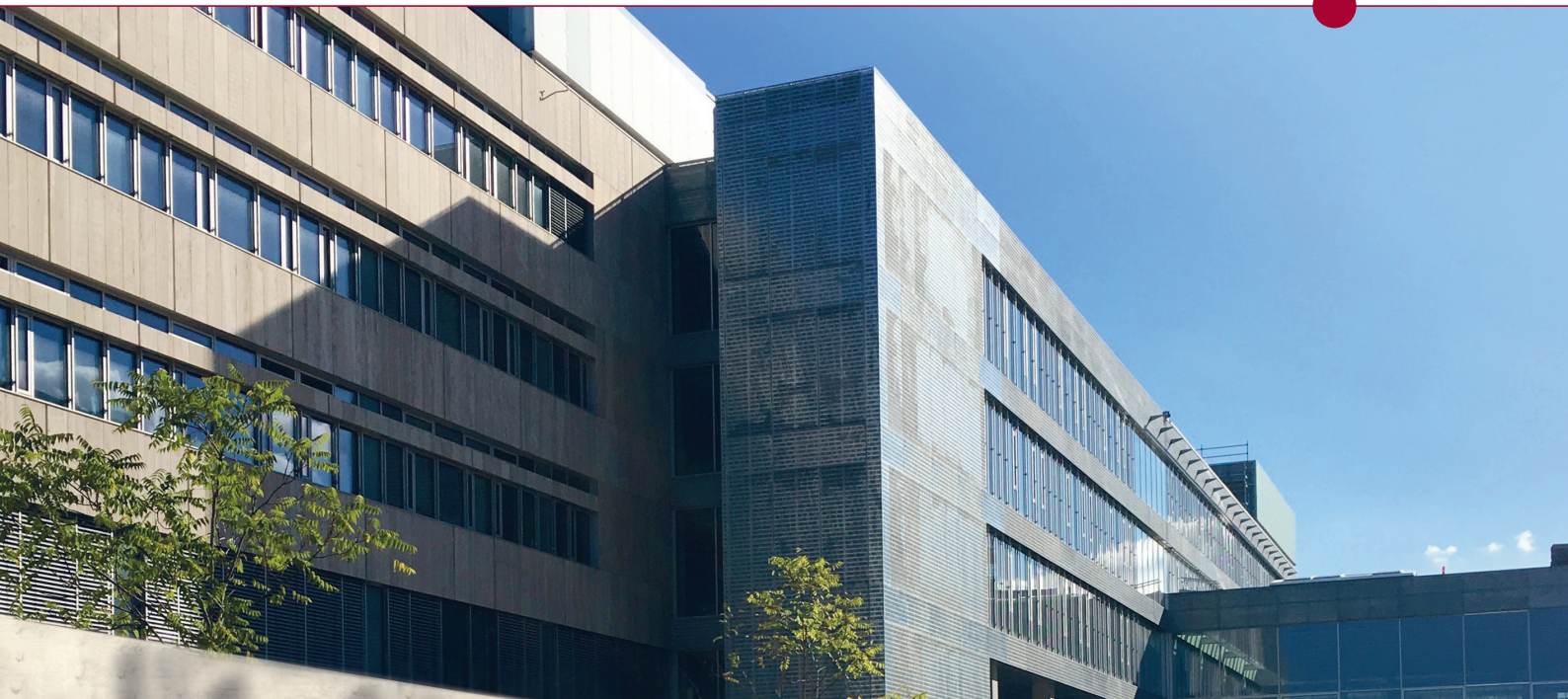


UNIVERSITY OF COPENHAGEN



Annual Report 2016

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Review, Management's Statement and Auditor's Report

Company Information

Company

University of Copenhagen
Nørregade 10
DK-1165 Copenhagen K
Local authority: City of Copenhagen
CVR no.: 29 97 98 12

Board

Mads Krogsgaard Thomsen, chair
Anja C. Andersen
Jannik Johansen
Signe Møller Johansen
Kari Melby
Nils Strandberg Pedersen
Sine Sunesen
Jakob Thomasen
Alexander Schwartz Thorvaldsen
Elias Westergaard
Eske Willerslev

Rector

Henrik C. Wegener (as of 1 March 2017)

Prorector for Research and Innovation

Thomas Bjørnholm

Prorector for Education

Lykke Friis

University Director

Jesper Olesen

Auditors

Danish National Audit Office
Landgreven 4
DK-1301 Copenhagen K

Institutional Auditors

Deloitte State Authorised
Public Accountants
Weidekampsgade 6
DK-2300 Copenhagen S

Attorneys

Kammeradvokaten (Legal Adviser to the Danish
Government)
Vester Farimagsgade 23
DK-1606 Copenhagen V

Bank

Danske Bank
Holmens Kanal 2
DK-1090 Copenhagen K

Management's Statement

The Board and Executive Management have today considered and approved the Annual Report of the University of Copenhagen for 2016.

The Annual Report has been prepared in accordance with the Danish State Accounting Act, the Financial Administrative Directions prepared by the Ministry of Finance, Ministerial Order no. 261 of 18.03.2015 on the law on universities, Ministerial Order no. 1063 of 30.06.2016 on funding and auditing etc. at universities as well as the directions and instructions on financial statements issued by the Danish Ministry of Higher Education and Science (state accounting rules).

We hereby declare:

1. that we consider the accounting policies adopted appropriate and the accounting estimates made reasonable. The Annual Report therefore gives a true and fair view of the University of Copenhagen's assets, liabilities and financial position at 31 December 2016, and the results of the University's operations and cash flows for 2016, including that the description of the targets set and the reporting on these targets in the Annual Report are satisfactory,
2. that, in our opinion, the Management Report includes a true and fair account of the matters addressed and describes the most significant risks and elements of uncertainty faced by the University of Copenhagen, that all transactions included in the Financial Statements are in accordance with relevant legislation and other regulations, as well as with agreements entered into and with established practice, and
3. that procedures have been introduced to ensure sound financial management of the resources covered by the Annual Report.

Copenhagen, 4 April 2017

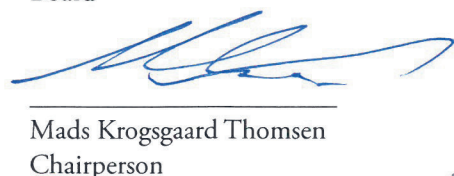


Henrik C. Wegener
Rector

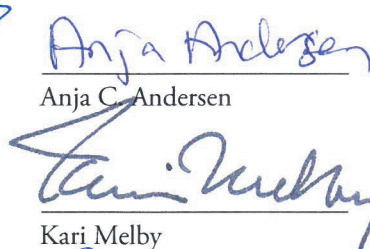


Jesper Olesen
University Director

Board



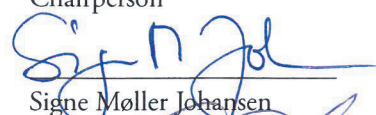
Mads Krogsgaard Thomsen
Chairperson



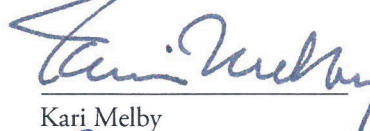
Anja C. Andersen
Anja C. Andersen



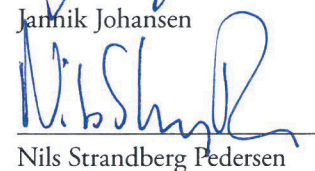
Jannik Johansen
Jannik Johansen



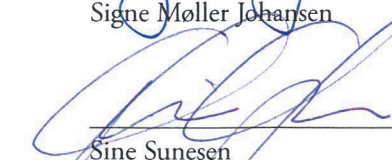
Signe Møller Johansen
Signe Møller Johansen



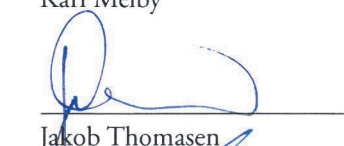
Kari Melby
Kari Melby



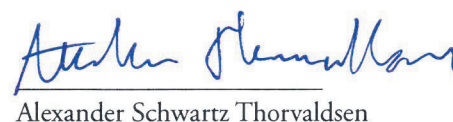
Nils Strandberg Pedersen
Nils Strandberg Pedersen



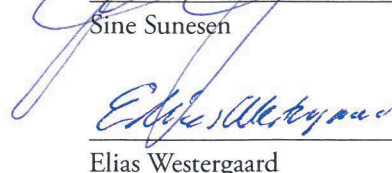
Sine Sunesen
Sine Sunesen



Jakob Thomasen
Jakob Thomasen



Alexander Schwartz Thorvaldsen
Alexander Schwartz Thorvaldsen



Elias Westergaard
Elias Westergaard



Eske Willerslev
Eske Willerslev

Independent Auditor's Reports

The Board of the University of Copenhagen has appointed Deloitte as institutional auditors of the University pursuant to Section 28(3) of the Danish University Act. The Auditor General is responsible for the overall audit under the Danish Auditor General Act.

To Management of the University of Copenhagen

Auditor's report on the financial statements

Opinion

We have audited the financial statements of the University of Copenhagen for the financial year 1 January to 31 December 2016, which comprise the income statement, balance sheet, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as stated on pages 33. The financial statements are prepared in accordance with the Danish State Accounting Act, the Financial Administrative Directions prepared by the Ministry of Finance, Ministerial Order no. 261 of 18.03.2015 on the law on universities, Ministerial Order no. 1063 of 30.06.2016 on funding and auditing etc. at universities as well as the directions and instructions on financial statements issued by the Danish Ministry of Higher Education and Science (state accounting rules).

We believe that the financial statements are accurate in all material respects, i.e. prepared in accordance with the state accounting rules.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark as well as generally accepted public auditing standards as the audit is based on the provisions of Ministerial Order on funding and auditing etc. at universities no. 1063 of 30.06.2016 and the agreement on internal audits at universities entered into by the Danish Minister of Education and the Auditor General, pursuant to Section 9 of the Danish Auditor General Act. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the University of Copenhagen in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that are accurate in all material respects, i.e. prepared in accordance with the Danish State Accounting Act, the Financial Administrative Directions prepared by the Ministry of Finance, Ministerial Order no. 261 of 18.03.2015 on the law on universities, Ministerial Order no. 1063 of 30.06.2016 on funding and auditing etc. at universities as well as the directions and instructions on financial statements issued by the Danish Ministry of Higher Education and Science, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the University of Copenhagen's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going con-

cern basis of accounting in preparing the financial statements unless Management either intends to liquidate the University of Copenhagen or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark as well as generally accepted public auditing standards, cf. the agreement on internal audits at universities entered into by the Danish Minister of Education and the Auditor General, pursuant to Section 9 of the Danish Auditor General Act, as well as Ministerial Order no. 1063 of 30.06.2016 on funding and auditing etc. at universities will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark as well as generally accepted public auditing standards, cf. agreement on internal auditing at universities entered into by the Danish Minister of Education and the Auditor General, pursuant to Section 9 of the Danish Auditor General Act as well as Ministerial Order no. 1063 of 30.06.2016 on funding and audits etc. at universities, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University of Copenhagen's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the University of Copenhagen's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the University of Copenhagen to cease to continue as a going concern.

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

Statement on the management's review

The management's review also includes the target reporting and financial highlights, hereinafter referred to as the management's review.

Management is responsible for the management's review.

Our opinion on the financial statements does not cover the management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management's review and, in doing so, consider whether the management's review is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management's review provides the information required under the state accounting rules.

Based on the work we have performed, we conclude that the management's review is in accordance with the financial statements and has been prepared in accordance with the state accounting rules. We did not identify any material misstatement of the management's review.

Report on other legal and regulatory requirements

Statement on compliance audit and performance audit

Management is responsible for the transactions covered by the financial statements complying with the appropriations granted, statutes, other regulations, agreements and usual practice, and for ensuring that sound financial management is exercised in the administration of the funds and activities of the enterprises covered by the financial statements.

As part of our audit of the financial statements, it is our responsibility in accordance with generally accepted public auditing standards to select relevant subject matters for compliance audit as well as performance audit. In a compliance audit, we test the selected subject matters to obtain reasonable assurance about whether the transactions covered by the financial statements comply with appropriations granted, statutes, other regulations, agreements and usual practice. In a performance audit, we make an assessment to obtain reasonable assurance about whether the systems, processes or transactions examined support the exercise of sound financial management in the administration of the funds and activities of the enterprises covered by the financial statements.

If, based on the procedures performed, we conclude that material critical comments should be made, we are required to report this.

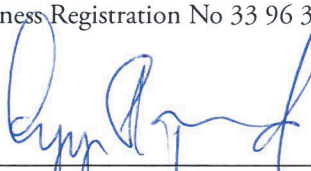
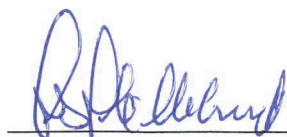
We have no material critical comments to report in this respect.

Copenhagen, 4 April 2017

Deloitte

Statsautoriseret Revisionspartnerselskab

Business Registration No 33 96 35 56

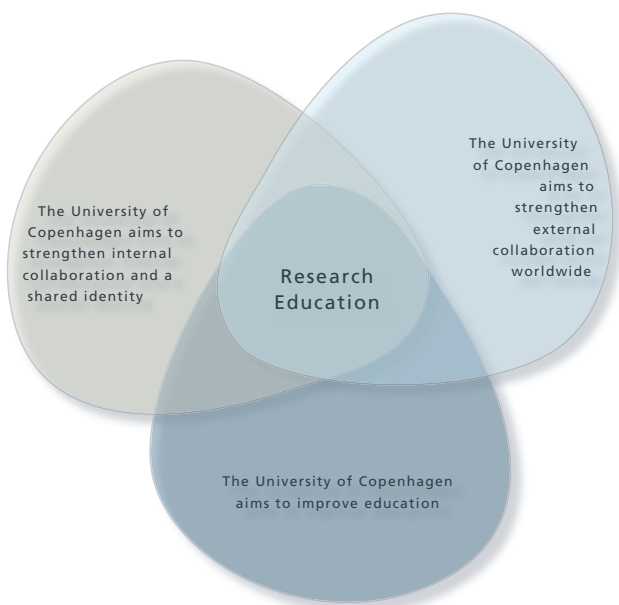

Erik Lynge Skovgaard Jensen
State-Authorised Public Accountant

Lars Hillebrand
State-Authorised Public Accountant

Management Report 2016

The strategic basis for the 2016 Annual Report reflects developments at the University of Copenhagen (UCPH) and its current position. UCPH conducts research at the highest international level, offers research-based degree programmes and thereby contributes to society with knowledge and insights and to societal growth and prosperity. The prerequisites for maintaining and developing a university at the highest international level and to the benefit of the Danish society are long-term priorities and focus areas, both internally at the University and in the framework set up for universities.

UCPH's foundation is basic science, excellent research and research-based education. On this basis, UCPH has been working with three select focus areas under the University's strategy 2016 (extended until the end of 2017) as illustrated below.

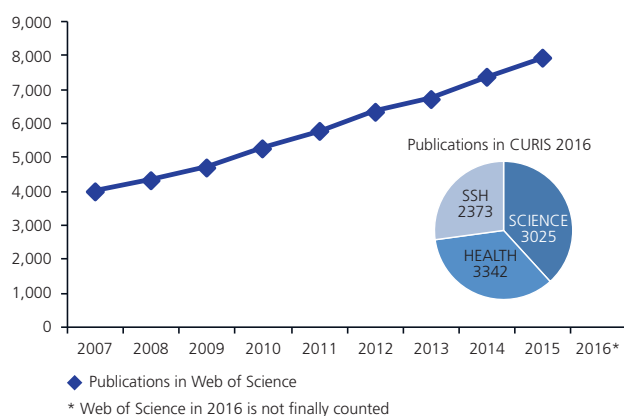


The UCPH Strategy 2016

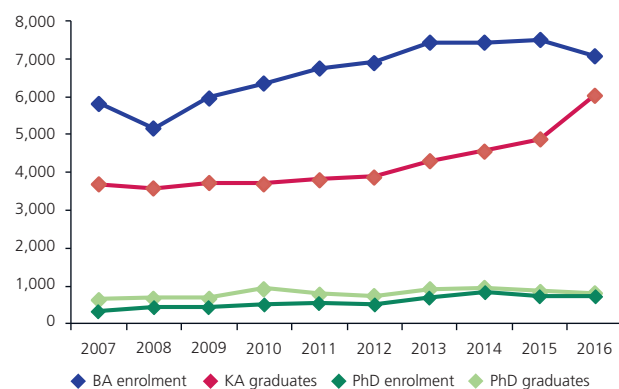
Highlights 2007-2016

Management's report is based on the six figures below showing UCPH's development in selected parameters.

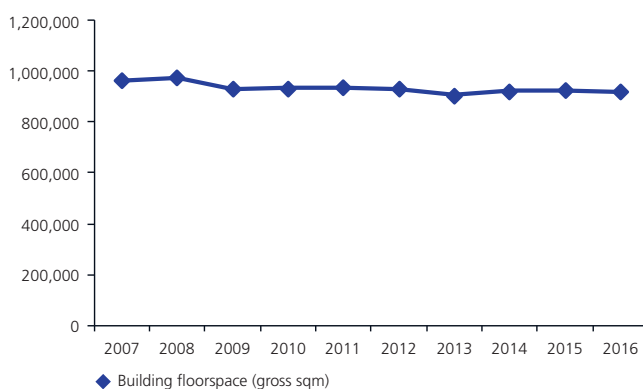
1: Number of publications in Web of Science



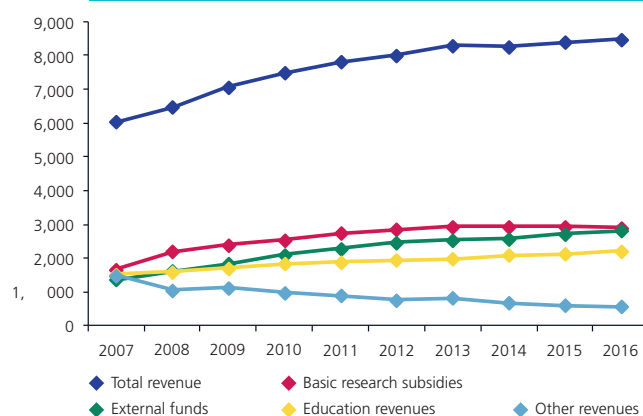
2: Student enrolment and graduates



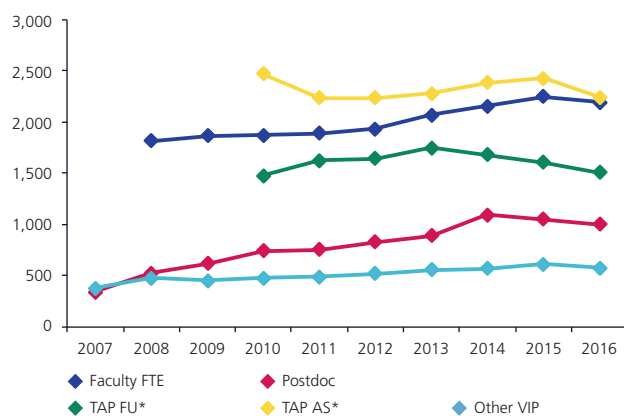
3: Building floorspace (gross sqm)



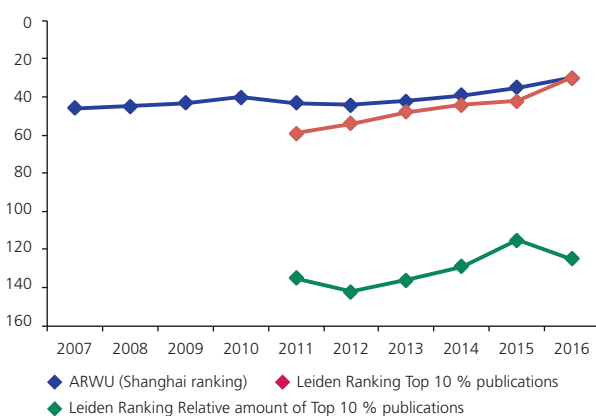
4: Revenue, current prices in DKK'm



5: Development in FTE



6: UCPH rank in world rankings



Sources 1: ISI Web of Science; 2+3+4: UCPH Statistical Resources; 5: ISOLA - *TAP not calculated as AS and FU until from 2010.

Other VIP is the total of VIP exclusive of PhD, postdoc and Faculty VIP; 6: Academic Ranking of World Universities (Shanghai) & Leiden Ranking.

The University of Copenhagen in 2016

In 2016, the development of UCPH was characterised by continued progress in many of the parameters on which the University would like to be measured. However, 2016 was also a year in which UCPH had to shed more than 400 jobs as a result of changed conditions in the financial framework.

UCPH continued its positive development in research in 2016. The University's researchers stand out through numerous high-quality publications, participation in international research partnerships and by winning considerable external funding grants in open national and international competition. During the year, UCPH signed 28 licensing agreements, 810 collaboration agreements and registered 88 inventions. In terms of education, 6,052 candidates graduated with a master's degree from UCPH. The University's programmes largely cover all main academic areas, and its graduates perform key functions in the job market, both within the welfare state, in social institutions and in the private sector.

The key figures show continued growth in a number of select core parameters and, overall, the University maintains its strong international position. The proportion of foreign researchers at UCPH is on the rise, now constituting 36% of academic staff and with more than 80 nationalities represented. Foreign researchers help to ensure the high quality of UCPH's research and education. Moreover, UCPH's researchers attract more and more external funding, also from international sources, which is regarded as an important indicator of the development in research quality. At the end of 2016, UCPH had received 31 grants

from the European Research Council (ERC) out of a total of 48 grants given to Denmark, and with its membership of the European alliance of research universities, LERU, as of 1 January 2017, UCPH is now part of two of the world's strongest university alliances.

In 2016, UCPH also began the work to adjust its finances by reducing at least DKK 500 million toward 2019. At year-end, UCPH had reduced its costs by an annual DKK 300 million from budget 2017 and onward and launched adjustment activities to improve finances by at least another DKK 200 million. The adjustments and job cuts in 2016 were a difficult process for the many directly affected and for their colleagues, and this has resulted in a need for clear-cut decisions as to which tasks will no longer be required and where the service level must be reduced.

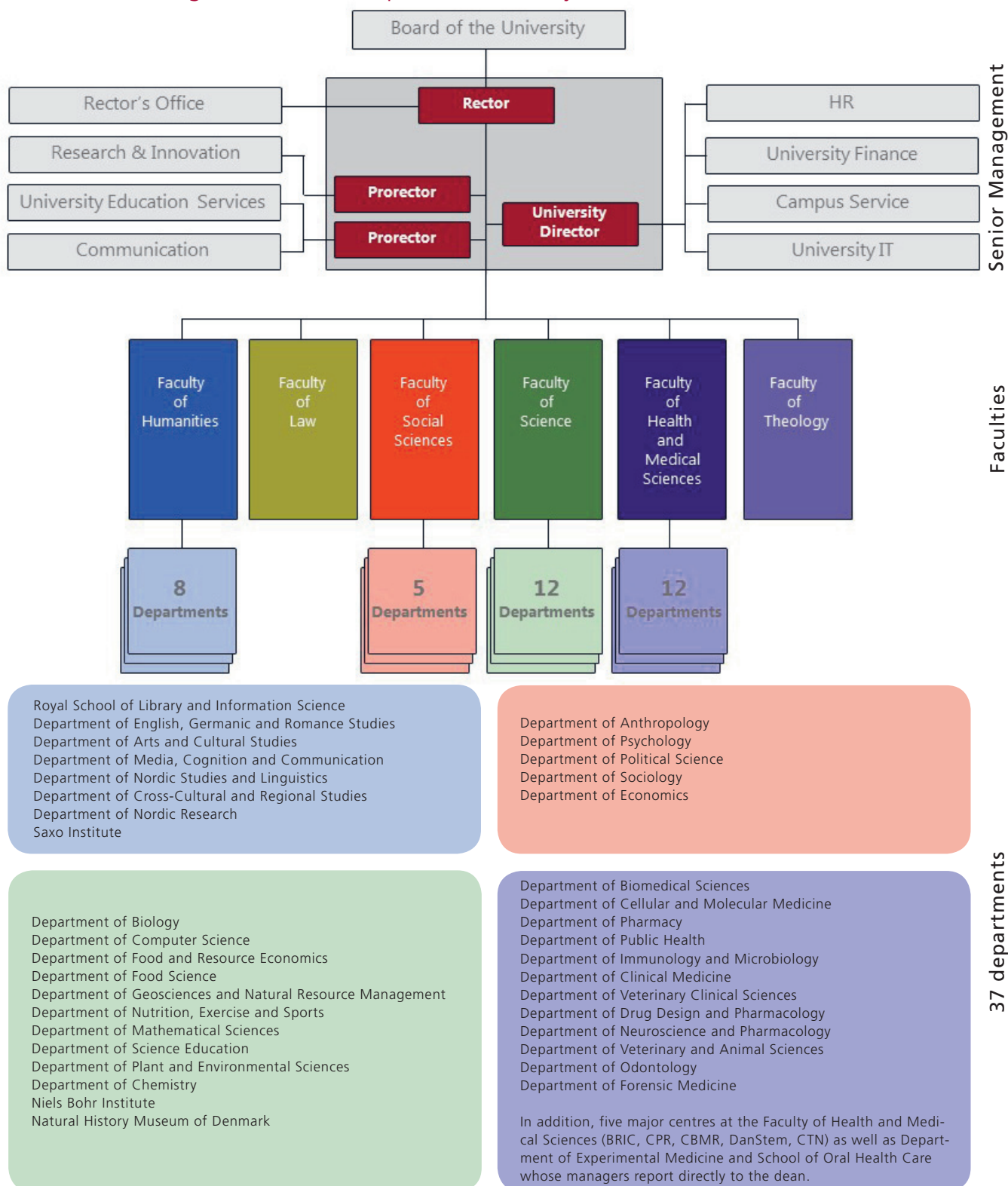
A number of changes are in store for UCPH in 2017: With Henrik C. Wegener taking up his position as the new rector on 1 March 2017, the University has a new leadership in place. By involving the organisation, the Board and the Senior Management will adopt a new strategy for UCPH with effect from the start of 2018. The University will also receive a response to its application for institutional accreditation. In January 2017, Mærsk Tower at the Faculty of Health and Medical Sciences was inaugurated, and at the start of the semester, the Faculty of Theology and the Faculty of Law relocated from the centre of Copenhagen to South Campus. Other construction projects will continue in 2017, including the Niels Bohr building and the new Natural History Museum of Denmark. Finally, efforts to adjust the administration and the overall finances to the future will continue.



From top left: Anja C. Andersen, Alexander Schwartz Thorvaldsen, Jannik Johansen, Jakob Thomsen, Signe Møller Johansen, Elias Westergaard, Nils Strandberg Pedersen.

From bottom left: Lykke Friis, Jesper Olesen, Sine Sunesen, Henrik C. Wegener, Mads Krogsgaard Thomsen, Thomas Bjørnholm. Kari Melby and Eske Willerslev are also members of the Board.

The UCPH organisation as per 1 January 2017



Financial adjustments

Until 2015, the Finance Acts provided for relative stability in UCPH's subsidies by using appropriation periods for three years both in relation to basic research funds from the research reserve and the rate-1 increase (for the humanities, social sciences, law and theology programmes). In the 2016 Finance Act, these two elements were continued for one year to 2018. Regrettably, the 2016 Finance Act also contained profound changes in the form of deterioration in other areas with the universities' framework conditions severely exacerbated. Specifically, UCPH lost a DKK 70.0 million in subsidy (rent) relating to the new KUA3 building, and the government introduced an annual reprioritisation payment of 2% in the sector, accumulating to 8% in 2019. Overall, this meant that UCPH was facing a significant decline in government funding. As a consequence, the University's Management imposed a qualified hiring freeze in autumn 2015 and a general slowdown in operations. The hiring freeze ran until 1 July 2016.

Based on the 2016 Finance Act and the reduction in the income base for UCPH, the Board approved an adjustment plan for the University on 8 December 2015, with a total of DKK 500 million (phase 1) up toward 2019. Of this amount, DKK 300 million was due to the known reduction in UCPH's income in 2019 (phase 2), while the remaining DKK 200 million was due to a need to provide additional financial flexibility to accommodate any further risks for a decline in UCPH's income from 2019 (phase 3). At the end of 2016, UCPH had made adjustments addressing the DKK 300 million cost reductions from budget 2017 (phase 2 of the adjustments).

The adjustment target of DKK 300 million (phase 2) from 2016 was distributed across the following elements:

- Administration and cross-organisational activities (support functions for academic activities and various strategic initiatives)
- PhD programmes
- Research and education (academic activities)

Some faculties have made additional adjustments in phase 2. These actions are based on the individual faculty's local conditions, among other things as a result of the faculty's expected decline in research funding (and derived over-

head) from public commissions and foundations and reduced spendings on the faculty's savings.

2016 saw staff reductions totalling 437 jobs, of which 251 opted for voluntary redundancy and 186 were recommended for dismissal. Out of the 186 to be dismissed, 31 signed a mutual agreement for termination after consultation. Of the 437 jobs that were shed, 69% concerned technical/administrative staff. By comparison, technical/administrative staff represents 43% of UCPH's total number of full-time equivalents.

All faculties, departments and the Central Administration have initiated processes in order to identify the outcome of the adjustments in relation to task shedding, service deterioration, improved efficiency as well as organisational and management structure. The consequences of this are regularly discussed in the local collaboration committees.

Also, additional measures were implemented to improve UCPH's finances by another DKK 200 million in 2019 (adjustments, phase 3) to accommodate the future financial risks implied by the Finance Act. The adjustments in phase 3 are thus more long-term, structural initiatives. Improvements of the University's finances will mainly be achieved through the following six focus areas:

- better and cheaper procurement
- more efficient use of buildings
- increased administrative revenues from overhead, return on UCPH funds and reimbursements
- optimisation of support functions (work processes, digitisation and administrative job sharing)
- increased research coverage from foundations and public sector services
- reduced education spending and increased education revenue

Under the focus area 'optimisation of support functions', a number of analyses were conducted across the University during 2016. Initially, this concerned the HR and IT areas, which have both been analysed (the HR analysis is described in further detail in the 'New HR organisation' section, page 22)

Extraordinary efficiency contribution

In coming years, the higher education institutions will implement a number of efficiency improvements. In 2015, the Danish Agency for Higher Education granted extraordinary subsidies to the universities to help realise the potential for such efficiency improvements.

In December 2015, UCPH received DKK 2.4 million under the Supplementary Appropriations Act aimed at achieving efficiencies in 2016. At the same time, UCPH was requested to report on the use of these funds in the 2016 Annual Report. The funds have been spent on the following two analyses from consultancies:

Struensee & Co., a consultancy firm, analysed the Faculty of Humanities in relation to the parameters education, administration, buildings, procurement and increased income. A report was delivered and is now included in the faculty management's further analyses and decisions regarding adjustments of DKK 60 million annually. The total price for the analysis was approx. DKK 1.4 million.

PriceWaterhouseCoopers (PWC) analysed the IT area at UCPH in relation to IT services, processes/organisation and IT security. PWC delivered a report, which is now included in Senior Management's further analysis and decisions regarding the IT area. The total price for the analysis was approx. DKK 1.0 million.

Education

The University of Copenhagen aims to improve its programmes even further. Education at the University of Copenhagen should be known for its close interaction with research and for its academic depth. The University aims to attract and educate the best students and attract the best researchers and lecturers from Denmark and abroad.

KU's strategi 2016

Key figures on intake, student FTEs and ECTS credits, 2016

In 2016, UCPH admitted 7,084 students to bachelor programmes, and 6,425 to master's degree programmes. The bachelor intake fell by a little under 6% relative to 2015, which was expected and is primarily attributable to a new

resizing of the intake at study programmes. As illustrated in figure 2 (page 9), it is the first time in eight years that the bachelor intake is on a decline. On the other hand, the intake for master's degrees increased by almost 11% and the proportion of new master's degree students with a bachelor degree from UCPH increased from 72% to 76%.

The production of student full-time equivalents (FTEs) increased from 27,276 in 2015 to 29,038 in 2016, corresponding to an increase of just over 6%. The increase reflects an increase in ECTS credits earned per full-time student. In 2016, a full-time student earned an average of 47.8 ECTS credits for UCPH, 3.7 more than in 2015. 2016 also saw a significant increase in the number of master's degree graduates. In 2015, the number of graduates was 4,882, and the 2016 number rose to 6,052, which is an increase of 1,170 graduates in just one year.

Study progress and 12-member committee

The development in the graduate output and the ECTS production at UCPH should be seen in the context of an increased focus on study progress. In November 2015, the Danish government signed a political deal about adjustment of the study progress reform with effect from the 2016-2017 academic year. The adjustment gave the universities more flexibility to decide how to reach the goals of reducing completion times. The key requirement for compulsory enrollment for subjects and exams was abolished. However, the financial consequences of the study progress reform were not changed, and UCPH must continue to



Rector welcomes new students at the matriculation ceremony on 2 September 2016.

reduce completion times up toward 2020. If the goal is not reached, the University will lose funding for education, in the worst case up to about DKK 300 million worth of subsidies.

In spring 2016, an internal 12-member committee with management and student representatives discussed how the University can implement the adjustments of the study progress reform. The committee focused on laying down rules to ensure a reduction of completion times and at the same time allow for creating more flexibility in organizing the study programmes.

The committee's recommendations led to the abolition of compulsory registration for courses and exams at UCPH from the autumn semester 2016. Instead, new rules for study progress have been introduced, including an accumulated study activity requirement of 45 ECTS credits per academic year and rules for maximum completion times at all faculties. This means that bachelor and master's degree programmes can be extended by a maximum of one year beyond the prescribed completion time. Similarly, the possibilities for taking leave of absence have been limited.

Institutional accreditation

In 2016, UCPH completed the application process for institutional accreditation. In April 2016, the University submitted its self-evaluation report, which describes UCPH's quality assurance system, including the management responsibility for the quality assurance processes. Subsequently, two panel meetings were held, involving visits from a Scandinavian accreditation panel and the Danish Accreditation Institution, to discuss and assess UCPH's quality assurance system and quality culture.

The first panel visit in June 2016 was based on the internal evaluation. The accreditation panel focused on the structure, content and managerial integration of the quality assurance system at department and faculty levels. After the first panel visit, UCPH received the following six 'audit trails' from the accreditation panel:

- Programme evaluation process.
- Programme reports and reporting to the rector.
- Students' connecting to the knowledge base.
- Research-based teaching at small programmes.

- Dialogue with employers and graduates.
- Course evaluations and development of pedagogical skills.

At its second visit in October and November 2016, and based on further 'audit trail' material from UCPH, the accreditation panel examined how well the prescribed quality assurance system works in practice. That is whether UCPH has a quality culture which is active and whether the system is able to pick up any inexpedient conduct.

At the end of February 2017, UCPH received the panel's draft institutional accreditation report for consultation for factual errors. The Accreditation Council will make its final decision on UCPH's institutional accreditation in June 2017.

Strategies for study environment and study and career guidance

With the Study Environment Strategy 2014-2016 – Road to better learning UCPH is focusing on improving the study environment. First and foremost the goal is to improve the learning environment, and second to support the objectives of a faster study progress and prevention of drop-outs and delays. Through various initiatives across UCPH, efforts have been made to improve the physical, psychosocial and digital study environment as well as the communication with students. These initiatives include more and better reading and study spaces, study start programmes for master's degree students and measures under the action plan for improved communication with students on the basis of an analysis of the University's points of contact to the students.

The initiatives support students' successful completion of the studies and are a prerequisite for providing for the best possible learning framework to help them to complete their programmes faster, avoid drop out and enjoy a positive experience of their years as students. That's why it was decided to continue the strategic work with selected study environment areas in 2017. Strengthening social and academically challenging communities will continue as an area of focus in order to facilitate the informal meetings between students and teachers.

The study environment strategy should be seen in close connection with the Study and Career Guidance Strategy

2014-2016, where the focus has also been on study progress and the prevention of drop-out/delays. During these years, there were specific initiatives concerning the transitional situations, which will lead to a new framework for study start and introduction programmes for all students. These initiatives will become embedded in the Revised strategy for the study environment and Action plan 2017. All addressed items in the study and career guidance strategy have been assessed to have been met. Going forward, reductions in drop-out rates, especially on the first study year, and timely completion and support of students' transition to the job market after graduation will continue to be a strategic area of focus for the study and career guidance.

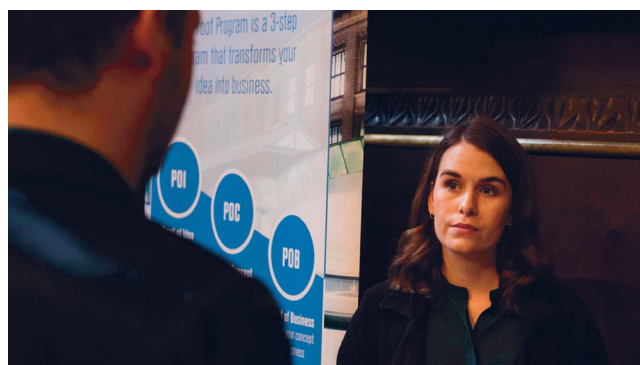
Implementation of strategy to support students with functional impairment

To ensure that students with functional impairment have the opportunity to complete a study programme on equal footing with other students, UCPH adopted in November 2015 a Strategy for the support of students with functional impairments and an accompanying Action plan 2016-2018. In 2016, communication with this group of students was improved on the web and the intranet, just as UCPH has drawn up a Guide on laws, regulations and rules relating to students with functional impairments and Guidelines for case processing. The aim is to promote equal treatment of students and to better equip Study Board members and university staff to deal with cases in this area. The University has also launched a pilot project concerning voluntary registration for targeted guidance offers regarding the admission to bachelor programmes in 2017.

Innovation and entrepreneurship in study programmes

UCPH's graduates should contribute to creating growth and value for society and to addressing societal challenges through new knowledge and innovation. The University is keen to motivate students to launch themselves as entrepreneurs and strengthen their ability to convert their core competences to problem solving at any workplace. In 2014, UCPH adopted Plan to strengthen innovation and entrepreneurship aimed at students – actions in the period 2015 to 2018 and UCPH launched a number of initiatives.

In 2014 and 2015, UCPH established two 'Innovation Hubs' for students, and a third is planned for 2017. UCPH



UCPH Innovation Day was held in October. Teachers and students had the opportunity to learn how to proceed with an idea and how to make use of an Innovation Hub.

has also employed innovation consultants to, among other things, advise lecturers on how to integrate innovation and entrepreneurship (I&E) in the classroom. Furthermore, an I&E teacher network has been established, and the I&E toolkit for teachers is being regularly extended and maintained with inspiration and specific templates and tools. Student organisations can apply for funds to organise I&E activities for students. In autumn 2016, UCPH Innovation Day was held for teachers and students at UCPH.

Teaching portfolio

To support high quality in degree programmes, UCPH is focusing on teachers' pedagogical skills and teaching qualifications in the context of recruitment and development. In 2016, Senior Management adopted a concept for a teaching portfolio to be used for teachers' ongoing reflection on their own teaching. This means that all teachers at the University must prepare a teaching portfolio in the course of 2017, and, in the subsequent year, use it in their performance development reviews together with UCPH's pedagogic competency profile, which was adopted in 2015. Various formats were tested in 2016. The purpose is to create better programmes and learning for students through lecturers' systematic development of their teaching and to promote a more equal weighting of teaching and research activities at the University.

Feedback to students

Useful feedback is important for students' learning and motivation. In 2016, focus was on providing feedback to students in and outside the classroom. The faculties have

implemented a wide range of activities to strengthen feedback, among other things, focus has been put on feedback in the first-year pedagogy. At the same time, feedback has become even more embedded in the IT infrastructure, with, for example, more than 1,500 teachers having taken a course in the new version of the learning platform Absalon, which now contains several relevant electronic feedback features. As planned, a new feedback field has been added to the course database, which means that teachers now, in the course description, have the option to inform students about what kind of feedback they can expect.

Discontinued study programmes at the Faculty of Humanities

In 2016, UCPH decided to close, merge, freeze or retain a number of study programmes at the Faculty of Humanities. The criteria for closure were an overall assessment of the expected future intake and the possibility of maintaining a good study environment and sufficient academic staffing. The background is the financial consequences of student programme resizing, the reduction of the research reserve and an 8% reduction in the faculty's budget, which will be felt in earnest from 2018.

It has been a high priority that the decision must balance academic, strategic and financial considerations in relation to the overarching objective of retaining as much academic expertise as possible within the areas in question. That is why a number of programmes are maintained while the decision has financially ensured the small study programmes at the Faculty of Humanities. Eskimology is retained because of the programme's key role in relation to the conservation and development of research-based knowledge of Greenland and the Arctic in the context of the historical importance for Denmark of the unity of the realm. American Indian Language and Culture Studies as well as Classical Greek are maintained as programmes on the basis of their strong international reputation and research environment. Classical Greek is also a significant basic subject for the humanities. Modern Indian and South Asian studies is maintained on a trial basis in 2017-2020 as a bachelor's degree programme due to the academic and strategic importance of the geographical area.

Research and Innovation

Free basic research is the University's most prominent task and the foundation for the other societal functions of the University of Copenhagen. UCPH has the framework for conducting curiosity-driven research of high international quality within all academic fields. On this foundation, the University offers research-based programmes, disseminates the latest knowledge created by research and translates it into innovation in collaboration with the surrounding world.

Based on the UCPH Strategy 2016

Research output 2016

Over the past decade, UCPH has seen a stable and considerable increase in the number of research publications as illustrated in figure 1 (page 9). The number of publications from the University on the Web of Science (WoS) doubled in the years 2007-2015, and the number of UCPH publications included in the bibliometric research indicator (BFI) increased by more than 37% in 2011-2015. At the same time, UCPH's share of publications on the high level of BFI has remained stable at approximately 36%.

Rankings

In 2016, UCPH continued to move up on several leading international rankings of the world's best universities.

- On the Academic Ranking of World Universities (ARWU), UCPH moved up to number 30 in the world, thus maintaining its sixth place in Europe.
- The Centre for Science and Technology Studies (CWTS) Leiden Ranking also placed UCPH as number 30 in the world and six in Europe, when measured

Fact box

A number of annual global rankings seek to compare universities with each other. UCPH has decided to focus on four leading global rankings: ARWU (also known as the Shanghai Ranking), CWTS Leiden, QS World University Ranking and Times Higher Education Ranking (THE).

The various rankings are based on different methodologies. The results may differ from year to year for methodological reasons. The rankings often take into account the following factors:

- Researchers' assessments of the best university in their field.
- Number of scientific articles published, and number of times cited.
- Student/researcher ratio.

THE and QS used to be part of a single ranking system, but were split in two in 2009. Methodologically speaking, ARWU and CWTS Leiden have proved to be the most stable over several years.

on the number of publications in the top 10% of the world's most cited publications.

- The QS World University Ranking had UCPH as number 68 in the world and number 20 in Europe.
- UCPH also distinguished itself with an 11th place on the Reuters list of Europe's most innovative universities.

On the Times Higher Education Ranking, UCPH fell back 38 places to number 120 on the global ranking. By comparison, UCPH advanced 78 places on the Times Higher Education ranking from 2014 to 2015. The large fluctuations can be explained by a change in calculation methods and data applied.

Attracting external funding

UCPH increased its external funding in 2016. The balance between private and public funding for research has changed in recent years, and UCPH receives about as much external funding from private sources as from Danish and EU public sources combined. The Management expects this trend to continue in coming years.

In 2016, UCPH was awarded a total of DKK 2,593.3 million broken down on DKK 929.1 million in Danish competitive public funding and DKK 1,209.2 million from private Danish sources along with DKK 360.5 million from the EU and DKK 94.5 million from other international sources. This represents a total increase of DKK 41.0 million relative to 2015.



HRH Crown Princess Mary presents the Elite Researcher Prize to Professor Peter Lodahl from the Niels Bohr Institute. In the background, Professor David Dreyer Lassen from the Department of Economics, who also received an Elite Researcher Prize.

Researchers from UCPH were also successful in 2016 in the competition for research funding. The University's position is particularly strong in programmes aimed at support and development of excellent research.

The European Research Council (ERC) grants funding for excellent research within three categories: Starting Grants for young promising researchers, Consolidator Grants for established talented researchers and Advanced Grants to senior top-class researchers. In 2016, researchers from UCPH were awarded four Starting Grants (out of 5 given to Denmark) and six Consolidator Grants (out of 7 given to Denmark).

The Danish Elite Researcher Awards are also aimed at excellent research. In 2016, UCPH researchers were awarded two out of five Elite Researcher Awards.

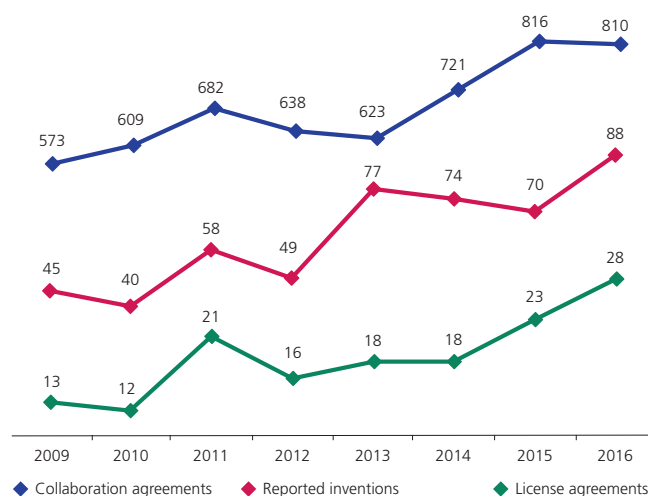


Figure 7: License agreements 2009-2016.

Commercialisation

A big effort to increase the commercialisation of UCPH's research seems to have paid off in recent years where the number of licensing agreements, collaboration agreements and registered inventions have all increased.

Research evaluation

UCPH is working goal-oriented to ensure excellence in its research, and in 2016, UCPH began using a new concept for research evaluation. As the first one, the Faculty of Social Sciences completed its research evaluation in sum-

mer 2016 with a positive experience. On the basis of self-evaluations and visits from international review panels, the faculty management and the individual departments have gained valuable input for the upcoming focus on quality in research. The Faculty of Health and Medical Sciences and the Faculty of Science began an evaluation of their research environments in autumn 2016, and the plan is for all faculties to have completed their evaluations before the end of 2018.

In May 2016, UCPH's Programme of Excellence was subjected to a midway evaluation by an international panel headed by ERC Vice President Klaus Bock. The panel's conclusion was that the programme has successfully promoted and profiled some of the University's most important interdisciplinary research activities. Several projects were recognised for demonstrating a high international academic level, creating synergies across professional boundaries and developing new scientific methods.

Fact box

UCPH's Excellence Programme for interdisciplinary research, also known as the 2016 projects, aims to strengthen cross-disciplinary collaboration at the University. With a donation of DKK 400 million in 2013, 18 cross-disciplinary research projects were selected to be part of the Excellence Programme.

Good scientific practice in research collaboration

It is crucial for UCPH to ensure confidence in the independence and quality of the University's research. In 2016, UCPH introduced a Code of conduct for good scientific practice in research collaborations with external parties and a Code of conduct for public sector services, which both ensure a clear framework and transparency of good scientific practice in such relationships. The new code of conduct complements UCPH's existing initiatives to support a culture of good scientific practice, for example at compulsory

Fact box

The Named Person scheme was introduced in January 2014. Each faculty at UCPH has appointed a named person who can be contacted by all employees and students about questions of good scientific practice. The faculties' named persons have several different areas of responsibility, including keeping focus on responsible scientific practice at the faculty, educating managers, giving advice on responsible scientific practice and handling allegations of breach of the rules on good scientific practice. In the case of suspicion of breach of the rules on responsible scientific practice or about dishonesty, the relevant named person hands over the matter to the Practice Committee and the Danish Committees on Scientific Dishonesty.

courses on this topic for PhD students and scheme for the Named Person at all faculties.

Research programmes and recruiting international talent

An important effort in UCPH's ambition to strengthen its international platform is to continue to attract international researchers to UCPH. With the tenure-track scheme, UCPH seeks to recruit the best talents, and 15 job vacancies were posted under this scheme in 2016. Today, more than one third of the University's researchers are international. At International House – a partnership between the City of Copenhagen and UCPH – international researchers and their accompanying family members can find help and networking opportunities when beginning their new life in Denmark. One out of three international researchers brings his or her spouse to Denmark. In order to make it more attractive for researchers and their spouses to relocate to Denmark, six large international businesses and universities headed by UCPH have established a regional business network – International Dual Career Network Copenhagen. The purpose is to facilitate job search and to share knowledge about career opportunities for spouses through various career events hosted by members of the International Dual Career Network.

The University also makes a targeted effort to attract international talents at PhD level. 2016 saw a considerable increase in the interest for UCPH's five-year PhD programme – the International Graduate Talent Programme – which admitted 77 students in 2016 (against 22 in 2015), far above the benchmark (21 students) for the 2016 intake on this programme.

The benchmark for UCPH's general PhD intake was slightly downgraded in connection with the adjustments at the beginning of 2016; the benchmark for 2016 and onward is now an annual intake of 750 PhD students, which is 70 fewer than in previous years.

Simplifying the academic staff recruitment

In May 2015, as the first university in Denmark, UCPH introduced shortlisting in connection with the recruitment of academic staff to ensure a swift and efficient selection of the most interesting candidates. A generally recognised procedure in international recruitment of academic staff,

shortlisting means that the hiring manager, on the advice of the appointment committee, recommends candidates to the assessment committee. According to an evaluation conducted in summer 2016 across UCPH, academic staff, managers and HR employees have welcomed the procedure, which, among other things, means that fewer resources are spent on recruitment of academic staff, and that the invested resources can be used in a more focused way than previously. With the new procedure, it has also become easier to recruit international members of assessment committees since the task is both less comprehensive and more focused.

Career paths for young researchers at UCPH

An important part of UCPH's mission to deliver research and education for the benefit of society is the effort to ensure academic career paths, in particular for young researchers. Research group leaders have a big responsibility to supervise and assist young researchers in clarifying their career paths, both within and outside the academic world. In order to strengthen and support this supervision – UCPH has created a career site within the University's employee guide and prepared a special addition to the performance development review for young researchers.

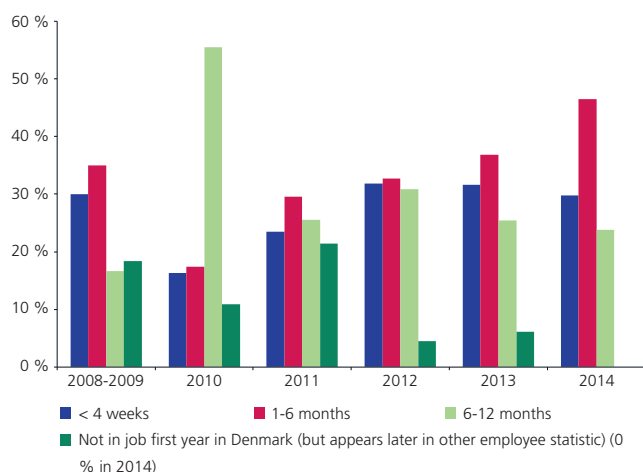


Figure 8: Overview of how soon postdocs find employment after leaving UCPH.

Particularly for the many postdocs – an employee group that has grown in recent years – UCPH prepared a leaflet in 2016 with data from Statistics Denmark about job and pay options for postdocs when they leave UCPH. The

general picture, as seen in figure 8, is that postdocs do find jobs, they receive a salary that corresponds to their job market experience and seniority and that a rising number of postdocs (mainly from the Faculty of Health and Medical Sciences and the Faculty of Science) find jobs in the private sector.

In 2016, UCPH conducted an employment survey for PhDs. The survey showed among other findings that 83% of graduates who now are in employment had found jobs within the first month. It is also worth noting that the private sector has maintained its share of graduates in spite of the growth in the number of PhDs at UCPH since 2013.

The Arnamagnaeian Commission

In 2016, the Arnamagnaeian Commission at UCPH received a Finance Act grant of DKK 4.5 million dedicated to the publication of an Old Icelandic dictionary (Dictionary of Old Norse Prose), to a scholarship for Icelandic researchers to study manuscripts at the Arnamagnaeian Manuscript Collection at the Department of Nordic Research and to publishing two scientific series (Bibliotheca Arnamagnaeana and Editiones Arnamagnaeanae).

The editorial team of the Dictionary of Old Norse Prose continued their editing efforts in 2016, and articles edited in 2015 and 2016 will be put on the dictionary's website at the beginning of 2017. In 2016, the publication *Opuscula XIV* was issued while work continued on the first publication in the new digital series *Editiones Arnamagnaeanae Electronicae*, *Marine Jespersdatters bønnebog*, and on the next publication in the *Editiones Arnamagnaeanae* series. Government fellowship grants were awarded to Icelandic researchers in 2016 for a total of nine months' stay in Copenhagen. Two researchers have stayed at the Department of Nordic Research for five months with the remaining four months' fellowship having been transferred to 2017.

Engagement with the surrounding world

The University of Copenhagen aims to utilise and enter into binding strategic partnerships with national and international partners in order to increase its range, strengthen research and education and as such improve competitiveness.

The UCPH Strategy 2016

International alliances – IARU and LERU

In 2016, UCPH continued to work closely with the other members of IARU (International Alliance of Research Universities). Rector Ralf Hemmingsen was the chairman of IARU in 2015 and 2016. An important part of the IARU alliance is The Global Summer Programme. Under its auspices, UCPH ran three summer courses in 2016 (on subjects such as Kierkegaard, healthy ageing and urban culture). UCPH also continues to play an active role in the research collaboration Aging, Longevity and Health, in the Green Campus strategy and in a number of other research groups.

The Novo Nordisk International Talent Programme supports student exchanges between UCPH and the other IARU universities within health science research. In 2016, the University aimed to raise awareness of the programme via close contact with the other IARU universities and a marketing campaign targeted at UCPH students. These efforts resulted in a doubling in the number of applications in autumn compared with 2015, and in applicants coming from several different IARU universities. Since the launch in 2015, 113 students have received a scholarship under this programme.

In step with the ambition to intensify its international and European focus, the University was invited to join the prestigious university alliance LERU (League of European Research Universities) in 2016. As part of the admission procedure, LERU representatives visited UCPH in October 2016, and in December, the University was accepted as a new member as of 1 January 2017. The main purpose of LERU is to represent the research-intensive universities' views on research and education policy in the European cooperations.

Development of knowledge environments in Greater Copenhagen

UCPH continues to be part of an inter-regional partnership to promote growth and new jobs in Greater Copenhagen. The University focuses on the development of knowledge environments that help to position Greater Copenhagen as an attractive international knowledge region. An important area of focus is the continued development of Copenhagen Science City in the area around North Campus.

In 2016, UCPH established a strong collaboration with Copenhagen Capacity, Copenhagen Business School, the Technical University of Denmark, the Capital Region of Denmark as well as Copenhagen, Frederiksberg and Lyngby-Taarbæk municipalities. Funded by the Capital Region of Denmark, the project has identified research and commercial strengths in Greater Copenhagen, which will be used for international branding and initiatives to attract foreign investments in 2017. Furthermore, the ongoing development of and collaboration with Frederiksberg Science City, Lyngby-Taarbæk Science City and Copenhagen Science City continues to be in focus. The total project budget is just over DKK 5 million.

Students and researchers abroad

Part of UCPH's international platform is to ensure a high level of student mobility. The number of students from UCPH who study abroad as part of their education increased by 10% from 2,276 in 2015 to 2,515 in 2016.



Prorector Lykke Friis from UCPH and Prorector Tyrone Carlin from the University of Sydney signing a 'super agreement' between the two universities.

In June 2016, UCPH's exchange agreement with the University of Sydney was expanded to a 'super agreement', the long-term goal of which is for the two universities to exchange 50 students annually. The agreement was signed in June, and in November, a UCPH delegation with representatives from five faculties visited the University of Sydney to further develop the close collaboration.

In 2016, UCPH also improved conditions for its researchers who go abroad. The University launched initiatives that support the outgoing researcher with clarification of issues about tax, insurance and cost coverage etc. A special PhD service was also established to give advice to outgoing PhD fellows.

International students on UCPH

The number of students with a non-Danish bachelor's degree who are admitted to UCPH's master's degree programmes is steadily rising. The international students are predominantly admitted to the English-language master's degree programmes, which make up half of the total number of master's degree programmes at UCPH. UCPH has gone from admitting 707 international students in 2012 to 964 in 2016, corresponding to an increase of 36% over five years. This increase should be seen in the light of the University's initiatives to boost the recruitment of international master's degree students. These include the launch of the website studies.ku.dk and the University's programme offering advertised on the Coursera platform where UCPH offers online courses. UCPH has also participated in the Danish government's Top Talent programme in Brazil and China.

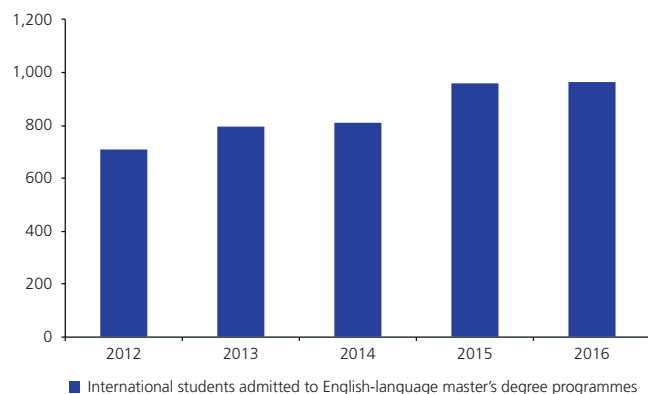


Figure 9. Measured in terms of students admitted with a bachelor's degree from abroad.

To help international students find a place to live, a strategic partnership has been set up between UCPH and the City of Copenhagen with the University of Copenhagen Housing Foundation as an operator to provide more student accommodation in Copenhagen.

UCPH in the Arctic and Greenland

The Arctic region and Greenland are strategically important regions for UCPH, and several of the University's research programmes focused on these areas in 2016. UCPH's Arctic Forum and the Management have devised a work programme for the Arctic efforts in 2016/2017, including an Arctic strategy, a symposium, and the development of a joint Arctic study programme along with the onset of communication activities.

The Arctic symposium was held in November 2016 with the participation of 170 researchers, students and administrative staff across the University's subject areas. The evaluation of the symposium will provide the basis of future Arctic efforts and initiatives.

The cross-disciplinary initiative, Greenland Perspective, continued to pursue its goal of creating a basis for businesses and contribute to development of skills in Greenland. In 2017, a project office will open in Nuuk, supported by the Ilisimatusarfik strategic research fund, with the aim of strengthening the collaboration between UCPH and Ilisimatusarfik – the University of Greenland.



UCPH's article on the old Greenland sharks were on the front page of Science in August 2016.

Collaboration with China

UCPH has for many years had China as a strategic area of focus, among other things through the think tank ThinkChina, which supports collaboration between public and private stakeholders who have a strategic interest in China. In 2016, ThinkChina organised a number of conferences, symposia and discussions with a focus on China and Sino-Danish relations.

UCPH's various activities in China developed favourably in 2016. The Sino-Danish Centre (SDC) – a joint Danish-Chinese university and education partnership in Beijing comprising the entire Danish university sector – has been positively evaluated, and on the basis of this evaluation, the Chinese partners have decided to turn SDC into a permanent centre from its present start-up and project phase. UCPH also extended its partnership agreement with Fudan University in 2016, and the Fudan-European Centre for China Studies will continue to be associated with UCPH and situated at the Faculty of Social Sciences. An increasing number of employees with a Chinese background are working at the University, and in 2016 they formed a UCPH network specifically for this group. In addition, China is now one of the top-three exporters of students enrolled in a full study programme at UCPH.

Organisational development

We will make clear overall objectives for the University's operations with collective and effective administrative solutions so that we will be able to use our diversity, size and comprehensiveness to ensure results of the highest quality. This applies both to our core tasks and to the development of the organisation.

We will provide a healthy physical and psychological study and work environment, and focus on involvement, collaboration and academic challenges so that staff and students consider the University of Copenhagen an attractive place to work and study.

The UCPH Strategy 2016

New HR organisation

As a result of an analysis of HR, the Management decided in October 2016 that HR work was to be organised in three HR centres and one shared HR department. The new organisation will be prepared through spring 2017 and take effect in June 2017.

Fact box

The new HR organisation aims to ensure:

- Robustness, both professionally and in terms of size, to handle administrative cutbacks.
- Quality through professional management, skills development and critical mass in task resolution.
- Efficient standardised processes - case processing gathered at one level.
- Proximity, taken as accessibility and business knowledge, through organisation with departmental teams, so that departments are affiliated with permanent, named employees.

HR centres

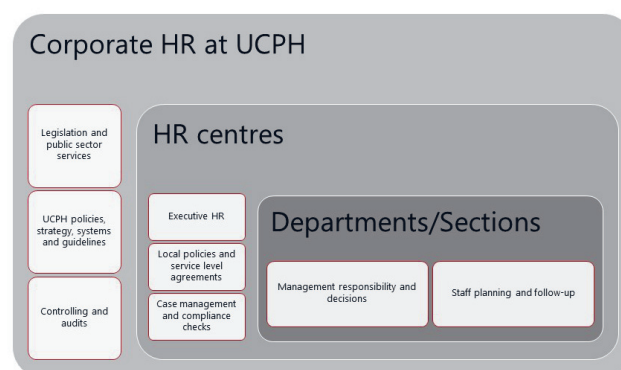


Figure 10. Overall service overview in the new HR organisation.

Well-being and staff satisfaction

UCPH conducted a workplace assessment (WPA) in June shortly after the institutional adjustment round in spring 2016. The response rate was 72%, which is at the same level as the annual satisfaction and well-being assessment in 2014, and a quite good increase on the most recent workplace assessment from 2012 when 65% completed the survey. UCPH's Management had not set a target for the response rate, but made a strong effort during the period in which the survey was conducted in order to obtain a high response rate and was more than pleased to maintain the high response rate (72%) from 2014.

Compared with similar organisations, UCPH continues to rank higher in terms of general job satisfaction and commitment, while the University ranks lower in terms of work/life balance and the experience of stress. These issues therefore remain top priorities. The WPA also showed that management trust is challenged in some areas, among other things due to the round of adjustment and uncertainty about the future. However, the degree of trust in management varies considerably across units. The main challenges with the physical working environment are indoor climate and noise. Follow-up of the physical environment are situated at faculty level and is prioritised in the annual consultation on occupational health and safety.

Student satisfaction with teaching and study environment

In 2016, UCPH prepared the statutory Educational Environment Assessment, which is done at least every three years. The survey was conducted in the spring, with a response rate of just under 36%. This is an improvement compared to previous years' surveys when the response rate was 28% and 25%, respectively.

Students who completed the survey are generally thriving since 84% indicate that they are doing well on their programme. Students also find that there are good opportunities for academic and social activities outside the classroom. Fewer students indicated that they experience symptoms of stress in 2016 than in the last survey, but a relatively large number of students still experience stress. So, together with the physical study environment, these

are the key areas of focus that UCPH will be keep pursuing.

Management development

Management development continues to be a key action area at UCPH. In 2016, management development was expanded to include an offer for learning groups for heads of department. In this forum, participants can engage in sparring with colleagues and share experience of management challenges. In terms of courses, the University offered 'Navigation and management in a political organisation' for administrative managers and 'Leading research' for heads of research. Furthermore, there were dedicated courses for specific target groups, workshops for heads of section and heads of research groups at the Faculty of Health and Medical Sciences and the Faculty of Science, workshops for department administrators at the Faculty of Humanities and a programme for heads of section in the Central Administration with focus on interdisciplinary collaboration.

As an element to create more coherent management at the University, a new management portal was created on the intranet in 2016, where academic and administrative managers at central, faculty and department levels have access to and receive information about UCPH's overall development, management decisions and strategic initiatives. The aim of the portal is to give managers at all levels more extensive common knowledge in order to allow them to better perform in their roles.

Internationalisation of the administration

Since 2007, the number of international academic employees at UCPH has increased from 437 to 1,719. Today,

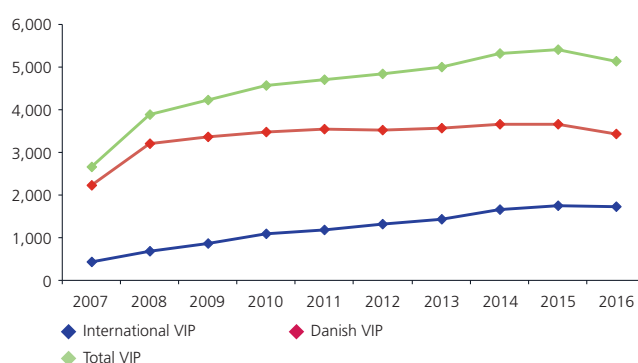


Figure 11. Share of international academic staff at UCPH. ISOLA.

more than a third of the academic staff is from abroad. In this context, the University has taken action on strengthening the parallel use of English as an administrative language in order for all employees to have access to the necessary information and to make everyone feel part of the University.

In 2016, an English Language Unit was set up in the Central Administration and a number of language technology tools have been made available to University staff. The aim is to make it easier and more efficient for employees to communicate in parallel in Danish and English. KU Translate – a UCPH-adapted tool for machine translation – is freely available on the intranet, and more than two million words were translated using this tool in 2016. For employees who spend a considerable portion of their work time on translation tasks, a professional translation tool – Memsource – has been launched across UCPH. It is being used by more than 60 administrative employees in the Central Administration, faculties and departments.

Buildings

Efficient use of land

UCPH continues to work for more efficient use of land. During 2007-2016, the average use of land per full-time equivalent (students, academic and technical/administrative staff) decreased from 34.3 m² per FTE in 2007 to 24.7 m² today. In October 2016, the Board approved a programme for further significant concentration of land and floor space to be implemented from 2017, so that the building area will also contribute to delivering savings in connection with the adjustment of the University's finances.

Commissioning of buildings

A number of new buildings were planned to have been handed over by the Danish Building & Property Agency to the University in 2016. This, however, did not happen because of problems with the completion of the buildings. In all cases UCPH insists that the functionality of the new buildings must live up to agreements – both because the University must be able to service and maintain the buildings and also for safety reasons.

One of the delayed buildings is the Plant Science Centre 1 at the Faculty of Science in Frederiksberg. Handover was to have taken place in April 2016 but was postponed. The Faculty of Health and Medical Sciences had expected to begin using the Pharma Science Building in University Park and Mærsk Tower at the Panum institute in 2016. After several delays, the Pharma Science Building was commissioned on 1 March 2016, but the remedying of defects and documentation are still under way, and the building has not yet been handed over to UCPH's operations.

The full handover of Mærsk Tower has been postponed, with the lower floors handed over in connection with the semester start in February 2017, while the remaining floors will be handed over in spring 2017. UCPH closely follows the completion and handover of the buildings. In addition to the challenges associated with handover and commissioning of new buildings, the matter remains of assigning responsibility for the overspending in each case.

On South Campus, the last part of the new KUA3 building was handed over to the University at the end of



The new Maersk Tower at North Campus.

December 2016. The schedule for commissioning at the semester start in February 2017 has proceeded as planned.

On 8 December 2016, the Danish Parliamentary Finance Committee gave its approval to a legal document relating to the Natural History Museum of Denmark. The approval of the document is a major milestone for the project. The document will be supplemented by a construction act in spring 2017, and UCPH has received and commented on a draft act. The document, which is confidential, lays down detailed rules for the handling of fund donations in relation to ownership etc.

Adjustment of the SEA scheme, SEA II

An adjustment of the state-owned property scheme, SEA, (SEA II) is under way. The adjustment comprises a number of initiatives about rent levels and maintenance models, which will be implemented from 2020. Another essential element is the 2017 implementation of a new and improved model for collaboration between the University and the Building & Property Agency. In this model, roles and responsibilities have been clarified, with documents for agreements and templates for management information drawn up, which should help ensure increased transparency in the collaboration. Going forward, UCPH will continue to have a need to develop of the building area, and the new model is expected to set a framework for the necessary improvements.

Optimisation of housing management

In 2016, four operating areas were changed to three Campus Service Areas of approximately similar size, which was a natural consequence of two faculties' relocation from the City centre to the new South Campus.

The need to adjust UCPH's finances by another DKK 200 million before 2019 has increased the need for identifying permanent cost savings in the building area, for example simplification, discontinuation or transfer of tasks. Focus is on risk assessments, processes for the completion of maintenance projects, efficient land use, energy, waste, sustainability and user behaviour as well as commissioning.

A new, joint facility management system was acquired in 2016 to optimise planning and management of buildings at UCPH. Collection of data in a system improves the possibility for analyses and long-term planning. With the new system it is possible to standardise and streamline work processes and service level agreements across the University, which will contribute to achieving efficiency gains. The system will replace a number of small systems, and thereby also contribute with spending cuts in the short term.

Financial review

Performance 2016

Seen from a financial perspective, 2016 was in many ways an atypical year. On the one hand UCPH prepared for the coming years' reduction in government funding, and on the other hand witnessed an economic effect of programme resizing and the study progress reform. 2016 has been a transitory year in order to adapt UCPH's long-term finances. The performance for 2016 resulted in a profit of DKK 143.5 million against a loss of DKK 69.9 million in 2015 and a budgeted loss in 2016 of DKK 132.0 million. The improved performance is due to several factors: An unforeseen and positive increase in education activities as a result of the study progress reform, hiring freeze, faster slowdown of operations than expected, postponed costs relating to the occupancy of large new buildings and non-recurring entries.

Total revenues in 2016 reached DKK 8,441.4 million, which is an increase of DKK 63.6 million on 2015. The increase in revenue is primarily attributable to an increase in education revenue as a consequence of a higher production of student full-time equivalents and completion bonus. Total government-funded subsidies were at DKK 5,326.7 million, representing an increase of DKK 82.5 million relative to 2015. UCPH also recorded an increase in external revenues of DKK 78.0 million, which covers a special donation to Mærsk Tower and an increase of payment regarding forensic medicine services.

With the Supplementary Appropriations Act 2016, it became a reality that UCPH's education subsidies had increased as both the winter and summer term exams in 2016 turned out significantly higher than expected. Thus, total education subsidies came to DKK 2,211.3 million, up by DKK 95.5 million on 2015 and DKK 103.3 million higher than the original budget. The increased output is a result of the study progress reform, which has resulted in an extraordinary 'rise' throughout the sector in 2016.

Mid-2016, the Ministry of Finance announced a temporary grant reduction of 0.35% within the Ministry of Higher Education and Science. The grant reduction was attributable to an adjusted estimation of price trends and it amounted to DKK 18.6 million.

UCPH spent DKK 5,015.2 million on pay to compare with DKK 5,076.1 million in 2015. The decline of DKK 60.9 million is a result of the slowdown at the University through a qualified hiring freeze (1 October 2015 - 30 June 2016) and the subsequent adjustment process with voluntary redundancies and dismissals as well as downward adjustment of the PhD intake.

In operations, UCPH's expenses were at DKK 3,312.3 million, down by DKK 66.9 million on 2015 and no less than DKK 183.7 million lower than the budget. For one thing, the decline may be attributed to grant-funded research activities, which fell back by DKK 23.2 million relative to 2015. At the same time, occupancy of several of UCPH's new buildings was delayed, which means that relocation costs were not realised in 2016 as assumed, but will be deferred to 2017. Also, several organisational entities exercised a general restraint in operations throughout the financial year.

The results for 2016 are impacted by non-recurring items. Within forensic medicine, the method of payment from the Danish Police was changed, which contributed DKK 41.2 million to the results for 2016 but it will be offset a corresponding deficit in the coming years. Furthermore, UCPH settled an outstanding account with Qatar of DKK 15.0 million.

Finally, an increase in bond prices as well as winning a tax dispute relating interests, resulted in net revenue by just under DKK 22.0 million more than in 2015.

When these factors are taken into consideration, the results are considered as satisfactory. The performance is a step in the right direction towards creating balance in UCPH's long-term economy.

Financial outlook

In August 2016, the Danish government presented its Budget for 2017, which, unlike the 2016 Budget, did not hold any new surprises.

For a number of years UCPH has experienced relative stability in its government subsidies by way of three-year appropriation periods in respect of basic research funds from the financial research reserve and the increase in

rate-1. The certainty in the three-year budget was maintained in the 2017 Finance Act despite the significant decline in education subsidies per student. This was a consequence of the government's redistribution payment, which will be carried on to 2020 (cumulative 10%). However, for 2018 and 2019, the rate-1 increase has been placed on a reserve dedicated to quality development of higher education programmes, and is conditional upon an increase in the time spend on universities teaching and supervision as well as improved research coverage. The actual conditions are not yet defined in detail. The 2020 Budget shows a technical decrease in UCPH's revenues in research of DKK 400 million known as the research 'cliff'. However, DKK 2,250 million of the national research reserve still remains in the budget along with DKK 650 million in the ministry's redistribution reserve, which has yet to be allocated.

Formally, the government maintains the public research and development slightly above 1% of GDP. In the 2017 Finance Act, the percentage is 1.03% of GDP, which is a small increase on 2016 when it was 1.01%. The decline in funds for the Danish Council for Independent Research and Innovation Fund Denmark on the 2016 Finance Act will be partially made up for, but – with a certain time lag – is still expected to result in less public competitive funding for UCPH.

From 2017 to 2020, UCPH expects a significant decrease in total education revenues due to lapse of the rate-1 increase, resizing study programmes and, not least, the State redistribution payment, which has cut significantly into education subsidies. As mentioned elsewhere in this report, UCPH has prepared adjustment plans for the coming years, partly to accommodate the known reductions of revenue, and partly to create the necessary financial leeway to handle future financial risks. Financial uncertainties may include: Consequences of the study progress reform and the requirement for a reduction in completion time, where, in the worst case, a lack of reduction may result in loss of the completion bonus, the effect of the announced funding reform, for instance the introduction of a regional rate per student, as well as uncertainties in relation to the building projects in progress.

UCPH continues to focus on ensuring the best possible basis for the university's key tasks: Research, education and innovation. That is why it is imperative for the University to invest in and innovate the organisation, IT and buildings. Hence, it must also be ensured that the University is not inhibited in its investments due to the planned state limits on investment for the sector from the 2018 Finance Act but should be guaranteed autonomy in order to assess and prioritize its investments for the benefit of its key tasks.

UCPH's equity

UCPH's equity has been much in focus in recent years. Externally, the Ministry has intensified its focus because of the expectations as to how UCPH as a government-funded institution is to manage and use its equity. Internally, the Management needs to be able to use equity as a management tool that makes the University less vulnerable in times of important changes in revenues and expenses.

In 2015, a new scheme was defined for UCPH's equity for the purpose of explaining how equity is defined and comprised and what the appropriate amount would be. During this process, the Management defined that the appropriate amount for flexible equity is 7.5% of the revenue, which was approved by the Board. This is a long-term objective and a management milestone that will enable the University to deal with the current risks to which UCPH is exposed in terms of revenues and expenses and to conduct monitored saving and dissaving for major future investments (for instance, occupancy of buildings).

Besides the flexible parts (retained net-earnings), equity consists of technical accounting parts which covers accounting items and includes debt instruments on buildings and the initial capital from when UCPH reached status to a self-governing institution. The Management operates with a decentralised savings model for the faculties, intended to give the individual faculty greater managerial flexibility across several financial years.




At year-end 2016, UCPH's equity totalled DKK 1,667.8 million. This is up DKK 143.5 million in relation to 2015 as a result of profit for the year. Profit for the year was transferred to the flexible equity, which increased to DKK 734.7 million in 2016. At year-end 2016, the technical equity amounted to DKK 933.1 million.

Target Reporting





UCPH is working hard to fulfil the objectives defined in the University's overall target plan, which encompasses both the targets in the development contract and selected targets from Strategy 2016. The Development Contract 2015-2017 has nine targets with 12 benchmarks. The result for 2016 is that 10 of the 12 benchmarks have been met, while two benchmarks have not been met.




The table below shows benchmarks, milestones and results for the nine development contract targets followed by an explanation and a perspective of the two unmet targets.

The colours green, yellow and red indicate whether the targets have been met, partially met or not met.

-  The milestone for 2016 was fully reached. In exceptional cases, a benchmark may be deemed as having been reached if there is a very marginal deviation.
-  75% or more of the criteria for this year's milestone has been fulfilled.
-  Less than 75% of the criteria for this year's milestone has been fulfilled, or the percentage cannot be calculated.

Reporting on the UCPH Development Contract 2015-2017

Mandatory targets with benchmarks for the UCPH Development Contract 2015-2017	Milestones and results for 2016
1. Higher-quality degree programmes	
<p>1.1 Increased study commitment</p>	<p>Benchmark 2016: 3% increase from baseline, corresponding to 43.3 ECTS credits per student</p> <p>During the contract period, the students' average ECTS production (including credit transfers) must rise by 5%. In 2014, the average production of ECTS credits was 42.0 ECTS credits per student, while in 2015 it was 44.2 ECTS credits per student.</p> <p>In 2016, the actual result of the average production of ECTS credits was 47.3 ECTS credits per student. This corresponds to an increase of 13% in relation to the 2014 baseline. The increase has been so large that the target for 2017 of a 5% increase in relation to the baseline has been reached.</p> <div> <div>2015</div> <div>2016</div> <div>   </div> </div>
<p>1.2 Increase in the number of short, practice-based courses providing teaching-skills development for lecturers</p>	<p>Benchmark 2016: Six practice-based courses or development projects with pedagogic consultants offered</p> <p>The target is to increase the number of short, practice-based courses for improving lecturers' teaching skills, or development projects involving lecturers and pedagogic consultants.</p> <p>In 2016, a total of 38 practice-based courses and development projects were run while several initiatives were launched for completion in 2017. In total, around 240 participants were involved in courses held in 2016. The increase in the number of short practice-based courses of teaching skills development aimed at lecturers has been so large that the 2017 target of offering eight practice-based courses or development projects with pedagogical consultants has also been met.</p> <div> <div>2015</div> <div>2016</div> <div>   </div> </div>

Mandatory targets with benchmarks for the UCPH Development Contract 2015-2017	Milestones and results for 2016
2. Greater relevance and increased transparency	
2.1 Increase in industrial PhD & postdoc projects	<p>Benchmark 2016: 6% increase from the baseline, corresponding to a total of 31%</p> <p>The target is to increase the number of industrial PhD & postdoc projects in which UCPH is involved as a partner. The aim is that this will be the case for at least a third of all projects approved in 2017.</p> <p>In 2016, the average share of industrial PhD and postdoc projects of which UCPH is a partner was 34.3%. UCPH is involved in 34.1% (41 of 120) of the approved industrial PhD projects and 34.6% (9 of 26) of the approved industrial postdoc projects.</p> <div> <div>2015</div> <div>2016</div> <div>  </div> </div>
2.2 Theses with external parties	<p>Benchmark 2016: 15% of master's theses to involve external parties</p> <p>The target is for the proportion of master's theses involving a contract between the student and an external party to rise to 17% during the contract period. In 2013, the proportion was 11%.</p> <p>In 2016, 15.7% of master's theses involved external parties.</p> <div> <div>2015</div> <div>2016</div> <div>  </div> </div>
3. Better cohesion and collaboration	
3.1 Improved transition of bachelor graduates from other Danish educational institutions to master's degree programmes at UCPH	<p>Benchmark 2016: 3.4% increase from baseline, corresponding to 664 students (the development contract says 668 students, but that is an error, the correct number is 664)</p> <p>The target is a 5.8% increase in the admission of bachelor graduates from other Danish educational institutions to UCPH's master's degree programmes during the contract period. The baseline is the 2014 intake of 642. In 2015, UCPH admitted no less than 766 bachelor graduates from other educational institutions.</p> <p>In 2016, UCPH admitted 650 master's degree students from bachelor programmes at other universities.</p> <div> <div>2015</div> <div>2016</div> <div>  </div> </div>

Mandatory targets with benchmarks for the UCPH Development Contract 2015-2017

Milestones and results for 2016

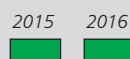
4. Increased internationalisation

4.1 Targeted international recruitment of talented students to full master's degree programmes

Benchmark 2016: 5% increase from the baseline, corresponding to 695 students

The target is for the number of international students from outside the Nordic Region who are admitted to full master's degree programmes to increase by 10% during the contract period. The baseline is the average annual intake for the academic years 2012-2014, which was 662 master's degree students from non-Nordic countries.

In 2016 UCPH admitted 919 students from countries outside the Nordic Region to full master's degree programmes, corresponding to an increase of 39% in relation to the baseline. The increase over the past years has been so large that the 2017 target to admit 728 students has been met.

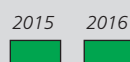


4.2 Increased mobility, more outgoing exchange students

Benchmark 2016: 6% increase from baseline, corresponding to 2,228 students

The target for the entire contract period is a 10% increase in the number of UCPH students who study abroad. The baseline is 2,102 outgoing students in 2013.

In 2016, 2,515 UCPH students did a study abroad period, corresponding to an increase of 20% in relation to the baseline. The increase over the past years has been so large that the 2017 target of 2,312 students has also been met.



Increased regional knowledge collaboration (new mandatory target from 2016 concluded in a supplementary contract)

Benchmark: Before the end of 2016, a new plan (including new targets for 2017) has been drawn up for UCPH's collaboration with GTS institutes. Important focus areas and milestones will be GTS as a bridge between UCPH and businesses with a limited capacity for research & development as well as UCPH's direct collaboration with the GTS institutes (including tripartite partnerships of UCPH, GTS and SMEs).

The aim is to draw up a new version of UCPH's plan for collaboration with GTS.

In 2016, a new plan for UCPH's collaboration with GTS was drawn up with the following benchmarks for 2017:

- Two meetings of the UCPH/GTS collaboration steering group with presentations about Horizon2020 projects and Innovation Fund projects with the aim of matchmaking.
- Two meetings with InnovationsAgenterne, one of which must take place at a joint meeting of InnovationsAgenterne and the other at UCPH.

2016



**Mandatory targets with benchmarks for the
UCPH Development Contract 2015-2017**

Milestones and results for 2016

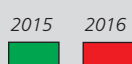
6. Enhanced recruitment of talented researchers at faculty level

**6.1 Increase in recruitment of permanent
academic staff at faculty level**

Benchmark 2016: Increase in the number of permanent academic staff of at least 30 full-time equivalents compared to the previous year

The target is an increase in the number of permanent academic staff of at least 30 full-time equivalents per year, including new tenure-track appointments, during the contract period. The number of permanent academic staff has increased significantly in recent years. The target consolidates this strategic commitment and signifies that growth should continue during the contract period.

In 2016, there was a fall in the total group of faculty academic staff of 57 full-time equivalents relative to 2015. Accordingly, the target of an increase of at least 30 full-time equivalents compared to the year before was not reached.



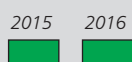
7. Improving talent development at undergraduate level

7.1 Enhanced quality of bachelor courses

Benchmark 2016: 6% increase from baseline, corresponding to 9.3%

The target is to increase the academic staff/student ratio by 10% during the contract period from a baseline of 8.7% in 2013.

In 2016, there were 2,189 faculty academic staff members and 21,764 BA students, which corresponds to an academic staff/student ratio of 10.1%.



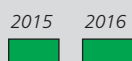
8. Increased knowledge transfer to businesses

8.1 More licensing and sales agreements

Benchmark 2016: 20 licensing and sales agreements

The target is to enter into at least 60 licensing and sales agreements with companies from Denmark and abroad during the contract period, which represents an increase of 18% compared to the period 2012-2014, when UCPH entered into 51 such agreements.

UCPH entered into 28 licensing agreements in 2016, five licensing agreements for new spin-outs and 23 agreements with existing businesses. In 2015 and 2016 (two years), the same number of licensing agreements (51) were entered into as in 2012-2014 (three years). The increase in the number of licensing and sales agreements has been so large that the target for 2017 has also been reached.



Mandatory targets with benchmarks for the UCPH Development Contract 2015-2017

Milestones and results for 2016

9. Greater international visibility

9.1 Increased use of Open Access

Benchmark 2016: Increase to 13% of potential publications

The target is to double the share of accessible full-text versions of potential Open Access publications in the University's database CURIS to 15%. At the end of the contract period, UCPH had doubled the number of full-text articles.

Made up at 1 December 2016, 25.1% of all 2016 publications in CURIS had a full-text version available. The increase over the past years has been so large that the 2017 target of 15% with full-text version available has also been reached.

2015 2016



Detailed reporting on the two unmet targets

It appears from the table that in 2016 UCPH did not meet target 3.1 about an increased intake of bachelor graduates from other educational institutions and target 6.1 about an increase in the recruitment of permanent academic staff. Below is an explanation of why the targets were not met, and whether they are expected to be met within the term of the contract.

Target 3.1 Improved transition of bachelor graduates from other Danish educational institutions to master's degree programmes at UCPH

The 2016 result of 650 master's degree students from other educational institutions than UCPH is below the benchmark of 664 students, but the difference is not significant. The result is impacted by the introduction of restricted admission to the master's degree programme in medicine, which has meant that only to a limited extent it is possible to admit bachelor graduates from other institutions. This restriction will also apply to the future intake of bachelor graduates.

The resizing of admission to many master's degree programmes at UCPH plays a part in relation to the general decrease in the intake of master's degree students from other educational institutions from 2015-2016. Places on the resized master's degree programmes are more or less filled by bachelor graduates who have a legal right of admission, which limits the possibility of admitting bachelor graduates from other educational institutions. This framework condition will also apply in future.

Due to the changed framework for admission of bachelor graduates from other educational institutions, it is assessed that UCPH will find it difficult also in 2017 to meet the target of 679 students from other educational institutions.

Target 6.1 Increase in recruitment of permanent academic staff

As early as autumn 2015, UCPH had a presumption that the reprioritisation payment and the revenue decline the University saw coming with the 2016 Finance Act would make it difficult to meet the target of a continued increase in the number of permanent academic staff.

The new economic conditions changed the prerequisites for meeting the target, which was also communicated in a letter to the Danish Agency for Higher Education at the turn of the year 2015-16. Since 2010 there has been a steady increase in the number of permanent academic staff, but due to the adjustment round in spring 2016, where UCPH had to shed more than 400 full-time equivalents, the number of academic full-time equivalents has now decreased.

UCPH continues to focus on adjusting its finances, which is why no special initiatives have been launched to meet the target. Consequently, there is still a great deal of uncertainty as to whether the overall target can be met within the term of the contract. A number of faculties have assessed that the required increase in permanent academic staff is unrealistic.

Financiell Statements

Accounting Policies

Basis of preparation

The Annual Report of the University of Copenhagen (UCPH) has been prepared in accordance with the Danish Act on Public Accounts, the Ministry of Finance's Financial Administrative Guidelines (ØAV), the University Act of 18 March 2015, Ministerial Order No. 1063 of 30 June 2016 on funding and accounts, etc. of universities, and the guidance and instructions for financial statements issued by the Danish Ministry of Higher Education and Science.

The accounting policies are unchanged from last year.

Recognition and measurement (valuation)

The Financial Statements have been prepared on the basis of the historic cost convention.

Revenues are recognised in the income statement as earned. All expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates.

Assets and liabilities are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset and the liability will flow to and out of the University, and when the value of the asset and liability, respectively, can be measured reliably.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Intercompany revenue between UCPH entities and transfers between types of activities (i.e. sub-accounts) have been eliminated from the income statement.

Translation policies

Payments in foreign currencies are effected at the exchange rates at the date of transaction. Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date.

Taxation

The University is not liable to pay taxes.

Income statement

Revenues

Subsidies for basic research and education which are paid out via the Danish Finance Act are recognised as revenue in the years for which the funding is earmarked.

Subsidies for education are allocated as "taximeter funding" per unit and also include funding for general management, administration and estates. The University also receives significant external grants in the form of donations and grants from external funding bodies. These grants and subsidies are recognised as revenues as spent.

Revenues from forensic services provided are recognised at the time of delivery of the service. For customers where UCPH has the commercial risk, any surplus or deficit is recognised on an ongoing basis in UCPH's net profit. For other customers, the net profit from forensic services is transferred to the deferred income item in order for that profit not to affect the University's net profit.

Revenues also include student fees from part-time programmes, sales activities, admission fees from museums, the subletting of premises and interest income. These are recognised as revenues in the period in which they occur.

Grants for PhD programmes are stated on an accrual basis to the effect that the grants are recognised as and when the programmes are run. Unused grants are recognised as a deferred income item in "prepaid restricted contributions".

Financial income and expenses are recognised based on the date of addition of bank interest in the case of demand deposits, whereas the interest on fixed-term deposits is accrued over the term of the deposits. UCPH has entered into a portfolio agreement on investment in short-term Danish government and mortgage bonds with a maximum average weighted term to maturity (duration) of two years. Both realised and unrealised capital losses/gains and interest on these bonds are recognised in financial income and expenses on a current basis.

Expenses

Expenses comprise all expenses incurred for the year's activities.

In the Financial Statements, expenses are divided according to type – that is, salaries, operation of buildings, miscellaneous operating expenses and depreciation/amortisation. Salaries are broken down on academic staff and technical/administrative staff. Technical/administrative staff salaries are broken down on AS (administrative support) and FU (research/education). Depreciation/amortisation for the year is calculated over the useful life of the assets.

Balance sheet

Fixed assets

Fixed assets are measured at cost. Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. Fixed assets costing less than DKK 100,000 are expensed in the year of acquisition.

Intangible assets

Acquired concessions, patents, licences etc.

Acquired concessions, patents and licences costing DKK 100,000 or more are included in the fixed assets register.

Development projects

Intangible development projects (for example mobile apps, IT development projects, patent development etc.) costing DKK 100,000 or more are included in the fixed assets register. Development projects are capitalised on an ongoing basis as intangible work in progress but are not amortised until at commencement of use.

All direct costs associated with the realisation of the project are included in the acquisition price. Joint costs and overhead costs are not included in the acquisition price. In the case of permanent impairment of the value, the necessary impairment losses will be recognised in the income statement.

Amortisation of intangible assets is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Intangible assets	Useful life
<i>Acquired concessions, licences etc.</i>	
Licenses etc.	3 years
Other acquired rights where the useful life has been laid down contractually	Term of the contract
<i>Development projects</i>	
Special development of business critical systems	8 years
Adjustment or new development of applications to an already existing standard system	5 years
Internally generated assets with rights resulting from a development project	The useful life of the right

Property, plant and equipment

Land and buildings

Land and buildings are measured at cost on recognition.

Land is not depreciated.

Buildings, greenhouses and leasehold improvements are measured at cost on recognition less accumulated depreciation. Goodwill is amortised on a straight-line basis over the useful life of the assets.

Scientific equipment, fixtures and fittings, tools and equipment

Fixed assets costing DKK 100,000 or more are included in the fixed assets register.

Capital equipment, machinery, IT equipment, vehicles and fixtures and fittings are measured at cost less accumulated depreciation.

Depreciation of property, plant and equipment is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Property, plant and equipment	Useful life
Land	Not depreciated
Buildings	50 years
Ships	40 years
Greenhouses (laboratories)	30 years
Plant and other special technical equipment	15 years
Leasehold improvements	10 years
Plant and machinery	5 years
IT equipment	5 years
Vehicles	5 years
Fixtures and fittings	5 years

Subject to a specific assessment of the individual asset concerned, shorter useful lives than those listed above may be applied to the asset.

Work in progress

This item is mainly composed of work in progress relative to leasehold improvements. Work in progress is not subjected to depreciation until such work has been completed.

Fixed assets received as donations

When the University receives fixed assets as donations (e.g. buildings, leasehold improvements, scientific equipment, machinery, IT equipment, vehicles and fixtures and fittings), the donated assets are recognised at estimated cost. Standard accounting policies apply to the depreciation of fixed assets received as donations.

A long-term and short-term donation liability, known as 'accrued donations', is recognised as a counter-entry to the recognised values of the fixed assets received as donations. As the donated assets are depreciated, the donation liability is recognised as income in the income statement.

Works of art and collections

As per state accounting rules, donated works of art have not been recognised in the Financial Statements.

Fixed asset investments

Securities and instruments of debt

Securities comprise minor investments in companies. As the University does not exercise control or have significant influence in these companies, these investments are measured at cost. The investments are written down in the event of a permanently impaired value. Moreover, the item includes instruments of debt received from the Ministry in connection with the University's transfer of buildings donated under the Danish state rent allowance scheme.

Current assets

Deposits

Deposits mainly comprise rent deposits measured at cost.

Trade receivables

Trade receivables etc. are measured at nominal value in the balance sheet less any provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable.

Receivables from grant activities in progress

The University regularly enters into agreements with businesses, public institutions and private organisations regarding research activities etc. These agreements determine which activities are paid for by the funding body concerned. To the extent that the University incurs expenses for activities that are funded by grants under these agreements, but for which grants have not yet been received, the amount due to the University is recognised as 'receivables from grant activities in progress'.

Prepayments and deferred income

Prepayments include expenses incurred in respect of subsequent financial years. Prepaid expenses include prepaid salaries etc. Deferred income includes payments received in respect of income in subsequent years.

Bonds

The University has entered into a portfolio agreement with an asset manager on investment in Danish government and mortgage bonds with a maximum term of two years. The bonds are measured at market price at the end of the financial year.

Equity

The presentation of the statement of changes in equity is divided into technical and flexible equity, where the flexible equity is made up of retained earnings.

Provisions

Provisions are recognised when – in consequence of an event occurred before or on the balance sheet date – the University has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation, and that this can be calculated reliably. When vacating leased premises for which the University is under an obligation to restore the premises as stipulated in the lease, the estimated provision is built up over several years. Provision for severance pay for fixed-term employees is accumulated over the duration of the fixed term. The provision is recognised at an estimated amount, based on a statistical assessment of the number of employees likely to receive severance payments.

Debts

Debts are measured at amortised cost, in all material respects corresponding to nominal value.

Holiday pay obligation

Holiday pay obligations are calculated on the basis of all paid holidays not yet taken and earned by the employees in the current year and the previous year. The calculation is based on the standard government model under which the total holiday pay obligation is calculated on the basis of an average number of accrued holidays per employee and the average expense per accrued holiday. The obligation is calculated on salaries to academic staff (VIP) and technical/administrative staff broken down on administrative support functions and services (TAP-AS) and research, communication and educational functions (TAP-RE).

Prepaid restricted contributions

Contributions received concerning grant activities covering expenses not yet incurred are recognised as prepaid restricted contributions. Contributions received are reduced regularly as and when recognised as income, equalling the amount of expenses incurred for grant activities plus any overhead costs.

In connection with large construction projects, UCPH often receives donations from foundations before construc-

tion work is carried out. Such donations are also recognised as prepaid restricted contributions until donations are either used either for furnishings and fittings of the premises or paid to the Danish State against a debt instrument issued to UCPH. Fixed asset donations not converted into debt instruments from the State are not recognised as income.

Moreover, prepaid restricted contributions include unused funds from public sector funds for specially earmarked purposes as well as activities that are not paid for and carried out until in subsequent financial years.

Cash flow statement

The cash flow statement shows the cash flows for the year broken down by operating activities, investing activities and financing activities, as well as how these cash flows have affected cash and cash equivalents for the year. The cash flow statement is prepared using the indirect method and is based on profit for the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss adjusted for non-cash operating items, e.g. depreciation, amortisation and impairment losses, provisions and changes in working capital.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from the acquisition and disposal of intangible assets, property, plant and equipment and fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as increases in obligations from donations when additions of fixed assets are financed by external funding bodies.

Cash and cash equivalents

Cash and cash equivalents comprise demand deposits or fixed-term deposits subject to a maximum commitment period of 12 months. The value of bonds is included in cash and cash equivalents in the cash flow statement.

Estimates made

Estimated provisions are evident from note 9 to the Financial Statements.

Income Statement

1 January - 31 December

Note	2016 DKK '000	2015 DKK '000
Education subsidies	2,211,280	2,115,746
Research subsidy	2,896,671	2,940,710
External grants	2,805,871	2,727,888
Basic subsidy	335,554	338,442
Building-related revenues	68,440	75,575
Other revenues	123,564	179,383
1 Total revenues	8,441,380	8,377,744
Salaries - Academic staff	3,023,004	3,073,663
Salaries - technical/administrative staff RE	752,439	755,302
Salaries - technical/administrative staff AS	1,239,750	1,247,157
Building operations	1,779,010	1,749,302
Other operating expenses	1,394,879	1,526,307
Depreciation and amortisation	138,440	103,614
2 Total ordinary operating expenses	8,327,521	8,455,345
Profit/(loss) before financial income and expenses	113,858	(77,602)
Financial income	29,773	7,975
Financial expenses	109	266
Profit/(loss) for the year	143,523	(69,893)
Proposed distribution of profit/(loss) for the year:		
Retained earnings	143,523	(69,893)
Total	143,523	(69,893)

Deviations of totals may occur on the last digit due to rounding-off

Balance Sheet at 31 December

Assets

	2016	2015
Note	DKK '000	DKK '000
3 Acquired concessions, software, licences, etc.	17,836	5,783
3 Completed development projects	1,553	636
3 Intangible development projects in progress	16,210	17,460
Intangible assets	35,599	23,879
4 Buildings	176,026	179,294
4 Leasehold improvements	255,743	267,656
4 Scientific equipment, fixtures and fittings, tools and equipment	502,193	496,704
4 Own work in progress	99,250	10,384
Property, plant and equipment	1,033,211	954,039
5 Securities and instruments of debt	716,084	715,422
Fixed asset investments	716,084	715,422
Fixed assets	1,784,894	1,693,341
6 Deposits	64,197	61,167
Trade receivables	129,447	131,891
7 Receivables from grant activities in progress	663,732	768,476
8 Other receivables	404,310	331,338
13 Prepayments	20,749	29,915
Receivables	1,282,436	1,322,786
16 Bonds	1,722,302	1,697,518
16 Cash at bank and in hand	1,031,156	718,860
Current assets	4,035,893	3,739,164
Total assets	5,820,788	5,432,505

Balance sheet at 31 December

Equity and liabilities

Note	2016 DKK '000	2015 DKK '000
Equity at 1 January	1,524,259	990,882
Addition, reserved equity	0	603,270
Retained earnings	143,523	(69,893)
Equity	1,667,782	1,524,259
9 Provisions	53,682	42,575
Provisions	53,682	42,575
10 Donation of commercial concessions, software, licences, etc.	1,382	418
11 Donation of buildings	1,669	1,712
11 Donation of leasehold improvements	20,077	23,981
11 Donation of scientific equipment, fixtures and fittings, tools and equipment	304,947	276,726
11 Donation of own work in progress	42,392	197
- transferred to current part	(111,184)	(100,428)
Non-current liabilities	259,284	20,606
Trade payables	397,002	324,425
12 Grants administered by the University	670	670
Holiday pay obligations	610,900	632,700
Prepaid government grants	479,174	474,733
7 Prepaid restricted contributions	1,983,015	1,881,886
Accrued donations (current part)	111,184	100,428
Settlement account for forensic medicine services	36,633	43,207
13 Deferred income	49,628	19,440
14 Other payables	171,835	185,576
Current liabilities	3,840,040	3,663,065
Liabilities	4,099,324	3,865,672
Total equity and liabilities	5,820,788	5,432,505

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Statement of Changes in Equity

1 January - 31 December

Note	2016 DKK '000	2015 DKK '000
Adjusted equity (initial capital at 1 January 2005)	243,273	243,273
Reserved equity at 1 January	689,779	86,509
Change for the year in reserved equity		
Addition of debt instruments from the Danish state	0	603,270
Reserved equity at 31 December	689,779	689,779
Technical equity at 31 December	933,052	933,052
Retained earnings at 1 January	591,207	661,100
Transferred from profit for the year	143,523	(69,893)
Retained earnings (flexible equity) at 31 December	734,730	591,207
Equity at 31 December	1,667,782	1,524,259

Note:

Reserved equity constitutes the instruments of debt received by UCPH from the Danish state due to UCPH's investments in SEA properties (properties under the Danish government's property administration arrangement (see note 5)).

Cash Flow Statement

1 January - 31 December

	2016	2015
Note	DKK '000	DKK '000
Profit/(loss) for the year	143,523	(69,893)
Depreciation, amortisation and non-cash operating items	235,122	212,818
Depreciation of donations	(106,696)	(109,175)
Net impairment of fixed assets and donations etc.	20,926	148
Changes in provisions	11,107	(1,260)
Changes in receivables	40,350	3,298
Changes in short-term debt	166,219	21,393
Cash flows from operating activities	510,551	57,330
Acquisition of intangible assets	(31,693)	(13,474)
Acquisition of property, plant and equipment	(317,392)	(342,485)
Fixed asset investments (shares)	(1,549)	0
Cash flows from investing activities	(350,634)	(355,959)
Increase in obligations from donations - intangible assets	2,431	510
Increase in obligations from donations - property, plant and equipment	174,732	145,974
Cash flows from financing activities	177,163	146,484
Change in cash flow for the year	337,080	(152,144)
Specified as:		
Cash and cash equivalents and bonds at beginning of year	2,416,378	2,568,522
Cash and cash equivalents and bonds at year end	2,753,458	2,416,378
Change in cash and cash equivalents	337,080	(152,144)

Notes to Financial Statements

1. Revenues

	2016 DKK '000	2015 DKK '000
Full-time programmes - (from Finance Act)	2,012,134	1,933,992
Part-time programmes - (from Finance Act)	15,809	14,973
Exchange students - (from Finance Act)	18,020	17,315
Small programmes - (from Finance Act)	11,350	11,501
Free places and scholarships (from Fiance Act)	16,903	13,768
Tuition fees, part-time programmes	34,158	29,032
Self-funded (international/capitalised)	19,133	13,302
Other education subsidies	83,772	81,863
Education subsidies	2,211,280	2,115,746
Research subsidy	2,896,671	2,940,710
Research subsidy - (from Finance Act)	2,896,671	2,940,710
Grant-funded research	2,402,098	2,426,181
Other subsidised activities	106,310	58,520
Forensic medicine services	220,492	179,427
Commercial activities	76,970	63,759
External grants	2,805,871	2,727,887
Other purposes	398,619	400,277
Research-based public-sector services	21,116	21,755
Administrative efficiencies	(84,181)	(83,590)
Basic subsidy - (from Finance Act)	335,554	338,442
Subletting, operational reimbursement, etc.	68,440	75,575
Building-related revenues	68,440	75,575
Other revenues	123,564	179,383
Other revenues	123,564	179,383
Total revenues	8,441,380	8,377,744

2. Total ordinary operating expenses

Expenses are classified by finance account in the income statement. Expenses classified by purpose are disclosed in this note.

Methodology and definitions

The key figures for the University's expenses broken down by purpose have been compiled in accordance with the guideline from the Agency for Universities and Internationalisation of December 2012 on the allocation of university expenses to main areas and purposes.

	2016 DKK '000	2015 DKK '000
Total ordinary operating expenses as per Income Statement	8,327,521	8,455,345
Miscellaneous adjustments:		
Expenses relating to corresponding revenue from external tenants ¹⁾	(51,347)	(51,117)
Expenses relating to building maintenance paid on behalf of the Danish Building & Property Agency ²⁾	-	(36,748)
Written-down donation obligations ³⁾	106,696	109,168
Total miscellaneous adjustments	55,349	21,302
Total expenses for allocation	8,382,870	8,476,647
1 Education	2,216,829	2,236,496
2 Research	4,818,942	4,914,663
3 Communication and knowledge exchange	360,025	348,189
4 Research-based public-sector services	271,395	274,420
5 General management, administration and service	715,680	702,880
Total allocated expenses	8,382,870	8,476,647
Gross revenues as per Income Statement	8,441,380	8,377,744
Miscellaneous adjustments, see above	55,349	21,302
Revenues after adjustment	8,496,729	8,399,046
Administration percentage ⁴⁾	8,4 %	8,4 %

¹⁾ Deducted as expenses relating to external tenants are not attributable to the actual purposes of the university.

²⁾ Deducted as expenses relating to building maintenance paid on behalf of and reimbursed by the Danish Building & Property Agency are not attributable to the actual purposes of the university. From 2016, directly set off against ordinary operating expenses.

³⁾ Adjustment is made for written-down donation obligations as these are set off against total depreciation in the Income Statement, see note 4.

⁴⁾ The administrative percentage is defined as: general management, administration and service/revenues after adjustment.

3. Intangible assets

DKK '000	Acquired concessions, soft- ware, licences, etc.	Completed development projects	Development projects in progress	Total
Acquisition cost				
Cost at 1 January 2016	26,258	7,448	17,460	51,166
Additions	17,626	1,223	12,844	31,693
Disposals	(3,640)	0	(14,094)	(17,734)
Cost at 31 December 2016	40,244	8,671	16,210	65,125
Amortisation and impairment				
Balance at 1 January 2016	20,475	6,812	-	27,287
Amortisation and impairment for the year	4,683	306	0	4,989
Amortisation on disposals for the year	(2,749)	0	0	(2,749)
Impairment losses for the year ¹⁾	-	-	10,014	10,014
Impairment losses on disposals for the year	-	-	(10,014)	(10,014)
Amortisation and impairment at 31 December 2016	22,408	7,118	0	29,526
Carrying amount at 31 December 2016	17,836	1,553	16,210	35,599

1) In 2016, UCPH has written down the developed budgeting and management tool Prophix to zero and recognised it as disposal.

4. Property, plant and equipment

DKK '000	Buildings	Leasehold improvements	Scientific equip- ment, fixtures and fittings, tools and equipment	Own work in progress	Total
Acquisition cost					
Cost at 1 January 2016	199,693	390,348	1,655,579	10,384	2,256,004
Additions	804	24,696	203,027	103,957	332,484
Disposals	0	(12,785)	(51,268)	(15,092)	(79,145)
Cost at 31 December 2016	200,497	402,259	1,807,338	99,250	2,509,344
Depreciation and impairment					
Balance at 1 January 2016	20,398	122,692	1,158,875	-	1,301,965
Depreciation for the year	4,072	30,517	195,544	-	230,133
Depreciation on disposals for the year	0	(6,692)	(49,273)	-	(55,965)
Depreciation and impairment at 31 December 2016	24,471	146,516	1,305,145	-	1,476,133
Carrying amount at 31/12 2016	176,026	255,743	502,193	99,250	1,033,211

...Note 4 continued

Total amortisation on intangible assets	4,989
Total depreciation on property, plant and equipment	230,133
Total depreciation and amortisation, all partial financial statements	235,122
Impairment	10,014
Impairment of donation obligation and external grants (DR50/60)	(106,696)
Total depreciation and amortisation in the balance sheet	138,440
Total depreciation and amortisation, cf. the income statement	138,440

5. Securities

UCPH holds investments in four enterprises.

	2016 DKK '000	2015 DKK '000
Symbion A/S, acquired in 1997, 2000 and 2012	25,643	25,643
Combogene AB, acquired in 2016	656	0
VAR2 Pharmaceuticals ApS, originally acquired in 2012	6	0
Mobile Fitness A/S, acquired in 2005 (written down to DKK 0 in 2008)	0	0
Total shares	26,305	25,643

Debt instruments from the Ministry to the University regarding donation made to construction under the Danish state rent allowance scheme situated at Rolighedsvej 23, DK-1958 Frederiksberg C (Geosciences and Natural Resource Management)	43,000	43,000
Ole Maaløes Vej 5, DK-2200 Kbh N (Lundbeck Auditorium at Biocentre)	23,509	23,509
Blegdamsvej 3, DK-2200 Kbh N (Protein Centre at Panum)	20,000	20,000
Maersk Tower at Panum, DK-2200 Kbh N	603,270	603,270
Total debt instruments	689,779	689,779
Total securities	716,084	715,422

6. Deposits

Deposits mainly concern rent deposits for leasehold premises.

7. Receivables from grant activities in progress and prepaid restricted contributions

2016	Receivables from	Prepaid restricted	
DKK '000	grant activities	contributions etc.	Total
Receivable and prepaid grants	673,257	(1,772,973)	(1,099,716)
Provision for loss on grant activities	(9,525)	-	(9,525)
Unutilised grants for educational research programmes	-	0	0
Unutilised donation for Maersk Tower at Panum	-	(80,042)	(80,042)
Unutilised donation for the Natural History Museum of Denmark	-	(130,000)	(130,000)
Total at 31 December 2016	663,732	(1,983,015)	(1,319,283)

Total provisions for loss on grant activities receivable of DKK 9.5 million cover the estimated risk of loss.

The provision was DKK 36.7 million in 2015, of which DKK 24 million was for a single uncertain project abroad. This project was completed in 2016 with a significantly lower loss of DKK 9 million, and the provision has been reversed.

2015	TilgoReceivables from	Prepaid restricted	
DKK '000	grant activities	contributions etc.	Total
Receivable and prepaid grants	805,200	(1,676,314)	(871,114)
Provision for loss on grant activities	(36,724)	-	(36,724)
Unutilised grants for educational research programmes	-	(1,346)	(1,346)
Unutilised donation for Maersk Tower at Panum	-	(104,225)	(104,225)
Unutilised donation for the Natural History Museum of Denmark	-	(100,000)	(100,000)
Total at 31 December 2015	768,476	(1,881,886)	(1,113,410)

8. Other receivables

At year-end 2016, other receivables came to DKK 404.3 million, up DKK 73.0 million from 1 January to 31 December 2016.

Other receivables are primarily composed of prepayments of DKK 227.3 million to external project partners and DKK 61.2 million receivable from the Danish state regarding the special VAT refund arrangement and receivables from the Danish Building & Property Agency.

The increase in 2016 resulted from larger prepayments to external partners totalling DKK 26.7 million and new outlays to the Danish Building & Property Agency of DKK 10.8 million regarding the construction at Panum.

Furthermore, the VAT receivable increased by DKK 18.6 million.

9. Provisions

	2016	2015
	DKK '000	DKK '000
Payroll-related liabilities (tenure, early resignations, etc.)	18,071	9,093
Restoration liability	33,737	33,482
Other provisions	1,874	0
Total provisions	53,682	42,575

The provision for tenure liabilities is an estimated average assessment based on payroll data and length of service from the payroll system. The provision constitutes half of the calculated maximum liability as UCPH finds that half of the maximum liability will not be allocated.

A provision for DKK 8.2 million relates to voluntary redundancies in Q1 2017.

The restoration liability is set to cover costs of restoring leased premises when vacating them.

Over a number of years UCPH provides DKK 1,100 per m2 for leased premises where the contract requires full restoration and DKK 500 per m2 for leased premises only requiring partial restoration.

This is considered adequate to cover the usual vacating costs incumbent on UCPH.

10. Donations of intangible assets

DKK '000	Acquired concessions, software, licences, etc.
Acquisition cost	
Cost at 1 January 2016	2,188
Additions	2,431
Disposals	(1,038)
Cost at 31 December 2016	3,581
Amortisation and impairment	
Balance at 1 January 2016	1,770
Amortisation for the year	806
Amortisation on disposals for the year	(377)
Amortisation at 31 December 2016	2,199
Carrying amount at 31 December 2016	1,382

11. Donations of property, plant and equipment

DKK '000	Buildings	Leasehold improvements	Scientific equip- ment, fixtures and and fittings, tools and equipment	Own work in progress	Total
Acquisition cost					
Cost at 1 January 2016	2,398	43,651	894,342	197	940,587
Additions	0	197	130,528	44,006	174,732
Disposals	0	0	(23,569)	(1,811)	(25,380)
Cost at 31 December 2016	2,398	43,848	1,001,301	42,392	1,089,939
Depreciation					
Balance at 1 January 2016	685	19,670	617,616	0	637,971
Depreciation for the year	44	4,101	101,746	0	105,890
Depreciation on disposals for the year	0	0	(23,007)	0	(23,007)
Depreciation at 31 December 2016	729	23,771	696,355	0	720,854
Carrying amount at 31 December 2016	1,669	20,077	304,947	42,392	369,085

12. Grants administered by the University

	2016 DKK '000	2015 DKK '000
Current account of grants at 31 December	670	670

The University, or more precisely its employees, administers a combined grant portfolio of DKK 137.5 million. Danske Forvaltning manages the grant portfolio. The total number of grants is 66.

13. Prepayments and deferred income

Prepayments went down by DKK 9.2 million in 2016, totalling DKK 20.7 million at year-end 2016. The item comprises prepaid expenses, with DKK 9.7 million primarily relating to prepaid salaries and DKK 11.0 million to prepaid licenses and other levies.

Deferred income was DKK 49.6 million at year-end 2016, up by DKK 30.2 million compared to DKK 19.4 million at year-end 2015. This item comprises from revenues received in respect of 2017.

14. Other payables

Other payables were reduced by DKK 13.7 million from 1 January to 31 December 2016, composed of various opposite movements on different short-term payables accounts.

Other payables were DKK 171.8 million at year-end 2016, consisting of salaries, pension contributions, personal income tax etc. of DKK 76.2 million, holiday pay to hourly staff of DKK 57.3 million and DKK 38.4 million to other creditors and accrued items.

15. Staff

	2016	2015
	DKK '000	DKK '000
Actual salaries	4,544,586	4,579,074
Pensions	620,585	632,184
Reimbursements and grants	(128,179)	(138,636)
Change in holiday pay obligations	(21,800)	3,500
Total	5,015,192	5,076,122
Remuneration to Senior Management and Board:		
Management team	14,970	15,130
Board of Directors	1,058	1,053
Total	16,028	16,183

The management team comprises the rector, the two prorectors, the university director and six deans.

The Board consists of a chairman and 10 members. The externally elected board members are two women and four men. On 19 March 2013, the Board decided that the target for the six externally elected board members is to have a gender balance and a 2:4 ratio as a minimum. The target has thus been met.

16. Financial instruments

A portfolio agreement has been made with Danske Capital concerning investments in Danish state and mortgage bonds with a maximum term of two years.

No investments have been made in shares, and no agreements have been made on warrants or options as part of the portfolio.

Financial instruments	Conditions	2016 DKK '000	2015 DKK '000
Bonds	Danish state and mortgage bonds with a term of 0-2 years	1,722,302	1,697,518
Bank deposits and cash in hand	Primarily in DKK and small holdings of foreign currencies	1,031,156	718,860
Fixed-term deposits	Maximum of 365 days	-	-
Total cash and cash equivalents and bonds		2,753,458	2,416,378

17. Contingent assets

UCPH has no known contingent assets.

18. Contingent liabilities

Liability insurance for the Board and Management as well as professional and product liability insurance have been taken out.

The University has taken out insurance on the same terms as the Danish Building and Property Agency, under which UCPH received its own policy in 2016. The University is covered by the state's industrial injury insurance and the state's principles concerning self-insurance.

The University has a contingent liability towards public servant staff given notice.

Public servants are entitled to up to three years' availability pay if they cannot be hired for other positions within the state.

At year-end 2016 the University employed 89 public servants. The maximum liability from this is DKK 168.9 million.

There are no plans of additional employment of staff with public servant status; therefore, this liability is expected to decrease in the coming years.

The University had not provided any bank guarantees towards third parties at 31 December 2016.

Leases for office and transportation equipment have been entered into to a minor degree. This level will be reduced continuously through self-financing.

19. Contractual obligations

UCPH has 3,106 PhD students enrolled (see also financial highlights), of which approx. 51% are subject to contract, under which UCPH is responsible for the students' pay for a three-year period, during which the contracts in most cases cannot be cancelled by the University. The liability may be relevant if the payroll costs are not covered by companies or institutions with which education agreements have been concluded.

20. Related parties

Related parties	Basis
The Danish Ministry of Higher Education and Science	Subsidies for education, research and knowledge dissemination activities. Powers under the University Act and the Executive Order on subsidies and accounts.
The Danish Ministry for Children, Education and Gender Equality	Subsidies for teaching activities.
Board and day-to-day management	Management control.
Student associations	Subsidies for student associations and student sports. In addition, UCPH makes premises available (Studenterhuset) and subsidises the Studentergården dormitory.

Transactions

The University received total subsidies of DKK 5,326.7 million in 2016 from the Ministry (Danish Agency for Institutions and Educational Grants) (monthly payments from section 19.2).

From the Ministry of Higher Education (Danish Agency for Institutions and Educational Grants) and the Danish Ministry of Children, Education and Gender Equality, the University received subsidies of DKK 83.8 million in 2016, primarily in relation to programmes at the Danish Forest and Landscape College and the School of Oral Health Care.

In 2016, UCPH, contributed support corresponding to DKK 6.8 million to student associations.

No loans were granted to related parties.

21. Separate financial statements for activities pursuant to Danish Act no. 580 of 1 June 2014 (the Tech-Trans Act)

There were no activities according to Act no. 580 of 1 June 2014 on public research institutions' commercial activities and collaboration with foundations which pursuant to Ministerial Order no. 1063 of 30 June 2016 on subsidies and auditing etc. at universities requires information in the annual report.

22. Utilisation of funds for scholarships

Utilisation of scholarships in the period 1 September 2015 to 30 August 2016

	Students enrolled on full or part-time scholarships	Scholarship recipients	Payment of scholarships (DKK)	Funds used for scholarships (DKK)
Rate 1	30	14	956,176	1,176,100
Rate 2	11	8	599,844	794,147
Rate 3	122	34	5,508,410	3,198,040

The number of students shows the number of students with main enrolment in a programme under the three rates during the year. As student FTE is reported for the period 1 September 2015 to 31 August 2016, this accrual has also been used for the student FTE in this calculation.

Funds used for payment of scholarships

Accounts

	Transferred from the Danish Agency for higher education (DKK)	Retained earnings, international tuition- paying students (DKK)	Funds used during the financial year (DKK)	Result (DKK)
2016	13,303,087	0	12,232,717	1,070,370

23. The University's use of INNO+ Scholarships

Year	Students enrolled under scholarships	Subsidies from Danish Agency for Higher Education DKK '000	Funds used during the financial year DKK '000
2015	3	1,800	301
2016	10	3,600	1,460

The linkage with businesses comes in connection with students' thesis work in the second year.

25. Subsidies to the Arnamaganaean Commission

The Ministry for Higher Education and Science grants subsidies to the Arnamaganaean Commission.

Reporting of the Arnamaganaean Commission's financial statements for 2016 in DKK

Subsidies transferred from previous years	Subsidies for the year	Other income	Expenses for the year	Profit/(loss) for the year	Accumu- lated profits
1,549,770	4,500,000	72,999	3,852,018	720,981	2,270,751

24. Study programmes offered by the University abroad

Like the other Danish universities, UCPH participates in the Sino-Danish centre (SDC) in Beijing. Under SDC, UCPH offers master's degree programmes in Water and Environment, and Nanoscience and Technology. The programmes have existed since 2012 and 2013, respectively. In 2016, a total of 30 students from the two programmes graduated, five Danish students and 25 Chinese students. 38 students were admitted to the two programmes in 2016, nine Danish students and 29 Chinese students. SDC was evaluated favourably by an international panel in 2016. On this basis, the Chinese partners have decided to make SDC a permanent initiative.

26. Separate account for ordinary activities, commercial activities, forensic services,
grant-funded research and other subsidised activities

	2016	2015	2014	2013
	DKK '000	DKK '000	DKK '000	DKK '000
General activities (DR10)				
Revenue	5,635,509	5,649,856	5,671,543	5,746,380
Internal net transfer of overhead	362,597	376,331	372,246	359,268
Staff expenses	(3,579,978)	(3,662,495)	(3,629,607)	(3,445,049)
Operating costs	(2,321,687)	(2,434,994)	(2,580,751)	(2,687,394)
Profit/(loss) for the year	96,441	(71,302)	(166,569)	(26,795)
Commercial activities (DR30)				
Revenue	76,970	63,759	52,003	58,429
Staff expenses	(21,052)	(17,757)	(14,621)	(13,883)
Operating costs	(50,032)	(44,593)	(39,318)	(40,895)
Internal net transfer of overhead	-	-	-	(231)
Profit/(loss) for the year ¹⁾	5,886	1,409	(1,936)	3,420
Forensic services (DR40)				
Revenue	220,492	179,427	191,755	194,854
Staff expenses	(95,174)	(95,241)	(94,675)	(97,762)
Operating costs	(84,122)	(84,186)	(97,080)	(97,093)
Profit/(loss) for the year ²⁾	41,196	0	0	0
Grant-funded research (DR50)				
Revenue	2,402,098	2,426,181	2,255,553	2,171,406
Staff expenses	(1,299,433)	(1,285,845)	(1,208,987)	(1,140,835)
Operating costs	(742,342)	(765,544)	(677,197)	(677,871)
Internal net transfer of overhead	(360,323)	(374,793)	(369,369)	(352,701)
Profit/(loss) for the year	0	0	0	0
Other subsidised activities (DR60)				
Revenue	106,310	58,520	74,452	119,885
Staff expenses	(19,555)	(14,785)	(26,859)	(38,511)
Operating costs	(84,481)	(42,198)	(44,716)	(75,038)
Internal net transfer of overhead	(2,274)	(1,538)	(2,877)	(6,336)
Profit/(loss) for the year	0	0	0	0

...Note 26 continued

	2016	2015	2014	2013
	DKK '000	DKK '000	DKK '000	DKK '000
In total				
Revenue	8,441,380	8,377,744	8,245,306	8,294,396
Total institutional transfers	362,597	376,331	372,246	359,268
Staff expenses	(5,015,192)	(5,076,122)	(4,974,749)	(4,736,039)
Operating costs	(3,282,665)	(3,371,514)	(3,439,062)	(3,581,732)
Total institutional transfers	(362,597)	(376,331)	(372,246)	(359,268)
Profit/(loss) for the year	143,523	(69,893)	(168,505)	(23,375)

- 1) Profit for the year from commercial activities (DR30) totalled DKK 22.2 million of which transfer of profits from projects relating to DR30 to general activities during the year was DKK 16.3 million. Similarly, profit for 2015 totalled DKK 11.2 million, including transfer of profits from DR30 to general activities. Accumulated profits from commercial activities (calculated from 2007) totalled DKK 71.4 million.
- 2) Profit for the year from forensic services (DR40) of DKK 41.2 million also includes profits from the financial statements for 2015 of DKK 10.7 million as a result of changed method for recognition of forensic services with retrospective effect from 2015.

27. Asset account

There were no activities under this type of appropriation in 2016.

28. Key ratios

In its guidance up to 2014, the Agency for Modernisation of Public Administration recommended compiling and enclosing a statement of key ratios. UCPH has opted to maintain this statement in 2016. The mandatory key ratios were profit margin, average annual salary and salary cost share. In 2016, the key ratios have been supplemented by a liquidity ratio and a financing ratio. Only key ratios within resource administration are included. It is defined for the key ratios included how they have been compiled in relation to the figures in the annual report.

Definition:			2016	2015	2014	2013	2012
Profit margin ¹⁾	Profit/loss for the year	143,523					
	Revenues	8,441,380	1,7%	-0,8%	-2,0%	-0,3%	2,1%
Average yearly salary (DKK '000)	Total staff expenses	5,015,192					
	Full-time equivalents	9,763	514	501	495	491	486
Salary cost share ²⁾	Total staff expenses	5,015,192					
	Revenues	8,441,380	59,4%	60,6%	60,3%	57,3%	56,4%
Capital share ¹⁺³⁾	Financial expenses + depreciation	138,549					
	Revenues	8,441,380	1,6%	1,2%	1,6%	1,7%	1,0%
Liquidity ratio	Total current assets	4,035,893					
	Total short-term debt excl. holiday pay obligations	3,229,140	125,0%	123,4%	129,5%	138,1%	142,4%
Financing ratio ⁶⁾	Total long-term debt	259,284					
	Total property, plant and equipment	1,033,211	25,1%	21,2%	21,0%	25,7%	33,3%
Maintenance ratio ³⁺⁴⁾	Net annual additions, fixed assets	173,472					
	Annual depreciation and amortisation, fixed assets	138,440	125,3%	202,2%	109,3%	122,4%	183,9%
Solvency ratio (total equity) ⁵⁾	Total equity	1,667,782					
	Total equity and liabilities	5,820,788	28,7%	28,1%	20,5%	24,4%	25,5%
Solvency ratio (flexible equity)	Flexible equity	734,730					
	Total equity and liabilities - technical equity	4,887,736	15,0%	13,1%	14,6%	18,8%	19,7%
Equity to revenue ratio	Flexible equity	734,730					
	Revenues	8,441,380	8,7%	7,1%	8,0%	10,0%	10,5%

1) Key ratios are based on ordinary activities (DR10), commercial activities (DR30) and forensic services (DR40).

2) The calculation of the salary cost share is calculated so as to include UCPH's revenues in income from ordinary operations, see income statement.

3) The calculation of the maintenance ratio is calculated so that donations of all types of fixed assets reduce additions for the year.

4) In 2013, UCPH changed the useful lives of machinery and scientific equipment from 10 to five years, and in 2016 from 15 to five years for dentists' chairs and certain microscopes.

5) Total equity is composed of the technical equity and the flexible equity. The solvency ratio increased from 28.1% to 28.7% 2016, mainly due to an increase in equity from profit for the year.

6) Long-term debt at UCPH is composed of donations of fixed assets, and the calculation is an expression of how large a share of property, plant and equipment has been financed by donations (beyond one year).

Financial highlights of the University of Copenhagen

	2016	2015	2014	2013	2012
Revenues including interest:					
Education subsidies	2,211,280	2,115,746	2,080,879	1,978,629	1,935,507
Research subsidy	2,896,671	2,940,710	2,933,180	2,941,268	2,840,075
External grants	2,805,871	2,727,888	2,573,763	2,544,575	2,462,911
Research-based public-sector services	21,116	21,755	22,179	22,243	21,985
Basic subsidy	314,437	316,687	316,103	245,779	307,131
Other revenues	221,669	262,667	338,073	555,854	442,657
Expenses broken down by purpose: ¹⁾					
Education	2,216,829	2,236,496	2,254,350	2,162,909	2,131,214
Research	4,818,942	4,914,663	4,860,958	4,790,198	4,443,465
Communication and knowledge sharing	360,025	348,189	366,609	362,708	303,914
Public-sector services	271,395	274,420	286,726	305,540	282,264
General management, administration and service	715,680	702,880	698,603	684,531	680,876
Buildings	-	-	-	-	-
Staff (full-time equivalents): ²⁾					
Academic staff	5,166	5,311	5,129	4,823	4,616
Part-time academic staff	478	520	485	447	407
Technical/administrative staff etc.	4,119	4,309	4,445	4,382	4,249
Balance sheet:					
Equity (DKKm)	1,668	1,524	991	1,159	1,171
Balance sheet DKKm	5,821	5,433	4,844	4,750	4,592
Buildings m ² total	918,247	922,809	921,116	904,250	929,512
Activity and production information:					
Students					
Bachelor students at 1 October	7,084	7,500	7,441	7,445	6,919
Master's degree students at 1 October	6,425	5,799	5,564	5,586	5,142
Total students at 1 October	38,615	40,486	40,882	40,866	38,867
Student full-time equivalents ³⁾	29,038	27,276	26,713	24,577	24,040
Graduates:					
Bachelor graduates	5,488	4,749	4,718	4,434	4,004
Master's degree graduates	6,052	4,882	4,573	4,298	3,892
Open and part-time programmes:					
Tuition-paying students	5,127	4,580	4,667	5,047	4,593
Total yearly students	838	776	778	874	818
Graduates from full programmes (masters, diplomas)	141	105	177	117	126

	2016	2015	2014	2013	2012
Internationalisation:					
Outbound exchange students	2,515	2,276	2,461	2,102	2,231
Inbound exchange students	1,752	1,721	1,869	1,705	1,742
Total international students on full programmes ⁴⁾	3,676	3,977	3,949	4,032	3,773
Research programmes:					
Total PhD students enrolled	3,106	3,119	3,083	2,968	2,503
Total PhD students admitted	820	867	959	927	752
Total approved PhD dissertations	746	730	833	693	523
Research and dissemination results:					
Research publications ⁵⁾		12,372	11,375	11,358	11,302
Publications in accordance with the BFI categories ⁵⁺⁶⁾		10,012	9,466	9,408	9,663
Educational publications ⁵⁾		103	80	96	118
Registered patents	33	15	18	20	10
Registered inventions	88	70	74	77	49
Projects with businesses (private sources) ⁷⁾	1,940	1,800	1,762	1,946	2,207
External projects ⁷⁾	4,747	4,519	4,447	4,198	4,549
Financial scope of collaboration with businesses (DKKm)	1,038	1,007	896	886	898

1) As of 2012, UCPH's expenses are allocated in accordance with 'Guideline on allocation of university expenses to main areas and purpose' with building operations distributed on the other purposes.

2) Full-time equivalents = 1,924 hours. Unlike Faculty calculated in Management's review using ISOLA data (FTE=headcount).

3) 1 student full time equivalent = 60 ECTS credits. The figure is student FTE production settled with UFM/UDS (27,276). In addition, professional bachelors, tuition-paying international students etc.

4) 30% of international students are from the other Nordic countries.

5) Research and educational publications for 2016 will be reported at the end of June 2017 due to a change of reporting schedule. The figures for 2016 will be given in the 2017 annual report.

6) Number of research publications included in the BFI model: 1. Scientific monographs, 2. Scientific articles in journals, 3. Scientific articles in anthologies, 4. Patents and 5. Doctoral dissertations.

7) Defined according to Universities Denmark's key ratio definitions. Only externally financed research activities (DR50).

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