment in research and development. External research grants amounted to DKK 1,992 million, corresponding to 28 per cent of total revenues. Other external grants amounted to DKK 136 million, and income-generating activities amounted to DKK 130 million, while forensic services amounted to DKK 50 million. Other revenues amounted to DKK 568 million, corresponding to 8 per cent of total income by purpose.

The university's competitive situation in the core activity areas of education and research compared with other Danish universities is measured in terms of student FTEs, external research grants, bibliometrics and the number of approved PhD dissertations, among other things. These statements are used to allocate new basic research funds under the Finance Act. Selected results are presented below.

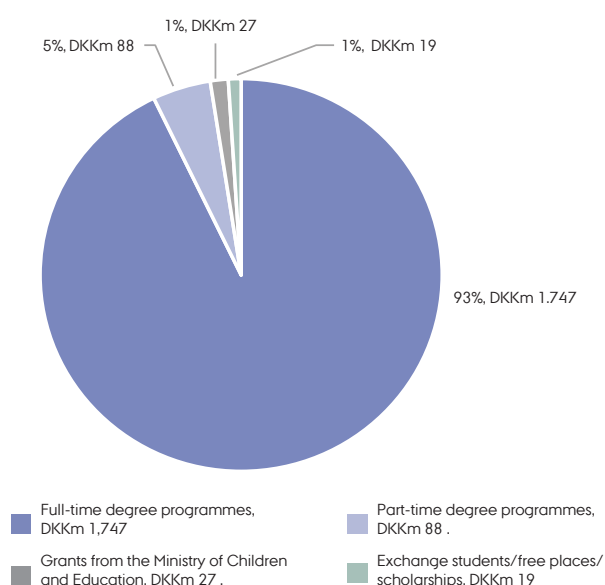


Figure 4. Break-down of revenues from educational activities by type of degree programme, 2019, DKKm

Revenues from educational activities consist of revenues from full-time degree programmes in the form of grants from the Ministry of Higher Education and Science, tuition fees from fee-paying foreign students and payment for job activation clients, revenues from part-time degree programmes in the form of tuition fees and grants from the Ministry of Higher Education and Science, grants for exchange students, free places and scholarships from the Ministry of Higher Education and Science, as well as educational grants from the Ministry of Children and Education. Figure 4 below shows the composition of AU's revenues from educational activities.

The majority of the educational revenues consists of full-time degree programme revenues (93 per cent), of which Finance Act grants amount to approx. 99 per cent and foreign fee-paying students and job activation clients are responsible for the last 1 per cent.

The effect of the study progress reform, rightsizing of certain degree programmes, prioritisation of STEM degree programmes and, not least, the annual reallocation contribution of 2 per cent of the educational funding is shown in the two tables below. Table 1 shows developments in revenues from educational activities in real terms in the period 2015-2019, together with student FTE production and graduation completion rates measured as the annual student FTE production per student.

Table 1. Revenues from educational activities, student FTE production and graduation completion rate, 2015-2019

	2015	2016	2018	2015	2019
Finance Act grants for full-time degree programmes, DKKm, 2019 level	1,686	1,798	1,754	1,717	1,729
Student FTE production	25,167	26,867	26,842	26,317	26,521
DKK per student FTE	67,001	66,936	65,357	65,259	65,207
No. of students	36,491	34,469	33,096	33,080	32,980
Student FTE per student	0.69	0.78	0.81	0.80	0.80

In real terms, revenues from educational activities per student FTE decreased in the period 2015 to 2019 from DKK 67,000 to DKK 65,207, corresponding to a decline of 3 per cent, while the graduation completion rate increased from 0.69 student FTEs per student to 0.80 student FTEs per student, corresponding to an increase of 17 per cent.

As shown in table 2, during the same period, there is a small shift in student FTE production towards a higher proportion of high taximeter student FTEs (Health and Science and Technology) and a lower proportion of low taximeter student FTEs (Arts and Aarhus BSS).

Table 2. Development in student FTE production at Arts/Aarhus BSS and Health/Science and Technology, respectively, 2015-2019

	2015	2016	2018	2015	2019
Arts and Aarhus BSS	68%	67%	67%	66%	66%
Health and Science and Technology	32%	33%	33%	34%	34%

Total revenues from research activities amounted to DKK 4,015 million in 2019, and consisted of basic research funding of DKK 2,093 million, of which contract funds for research from the Ministry of Environment and Food of Denmark amounted to DKK 188 million, and grant-financed research funded by public and private sources amounted to DKK 1,922 million. The contract with the Ministry of Environment and Food of Denmark on research-based public sector consultancy will be reduced by 2 per cent per year.

While revenues from educational activities and public sector consultancy have been characterised by cutbacks and reallocation contributions, basic research funding from the Ministry of Higher Education and Science has been exempt from reallocation contributions and has therefore remained at a stable level in real terms. However, the share of basic research funding of total revenue from research activities has decreased slightly from 49 per cent in 2015 to 47 per cent in 2019, in line with an increase in the share of external research grants.

Research activity is measured as the number of approved PhD dissertations or the number of publications in peer reviewed journals, for example. Citations by other researchers in scientific publications are also used as a quality indicator, and the Ministry of Higher Education and Science uses the bibliometric scores in the system of bibliometric indicators as part of the distribution key to distribute new basic research funds between universities.

Developments in bibliometric scores per member of academic staff in the system of bibliometric indicators in the period 2015-2019 are shown in table 3.

Table 3. Development in academic staff FTEs and bibliometric scores 2015-2019

	2015	2016	2018	2015	2019
Academic staff FTEs *	3,450	3,441	3,460	3,536	3,642
Bibliometric score	6,436	6,241	6,327	7,066	7,343
Bibliometric score per academic staff FTE	1.87	1.81	1.83	2.00	2.02

*) Professor, associate professor, assistant professor, PhD student, cf. definition in AU Key Statistics

As shown in the table, the bibliometric score per academic staff full-time equivalent increased at a fairly steady rate in the period 2015 to 2019 from 1.87 in 2015 to 2.02 in 2019. While the number of academic staff full-time equivalents increased by 6 per cent from 2015 to 2019, the bibliometric score increased by 14 per cent.

Table 4 shows developments in the number of approved PhD dissertations in the period 2015-2019 and how they are broken down by “dry” areas (Arts and Aarhus BSS) and “wet” areas (Health and Science and Technology).

Table 4. Approved PhD dissertations, 2015-2019

	2015	2016	2018	2015	2019
Total number of approved PhD dissertations	471	497	452	417	455
Arts/Aarhus BSS	25%	28%	25%	25%	28%
Health and Science and Technology.	75%	72%	75%	75%	72%

Minor variations can be observed in the number of approved PhD dissertations in the period. There has been no noticeable change in the distribution between Arts/Aarhus BSS and Health and Science and Technology. As can be seen from table 5, the same applies to the distribution of PhD students enrolled.

Table 5. Number of PhD students enrolled, 2015-2019

	2015	2016	2018	2015	2019
Total number of PhD students enrolled	1,845	1,781	1,798	1,813	1,798
Arts and Aarhus BSS	27%	28%	29%	30%	30%
Health and Science and Technology.	73%	72%	71%	70%	70%

Revenues from external research grants were 53 per cent of total revenues from research in 2019 against 51 per cent in 2015. Figure 2 shows how the break-down by source of external research funds from Danish public sources, Danish private sources, the EU and other foreign sources in real terms developed in the period 2015-2019.

The period from 2015 to 2019 saw a considerable shift between the different categories of external sources of funding. In 2015, Danish private sources accounted for 25 per cent of the grant-financed research and Danish public sources accounted for 60 per cent, while the EU and other foreign sources accounted for 15 per cent. In 2019, the distribution had changed to 36 per cent from Danish private sources and 47 per cent from the Danish public sources, while the EU and other foreign sources accounted for 17 per cent.

Danish private organisations and foundations provide lower coverage of indirect costs. The average overhead coverage of external research grants thus declined from 23 per cent in 2015 to 18 per cent in 2019.

Other external grants amounted to DKK 136 million, and include Erasmus scholarships, Sino-Danish Center (SDC) and company sponsorships for education. Income-generating activities amounted to DKK 130 million and include sales of services at the university's dental clinic, sales of advisory and consultancy services, laboratory analyses, etc. Forensics amounted to DKK 50 million in 2019 and includes the agreement with the Ministry of Justice for provision of forensic services.

Other revenues amounted to DKK 568 million and comprise 50 per cent of the contract for public sector consultancy with the Ministry of Environment and Food (DKK 188 million), other basic grants under the Finance Act (DKK 123 million) and other revenues in the form of net financial items (DKK 53 million), letting and subletting (DKK 17 million), and the sale of goods and services such as laboratory animals and agricultural products under ordinary activities (DKK 256 million).

2.3.1 QUALITY GRANT

A quality grant was introduced in connection with the new 2019 subsidy system, and the grant is awarded to institutions of higher education to implement quality initiatives. In 2019 and 2020, the quality grants are to support the use of feedback and/or the application of technology on degree programmes.

In 2019, Aarhus University used the funds for the educational IT (EDU IT) initiative adopted by the board of Aarhus University in 2017. The strategic priorities of the EDU IT initiative consist of engaging and varied forms of teaching as well as more and better feedback in order to ensure better learning outcomes and higher quality in research-based degree programmes. The strategy is mainly being implemented by redesigning course programmes, because curriculum development at programme level is the engine of the initiative. The faculties are in charge of the redesign task, with technological support from the university's EDU IT Hub.

The initiative was launched in 2018, when the EDU-IT Hub was established. In 2019, a multimedia study and an experimental classroom in the EDU IT Hub were designed to support the continued development of learning technology application and the technological teaching infrastructure. The latter includes user-driven development of the functionality of the university's learning platform, and furthermore procurement and development of third-party technologies.

In 2019, the organisation of the EDU IT initiative was reinforced through the establishment of a cross-organisational coordination forum aimed at securing knowledge sharing and ongoing prioritisation of joint development projects. Moreover, funding has been allocated to ensure that AU Educate, a digital teaching resource developed at Arts, will be rolled out to the entire university. AU Educate contains many good examples of teaching elements that may inspire other teaching staff to develop their teaching.

Furthermore, in 2019, the EDU IT initiative at Aarhus University was supported DKK 2 million allocated as seed money for 22 educational projects carried out during the year. The seed money has been supplemented by funding from the faculties, and several initiatives anchored at degree programme level have been launched.

On the Master's degree programme in IT, Communication and Organisation, Aarhus BSS has tested an initiative to use student teachers as e-moderators in a peer feedback process. The Graduate Diploma in Business Administration (HD) programme in Herning has initiated work to strengthen the digital profile of the

degree programme, including adapting the Learning Management System towards using online self-tests and videos to support scheduled teaching. Furthermore, Aarhus BSS has appointed an associate dean for digitalisation. In this connection, the faculty has launched a number of projects to map out the scope of digitalisation in existing degree programmes and students' digital readiness, and to provide researchers and teaching staff with tools to integrate digitalisation more into core disciplines.

At Arts, implementation of the EDU IT initiative proceeds along two tracks. Firstly, an upgrading of researchers is taking place by developing courses on digital research methods. The purpose is to raise the digital competence level of teaching staff and thus enhance the digital competences of students. The approach at Arts is that the academic environments assess how to incorporate the digital dimension into the different degree programmes, and subsequently, courses on the relevant technologies will be developed and implemented. Secondly, a number of EDU IT projects have been launched at the faculty, and in 2019, funding has been allocated for projects within one of the following four focus areas: 'Flipped' and flexible teaching, intensified language teaching, more and better formative feedback, and crack the academic code: Retention and inclusion.

At Science and Technology, the use of Educational IT is a special priority and a focal point for the development of the faculty's degree programmes, teaching and learning environment. An initiative has been agreed where almost all course elements on major BSc courses are to be redesigned with focus on the following:

- *Better preparation before and after face-to-face meetings (preparation)*
- *More and better feedback (feedback)*
- *Progression of students' independence throughout their studies (independence)*
- *Better collaboration and reflection competences among students (collaboration)*
- *More insight among teaching staff into students' learning outcomes and academic level (insight)*

At the end of 2019, a total of 60 courses at Science and Technology had been redesigned. The experience of rolling out Educational IT has been positive, and, in particular, it has led to improvements in preparation before face-to-face meetings and feedback. The use of Educational IT will be extended to even more courses with support from the ST Learning Lab.

At Health, the university's EDU IT initiative is complemented by the Health EDU IT initiative 2018-23. Most of the initiatives implemented aim at ensuring more focused study activities between

lectures, peer feedback, establishing a better link between the theoretical and practical courses, and developing new formats for case-based teaching. Examples include two specific initiatives: *Case-based teaching with student activation elements* and *Group activities with peer feedback*. The EDU IT initiative at Health is closely linked to a large-scale revision process of the faculty's degree programmes, which translates into academic and didactic developments of these programmes and extensive structural and substantive changes to the academic regulations. The faculty's employer panels, the Advisory Board and other stakeholders have been closely involved in the revision process in order to get an external perspective on the process and to ensure that degree programmes continue to be relevant to society.

2.4 PERFORMANCE REPORTING

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

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

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

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

Aarhus University's assessment of the strategic goal

Aarhus University assesses that there has been progress towards realising this strategic goal. The planned initiatives and activities for 2019 have been completed, and the targets set for 2019 have thus been met. Two initiatives that play a key role in realising the strategic goal should be emphasised:

- *Increased recruitment efforts through a code of practice for recruiting tenured academic staff.* The code of practice sets a common standard for the entire recruitment process and has been implemented at all departments and schools.

The code of practice has been discussed by Universities Denmark, who have adopted a code of practice for recruitment based on Aarhus University's model.

- *Diversity and gender equality:* In 2019, Aarhus University intensified its efforts to promote diversity and gender equality.

The indicator "Number of qualified applicants for permanent academic positions across the university" saw a positive development from 2018 to 2019:

- The percentage of job advertisements with only one qualified applicant fell by 8 percentage points, from 27 per cent to 19 per cent.
- The percentage of job advertisements with four or more qualified applicants increased by 6 percentage points, from 44 per cent to 50 per cent.

The indicator "Attracting external research funding per senior member of academic staff" similarly developed positively and has been steadily rising since 2017.

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

Aarhus University's assessment of the strategic goal

Aarhus University assesses that work on the strategic goal is making good and stable progress. The internal objectives for 2019 to increase academic staff have thus been met. For example, in the business initiative, which runs up to and including 2021, the objective for the total number of appointments has already been met. Similarly, the IT and engineering initiative has seen very good progress with regard to capacity expansion, and the departments have received a large number of highly qualified applications. In total, an additional 26 tenured academic staff have been employed within the initiatives in 2019. Once again, in 2019, the ability to attract external research funding at Arts remained at a high level compared with the starting point in 2017. Thus, in 2019, the use of external research funds per senior academic staff full-time equivalent at Arts was DKK 483,000 compared with DKK 457,000 in 2017. Each of the faculties involved are working to fulfil their share of the target, which is continuously monitored and followed up by the university management twice a year.

Strategic goal 3: Enhance students' learning outcomes

Aarhus University's assessment of the strategic goal

Aarhus University assesses that the 2019 goals with regard to securing good learning outcomes for students concerning 1) student engagement, 2) ECTS credits earned, 3) student/academic staff ratio and 4) EDU IT initiative have been met.

Re 1) Results from Uddannelseszoom (degree programme zoom) concerning *time on task* show that in 2018, students at Aarhus University indicated that they spent 38.0 hours per week on their studies on average. As no data is available for 2019, it is not possible to follow developments over time.

Time on task at Aarhus University is supported by investment in and prioritisation of a minimum number of lessons on all Bachelor's and Master's degree programmes (12 and 8 lessons per week, respectively), as well as continued focus on supporting learning activities taking place between scheduled teaching activities. The number of lessons offered exceeds the set minimum on all degree programmes.

Re 2) *ECTS credits earned* per semester are at a stable and high level. For 2019, ECTS credits earned have been calculated at 27.8 ECTS per semester per student. The result is assessed to be satisfactory, as the starting point of 28.0 ECTS is high.

Re 3) *The ratios of students per tenured member of academic staff* at Arts and at Aarhus BSS are 20.1 and 26.9, respectively, which is an improvement compared both to the baseline and to the 2018 level.

Re 4) *Aarhus University's EDU IT initiative* is in its second year of existence, and it has been registered that 129 courses were redesigned in 2019 in order to increase learning outcomes through more and better application of learning technology. Approx. 9,000 students are following the redesigned courses.

Strategic goal 4: Prepare students better for the labour market

Aarhus University's assessment of the strategic goal

In 2019, Aarhus University continued its work to improve the transition from studying to the labour market. Aarhus University assesses that the objectives set out in this regard have been met. The same applies to work to adjust the graduate competency profile.

Collaboration between students and the labour market is a key element in Aarhus University's work to better prepare students for the labour market.

The number of project placements and Master's theses written in cooperation with the business community thus increased from 2018 to 2019: the number of theses increased from 472 to 588 and project placements increased from 1,627 to 1,800. There is some uncertainty associated with the calculation of the figures for 2019, but the real figures are assessed to be substantially higher.

The number of graduates (except Bachelor's degree graduates) and Master's degree graduates from Aarhus University employed in the private sector increased slightly from 2018 to 2019. The former is the same as last year at 51 per cent, while the latter has increased from 49 per cent to 50 per cent.

In 2019, Aarhus University's collaboration with the City of Aarhus and others to reduce unemployment of new graduates looking for their first job focused on organising pre-graduate programmes. This work will continue in 2020 and it will be supplemented by intensified efforts targeting particularly vulnerable graduate groups.

The adaptation of profiles is still being implemented. Thus, Aarhus University offered six new engineering and digital degree programmes in 2019.

IT and engineering degree programmes saw a positive development in 2018, both in terms of the number of applicants and admissions. However, preliminary figures for 2019 show status quo on the digital programmes and a slight decline in engineering. Part of the explanation for this is assumed to be the new admission requirements at Science and Technology implemented in 2019. However, in the long term, the introduction of the new requirements is expected to have a positive effect on the level of retention and thereby on the number of graduates qualifying.

At Arts and Aarhus BSS, the range of programmes offered was reduced in several fields of study in 2019. The classical linguistics degree programmes have been combined into the Bachelor's and Master's degree programme in Classical Philology, and similarly, the archaeological Master's degree programmes have been combined into the Master's degree programme in Archaeology. Aarhus BSS has launched a process to adapt the portfolio of Master's degree programmes in Economics and Business Administration to achieve a better match between the degree programmes offered and the demand for graduates.

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

Aarhus University's assessment of the strategic goal

It is Aarhus University's assessment that the realisation of the strategic goal showed satisfactory progress in 2019. Ongoing collaborations have been further developed to benefit companies, municipalities, students and researchers. And the foundation has been laid for stepping up collaboration even more.

In 2019, Aarhus University worked to launch, develop and expand collaborations with both the private and public sectors. A number of strategic partnership agreements have been concluded with municipalities. Innovative partnerships, joint applications to attract external funding and increased use of the university's research have formed part of the ongoing agreements with municipalities and businesses. Finally, the agreements have served to give companies access to qualified labour and to give graduates access to jobs.

In 2019, with its decision to establish a university-wide entrepreneurship hub, Aarhus University focused on strengthening the university's entrepreneurial activities for both students and researchers. In 2019, collaborations were established with a number of external stakeholders in order to give broad access to the hub and facilitate collaboration with the surrounding entrepreneurial ecosystem.

With 502 agreements, the high level of new research agreements entered into has been maintained.

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

Aarhus University's assessment of the strategic goal

In 2019, Aarhus University worked hard on the planned initiatives in order to maintain its strong position within research-based public sector consultancy. As a result, the indicator for a stronger research base, gearing of contract funds for research-based public sector consultancy within food, agriculture and the environment has grown from 139 per cent in 2017 to approx. 147 per cent in 2018, and Aarhus University assesses that the 2019 target has been met. Quality assurance has been strengthened through the implementation of a quality management system for research-based public sector consultancy, and Aarhus University aims at certification in the spring of 2020.

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

Aarhus University's assessment of the strategic goal

Aarhus University assesses that the National Centre for School Research (NCS) has come a long way in its effort to take on a central national role. The indicator for this target regarding annual consumption of project funds in collaboration with employers or university colleges, has also been maintained at a stable, high level. The objectives for the centre for 2019 have thus been met.

2.5 OUTLOOK FOR 2020

At its meeting on 13 December 2019, the board of Aarhus University adopted Strategy 2025. At the same meeting, an action plan for 2020 was adopted, which describes more than 40 general initiatives to characterise the work on implementing the strategy in 2020. There is considerable overlap between the 2020 action plan and the action plan for the strategic framework contract. The following central initiatives are of particular note:

- Continued work on adjusting the university's educational profile. The university will continue its work on adjusting the graduate competency profile so that it better matches labour market needs – now and in the future. Apart from the educational effect, this will also result in an adjustment of the research profile, for example by strengthening the STEM and business areas.
- Effort to attract more qualified applicants to tenured academic positions. In this connection, codes of practice for recruitment are key to ensuring that the university will be able to attract a large, broad field of highly qualified applicants in the future and thereby maintain and broaden its position in the global competition.
- Strengthening the university's contribution to development and welfare in society as a whole. Efforts to increase collaboration with large companies as well as SMEs will continue, and work on entrepreneurship will be stepped up.
- Developing public sector consultancy. The quality management system will be certified, and quality assurance work will be strengthened further. Focus will be on better case management and communication in relation to providing high-quality consultancy, on time.
- Developing the university's visions for its own sustainable operations and development. In 2019, the university prepared a draft for an ambitious climate strategy likely to be adopted in 2020. Later on in 2020, an action plan for implementing the climate strategy will be adopted.

With the Finance Act 2020, the 2 per cent reallocation contribution on degree programme grants was abolished, and the temporary increase in taximeter funding for programmes with the lowest student FTE rates was extended up to and including 2022. Furthermore, the 2020 Finance Act led to a restoration of grants for government foundations and funding pools, so that in 2020, these grants will exceed the 2015 level for the first time. According to the most recent economic report from the Ministry of Finance dated December 2019, public investment in research and development will be below the Barcelona target of 1 per cent of GDP in the period 2018 – 2021. With no further restoration of research funding, the percentage will amount to 0.9 per

cent for the period. The government's memorandum of understanding mentions the Barcelona target and the aim for public investment in research to be at least 1 per cent of GDP. Consequently, AU is optimistic about the government's plans for such a restoration, and notes that voices in the current research policy debate argue in favour of further increasing the target for public investment in research and development.

Strengthening public investment in research and development may also balance out the shift taking place since 2016 from publicly funded research towards research funded by private foundations and organisations.

Another positive development is the increase in Aarhus University's portfolio of unused commitments. Overall, it will be possible to increase external funding activity in the coming years.

Public-sector consultancy contracts continue their 2 per cent annual decline, corresponding to DKK 7-8 million. Therefore, ongoing reductions in capacity at the departments involved and adjustments to a lower level of activity are to be expected, unless the contract funds can be substituted by external research grants and/or income-generating activities.

Aarhus University's strategic investments are likely to result in negative results for a number of years.

Table 6. Realised revenues, 2018 and 2019 financial statements, 2020 budget, DKKm current prices

DKKm current prices	FS18	FS19	B20
Total revenues	6,602	6,780	6,853
Profit/loss	-2	51	-49

Overall, the financial outlook for the university looks better at the beginning of 2020 than at beginning of 2019.

3. FINANCIAL STATEMENTS

3.1 ACCOUNTING POLICIES

Basis of accounting

The annual report of Aarhus University has been presented in accordance with the Ministry of Finance's guidelines and Ministerial Order no. 870 of 26 August 2019 on the Funding and Auditing etc. of Universities.

A few changes have been made to the comparative figures in the income statement. The changes have no impact on the profit for the year or the equity.

Apart from this, the accounting policies have been applied consistently with previous years.

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

The annual report is presented in DKK '000.

Recognition and measurement in general

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

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

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

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

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

Financial assets and liabilities are measured at amortised cost.

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

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

Foreign currency translation

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

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

Income taxes and deferred tax

The university is not subject to taxation.

Revenues

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

Costs

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

Financial items

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

Intangible assets

Finished development projects

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

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

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

Acquired concessions, patents, licences etc.

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

Property, plant and equipment

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

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

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

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

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

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

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

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

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

Non-current assets received as donations

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

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

Collections and works of art

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

Inventories

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

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

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

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

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

Receivables

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

Receivables from ongoing funding activities

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

Prepayments

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

Securities

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

Provisions

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

Long-term debt

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

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

Liabilities

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

Holiday pay payable

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

Accrued donations

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

Prepaid tied-up funds from ongoing funding activities

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

Other deferred income

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

Cash flow statement

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

3.2 INCOME STATEMENT 1 JANUARY - 31 DECEMBER

DKK '000			
Note	Income statement	FS 2019	FS 2018
	Ordinary operating income		
	Grants for own operation from the Danish Finance Act	4,190,833	4,158,244
	External funding	2,048,300	1,944,639
	Sales of goods and services	487,984	492,729
	Total ordinary operating income	6,727,117	6,595,612
	Ordinary operating costs		
	Consumption costs		
	Rent	684,852	677,222
	Other consumption costs	107,810	103,987
	Total consumption costs	792,662	781,209
	Staff costs	4,410,510	4,237,370
	Other ordinary operating costs	1,382,205	1,447,572
	Depreciation, amortisation, write-downs and impairment losses	144,264	138,742
	Total ordinary operating costs	6,729,641	6,604,893
	Profit/loss from ordinary operating activities	-2,524	-9,281
	Other operating income	0	0
	Profit/loss before financial items	-2,524	-9,281
	Financial items		
	Financial income	64,340	34,117
	Financial expenses	10,778	27,258
	Profit/loss for the year	51,038	-2,422

3.3 BALANCE SHEET AS AT 31 DECEMBER

DKK '000			
Note	Assets	FS 2019	FS 2018
	Non-current assets		
	Intangible assets		
	Finished development projects	0	0
	Acquired concessions, patents, licences etc.	851	1,521
3.6.2	Total intangible assets	851	1,521
	Property, plant and equipment		
	Land and buildings	565,316	520,369
	Plant and machinery	473,221	449,250
	Transport equipment	49,177	49,335
	Equipment and IT equipment	30,714	32,565
	Property, plant and equipment under construction	126,238	115,475
3.6.3	Total property, plant and equipment	1,244,666	1,166,994
	Total non-current assets	1,245,517	1,168,515
	Current assets		
	Inventories	8,140	6,963
	Trade receivables	173,385	179,048
	Receivables from ongoing funding activities	785,094	782,479
	Other receivables	99,464	89,348
	Prepayments	20,737	22,305
	Securities	1,943,999	1,906,704
	Cash	514,764	282,807
	Total current assets	3,545,583	3,269,654
	Total assets	4,791,100	4,438,169

DKK '000			
Note	Equity and liabilities	FS 2019	FS 2018
	Total equity	957,540	906,502
3.6.4	Total provisions	30,644	43,670
3.6.5	Mortgage debt	16,754	18,890
3.6.6	Accrued donations	446,290	413,672
	Total long-term debt	463,044	432,562
	Short-term debt		
	Trade payables	360,091	360,907
	Holiday pay payable	605,170	585,426
	Other payables	148,009	131,332
	Prepaid tied-up funds from ongoing funding activities	1,855,635	1,589,363
3.6.7	Other deferred income	370,967	388,407
	Total short-term debt	3,339,872	3,055,435
	Total equity and liabilities	4,791,100	4,438,169

3.4 STATEMENT OF CHANGES IN EQUITY

DKK '000	Total equity
Equity according to the 2018 annual reports	906,502
Profit/loss for the year	51,038
Total equity as at 31 December 2019	957,540

3.5 CASH FLOW STATEMENT

DKK '000	FS 2019	FS 2018
Profit/loss for the year	51,038	-2,422
Reversal of items with no cash effect:		
Adjustment of equity, cf. document no. 3	0	-6,000
Depreciation, amortisation and impairment losses on non-current assets, including profits from disposals	144,263	138,742
Donations recognised as revenues during the year	-60,752	-54,970
Changes in provisions	-13,026	9,132
Changes in receivables etc.	-6,677	-125,299
Changes in short-term debt	284,439	76,426
Cash flow from operating activities	399,285	35,609
Purchase of intangible assets	0	0
Purchase of property, plant and equipment	-222,333	-140,604
Disposal of non-current assets	1,386	4,024
Cash flow from investing activities	-220,947	-136,580
Addition of donation obligation	93,051	98,351
Repayment of long-term debt	-2,136	-2,128
Cash flow from financing activities	90,915	96,223
Change in cash	269,253	-4,748
Total securities and cash as at 1 January	2,189,511	2,194,259
Total securities and cash as at 31 December	2,458,764	2,189,511

3.6 NOTES TO THE FINANCIAL STATEMENTS

Note 3.6.1 Number of staff

	2015	2016	2017	2018	2019
Full-time equivalents	7,866	7,853	7,825	7,872	8,040

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 January 2019	0	10,208	0	10,208
Additions	0	0	0	0
Transferred to work in progress	0	0	0	0
Disposals	0	0	0	0
Cost as at 31 December 2019	0	10,208	0	10,208
Amortisation as at 1 January 2019	0	8,687	0	8,687
Amortisation for the year	0	670	0	670
Amortisation of assets sold	0	0	0	0
Amortisation as at 31 December 2019	0	9,357	0	9,357
Carrying amount	0	851	0	851
Amortisation period/years	20	3		

Out of the total carrying amount of TDKK 851, TDKK 622 was 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 January 2019	713,946	1,493,476	99,221	268,966	115,475	2,691,084
Additions	40,164	158,220	3,986	19,963	0	222,333
Transferred to work in progress	30,041	-43,260	1,624	832	10,763	0
Disposals	-8,000	-21,996	-3,687	-4,669	0	-38,352
Cost as at 31 December 2019	776,151	1,586,440	101,144	285,092	126,238	2,875,065
Amortisation as at 1 January 2019	193,577	1,044,226	49,886	236,401	0	1,524,090
Depreciation for the year	24,457	89,163	5,577	22,646	0	141,843
Depreciation of assets sold	-7,199	-20,170	-3,496	-4,669	0	-35,534
Amortisation as at 31 December 2019	210,835	1,113,219	51,967	254,378	0	1,630,399
Carrying amount	565,316	473,221	49,177	30,714	126,238	1,244,666
Depreciation period/years	10-50 years	5-20 years	5-30 years	3 years		

Out of the total carrying amount of TDKK 1,244,666, TDKK 445,667 was financed by donations, cf. note 3.6.6.

Public assessment of land and buildings, cf. the most recent assessments for 2018

Building value	415,835
Land value	73,066
Total public assessment	488,901
Property for which no separate public assessment has been made. Book value	3,500

Note 3.6.4 Provisions

DKK '000	FS 2019	FS 2018
Re-establishment commitments re leasehold improvements	3,925	3,925
Limited tenures, mutually agreed departures etc.	15,719	14,163
Impairment loss on Student Self-Service (STADS)	11,000	11,000
Project provisions	0	0
Other provisions	0	14,582
Total provisions	30,644	43,670

Note 3.6.5 Mortgage debt

DKK '000	FS 2019	FS 2018
Long-term debt is repaid over the following periods		
Within one year	2,136	2,132
Between one and five years	8,532	8,530
After five years	6,086	8,228
Total mortgage debt	16,754	18,890

Loan no.	Property	Loan type	ISIN code	Currency	Interest rate (per cent)	Fixed/floating interest rate	Interest-only	Interest-only on expiry	Principal amount (DKKm)	Outstanding debt (DKKm)	Expiry
4	Birk Centerpark, 7400 Herning	Mortgage loan	DK0009520876	DKK	0.0522	Floating	no		32.0	10.6	2026
5	Birk Centerpark, 7400 Herning	Mortgage loan	DK0009520876	DKK	0.0507	Floating	no		10.0	5.6	2034
6	Birk Centerpark, 7400 Herning	Mortgage loan	DK0009521338	DKK	0.01	Floating	no		1.2	0.6	2032

Loan in HIH property of TDKK 16,754 is expected to be paid off on the transfer of property to the Danish Building and Property Agency in 2020.

Note 3.6.6 Accrued donations

Distribution of accrued donations on asset types:

DKK '000	Acquired concessions, patents, licences etc.	Land and buildings	Plant and machinery	Transport equipment	Equipment and IT equipment	Non-current assets under construction	Total
Accrued donations 1 January 2019	1,059	86,540	254,101	25,664	7,286	39,022	413,672
Transfer	0	0	-15,773	0	-572	16,345	0
Donations received	0	1,894	82,697	150	9,717	0	94,458
Donations recognised as income	-436	-3,489	-50,475	-1,093	-5,259	0	-60,752
Donations disposed of	0	0	-1,088	0	0	0	-1,088
Accrued donations 31 December 2019	623	84,945	269,462	24,721	11,172	55,367	446,290
Accrued donations are recognised as revenues in the following periods:							
Within one year							62,939
Between one and five years							191,176
After five years							192,175
Total accrued donations as at 31 December 2019							446,290

Note 3.6.7 Other prepayments

DKK '000	FS 2019	FS 2018
Prepayment of grants 2020 from the Danish Agency for Institutions and Educational Grants (SIU) and the Danish Agency for Higher Education and Educational Support (VUS)	335,799	337,688
Other prepayments	35,168	50,719
Total other prepayments	370,967	388,407

Note 3.6.8 Use of funds for free places and scholarships in the period 1 September 2018 - 31 August 2019

DKK '000				
Use				
	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	42	33	1,515	3,599
Rate 2	2	0	127	0
Rate 3	29	17	1,576	1,667
Total	73	50	3,218	5,266
Financial statements				
Year	Transferred from the Danish Agency for Institutions and Educational Grants (SIU) (DKK)	Retained earnings from international fee-paying students (DKK)	Use in the financial year (DKK)	Result (DKK)
2014	10,268		13,207	-2,939
2015	10,086		14,180	-4,094
2016	9,756	246	10,975	-973
2017	9,526	179	10,492	-787
2018	9,396	0	9,074	322
2019	9,097	0	8,563	534

Note 3.6.9 Scholarships for particularly talented students for the 2015, 2016, 2017, 2018 and 2019 financial years

DKK '000			
Year	Number of scholarships	Subsidies from the Danish Agency for Institutions and Educational Grants (DKK)	Use in the financial year (DKK)
2015	0	1,200	0
2016	7	2,600	377
2017	11	1,200	1,150
2018	11	0	808
2019	4	0	36

In 2019, a total of four research fellows have been affiliated with the Innovation Fund Denmark project Future Cropping, which is a community partnership.

The fellowships expired in January 2019, and no more research fellows are likely to be admitted through this scheme.

In total, TDKK 2,371 has been allocated to fellowships in the period 2015-2019, see table. During the same period, internal taximeter consumption was TDKK 2,066.

Total consumption was TDKK 4,437.

AU has requested that the Danish Agency for Institutions and Educational Grants transfer the "profit" of TDKK 563 to the general free place scheme. Cf. note [3.6.8].

If this request is met, it will not be until 2020.

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

DKK '000	FS 2019	FS 2018
Student sports activities and other student activities		
Student sports activities	879	898
Other student activities	7	1
Total student activities	886	899
Student political activities		
Student Council/Studerterlauget/Joint Student Council	1,468	1,449
Konservative Studenter	179	141
Frit Forum	138	144
Total student political activities	1,784	1,734
Total	2,670	2,632

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, Studentarhus Aarhus, the Centre for Business Research, the Danish Society for Nature Conservation, the Danish Consumer Council, the Danish Animal Welfare Society and the Danish Hunters' Association. The university cooperates with and subsidises the self-governing institution Sandbjerg Estate, Studenterhusfonden and the Danish Institutes in Athens and Damascus.

Note 3.6.12 Contractual obligations

Aarhus University has rental commitments with periods of non-terminability up to 31 December 2035.

The commitments are distributed as follows:

DKK '000	Rental commitments
Within one year	486,319
Between one and five years	817,047
After five years	421,068
Total rental commitments	1,724,434

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 48,142. The pension liability for civil servants has been covered by the ongoing payment of pension contributions to pension funds.

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

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

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

Aarhus University must conduct research at the Villum Research Station in northeast Greenland until the contract expires on 1 January 2025.

By this time, Aarhus University will be subject to a re-establishment obligation if the Government of Greenland does not wish to renew the cooperation agreement, and if Aarhus University does not wish to conduct research at the station after this date.

This is not considered to be the likely outcome.

Note 3.6.15 Charges

Mortgage debt of TDKK 16,754 is secured by way of mortgages on the university's properties with a carrying amount as at 31 December 2019 of TDKK 54,311.

Note 3.6.16 Equity investments**DKK '000**

Aarhus University has ownership interests in the following companies:

Investment and acquisition

Company	2019	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	353	0.68
Brincker Dynamics ApS		8	80	10.00
Methyl Detect		13	50	25.40

Equity investments are recognised in the financial statements at DKK 0. The university had no revenues or expenses in 2019 relating to the above-mentioned companies following their formation.

Note 3.6.17 Overview of accumulated result for income-generating activities

DKK '000	2016	2017	2018	2019
Revenues	132,222	145,622	131,474	130,339
Direct and indirect costs	126,788	134,498	123,236	118,545
Profit/loss	5,434	11,125	8,238	11,794
Accumulated results as from 2007*)	98,688	109,812	118,051	129,845

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

4. APPENDICES

4.1 OVERVIEW OF ACTIVITY TYPES (DIVISIONAL FINANCIAL STATEMENTS)

DKKm	All divisional financial state- ments	DFS 1: General activities	DFS 2: Income- generating activities	DFS 3: Forensic medicine	DFS 4: Grant- financed research	DFS 5: Other grant-fi- nanced activities	DFS 6: Education research
Revenues							
Finance Act grants	4,191	4,190					1
External funding	2,048				1,914	134	
Sales and other operating income	488	298	130	50	8	2	
Total revenues	6,727	4,488	130	50	1,922	136	1
Costs							
Wages and sa- laries	4,411	3,177	46	25	1,109	53	
Rent	685	678		5	1		
Other operating costs	1,490	566	73	16	751	83	1
Depreciation and amortisation	144	81		2	61		
Total costs	6,730	4,502	119	49	1,922	136	1
Profit/loss from ordinary operating activities	-3	-14	11				
Total financial items	54	54					
Profit/loss for the year	51	40	11				

4.2 FINANCIAL HIGHLIGHTS

No.	Financial highlights	FS 2019	FS 2018
Revenues, DKKm			
1	Education	1,882	1,941
2	Research	2,093	2,091
3	External funding	2,239	2,130
4	Research-based public sector consultancy services	188	183
5	Basic grants	123	52
6	Other income	257	206
Costs in DKKm broken down by purpose			
7	Research*	3,507	3,427
8	Education*	2,238	2,223
9	Research dissemination and knowledge exchange*	216	189
10	Research-based public sector consultancy*	420	416
11	General management, administration and service	320	321
Staff (full-time equivalents)			
12	Academic staff	4,129	4,009
13	Part-time academic staff	367	377
14	Technical/administrative staff	3,544	3,486
Balance sheet			
15	Equity, DKKm	958	907
16	Balance sheet, DKKm	4,791	4,438
17	Buildings, total (gross area in m²)	707,642	685,770
Activity and production information			
Students			
18	Number of admissions to Bachelor's degree programmes	6,815	7,018
19	Number of admissions to Master's degree programmes	5,925	5,898
20	Number of students enrolled as at 1 October	33,020	33,112
21	Student FTE production	26,521	26,317
Graduates			
22	Number of Bachelor's degree graduates	4,625	4,512
23	Number of Master's degree graduates	5,045	5,203
Open and part-time degree programmes			
24	Number of active full-time equivalents	944	1,030
25	Number of professional Master's and diploma degree programme graduates	594	743
Internationalisation			
26	Number of outgoing students (exchange students)	1,645	2,005
27	Number of incoming students (exchange students)	996	1,090
28	Number of foreign exchange students on full programmes in Denmark	2,790	2,962
PhD programmes			
29	Number of PhD students enrolled	1,798	1,813
30	PhD student intake (new PhD students)	491	490
31	No. of approved PhD dissertations	455	417
Research and dissemination results			
32	Number of publications (bibliometric indicator)	6,949	6,605
33	Reported patents	19	24
34	Reported inventions	80	68
35	Number of projects with business and industry	2,713	2,474
36	Number of external projects	5,038	4,699
37	Revenues from cooperation with business and industry, DKKm	790	690

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

5. SINO-DANISH CENTER FOR EDUCATION AND RESEARCH

Highlights

The SDC building north of Beijing was put into service in 2017, and it is now demonstrating its potential by hosting a wide range of different activities. Apart from daily teaching, examples of activities at the SDC building in 2019 include the Novo Nordisk Diabetes Roundtable, and Corporate Innovation Days 2019 for business people, researchers and students. In addition, during the year, SDC has organised a series of "Get Smart with SDC" events inspired by the TEDx talks. These are just a few examples of academic activities linked to SDC. Moreover, Master's degree students use the facilities at the building for both academic and social events, and in 2019, students took the initiative to open a gym for both students and staff.

In addition to academic events, in collaboration with the Danish Chamber of Commerce in Beijing, SDC arranged for the popular Danish radio programme "Mads & Monopolet" to be broadcast from SDC in March 2019. The audience consisted of students and staff at SDC, as well as teachers and Danish expats.

Beside hosting various events, SDC also welcomes Danish upper secondary schools and others visiting Beijing on study trips, and in October, Casper Klynge, the Danish Tech ambassador, paid a visit to the centre. Denmark is the first country in the world to appoint a Tech Ambassador in an attempt to link technology and diplomacy through "TechPlomacy".

Students, graduates and researchers

In 2019, 61 full-time students and three semester students from Denmark were enrolled in a total of seven Master's degree programmes. With regard to academic staff, during 2019, almost 200 researchers from Danish universities visited China – many of them on several occasions – to teach and/or conduct research within the framework of SDC.

In 2019, the Danish branch of the Sino-Danish Center co-funded 24 new PhD fellows across the six existing research areas: Water and Environment, Sustainable Energy, Nanoscience, Social Sciences, Life Sciences and Food and Health. The majority of the PhD students and postdocs contribute to the teaching at the Master's degree programmes in China.

On the PhD side, 2019 marked a milestone in the SDC partnership, because it was the first time that a Chinese SDC PhD student succeeded in obtaining a double degree from a Danish university. The Danish Board of SDC

In 2019, the Danish Board of SDC welcomed two new members. University Director Georg Dam Steffensen, IT University, replaced Jørgen Staunstrup, while Dean of the Faculty of Social Sciences Rasmus Antoft, Aalborg University, stepped in to replace Pro-rector Inger Askehave. Dean Philip John Binning from the Technical University of Denmark continues as the chairman of the board, while Dean of Health Lars Bo Nielsen, Aarhus University, serves as vice chairman.

Final approval of new degree programme

In 2019, the last component of the approval of a new SDC Master's degree programme in International Food Quality and Health fell into place when the Danish Accreditation Council's approval from 2018 was followed up by an approval from the Chinese Ministry of Education. The Master's degree programme is anchored at Aarhus University and students can commence the programme in 2020. At that time, SDC will thus offer eight Master's degree programmes in six research areas.

SINO-DANISH CENTER FOR EDUCATION AND RESEARCH

INCOME STATEMENT 1 JANUARY - 31 DECEMBER 2019

BALANCE SHEET AS AT 31 DECEMBER 2019

DKK '000			
Note	Income statement	FS 2019	FS 2018
	Ordinary operating income		
	Grants for own operation from the Danish Finance Act	33,560	31,164
	External funding	30,000	29,700
	Total ordinary operating income	63,560	60,864
	Subsidies transferred to Danish universities	58,034	57,191
	Subsidies transferred to China	610	0
	Total funds transferred	58,644	57,191
	Ordinary operating costs		
	Consumption costs		
	Rent	495	517
	Other consumption costs	41	112
	Total consumption costs	536	629
	Staff costs	7,782	7,274
Note 1	Other ordinary operating costs	2,295	3,300
	Depreciation, amortisation, write-downs and impairment losses	123	153
	Total ordinary operating costs	69,380	68,547
	Profit/loss for the year	-5,820	-7,683

Balance sheet			
Assets			
	Balance, AU	55,550	61,370
	Total assets	55,550	61,370
Equity and liabilities			
	Balance, end of 2018	61,370	69,053
	Funds paid by partners 2019	63,560	60,864
	Use of funds paid by partners 2019	-69,380	-68,547
	Funds available for future activities, end of 2019	55,550	61,370
	Total equity and liabilities	55,550	61,370

Note 1: The Danish Industry Foundation has awarded TDKK 9,000 to complete the House of the Danish Industry Foundation in Beijing.
In 2019, TDKK 207 of this grant was used.

Annual Report 2019

www.au.dk/arsr2019

Copyright

Aarhus University

Editors: Events and Communication Support, Rector's Office and AU Finance

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

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

Events and Communication Support

Email: kommunikation@au.dk

Web: www.au.dk/kommunikation
