

ANNUAL REPORT

2015



AARHUS UNIVERSITY



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1. STATEMENT BY THE MANAGEMENT AND AUDITORS' REPORT

1.1 STATEMENT BY THE MANAGEMENT ON THE ANNUAL REPORT

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

The annual report has been presented in accordance with Executive Order No. 598 of 8 March 2015 on the Funding and Auditing etc. of Universities.

It is hereby confirmed:

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

Aarhus, 26 April 2016



Brian Bech Nielsen
Rector

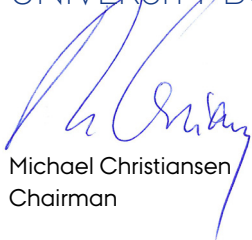


Arnold Boon
University Director



Berit Eika
Pro-rector

UNIVERSITY BOARD



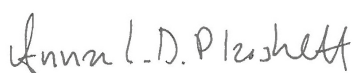
Michael Christiansen
Chairman



Peder Tuborgh
Deputy Chairman



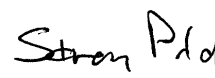
Susanne Bødker



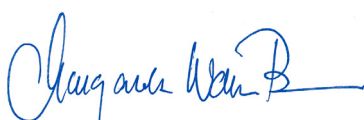
Anna Louise Dolan Plaskett



Connie Hedegaard



Søren Pold



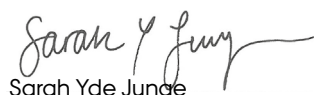
Margareta Wallin Peterson



Steen Riisgaard



Lieve Vermeulen



Sarah Yde Junge



Gitte Ørskou

1.2 INDEPENDENT AUDITORS' REPORT

We have audited the financial statements of Aarhus University for the period 1 January – 31 December 2015. The financial statements comprise accounting policies, income statement, balance sheet, statement of changes in equity, cash flow statement and notes 1–16. The financial statements have been prepared in accordance with the Danish Audit of State Accounts etc. Act, rules laid down in the Danish Ministry of Finance's Economic Administrative Guidelines and Executive Order No. 598 of 8 March 2015 on the Funding and Auditing etc. of Universities.

Management's responsibility for the financial statements

The management is responsible for preparing and presenting financial statements that give a true and fair view in accordance with the Danish Audit of State Accounts etc. Act, rules laid down in the Danish Ministry of Finance's Economic Administrative Guidelines and Executive Order No. 598 of 8 March 2015 on the Funding and Auditing etc. of Universities. Such responsibility comprises the preparation, implementation and maintenance of internal controls that are relevant in order to be able to prepare and present financial statements that give a true and fair view and are free from material misstatement, irrespective of whether such misstatement is caused by fraud or errors, as well as the choice and use of appropriate accounting policies and the making of accounting estimates that are deemed to be fair in the circumstances.

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

The auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with international auditing standards and additional requirements under Danish audit regulation, generally accepted public auditing

standards and in compliance with the agreement on internal audits at the universities concluded between the Danish Minister for Higher Education and Science and the Auditor General under section 9 of the Danish Auditor General's Act. These standards require that we fulfil ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

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

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

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

Our audit did not give rise to qualifications.


Opinion

In our opinion, the financial statements of Aarhus University for the financial year 1 January – 31 December 2015 have in all materiality been presented in accordance with the Danish Audit of State Accounts etc. Act, rules laid down in the Danish Ministry of Finance's Economic Administrative Guidelines and Executive Order No. 598 of 8 March 2015 on the Funding and Auditing etc. of Universities. In addition, we believe that procedures and internal controls have been established to ensure that the transactions included in the financial statements are consistent with appropriations granted, legislation and other provisions, agreements made and general practice.

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

We have read the management's report and the section on performance reporting (pages 7–23) and appendices (pages 35–36). We have not performed any other activities in addition to the audit of the financial statements. Against this background, we believe that the information provided in the management's report, the performance reporting and appendices is in accordance with the financial statements.

Aarhus, 26 April 2016
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab



Claus Lindholm Jacobsen
State-authorized Public Accountant



Henrik Kragh
State-authorized Public Accountant

2. REPORT FOR 2015

2.1.1 MANAGEMENT

The university	Aarhus University, Nordre Ringgade 1, 8000 Aarhus C, Denmark
Registered in	City of Aarhus, CVR no.: 31119103
University Board 2015	Michael Christiansen, Chairman Peder Tuborgh, Deputy Chairman Heidi Klokke Andersen, Student representative (until 31.1.2015) Peter Bugge, Employee representative (academic staff) (until 31.7.2015) Susanne Bødker, Employee representative (academic staff) Connie Hedegaard Sarah Yde Junge, Student representative (from 1.2.2015) Bertha P. Beck Mortensen, Employee representative (technical and administrative staff) Andreas Birch Olsen, Student representative Søren Pold, Employee representative (academic staff) (from 1.8.2015) Margareta Wallin Peterson Steen Riisgaard Gitte Ørskou
Management 2015	Rector Brian Bech Nielsen (acting university director 1.10.2015 – 31.12.2015) Berit Eika, pro-rector Jane Kraglund, university director (until 30.9.2015) Johnny Laursen, dean (Arts) Allan Flyvbjerg, dean (Health) Svend Hylleberg, dean (Business and Social Sciences) (until 30.6.2015) Thomas Pallesen, dean (Business and Social Sciences) (from 1.7.2015) Niels Christian Nielsen, dean (Science and Technology)
Auditors	Danish National Audit Office Landgreven 4, 1301 Copenhagen K, Denmark
Institutional auditors	PricewaterhouseCoopers, Statsautoriseret Revisionspartnerselskab Jens Chr. Skous Vej 1, 8000 Aarhus C, Denmark

2.1.2 STRATEGIC OVERVIEW

AARHUS UNIVERSITY'S STRATEGY 2013–2020

MISSION

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

VISION

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

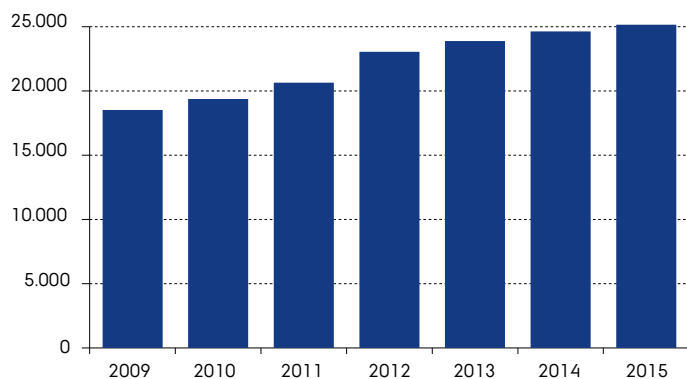
VALUES

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

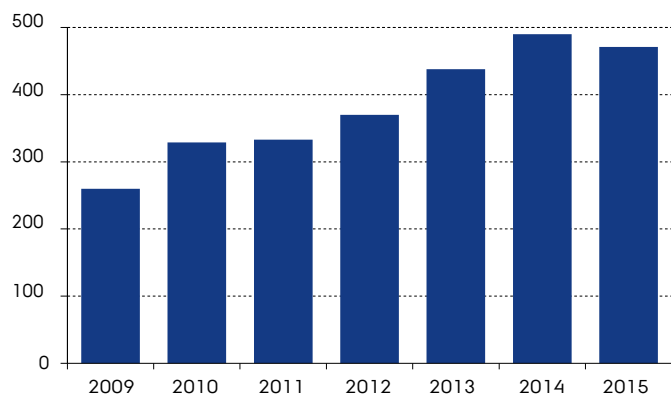
STRATEGIC GOALS 2013–2020

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

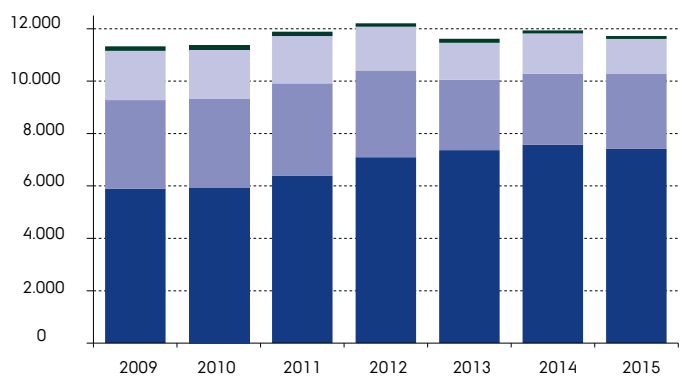
2.1.3 KEY FIGURES *



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

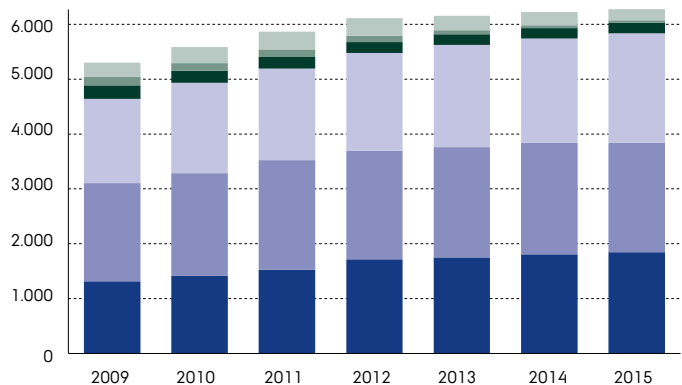


PhD degrees awarded



Publications **

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



AU total income, by purpose DKK '000 in prices for the year

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

*) Key figures include Engineering College of Aarhus from 2012

**) The number of publications for 2015 is slightly incorrect due to errors in the Danish Agency for Science, Technology and Innovation's calculations of the bibliometric research indicator.

2.2 MANAGEMENT'S REPORT

2015 was a good year, and a year of consolidation for Aarhus University. Budgetary initiatives implemented in 2013 and 2014 bore fruit, as evidenced by the satisfactory results. After three years of losses, a profit of DKK 176 million was posted, including an extraordinary income item of DKK 124 million in the form of proceeds from the sale of the university's property at Dalgas Avenue in central Aarhus, which used to house the former Engineering College of Aarhus. Thus, the profit from the year's operating activities as such totalled DKK 52 million, or just under 1% of the turnover. The university regards this as satisfactory. The university posted turnover of DKK 6,279 million for 2015, and equity is now DKK 647,5 million corresponding to 10% of turnover. Thus, equity has reached the level desired by the University Board. Moreover, the senior management team is pleased that the organisational restructurings decided in autumn 2014 to improve the administrative support and increase staff involvement seem to be working as intended.

A number of framework conditions have, however, changed significantly in the past couple of years, and this development is expected to continue in the coming years, leading to significant financial challenges. Degree programme resizing means that the production of graduates from a number of degree programmes is being regulated nationally, while further challenges will be posed by the study progress reform. Both reforms started to take effect in 2015 and are expected to lead to a decline in revenues in the coming years. Also, a 2% cut will be made to the funding for research and education from 2016 – in the form of the so-called reallocation contribution – combined with substantial reductions in public funding for councils and foundations. In 2015, the university management initiated discussions with the University Board on possible ways of addressing these extensive challenges, while at the same time aligning – to a greater extent – the university's educational profile with the future needs of society. It is crucial that Aarhus University insist on maintaining its high quality standards and its strong commitment to meeting its social responsibilities.

Performance reporting

Except for one performance indicator, see section 2.4, Aarhus University fulfilled its development contract with the Ministry of Higher Education and Science in 2015, which bears evidence to the university's strong position. The university's position of strength is also reflected in the key performance indicators, which developed positively from 2014 to 2015, for example as regards the consumption of external funding per member of academic staff and the academic staff/student ratio. As mentioned above, one target in the development contract – Aarhus University's share of the university's sector's international full-degree students – was not fulfilled in 2015. This is attributable, in particular, to the degree

programme resizing, which in fact is constraining the internationalisation of the degree programmes.

Research

Aarhus University's ambition is to maintain and strengthen research environments of the highest quality. This provides the very foundation for strong research-based degree programmes, and for the university being able to remain an active and attractive partner for society. The attraction of external research funding is particularly crucial to the continued development and further strengthening of the activities of the research environments.

External funding

The university continued to secure a very considerable level of external funding in 2015. During the first two years of Horizon 2020, the EU Framework Programme for Research and Innovation,

- External research funding: DKK 1,687 billion
- Proportion of grants from the Danish Council for Independent Research 29%
- Secured EUR 24.2 million from H2020

Aarhus University secured funding in the amount of EUR 40 million. The framework programme is the object of considerable political attention, and Aarhus University has devoted considerable efforts to improving the quality of applications; however, at the same time competition for funding among the European universities has intensified significantly. Against this background, the level of funding secured is deemed to be satisfactory.

One of the successful Horizon 2020 applications was submitted by Professor Peter Gorm Larsen from the Department of Engineering, who was granted EUR 8 million for his INTO-CPS project, which aims to develop a new type of software for integrating the small computers which control a growing number of the physical objects with which we surround ourselves on a daily basis. Based on the teachings of the early Christian theologian Origen, another EU grant of EUR 3.7 million will raise awareness of the history of human freedom and dignity through the funding of 14 European PhD projects. The research is, among other things, relevant for the paradigm shift currently taking place in the public sector, where greater importance is being attached to the free will of the individual citizen in the development of our welfare society. Anders Christian Jacobsen, professor with special responsibilities (MSO) from the School of Culture and Society, is coordinating the grant.

In 2015, iPSYCH (the Lundbeck Foundation Initiative for Integrative Psychiatric Research), which brings together leading Danish researchers in psychiatry, genetics and register-based research, received a new grant of DKK 120 million from the Lundbeck Foundation for its continued research into schizophrenia, bipolar affective disorder, autism, ADHD and depression. The project, in which researchers from Health and Aarhus BSS are participating, consists of five project groups, three of which are based at Aarhus University and headed by Professor Mogens Kilian, Department of Biomedicine.

On the national scene, in 2015 a large number of researchers played a very active role in the preparation of a new roadmap which is to form the basis of national research infrastructure investments in the coming years. Researchers from Aarhus University are involved in all 22 projects under the new roadmap, in seven as main proposers.

In 2015, a decision was made internally at the university to provide funding for nine interdisciplinary research networks aimed at developing new ideas and creating research breakthroughs. Researchers from across the faculties will work together to find new answers within the fields of, for example, cancer research, archaeology, air pollution and sustainable change. At the same time, the networks are expected to use the grant as a springboard for attracting additional external funding.

Prizes and awards

In 2015, Professor and IMC Director Andreas Roepstorff, from the Interacting Minds Centre, was awarded the Carlsberg Foundation Research Prize for his interdisciplinary research into human culture and biology. The prize is awarded once a year to two researchers on the recommendation of the Royal Danish Academy of Sciences and Letters. Each awardee receives DKK 250,000 as a personal honorary award and DKK 750,000 of research funding.

In 2015, Assistant Professor Signe Normand from the Department of Bioscience became the first Dane to be presented with the L'Oréal-UNESCO For Women in Science International Rising Talents award for her research in the field of macroecology and ecoinformatics. By means of drones, Normand examines the Greenlandic tundra to further our understanding of the impact of climate change on the Arctic ecosystem. A total of five International Rising Talents awards are presented each year.

Finally, in 2015 one of the coveted Elite Research Prizes went to Professor Lars Birkedal, head of the Department of Computer Science for his groundbreaking research into modern complex programming languages over many years.

New Centre for Collaborative Health and centenary of engineering programmes

How can the universities' strong research positions contribute more to addressing the challenges facing the Danish healthcare and welfare systems? This is one of the questions which the new Centre for Collaborative Health, which opened in October 2015, will help to answer.

The purpose of the centre is to consolidate and further strengthen Denmark's leading position in the field of innovative technological healthcare and welfare technology solutions – based on research and with a strong focus on dialogue and collaboration. The answers must be found through collaboration across traditional sectors and professional boundaries. The centre's activities will be based primarily on the research being conducted by the departments at Health, but will also draw on competencies from the other faculties.

In 2015, Science and Technology celebrated the centenary of the establishment of the first engineering degree programmes in Aarhus. In 1915, Aarhus Technical School, or Aarhus Teknikum, admitted five hopeful students to its newly established electrical engineering programme. Three generations of graduates have since been a significant driving force in the industrialisation of the city of Aarhus and the region, and in developing the technology-based society we know today. Approximately 3,000 students are currently enrolled at Aarhus University's engineering degree programmes, and their expertise and skills are in greater demand than ever. On 1 January 2012, the Engineering College of Aarhus merged with Aarhus University, the basic idea being to create optimum conditions for modernising the engineering programmes, making them more research-based in line with the needs of the business community. AU Engineering therefore consists of the Aarhus University School of Engineering, which offers the Bachelor of Engineering programmes, and the Department of Engineering where the MSc in Engineering degree programmes and engineering research activities are based.

Education

Quality is very much on Aarhus University's agenda in the area of education. In the past year, the university's three top priorities have been recruitment, study progress reform and institutional accreditation.

Recruitment

Out of a desire to improve the matching of students and degree programmes, focus has been on recruitment. Activities have inclu-

- 36,517 students enrolled
- 26,606 quota-1 applicants
- Bachelor's degree programmes: 7,228 admissions, 4,589 graduates
- Master's degree programmes: 5,487 admissions, 4,520 graduates

ded sharper profiling of the degree programmes and increased campaign activities. Based on the keywords 'faglighed, fællesskab og fremtid' (academic excellence, strong sense of community and future prospects), the profiling has centred on the fact that Aarhus University combines high academic standards with a good study environment. The ambition has been to attract the most talented students.

In connection with admissions in summer 2015, Aarhus University saw an increase in the qualifying grade point averages as well

as an increased ratio of first-priority applications to the number of students admitted to the Bachelor's degree programmes. Also, both applicant numbers and the number of students admitted were up.

The admissions in 2015 were the first following the government's resizing of degree programmes with systematic above-average rates of unemployment. Through huge efforts on the part of the administration, the political intentions were realised. Most of the resized degree programmes are based at Arts, and through the involvement of a broad circle of stakeholders, a revised degree programme resizing plan for 2016 and the following years was prepared in 2015. The revised plan takes greater account of the graduates' current employment situation than the national plan. A number of related degree programmes will be merged at Arts, and moving forward the faculty will continuously identify degree programmes for which it will be necessary – in light of the future job prospects of graduates – to limit student intakes.

The university and the upper secondary schools are mutually dependent. In the coming years, the generations finishing upper secondary school to go to university will be declining, and cooperation between the university and the upper secondary schools is therefore a high priority. Aarhus University is engaged in cooperation with a broad range of upper secondary schools. In 2015, this cooperation was further consolidated as a working group comprising representatives from the general upper secondary schools in the Central Denmark Region and Aarhus University concluded its work. The focus of the working group was on further and continuing education for upper secondary school teachers, and an internal steering committee will now take over and seek to meet some of the wishes identified by the working group. As an offshoot of this work, an upper secondary school coordinator has been appointed by Aarhus University who will be responsible for coordinating the cooperation and the communication between the university and the schools.

Study progress reform

As from the summer intake, the study progress reform applies to all students, and the media brought several stories about stressed-out students and marked increases in the number of reexaminations. Towards the end of the year, a large majority in the Danish Parliament agreed on a revision of the study progress reform.

Central to the study progress reform – both before and after the revision – is a reduction of the average time to degree. For this end, Aarhus University has implemented a number of initiatives which will encourage students to put more time and energy into their studies. Mentor schemes, thesis workshops and the development of digital forms of instruction are examples of such initiatives, while efforts have also gone into compiling data and establishing a framework based on the provisions of the relevant ministerial orders. This did not boost the level of study intensity sufficiently, and the reduced time to degree target defined by the ministry was not realised in 2015. The continued efforts are, however, expected to ensure increased study progress in the coming years.

The thesis-writing process is deemed to be key to reducing the average time to degree. With the ultimate aim of upholding the role of the thesis as the culmination of the degree programme, allowing students to apply the knowledge which they have acquired during their studies and immerse themselves in a central issue within their particular field of study, in 2015 Aarhus University announced its ambition of increasing the number of one-year Master's theses being written, preferably in cooperation with external partners. This remains the ambition of Aarhus University, but without hampering study progress.

Institutional accreditation

The unchanging ambition of improving degree programme quality was a guiding principle for the degree programme statuses and evaluations carried out in 2015. Following the institutional accreditation of Aarhus University, these degree programme quality assurance processes will replace the rota accreditation. A wide circle of students, staff and managers were involved in these processes in 2015, and valuable experience has been gained from working with solid sets of data, entering into a dialogue about the degree programme in a holistic perspective and ensuring follow-up in the form of actions aimed at maintaining and developing quality.

The quality assurance of the degree programmes rests on solid sets of data in the form of figures from the directors of studies, reports from the chairmanship of the external co-examiners, exam statistics, teaching evaluations, study environment and employment surveys etc. In 2015, a solid foundation was created for the quantitative data sets, so that data packets can be supplied to all degree programmes every year. In addition, common system support has been established for teaching evaluations integrated with Blackboard, which is the platform used by students to access information about lectures and classes.

Feedback was high on the students' agenda in 2015. In the latest study environment survey, students called for more feedback to be given, and the Student Council has taken various steps to maintain focus on this desire. In cooperation with the Student Council, a feedback-themed event was held in 2015.

Another event was held in 2015 aimed at providing inspiration for teaching staff in the form of input both from external parties and from colleagues who talked about their experience from using digital platforms in their teaching. Right across the university, a lot of work is going into implementing educational IT, among other things through the competency development of a broad circle of teaching staff who will subsequently start using the tools in their teaching. 2015 was also the year in which Aarhus University started offering a second degree programme via e-learning; in addition to the e-learning degree programme already offered by Arts, Science and Technology welcomed the first students to its e-learning-based Bachelor of Engineering programme in electronics.

Talent development

2015 was also the year in which a new initiative from the Aarhus University Research Foundation saw the light of day. The AUFF Starting Grants initiative is intended to strengthen the growth layer of early-career researchers at the university. AUFF Starting Grants of DKK 27.8 million were awarded to assistant professors (22 grants), while AUFF Starting Grants of DKK 79.7 million were awarded to associate professors (34 grants). The purpose of the two types of starting grants is to provide support for early-career researchers to establish or consolidate independent research groups.

In 2015, an international evaluation showed that Aarhus University's four graduate schools are of a high international standard, that PhD graduates from Aarhus University find good jobs, and that PhD students from Aarhus University publish papers at a high international level.

The evaluation reports also show that the PhD degree programmes place high demands on the PhD students who must attend relevant courses, teach and at the same time complete an independent research project at a high level. Finally, the international panels recommend that the graduate schools should work in a more structured way to attract even more well-qualified international PhD students to Aarhus University.

Knowledge exchange

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

Research-based consultancy

The scope of Aarhus University's research-based public-sector consultancy services, first and foremost to the Ministry of Environment and Food of Denmark, is considerable. Public-sector consultancy services cover research, consultancy, emergency response and research dissemination under framework agreements with the ministries which totalled DKK 400 million in 2015, see section 2.3. When factoring in the considerable external funding attracted by Aarhus University's research environments in the fields of the environment, nature, climate, agriculture and food each year, Aarhus University's turnover from public-sector consultancy services in these fields topped DKK 1 billion in 2015, which is in line with the levels seen in previous years. The whole area is subject to considerable financial pressures due to the annual reduction in the adjustable grants and a higher degree of competitive research funding.

Via the national centres – the Danish Centre for Food and Agriculture (DCA) and the Danish Centre for Environment and Energy (DCE) – Aarhus University in autumn 2015 delivered extensive consultancy services to the Danish government on its agricultural plan. Researchers have calculated the consequences to the environment and agriculture of the comprehensive changes to the future regulation of the agricultural sector.

Other external collaboration

Aarhus University works with a large number of large, small and medium-sized enterprises, and the university strives to continuously develop and improve its cooperation. In 2015, the Department of Law established the Centre for Small and Medium-Sized Enterprises, which is to generate new knowledge about how to foster growth in SMEs and shed light on the challenges that SMEs face when trying to create growth and development. The Centre for Small and Medium-sized Enterprises will use the acquired knowledge to develop tools tailored to support the development of SMEs, and through activities specifically targeted at SMEs, these tools will be made available to the enterprises and their advisers. Keywords for the Centre for Small and Medium-sized Enterprises are: framework conditions, business models, innovation, management and board member skills, insight, knowledge, networking and communication at eye level.

In 2015, Aarhus University built up a new unit (opened at the end of 2014) – the Stanford Peace Innovation Lab – at the Department of Business Development and Technology in Herning. The centre strengthens collaboration between American and Danish researchers through the development of knowledge and methods within the field of multi-business model innovation. This knowledge will ultimately benefit companies and society. The unit is a branch of Stanford's network of global laboratories, all of which work with innovation and peace in different contexts. The Stanford Peace Innovation Lab at Aarhus BSS will be focusing, in particular, on peace innovation in a business model and innovation perspective.

At Science and Technology, the first of a number of so-called 'Brainnovation Days' was held under the heading 'Food safety and water'. The primary purpose of the Brainnovation Days is to develop the dialogue and the cooperation between businesses and researchers. The days revolve around the commercial challenges and future focus areas of business and industry, and how researchers can contribute to addressing these challenges. Before a Brainnovation event, businesses are invited to suggest themes or topics for discussion in focus groups with researchers on the Brainnovation Day.

In 2015, Aarhus for the second time hosted Internet Week Denmark, an international festival celebrating the internet and the digital economy. Under the auspices of Smart Aarhus, Internet Week Denmark is organised jointly by the City of Aarhus and Aarhus University. The festival is based on a crowd-sourcing concept, with most of the activities being planned by private businesses, researchers and public institutions. Smart Aarhus is a partnership between the City of Aarhus, the Central Denmark Region, Aarhus University, the Alexandra Institute, VIA University College, IT-Forum, the Danish Technological Institute, Creuna and Systematic.

Since 2007, Aarhus University has each year in May held its so-called MatchPoints Seminar, an academic conference with an outgoing profile. The purpose of the MatchPoints Seminars is to foster

dialogue between Aarhus University and the general public on issues of broad social relevance. The 2015 seminar was entitled 'Security and regulation in the globalised Arctic'. The conference was organised by Aarhus University in collaboration with the City of Aarhus, with partners including a number of Nordic universities and Danish ministries.

Changes at departments and schools

In 2015, two faculties changed the names of a number of departments and schools to improve the visibility and academic identity of the units. At Aarhus BSS, the names of two departments were changed – AU Herning became the Department of Business Development and Technology, while the Department of Business Administration changed its name to the Department of Management. At the same time, a new logo was adopted, which in the coming years will contribute to strengthening the profile of Aarhus BSS, Aarhus University's business school. At Arts, an internal process also resulted in name changes as the Department for Education changed its name to the Danish School of Education, while the Department of Aesthetics and Communication became the School of Communication and Culture.

At the end of 2015, the University Board approved the merger of the School of Oral Health Care with the Department of Dentistry. The purpose of the merger is for the new department to match future requirements for the prevention and treatment of oral and dental diseases and has been named the Department of Dentistry and Oral Health.

The Agency for the Modernisation of Public Administration's guidelines on the presentation of annual reports for 2015 stipulates that the management's report must be approximately one page long and contain a summary of the company's operational and financial results. Aarhus University has therefore decided to reduce the form and scope of the management's report.

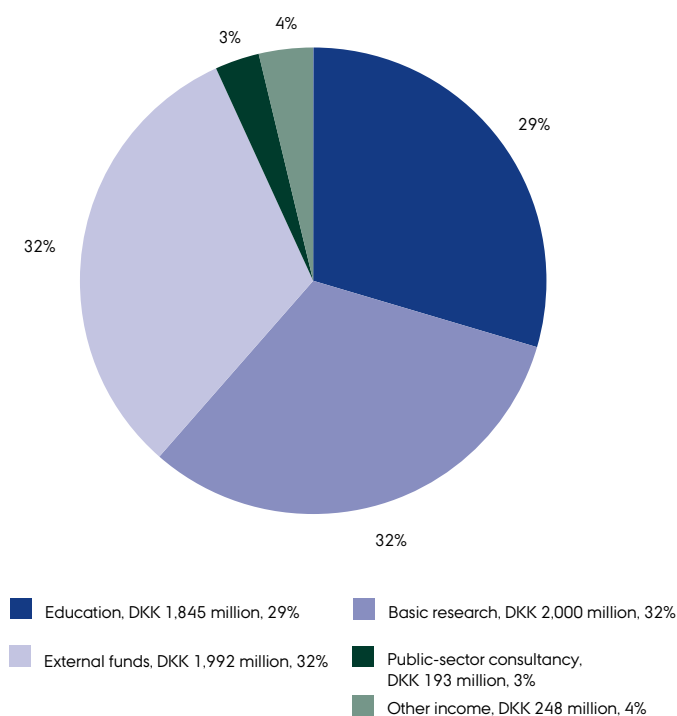
2.3 CORE ACTIVITIES AND RESOURCES

The financial statements for Aarhus University have been presented in accordance with the Danish Ministry of Finance's guidelines and Executive Order No. 598 of 8 March 2015 on the Funding and Auditing etc. of Universities. In 2015, the university posted turnover of DKK 6,279 million. The university realised a profit of DKK 176 million or just under 3% of the turnover. The profit includes proceeds of DKK 124 million from the sale of buildings at Dalgas Avenue. Thus, the profit from the year's operating activities as such totalled DKK 52 million. As at 31 December 2015, the balance sheet total was DKK 3,758 million, and equity amounted to DKK 647.5 million, corresponding to 10% of the turnover. The results for the year are considered to be satisfactory.

Activities and resources

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

Figure. Revenues in 2015 by purpose in DKKm and percentages



An amount of DKK 207 million out of the basic research income of DKK 2,000 million stems from public-sector consultancy contracts with the Ministry of Environment and Food of Denmark. The public-sector consultancy contracts thus total DKK 400 million.

The Minister for Higher Education and Science provides funding for the university's activities as a whole. The university is free to use the funding. There is thus nothing stopping the university from using funds which have been granted for research to finance its educational activities as long as the university fulfils its purpose.

The revenues for educational activities consists primarily of Finance Act grants in the form of taxameter subsidies, completion bonuses and tuition fees from self-paying foreign students and part-time students. These revenues amounted to 29% of the university's revenues, or DKK 1,845 million in total, and 4,589 Bachelor's degree students and 4,520 Master's degree students were produced as well as 25,167 student FTEs and 772 graduates from professional Master's degree and diploma degree programmes. In 2015, 1,236 full-time students were enrolled on open and part-time degree programmes.

Basic research revenues totalled DKK 2,000 million, or 32% of total revenues. The results of the university's research are also described in section 2.2 and include, for example, a place in the top-100 in several international rankings and a research impact of 1.35 for 2009-2012, which means that publications from AU are represented with proportionally 35% more articles among the 10% most cited publications than the expected world average for all the world's universities. In 2015, 10,270 research papers were published, the vast majority peer-reviewed.

External funds totalled DKK 1,992 million and comprise external research funding totalling DKK 1,687 million from Danish and foreign public and private sources, DKK 133 million from income-generating activities, for example from the university's dental clinic and from the sale of advisory and consultancy services, forensic services to the Ministry of Justice in the amount of DKK 45 million and other grant-financed activities of DKK 127 million.

The public-sector consultancy contracts with the Ministry of Environment and Food of Denmark totalled DKK 400 million, of which an amount of DKK 193 million is categorised as public-sector consultancy, while DKK 207 million is included in the basic research grants. Other ordinary operating income consists of, among other things, rent from the subletting of land and buildings, PhD-related income, the sale of services, per-hectare aid and sales of agricultural products, income from conferences and licences and royalties.

The result of the university's operating activities as such, exclusive of the proceeds from the sale of Dalgas Avenue, was a profit of DKK 52 million, which should be seen in light of the losses posted in recent years and the balanced budget for the year. The full-

year effect of the steps taken in 2013/2014 in the form of staff reductions and other cutbacks was realised in 2015. Moreover, the government's cuts of funding for the government research councils and foundations in connection with the Finance Bill for 2016 and the changed framework conditions in the form of reallocation contributions, degree programme resizing and study progress reform led to a slowdown of planned activities in autumn 2015. The realised costs are approximately DKK 254 million lower than budgeted, while the realised revenues are DKK 192 million below budget. Most of the cutbacks will be made in the administration, which will be reduced by 2% a year in the coming years.

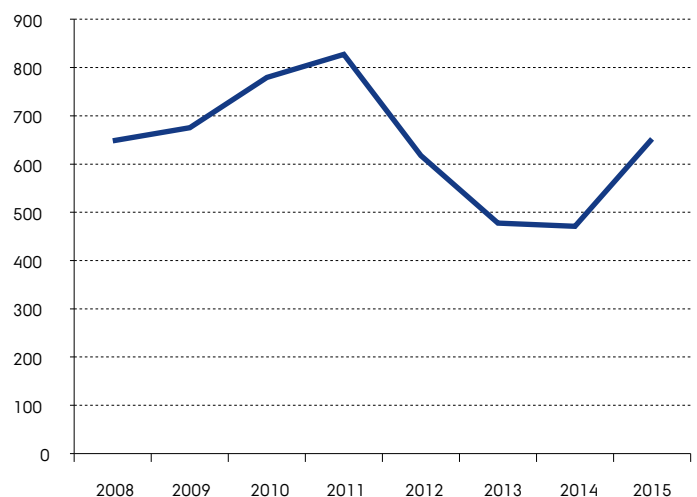
The budgeted financial income was not realised, with a loss of about DKK 1 million being posted as opposed to budgeted income of approx. DKK 9 million.

The net profit for the year exclusive of the proceeds from the sale of Dalgas Avenue was DKK 52 million above budget. The deviation equates to less than 1% of the turnover and is considered to be at an acceptable level.

The turnover for 2015 was DKK 191 million (3%) below budget, while the operating expenses were DKK 254 million (4%) below budget. Growth in turnover from 2014 to 2015 amounted to DKK 83 million, i.e. just over 1% or close to zero growth, when taking account of inflation. Costs in current prices were reduced by DKK 10 million (0.2%, with wages and salaries being 0.9% lower than in 2014, and other operating costs 1.1% higher). The decrease in wages and salaries is due, among other things, to the full-year effect of the staff cuts made in 2014 as a way of balancing the university's finances and gearing it for the challenges of the future.

The University Board and the Rector's Office are thus pleased that Aarhus University has succeeded in generating a profit from operations which can contribute to a gradual adjustment in the coming years to changing framework conditions in the form of the government's degree programme resizing plan, the requirements entailed by the study progress reform, reallocation contributions and a decline in external funding in the form of government grants.

Equity at year end, DKKm 2008–2015



2.4 PERFORMANCE REPORTING

In January 2015, Aarhus University entered into a development contract with the Ministry of Higher Education and Science for the period 2015–2017. The contract comprises nine objectives, of which the first five are mandatory objectives decided by the minister, while the last four are self-chosen objectives. The self-chosen objectives ensure that the development contract covers Aarhus University as a whole and that it reflects the broad scope of the university's activities.

1. Improving degree programme quality

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

2. Greater relevance and increased transparency

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

3. Better coherence and cooperation

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

4. Increased internationalisation

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

5. Increased social mobility – more talents in action

The objective is no longer included in the development contract and is not reported on for 2015.

6. A research-intensive university

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

7. Attracting external research funding

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

8. Talent development

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

9. Collaboration with society

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

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

Summary – status for target achievement (indicators)	
Number of indicators	17
<i>of which</i>	
To be measured in 2016/2017	4
Target achieved	11
Target partially achieved	0
Target not achieved	1
Awaiting publication of data by the Ministry of Higher Education and Science	1

The results for 2015 are highly satisfactory. Only one target – the indicator 4.1 Aarhus University's share of the university sector's full-degree students – was not achieved. In spite of these very positive results, the contract still sets out a number of ambitious targets for the coming years, and targeted effort will be needed to fulfil these targets.

The tables below show the results for 2015, and comments are made on a number of the indicators of both a technical and non-technical nature.

1. Improving degree programme quality

1.1 Level of student satisfaction with their degree programme

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

Note: No targets were defined for 2015 in the development contract.

In continuation of the Study Environment Survey 2014, action plans have been drawn up by all four faculties. Several study environment projects have been continued, and a number of new projects have been launched. A special focus area has been the prevention of stress and loneliness, and activities have included study groups, mentor schemes as well as changed semester structures. Another focus area is more feedback, including an increase in the use of digital platforms, and projects have been implemented aimed at developing the skills of teaching staff, mandatory feedback on Bachelor's projects and better communication of intended learning objectives and assessment criteria.

The Education Committee has awarded strategic funding to a number of the projects launched as a follow-up on the survey. In addition, Aarhus University's pro-rector has held a large event about feedback, organised in cooperation with the Student Council.

1.2 Teaching activity – lessons offered

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

Note: At the time of conclusion of the development contract, targets were set for 2017. At the same time, it was decided that the baseline figures for 2015 and the target figures for 2016 should be fixed on the basis of the figures reported in November 2015 to the Danish Agency for Science, Technology and Innovation on the planned teaching and student supervision activities in the autumn semester 2015. The baseline figures for 2015 indicate the levels measured in the autumn semester 2015. The target figures for 2016 are the proposed figures submitted by Aarhus University to the Danish Agency for Higher Education on 1 February 2016. The baseline and target figures indicate the percentage of the university's Bachelor's degree programmes which offer a minimum of 12 hours of teaching a week.

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

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

Note: The target for 2015 was achieved.

2. Greater relevance and increased transparency

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

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

Note: The target for 2015 was achieved.

3. Better coherence and cooperation

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

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

Note: The target for 2015 was achieved.

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

	2013	2015	2016	2017
Target		44	47	50
Result	38	64		

Note: The target for 2015 was achieved.

4. Increased internationalisation

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

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

Note: The target for 2015 was not achieved.

Efforts to increase the number of international students are hampered by the Danish government's degree programme resizing plan, which was adopted after the conclusion of the development contract. The number of full-degree students is highest on the Master's degree programmes, where the number of students who can be admitted over and above students who have a legal right of admission is now capped. This is a particular challenge for Aarhus University as it has the largest share of Master's degree students on arts and education/social education programmes compared with the other Danish universities. Before the reduction in student numbers, about 30% of the full-degree students at Aarhus University were enrolled at Arts, the faculty most severely hit by the cuts.

This is a factor over which Aarhus University has no control. However, there are other factors which the university can influence, and targeted efforts have been made to ensure a positive development in the coming years.

Aarhus University has introduced an earlier application deadline for overseas applicants and reduced the tuition fees for a large number of degree programmes. As part of its communication to improve student retention, Aarhus University has also established a live chat function where students can seek information about practical matters and a student-to-student function to assist prospective students during the application phase. Moreover, due to the long period between students applying and arriving at university, Aarhus University organises an Open Day event for those who have been offered a place. Finally, as part of a pilot project, all full-degree students who are offered a place are called by a student from the same country who can answer practical questions and discuss student life at Aarhus University.

AU Career supports the career opportunities of international students in the Danish labour market after graduation, and Lærdansk offers Danish courses which are held at the university so as to increase the accessibility of Danish courses for international students.

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

5. Increased social mobility – more talents in action

The target is not to be reported on for 2015.

6. A research-intensive university

6.1 Impact of research in the international research community

	2013	2015	2016	2017
Target		1.34	1.35	1.35
Result	1.34	1.35		

Note: The target for 2015 was achieved.

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

	2013	2015	2016	2017
Target		6,225	6,350	6,475
Result	5,984	6,772		

Note: The target for 2015 was achieved.

The Division for RD Analysis under the Danish Agency for Science, Technology and Innovation has stated that the BFI harvest for 2015 (production year 2014) is incorrect. By mistake, the bibliometric research indicator also includes publications produced in 2015 which should not have been included until 2016. This is the case for the whole university sector. The Danish Agency for Science, Technology and Innovation is unable to correct the mistake and cannot say anything about the level of error.

Aarhus University's figure for 2014 is 6,230, i.e. a considerable increase from the baseline figure from 2013 and higher than the target for 2015. Thus, there is no doubt that the correct figure for 2015 would have been higher than the target, but lower than the stated figure.

7. Attracting external research funding

7.1 Attracting external research funding from Danish sources

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

Note: The target for 2015 was achieved.

As described in the annual reports for 2013 and 2014, intensive efforts have in recent years gone into tidying up after the system conversion and integration of several different financial management systems at Aarhus University in 2012. At the end of this process in April 2015, it was found that uncertainty surrounds the baseline figures for 2013 for the three economic indicators 7.1, 7.2 and 9.1.

After contacting the Danish Agency for Higher Education, Aarhus University has been given permission to use 2014 as the baseline year, thereby still adhering to the principle that the indicators are based on the most recent year possible. Also, the targets for the individual indicators in per cent are maintained, which means that there are no changes to the agreed level of ambition. The corrected target figures for 2015–2017 are stated, and it has been agreed with the agency that the reporting be based on these figures.

7.2 Attracting external research funding from sources outside Denmark

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

Note: The target for 2015 was achieved.

For details on the determination of baseline and target figures, see note to indicator 7.1.

8. Talent development

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

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

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

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

	2013	2015	2016	2017
Target		300	400	500
Result	244	335		

Note: The target for 2015 was achieved.

9. Collaboration with society

9.1 Financial scope of partnership agreements with society

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

Note: The target for 2015 was achieved.

For details on the determination of baseline and target figures, see note to indicator 7.1.

9.2 Number of research contracts with businesses

	2013	2015	2016	2017
Target		420	440	460
Result	381	438		

Note: The target for 2015 was achieved.

3. FINANCIAL STATEMENTS

3.1 ACCOUNTING POLICIES

Basis of accounting

The annual report for Aarhus University has been presented in accordance with the Danish Ministry of Finance's guidelines and Executive Order No. 598 of 8 March 2015 on the Funding and Auditing etc. of Universities.

The university's calculation of the gross value of ongoing funding activities has been changed to provide a more true and fair view. This has no impact on the profit for the year or equity. The balance sheet total at 31 December 2014 is changed from DKK 3,225 million to DKK 3,677 million.

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

Except for this change, the accounting policies have been applied consistently with previous years.

The annual report is presented in DKK '000.

Recognition and measurement in general

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

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

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

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

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

Financial assets and liabilities are measured at amortised cost.

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

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

Foreign currency translation

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

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

Income taxes and deferred tax

The university is not subject to taxation.

Income

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

Net financials

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

Intangible assets

Finished development projects

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

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

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

Acquired concessions, patents, licences etc.

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

Property, plant and equipment

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

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

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

Property, plant and equipment under construction are measured at cost. Cost includes the acquisition price and costs directly related to the acquisition until the time when the asset is ready to be put into operation.

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

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

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

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

Non-current assets received as donations

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

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

Collections and works of art

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

Inventories

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

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

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

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

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

Receivables

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

Receivables from ongoing funding activities

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

Prepayments

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

Securities

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

Provisions

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

Long-term debt

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

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

Holiday pay payable

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

Accrued donations

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

Prepaid tied-up funds from ongoing funding activities

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

Other deferred income

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

3.2 INCOME STATEMENT 1 JANUARY – 31 DECEMBER

DKK '000			
Note	Income statement	FS 2015	FS 2014
	Ordinary operating income		
	Grants for own operations over the Danish Finance Act	3,989,133	4,000,376
	External funds	1,804,543	1,733,411
	Sales of goods and services	485,593	462,611
	Total ordinary operating income	6,279,269	6,196,398
	Ordinary operating costs		
	Consumption costs		
	Rent	660,920	654,635
	Other consumption costs	94,396	104,763
	Total consumption costs	755,316	759,398
	Staff costs	3,985,692	4,021,286
	Other ordinary operating costs	1,340,525	1,323,036
	Depreciation, amortisation and impairment losses	144,335	131,954
	Total ordinary operating costs	6,225,868	6,235,674
	Profit/loss from ordinary operating activities	53,401	-39,276
	Other operating income	124,490	0
	Profit before net financials	177,891	-39,276
	Net financials		
	Financial income	19,479	29,000
	Financial expenses	20,896	2,163
	Net profit/loss for the year	176,474	-12,439

3.3 BALANCE SHEET AS AT 31 DECEMBER

DKK '000			
Note	Assets	FS 2015	FS 2014
	Non-current assets		
	Intangible assets		
	Finished development projects	0	0
	Acquired concessions, patents, licences etc.	3,442	2,197
3.6.2	Total intangible assets	3,442	2,197
	Property, plant and equipment		
	Land and buildings	538,364	648,957
	Plant and machinery	546,445	452,120
	Transport equipment	50,055	49,729
	Equipment and IT equipment	46,752	45,546
	Property, plant and equipment under construction	53,907	123,566
3.6.3	Total property, plant and equipment	1,235,523	1,319,918
	Total investments	0	0
	Total non-current assets	1,238,965	1,322,115
	Current assets		
	Inventories	7,058	7,372
	Trade receivables	200,299	225,439
	Receivables from ongoing funding activities	696,222	715,062
	Other receivables	117,670	156,328
	Prepayments	11,460	10,860
	Securities	1,135,270	735,799
	Cash	351,971	504,051
	Total current assets	2,519,950	2,354,911
	Total assets	3,758,915	3,677,026

DKK '000			
Note	Liabilities and equity	FS 2015	FS 2014
	Total equity	647,525	471,051
3.6.4	Total provisions	27,719	43,880
3.6.5	Mortgage debt	25,063	53,895
3.6.6	Accrued donations	415,436	396,221
	Total long-term debt	440,499	450,116
	Short-term debt		
	Trade payables	406,658	403,414
	Holiday pay payable	547,171	536,956
	Other payables	98,590	123,383
	Prepaid tied-up funds from ongoing funding activities	1,229,406	1,253,786
3.6.7	Other deferred income	361,347	394,440
	Total short-term debt	2,643,172	2,711,979
	Total liabilities and equity	3,758,915	3,677,026

3.4 STATEMENT OF CHANGES IN EQUITY

DKK '000	Total equity
Equity according to 2014 annual reports	471,051
Net profit/loss for the year	176,474
Total equity as at 31 December 2015	647,525

3.5 CASH FLOW STATEMENT

DKK '000	FS 2015	FS 2014
Net profit/loss for the year	176,474	-12,439
Adjustment of liability, interest rate swap	0	225
Research Centre Foulum	0	6,000
Reversal of items with no cash effect:		
Depreciation, amortisation and impairment losses on non-current assets including profits from disposals	19,845	130,410
Donations recognised as income during the year	-52,643	-44,003
Changes in provisions	-16,161	19,522
Change in receivables etc.	82,352	40,564
Changes in short-term debt	-68,808	114,079
Cash flow from operating activities	141,059	254,358
Purchase of intangible assets	-2,682	-1,431
Purchase of property, plant and equipment	-150,135	-217,166
Disposal of non-current assets	216,124	3,772
Cash flow from investing activities	63,307	-214,825
Addition of donation obligation	71,858	80,296
Repayment of long-term debt	-28,832	-2,157
Cash flow from financing activities	43,026	78,139
Change in cash	247,392	117,672
Total securities and cash as at 1 January	1,239,850	1,122,178
Total securities and cash as at 31 December	1,487,242	1,239,850

3.6 NOTES TO THE FINANCIAL STATEMENTS

Note 3.6.1 Staff consumption

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

Note 3.6.2 Intangible assets

DKK '000	Finished develop- ment projects	Acquired con- cessions, patents, licences etc.	Intangible assets under construction	Total
Cost as at 1.1.2015	1,593	7,584	1,328	10,505
Addition	0	2,466	0	2,466
Transferred	0	-601	601	0
Disposal	-650	-514	0	-1,164
Cost as at 31.12.2015	943	8,935	1,929	11,807
Amortisation as at 1.1.2015	1,593	6,715	0	8,308
Amortisation for the year	0	1,221	0	1,221
Amortisation on disposed assets	-650	-514	0	-1,164
Amortisation as at 31.12.2015	943	7,422	0	8,365
Carrying amount	0	1,513	1,929	3,442
Amortisation period/years	20	3		

Out of the total carrying amount of DKK 3.442 million, DKK 1.291 million was financed by donations, see note 3.6.6.

Note 3.6.3 Property, plant and equipment

DKK '000	Land and buil- dings	Plant and machinery	Transport equip- ment	Equipment and IT equipment	Property, plant and equipment under construction	Total
Cost as at 1.1.2015	777,260	1,335,216	91,142	239,465	123,566	2,566,649
Addition	1,877	71,703	3,690	25,770	47,096	150,136
Transferred	0	113,547	753	2,455	-116,755	0
Disposal	-119,616	-124,237	-2,098	-14,060	0	-260,011
Cost as at 31.12.2015	659,521	1,396,229	93,487	253,630	53,907	2,456,774
Depreciation as at 1.1.2015	128,303	883,096	41,413	193,919	0	1,246,731
Depreciation for the year	22,194	89,035	4,116	26,925	0	142,270
Depreciation on disposed assets	-29,340	-122,347	-2,098	-13,965	0	-167,750
Depreciation as at 31.12.2015	121,157	849,784	43,431	206,879	0	1,221,251
Carrying amount	538,364	546,445	50,056	46,751	53,907	1,235,523
Depreciation period/years	10-50 years	5-20 years	5-30 years	3 years		

Out of the total carrying amount of DKK 1,235.523 million, DKK 414.145 million was financed by donations, see note 3.6.6.

The university's ownership of the assigned property which originally belonged to HIH is expected to be officially assigned to the Danish Building and Property Agency in 2016. The book value of the property as at 31 December 2015 was DKK 59.905 million.

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

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

Building value	222,835
Land value	73,066
Total public assessment	295,901
Property for which no separate public assessment has been made. Carrying amount	3,900

Note 3.6.4 Provisions

DKK '000	FS 2015	FS 2014
Re-establishment commitments re leasehold improvements	11,647	21,747
Limited tenures, mutually agreed departures etc.	11,480	17,400
Compensation	0	1,200
Project provisions	3,133	3,133
Other provisions	1,459	400
Total provisions	27,719	43,880

Note 3.6.5 Mortgage debt

DKK '000	FS 2015	FS 2014
Long-term debt is repaid over the following periods		
Within one year	1,929	3,090
Between one and five years	7,807	10,218
After five years	15,327	40,587
Total mortgage debt	25,063	53,895

Loan in HIH property of DKK 25.063 million is expected to be paid off through the transfer of property to the Danish Building and Property Agency in 2016.

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 asset under construction	Total
Accrued donations as at 1.1.2015	86	46,807	226,417	30,373	7,995	84,543	396,221
Correction	0	0	0	0	0	0	0
Transfer	0	0	82,343	313	0	-82,656	0
Donations received	1,339	0	50,001	0	2,742	19,108	73,190
Donations recognised as income	-134	-1,170	-44,461	-1,103	-5,776	0	-52,644
Donations disposed of	0	0	-1,331	0	0	0	-1,331
Accrued donations as at 31.12.2015	1,291	45,637	312,969	29,583	4,961	20,995	415,436
Accrued donations are recognised as income in the following periods:							
Within one year							51,363
Between one and five years							173,670
After five years							190,403
Total accrued donations as at 31.12.2015							415,436

Note 3.6.7 Other prepayments

DKK '000	FS 2015	FS 2014
Prepayment of grants 2016 from the Ministry of Higher Education and Science	307,540	333,143
Other prepayments	53,807	61,297
Total other prepayments	361,347	394,440

Note 3.6.8 Use of funds for free places and scholarships in the period 1 September 2014 – 31 August 2015.*Use of free places*

	Number of students enrolled on fully or partially free places	Free places stated in number of active full-time equivalents (student FTEs)
Rate 1	104	67.0
Rate 2	39	3.1
Rate 3	51	35.0

Funds for payment of scholarships, DKK '000

Number of scholarship recipients	96
Total amount paid in scholarships	7,864

Note 3.6.9 Study activity in the period 1 September 2014 – 31 August 2015 for Erasmus Mundus and Erasmus Mundus Joint Master Degree (Erasmus+) students from third countries who are enrolled at a Danish university, have commenced their studies after 1 August 2009 and who receive Erasmus Mundus scholarships from the EU.*Use of free places*

	Number of students enrolled on fully or partially free places	Free places stated in number of active full-time equivalents (student FTEs)
Rate 1	5	0.4
Rate 2	5	0.4
Rate 3	3	0.1

Funds for payment of scholarships, DKK '000

Number of scholarship recipients	0
Total amount paid in scholarships	0

In the reporting period, no students were included in the number of fundable student FTEs while at the same time receiving EU scholarships.

The university did not receive any EU scholarships in 2010 and 2011, and the students who were admitted in 2009 and received EU scholarships have not been included in the number of fundable student FTEs at Aarhus University in the reporting period.

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

DKK '000	FS 2015	FS 2014
Student sports activities and other student activities		
Student sports activities	954.0	888.0
Other student activities	15.3	1.9
Total student activities	969.3	889.9
Student political activities		
Student Council/Studerterlaug/Joint Student Council	1,249.3	1,592.3
Konservative Studenter	48.1	41.7
Frit Forum	149.9	130.1
Liberale Studenter	0.0	0.0
Total student political activities	1,447.3	1,764.1
Total	2,416.6	2,654.0

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

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

Note 3.6.12 Contractual obligations

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

The commitments are distributed as follows:

DKK '000	Rental commitments
Within one year	442,165
Between one and five years	932,657
After five years	883,479
Total rental commitments	2,258,301

Note 3.6.13 Contingent assets

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

Note 3.6.14 Contingent liabilities

Some employees have civil servant status, which means that Aarhus University is obliged to provide redundancy payment for up to 36 months if they are dismissed. The total maximum commitment is DKK 87.929 million. The pension liability for civil servants has been covered by the ongoing payment of pension contributions to pension funds.

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

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

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

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

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

Note 3.6.15 Charges

Mortgage debt is secured by way of mortgages on Aarhus University's properties with a carrying amount as at 31 December 2015 of DKK 25.063 million.

Note 3.6.16 Equity investments

DKK '000

Aarhus University has ownership shares in the following companies:

Investment and acquisition

Company	2015	Accumulated	Total company share capital (nominal amount in DKK)	AU's ownership share in %
SIMHERD A/S	0	145	500	29.00
TEGNOLOGY ApS	0	53	267	12.90
PLEURATECH ApS	0	5	125	4.00
Combat Stroke ApS	0	3	110	2.35
Brincker Dynamics ApS	8	8	80	10.00

Equity investments are recognised in the financial statements at DKK 0. The university had no income or expenses in 2015 relating to the above companies following their formation.

4. APPENDICES

4.1 OVERVIEW OF ACTIVITY TYPES (DIVISIONAL FINANCIAL STATEMENTS)

DKK '000	All divisional financial state- ments	DFS 1: General activities	DFS 2: Commer- cial activi- ties	DFS 3: Forensic medicine	DFS 4: Grant-fi- nanced research	DFS 5: Other grant-fi- nanced activities	DFS 6: Education research
Income							
Finance Act grants	3,989,133	3,987,925					1,209
External funding	1,804,542				1,680,869	123,673	
Disposals and other operating income	485,593	298,235	133,372	45,012	5,739	3,235	0
Total income	6,279,269	4,286,160	133,372	45,012	1,686,608	126,908	1,209
Costs							
Wages and sa- laries	3,985,692	2,974,513	53,929	23,377	902,291	31,546	35
Rent	660,920	649,995	524	5,261	4,476	664	0
Other operating costs	1,434,921	525,947	71,941	12,803	728,432	94,625	1,173
Depreciation and amortisation	144,335	85,691	572	4,083	53,941	48	0
Total costs	6,225,868	4,236,146	126,965	45,524	1,689,141	126,883	1,209
Profit/loss from ordinary operating activities	53,400	50,014	6,407	-512	-2,533	24	0
Other operating income	124,490	124,490					
Profit before net financials	177,890	174,504	6,407	-512	-2,533	24	0
Financial income	19,479	19,479	0	0	0	0	0
Financial expenses	-20,896	-20,975	138	0	40	-99	0
Net financials	-1,417	-1,496	138	0	40	-99	0
Net profit/loss for the year	176,474	173,008	6,545	-512	-2,494	-74	0

4.2 FINANCIAL AND OPERATING DATA

Nos.	Financial and operating data	FS 2015	FS 2014
Income, DKKm			
1	Education	1,845.1	1,808.3
2	Research	1,999.7	2,030.3
3	External funds	1,991.9	1,903.8
4	Research-based public-sector consultancy	193.0	189.9
5	Basic grants	45.9	49.9
6	Other income	202.4	242.6
Costs in DKKm by purpose			
7	Research *	3,178.4	3,214.0
8	Education *	2,059.8	1,997.3
9	Dissemination and knowledge exchange *	275.9	297.3
10	Research-based public-sector consultancy *	376.5	388.7
11	General management, administration and service	304.3	310.5
Staff (full-time equivalents)			
12	Academic staff	3,910.0	3,942.5
13	Part-time academic staff	455.1	466.5
14	Technical and administrative staff	3,501.0	3,619.1
Balance sheet			
15	Equity, DKKm	647.5	471.1
16	Balance sheet, DKKm	3,758.9	3,677
17	Buildings, total (gross area in sq. m.)	676,560	688,448
Activity and production information			
Students			
18	Number of admissions on Bachelor's degree programmes	7,228	7,166
19	Number of admissions on Master's degree programmes	5,487	5,493
20	Number of students enrolled as at 1 October	36,517	38,120
21	Student FTEs	25,167	24,633
Graduates			
22	Number of Bachelor's degree graduates	4,589	4,613
23	Number of Master's degree graduates	4,520	4,192
Open and part-time programmes			
24	Number of active full-time equivalents	1,236	1,424
25	Graduates on Master degree and diploma degree programmes	772	848
Internationalisation			
26	Number of outgoing students (exchange students)	1,262	1,802
27	Number of incoming students (exchange students)	960	1,026
28	Number of foreign exchange students on full programmes in Denmark	3,070	3,333
PhD programmes			
29	Number of PhD students enrolled	1,845	1,827
30	PhD student intake (new PhD students)	528	451
31	Approved PhD dissertations	471	490
Research and dissemination results			
32	Number of publications (bibliometric indicator) **	6,033	5,550
33	Reported patents	20	21
34	Reported inventions	72	55
35	Number of projects with the business community	2,608	2,662
36	Number of external projects	5,143	5,493
37	Income from cooperation with the business community, DKKm	532.2	484.8

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

**) The calculation of the bibliometric indicator for 2015 is to some extent incorrect due to errors in the Danish Agency for Science, Technology and Innovation's calculations.

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

The Sino-Danish Center for Education and Research (SDC) is the product of a strategic cooperation agreement on education and research concluded by Denmark and China in 2010. The Danish SDC secretariat, which is based at Aarhus University, coordinates the eight Danish universities' contributions to the cooperation with the Chinese Academy of Sciences (CAS) and the University of Chinese Academy of Sciences (UCAS) in Beijing.

Since 2012, SDC has offered Master's degree programmes in Beijing for Danish, Chinese and international students. The total intake of Master's degree students in the 2012-15 period was 545. Most of SDC's educational activities take place on Chinese soil, but in 2015 all seven Master's degree programmes welcomed Chinese students for study stays at Danish universities with financial support from UCAS.

Since 2011, 191 Danish, Chinese and international PhD students have received financial support from the Danish or Chinese side for their PhD programmes. In the years to come, approximately 30 PhD programmes are expected to be initiated annually. In 2015, the Danish SDC secretariat worked to strengthen its cooperation with CAS/UCAS on the joint PhD programmes. As a tangible result of these efforts, in July 2015, the first Danish PhD student was awarded a double degree from UCAS and DTU.

In 2015, the number of scientific publications related to the SDC partnership totalled 242. This represented an increase of more than 55% compared with the 155 publications produced in 2014. There is an increasing interest in Danish-Chinese cooperation,

and in spring 2015 Moesgaard Museum and its much acclaimed exhibition 'The First Emperor – China's Terracotta Army' was part of the celebrations of 65 years of diplomatic relations between Denmark and China. The event was co-organised by the SDC secretariat, which also held a workshop on the education of future talents in cooperation with Aarhus University.

In December, the Danish Minister for Higher Education and Science Esben Lunde Larsen visited SDC in Beijing. He seized the opportunity to meet with Danish and Chinese Master's degree students to hear about their thoughts and experience with living and studying side by side. The minister also visited UCAS's Yanqihu Campus north of Beijing, where the House of the Danish Industry Foundation – future home of SDC – is under construction. The construction work is well underway, and the building is expected to be finished by the end of 2016.

In the course of 2015, the SDC organisation underwent a number of changes. As new permanent secretary at the Ministry of Higher Education and Science, Agnete Gersing took over as chairperson of SDC's supreme decision-making body, the Joint Managerial Committee. In connection with the formation of a new Danish government in June, her predecessor Uffe Toudal Pedersen was appointed permanent secretary at the Ministry of Immigration, Integration and Housing.

On the Danish SDC board, Chairman Brian Bech Nielsen welcomed Dean Martin Zachariasen (SDU) as new member.

SINO-DANISH CENTER FOR EDUCATION AND RESEARCH

INCOME STATEMENT 1 JANUARY – 31 DECEMBER 2015

BALANCE SHEET AS AT 31 DECEMBER 2015

DKK '000			
Note	Income statement	FS 2015	FS 2014
	Ordinary operating income		
	Grants for own operations over the Danish Finance Act	31,400	29,449
	External funds	28,600	28,700
	Total ordinary operating income	60,000	58,149
	Subsidies transferred to Danish universities	49,709	47,850
	Subsidies transferred to China	1,561	0
	Total funds transferred	51,270	47,850
	Ordinary operating costs		
	Consumption costs		
	Rent	545	419
	Other consumption costs	27	28
	Total consumption costs	572	447
1	Staff costs	5,652	5,373
	Other ordinary operating costs	1,713	1,336
	Depreciation, amortisation and impairment losses	0	0
	Total ordinary operating costs	59,207	55,006
	Profit before net financials	793	3,142
	Net financials		
	Financial income	0	0
	Financial expenses	0	0
	Profit before extraordinary items	793	3,142
	Extraordinary items		
	Extraordinary income	0	0
	Extraordinary expenses	0	0
	Net profit/loss for the year	793	3,142

Balance sheet			
Assets			
	Balance, AU	60,270	59,477
	Total assets	60,270	59,477
Liabilities and equity			
	Balance, end of 2014	59,477	56,335
	Funds paid by partners 2015	60,000	58,149
	Use of funds paid by partners 2015	-59,207	-55,006
	Deferred income	0	0
	Funds available for future activities, end of 2015	60,270	59,477
	Total liabilities and equity	60,270	59,477

Note 1: In 2015, compensatory scholarships in the total amount of DKK 83k were awarded. The amount has been refunded by the Danish Agency for Higher Education.

Annual report 2015
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Editors: Events and Communication Support, Rector's Office and AU Finance

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