



# Annual Report 2018

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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, chairperson  
Sine Sunesen  
Anja C. Andersen  
Carsten Krogh Gomard  
Ida Karoline Bach Jensen  
Signe Møller Johansen  
Rebecca Ingemann Madsen  
Kari Melby  
Jakob Thomasen  
Birgitte Vedersø  
Eske Willerslev

### Rector

Henrik C. Wegener

### Prorector for Education

Bente Merete Stallknecht

### University Director

Jesper Olesen

### Auditors

Danish National Audit Office  
Landgreven 4  
DK-1301 Copenhagen K

### Institutional Auditors

Deloitte Statsautoriseret  
Revisionspartnerselskab  
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

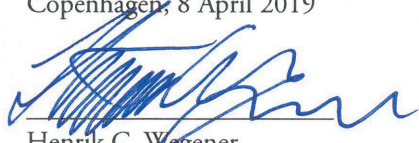
The Board and Executive Management have today considered and approved the Annual Report of the University of Copenhagen for 2018.

The Annual Report has been prepared in accordance with the Danish State Accounting Act, Ministerial Order no. 116 of 19.02.2018 on state accounting etc., the Financial Administrative Directions prepared by the Ministry of Finance, Ministerial Order no. 172 of 27.02.2018 on the law on universities, Ministerial Order no. 1648 of 15.12.2016 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 including the Board of Institutions and Educational Grant, hereinafter referred to as state accounting rules.

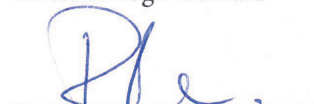
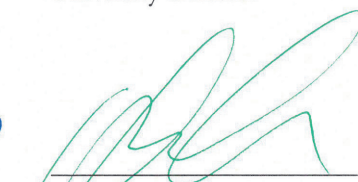

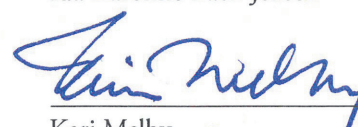
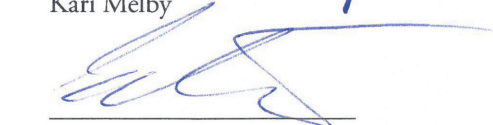

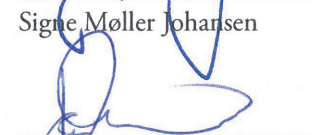
We hereby declare:

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 2018, and the results of the University's operations and cash flows for 2018, including that reporting of strategic framework contract in the Annual Report is 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, 8 April 2019

  
Henrik C. Wegener  
Rector  
Jesper Olesen  
University Director

Board

  
Mads Krogsgaard Thomsen  
Chairperson  
Carsten Krogh Gomard  
Rebecca Ingemann Madsen  
Birgitte Vedersø  
Sine Sunesen  
Ida Karoline Bach Jensen  
Kari Melby  
Eske Willerslev  
Anja C. Andersen  
Signe Møller Johansen  
Jakob Thomsen

## Independent Auditor's Report

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

To the University of Copenhagen Board

### Auditor's report on the financial statements

#### Opinion

We have audited the financial statements of University of Copenhagen for the financial year 1 January to 31 December 2018, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish State Accounting Act, Ministerial Order no. 116 of 19.02.2018 on state accounting etc., the Financial Administrative Directions prepared by the Ministry of Finance, Ministerial Order no. 172 of 27.02.2018 on the law on universities, Ministerial Order no. 1648 of 15.12.2016 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 including the Board of Institutions and Educational Grant, hereinafter referred to as 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 the public auditing standards as the audit is based on the provisions of the Danish Agency for Higher Education's Ministerial Order no. 1648 of 15.12.2016 on funding and auditing etc. at universities and agreement on internal audits at universities entered into between the Minister of Higher Education and Science and the Auditor General in pursuance of Section 9 of The 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 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 state accounting rules 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 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 concern basis of accounting in preparing the financial statements unless Management either intends to liquidate 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 the public auditing standards, cf. the Danish Ministry of Higher Education and Science's Ministerial Order no. 1648 of 15.12.2016 on funding and auditing etc. at universities as well as the agreement on internal audits at universities entered into by the Danish Minister of Higher Education and Science and Rigsrevisionen, pursuant to Section 9 of The Auditor General Act, 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 the public auditing standards pursuant to the Ministerial Order no 1648 of 15.12.2016 on funding and auditing etc. at universities issued by the Danish Ministry of Higher Education and Science as well as the agreement on internal audits at universities entered into by the Danish Minister of Higher Education and Science and Rigsrevisionen, pursuant to Section 9 of The Auditor General Act, we exercise professional judgement and maintain professional scepticism throughout the audit. Moreover we:

- 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 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 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 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 report

The management report also includes reporting of strategic framework contract and financial highlights, hereinafter referred to as the management report.

Management is responsible for the management report.

Our opinion on the financial statements does not cover the management report, 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 report and, in doing so, consider whether the management report 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 report provides the information required under the state accounting rules.

Based on the work we have performed, we conclude that the management report 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 report.

## Report on other legal and regulatory requirements

### Statement on compliance audit and performance audit

It is Management's responsibility to ensure that the transactions covered by the financial statements are in accordance with the appropriations, laws and other regulations, agreements as well as usual practice and that financial consideration was made when managing the funds and the operations of the activities covered by the financial statements. Management is also responsible for setting up systems and processes supporting economy, productivity and efficiency.

As part of our audit of the financial statements, it is our responsibility to perform compliance audit as well as performance audit of selected subject matters in accordance with the public auditing standards. In our compliance audit, we test the selected subject matters to obtain reasonable assurance about whether the examined transactions covered by the financial statements comply with the appropriations, laws and other regulations, agreements as well as usual practice. In our 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 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 in this statement.

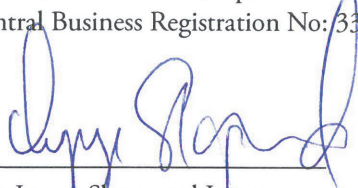
We have no material critical comments to report in this respect.

Copenhagen, 8 April 2019

### Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33 96 35 56



Erik Lynge Skovgaard Jensen  
State-Authorised Public Accountant  
Identification number: mne10089



Lars Hillebrand  
State-Authorised Public Accountant  
Identification number: mne26712

## Management Report 2018

The 2018 Annual Report reflects developments at the University of Copenhagen (UCPH) and its current position. The University of Copenhagen is a knowledge and culture-bearing institution, which, based on independent research and through offering research-based degree programmes at the highest level, provides a framework for critical thinking, insights and a quest for truth for the benefit of society. At the core of UCPH's activities are research excellence and research-based education.

From this platform, in 2018 UCPH initiated the process of implementing its new strategy under the title *Talent and collaboration – Strategy 2023 (Strategy 2023)*. The

strategy was adopted by the Board in December 2017.

The strategy, which runs until 2023, focuses on attracting, developing and retaining academic talent, on closer ties between education, research and practice, on collaboration and societal commitment – nationally and globally – and on becoming one unified and focused university. The foundation is made up of strong academic environments. Therefore, UCPH aims to leverage its academic breadth and strong international position to forge even closer relations with stakeholders and to attract knowledge and talent to Denmark – for the benefit of society, both nationally and globally.



UCPH's Board of Directors and Executive Management, October 2018

Top row from left: Anja C. Andersen, Carsten Gomard, Birgitte Vedersø, Sine Sunesen, Jesper Olesen

Middle row from left: Elias Westergaard, Rebecca Ingemann Madsen, Mads Krogsgaard Thomsen, Kari Melby, Henrik C. Wegener. Bot-

tom row from left: Signe Johansen, Bente Merete Stallknecht, Eske Willerslev

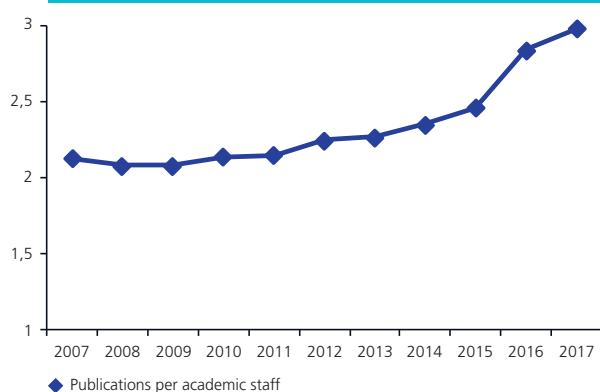
In addition: Board member Jakob Thomasen, who is not in the picture.



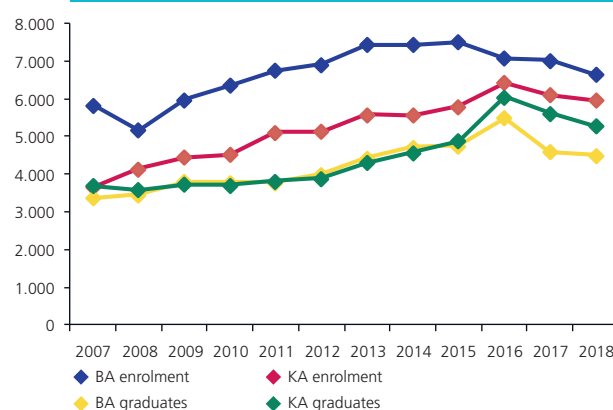
## UCPH financial highlights

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

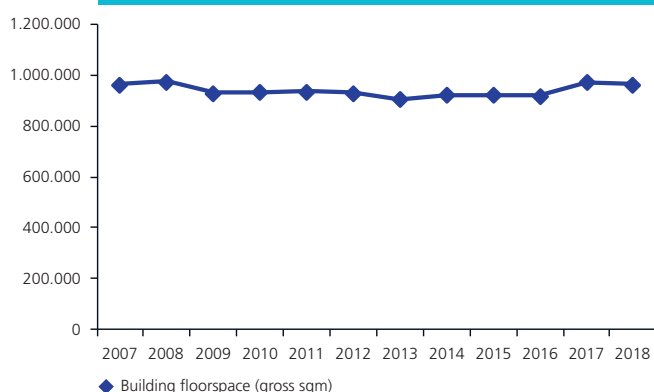
1: Number of publications in Web of Science per academic staff



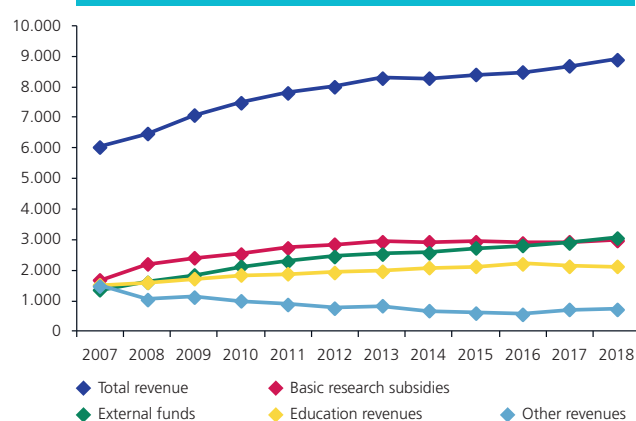
2: Student enrolment and graduates



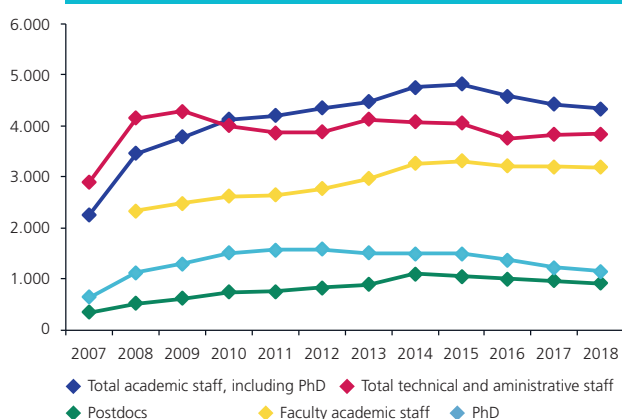
3: Building floorspace (gross sqm)



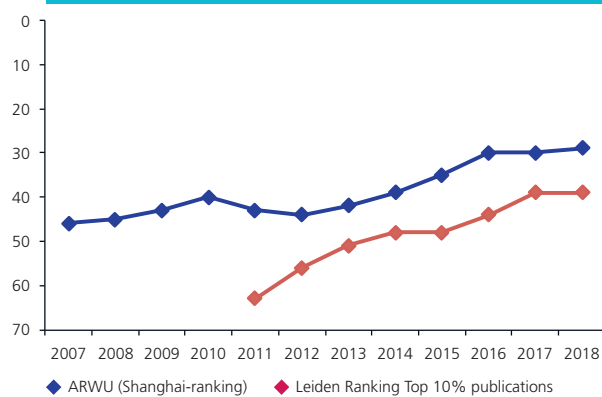
4: Revenue, current prices in DKK 'm



5: Development in full-time equivalents



6: UCPH rank in the world rankings



Sources: 1: Publications in ISI Web of Science, academic staff, cf. University of Copenhagen's Statistical Resources; 2 + 3 + 4: University of Copenhagen Statistical Resources; 5: ISOLA data. 6: Academic Ranking of World Universities (Shanghai) & Leiden Ranking

## The University of Copenhagen in 2018

The world is changing. We are facing a range of global challenges in areas such as climate, water, energy, health, migration, fake information and security. Based on research and education at the highest level and through collaboration with the most important public and private stakeholders, UCPH has a good starting point for working with these issues and creating value for society.

The knowledge created at UCPH is reflected in many ways in society: graduates with strong academic standards, world-class scientific publications, fruitful collaboration with the business sector and society, and business start-ups. UCPH's contribution to society is not only of an economic nature. The knowledge and academic diversity channelled into society are used and cited, enhance cultural life, preserve our cultural heritage and develop civil society and democracy. In this way, UCPH is a source of enlightenment and education for future generations.

Developments in 2018 were in many ways positive. In 2018, UCPH was again highly ranked in the leading international rankings of the world's best universities (figure 6, page 9). UCPH is working actively not just to maintain, but also to strengthen its position as one of the leading universities in the world. In 2018, an evaluation was carried out of the research quality delivered by all departments. Confirming that UCPH conducts world-class research within all its main academic fields, the results of the evaluation will form the strategic work of all departments and faculties to further strengthen the research.

In 2018, UCPH attracted quite a lot of media attention due to its value-laden policymaking. In the wake of the #metoo movement, in spring 2018 UCPH decided to launch a number of specific initiatives to prevent and handle cases of sexual harassment and other types of abuse of both staff and students at the University. The General Collaboration Committee at UCPH therefore backed the introduction of a set of revised staff policy guidelines, which in the autumn became part of a more general debate on academic freedom. UCPH wants to protect the rights of all staff and students without restricting academic freedom.

## Organisational changes

In 2018, UCPH welcomed a new prorector. On 1 August, professor Bente Merete Stallknecht took up the position of prorector with special responsibility for education, replacing former prorector Lykke Friis.

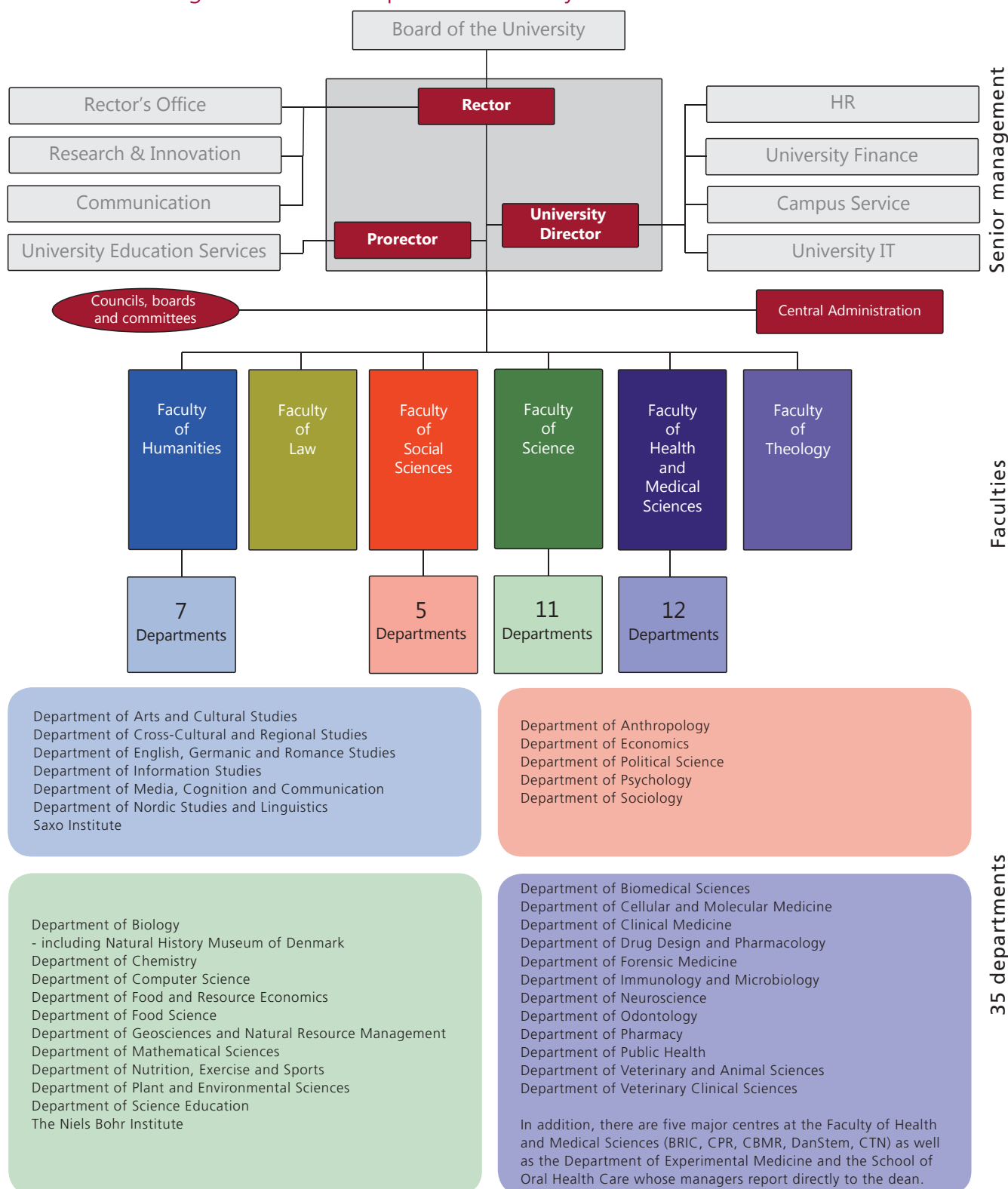
The Board of UCPH was also strengthened through the appointment of new members. Birgitte Vedersø, chairperson of Danske Gymnasier and headmaster of Gefion Gymnasium, and Carsten Gomard, former CEO and member of the Board of Directors of Netcompany, joined the Board as external members on 1 July 2018. They took over from Jannik Johansen, former headmaster of Frederiksberg Gymnasium, and Nils Strandberg Pedersen, former director of Statens Serum Institut and Chairperson of the Board of UCPH in the period 2009-2017. In accordance with an amendment to the University Act in 2017, UCPH's appointment body was on this occasion appointed for a four-year period (2018-2022). The appointment body appoints external members of UCPH's Board based on recommendations from the nomination body appointed in advance of each round of appointments. The appointment of Board members is based on a specific profile and competency description prepared by the nomination body as well as *Strategy 2023*.

In connection with the adjustment of the University Act in 2017, *Better framework for university governance*, on 1 January 2018 the Rector's Office decided to abolish its advisory panel consisting of external representatives, as the newly created and statutory Board of Representatives now acts as the Rector's strategic sounding board. The Board of Repre-



New Prorector Bente Merete Stallknecht

## The UCPH organisation as per 1 January 2019



representatives advises the Rector through dialogue on strategic issues and development scenarios which the University can expect to encounter in the future. Moreover, the Board of Representatives is tasked with appointing six members from the corporate sector and governmental authorities as well as from other research and educational institutions etc. to serve on UCPH's appointment body.

The Board of Representatives met for the first time in February 2018 and was set up following a change to the Statutes for the University of Copenhagen in December 2017. The 14 members of the Board of Representatives come from the faculties' advisory boards and are appointed by the Rector based on recommendations from the deans.

## Talent and collaboration – Strategy 2023

With the new strategy *Talent and collaboration – Strategy 2023*, UCPH embarked on a new strategy period in 2018. The strategy has been welcomed at the University, and the feedback from UCPH's many research and teaching environments is that the strategy provides a good framework and direction for the work.

Up until 2023, UCPH will work with the following strategic focus areas:



1. Attracting, developing and retaining academic talent



2. Education with closer ties to research and practice



3. Collaboration and societal commitment – nationally and globally



4. One unified and focused university

### 1. Attracting, developing and retaining academic talent

A university at the highest international level needs strong academic environments. To deliver on the vision of being

among the world's best universities, focus on recruiting, retaining and developing academic talent is crucial.

The international competition to spot, attract and retain academic talent is considerable. Consequently, a core task for UCPH is to create an excellent framework for developing and retaining academic talent. With this in mind, UCPH is therefore targeted in its efforts to create attractive, digital and globally oriented research and study environments with an academic culture and infrastructure that can accommodate both national and international talent and offer the best conditions for developing and pursuing new ideas.

### 2. Education with closer ties to research and practice

UCPH wants to develop highly creative learning environments and further enhance the quality of its degree programmes. Research must permeate all degree programmes. Moreover, the students' commitment and active participation must influence and contribute to research. Developing learning environments through a stronger focus on the ties between research and education is therefore another key focus point.

UCPH produces graduates for a broad national and international job market and must support students' career planning and showcase possible career tracks and opportunities for graduates to realise their potential. UCPH must develop the ties between degree programmes and practice to ensure that UCPH graduates bring strong analytical skills and academic insights to the job market.

### 3. Collaboration and societal commitment – nationally and globally

UCPH's activities create considerable value for society, and UCPH must become even better at demonstrating the value of its research and education. Many of the greatest challenges currently facing the world call for interdisciplinary collaboration across sectors in partnership with knowledge-intensive organisations and businesses, both nationally and globally.

UCPH must contribute to ensuring that opportunities arising from developments in digital technology are



exploited, and to exploring the ethical, social and cultural issues that result from digitalisation and globalisation.

UCPH should be known internationally as an open and ambitious knowledge institution. UCPH graduates must acquire international competencies and a global outlook, and students and academic staff should draw inspiration from the surrounding world and be equipped to contribute to a society undergoing rapid change.

#### 4. One unified and focused university

The vision of becoming one of the world's best universities will be fulfilled primarily through the continued enhancement of research and degree programme quality. This requires that UCPH develops its human resources and talents in all staff groups and uses its resources as efficiently as possible while operating as a unified institution. All employees must support this vision by collectively striving for an efficient and effective organisation that is clearly focused on its core activities, and a unified management team must provide a framework which facilitates the development of the organisation. Across the organisation, staff and students alike must work to inspire each other to deliver even better results. Both nationally and internationally, it must be evident that UCPH is a strong cooperation partner, and it must be easy for the surrounding world to draw on its academic strengths.

#### Strategy implementation

The new strategy has given rise to a systematic and dialogue-based implementation model that supports follow-up on the strategic focus areas. This means that the strategic planning activities of all departments and faculties are based on the same model.

With the Board's approval, six *Strategy 2023* projects were launched in 2018. The six projects concern:

1. academic staff career development
2. digitalisation of degree programmes
3. research-integrating teaching activities
4. data research
5. branding of a unified university
6. a common language policy.

The following four projects will begin in 2020:

7. a unified UCPH for students
8. practice-integrating types of instruction
9. joint efforts in bridge-building to upper-secondary schools
10. international partnerships.

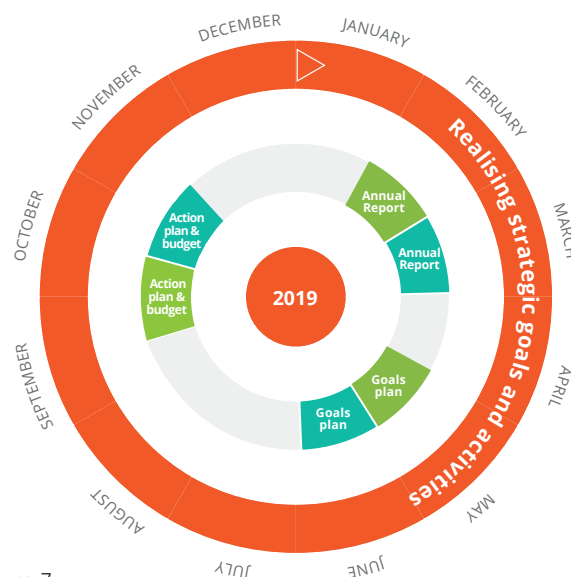


Figure 7

In 2018, the faculties and departments for the first time defined goals for a four-year period as well as activities aimed at realising the goals defined for the coming year. Each department and each faculty have their own plans, but a number of common themes have been described:

- recruitment and retention of talent
- digitalisation of research and education
- continuing education.

In parallel with the faculties' and the departments' work on goals and action plans, the Executive Management, in consultation with the deans, has selected a number of university-wide *Strategy 2023* projects. The projects are characterised by calling for common, interdisciplinary solutions in order to be realised.

#### Digitalisation

Digitalisation is by no means a new phenomenon and has already made its mark on UCPH's research, education and administration. Digitalisation brings new opportunities and challenges and impacts developments everywhere: in private homes, in businesses, in the NGO world, in municipalities and regions and also at the highest political level. The Danish government has launched a number of digitalisation initiatives in recent years. Digitalisation is therefore a key element in UCPH's *Strategy 2023*.

### 2023 project: Data research at UCPH

In 2018, UCPH launched an interdisciplinary programme under *Strategy 2023*, called *Data research at UCPH*. The project consists of three sub-projects:

- 1) The data+ pool for supporting particularly promising research projects at UCPH that combine elements of data science with other research areas,
- 2) UCPH Data Labs for supporting the build-up of data technical capacity at UCPH's faculties and
- 3) Advanced Data infrastructure to ensure access for UCPH researchers to state-of-the-art data infrastructure.

An expert advisory group for the project has been appointed under the University of Copenhagen's Research and Innovation Council (KUFIR). All faculties and University IT are represented in the advisory group to assist Research & Innovation in describing and implementing the project's three branches.

Both in the central administration at UCPH and in the faculties' goals and action plans, a number of projects and initiatives will include digital elements.

Figure 8 (below) illustrates UCPH's digitalisation efforts, divided into three main tracks: Research, Education and Administration. Three supporting platforms cover important interdisciplinary disciplines and services, which all digital projects must draw on and relate to.

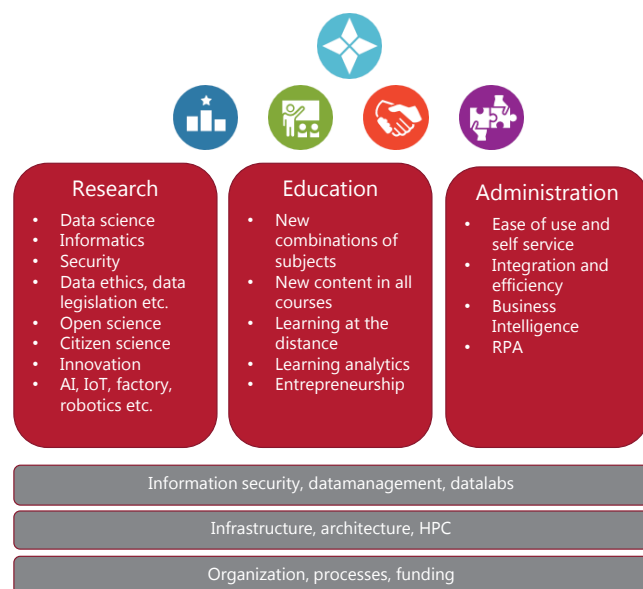


Figure 8

## Financial framework

Revenues at UCPH totalled DKK 8,907.9 million in 2018, which represents an increase of DKK 128.8 million

compared to 2017. The increase is primarily attributable to a DKK 145.0 million increase in external funding. Furthermore, the research subsidy was up DKK 67.2 million. As mentioned, the increase was offset by a total drop of DKK 83.4 million in education subsidies, basic subsidies, building-related revenues and other revenues.

The government-financed subsidy totalled DKK 5,284.3 million, representing an overall increase of DKK 12.8 million relative to 2017. As mentioned above, the increase is attributable to an increase in basic research subsidies, while education subsidies decreased due to the reprioritisation payment (2% a year) and a decline in student FTE production.

Generally, the 2018 Finance Act came with no surprises as the implementation of the readjustment reserve and research funds as well as the Rate-1 increase had been guaranteed up to and including 2019.

The Novo Nordisk Foundation has awarded a new grant of DKK 700 million to UCPH for strengthening the Novo Nordisk Foundation Center for Basic Metabolic Research, colloquially known as the 'Metabolism Center'. The grant ensures implementation of a new strategic focus to raise the Center's research, education and communication activities with the aim of generating new knowledge about the prevention and treatment of metabolic diseases.

### Procurement

UCPH's Procurement Section is organised under University Finance and is responsible for the strategic development of procurement at UCPH as well as for the conclusion of agreements, follow-up on agreements and their use, communication and skill development in relation to procurement. The Procurement Section is also responsible for consultancy under the regulations for tenders and on related rules. Locally, employees have been appointed who are authorised to place orders on behalf of UCPH. Depending on structures and activities, different parts of UCPH are organised in different ways, but in many places with central procurement officers and storage functions.

The Procurement Section is responsible for the procurement policy, which has been approved by the management and which can be found on the UCPH intranet. The procurement policy is also supported by a number of specific tools and guidelines. The procurement policy is strongly focused on ensuring that the principle of 'highest quality

at lowest cost' is applied in connection with all tenders and procurement activities, and that all applicable rules are complied with. In addition, a number of procurement objectives have been defined, including the best possible fulfilment of needs at the lowest possible total cost, increased outsourcing and tendering as well as independence of private suppliers. The procurement policy also includes a description of the procurement organisation and the division of responsibility between central and decentralised levels and from day-to-day activities to strategic management.

In 2018, UCPH implemented the analysis system 'KMD Indkøbsanalyse'. The system makes it possible to identify and track purchases from the overall level to decentralised levels both per unit and per procurement category, so it ensures the reporting supports both strategic decision-making and the management of operations. From 2019, this reporting will therefore be part of the management reporting together with the financial reports. The system also supports ad hoc reporting in selected areas and is employed in connection with follow-up on procurement at the decentralised level, i.e. at institutes, centres and departments.

In 2019, focus will be on ensuring that procurement get further support – among other things through the implementation of the IndFak procurement module, through the provision of relevant and validated reporting to the management and through the implementation of planned tenders with a view to further extend UCPH's portfolio of agreements. Furthermore, the procurement policy will be revised.

## Research

Independent research and research-based education provide the foundation of UCPH. Research creates new knowledge and awareness. UCPH has the resources needed to conduct curiosity-driven research of the highest international standard in all main academic fields. On this foundation, UCPH offers research-based degree programmes, disseminates the latest knowledge created by research and translates new knowledge into innovation and sustainable and positive social development.

In 2018, UCPH attracted external research funding of DKK 3,891.8 million and is again among the best in Europe at securing EU funds. UCPH is extremely good at applying for and winning competitive funding and has focused strongly on this source of income over the past many years.

### Research production

Over the past decade, UCPH has seen a stable and considerable increase in numbers of research publications. The number of publications from UCPH on the Web of Science (WoS) more than doubled in the 2007-2017 period, and the number of UCPH publications per academic staff member was 2.98 in 2017, which is illustrated in Figure 1 on page 9 and reflects a very positive development. At the same time, the number of UCPH publications included in the bibliometric research indicator (BFI) increased by more than 41% in the 2011-2017 period. UCPH's share of high-level BFI publications increased from a little over 34% in 2011 to approximately 38% in 2017.

### Research evaluation

At the end of 2018, UCPH completed a research evaluation project, which was initiated in 2016. Inspired by a number of leading universities in the UK, Sweden and elsewhere, UCPH has introduced a common research evaluation concept. The evaluation of the University's departments has been a comprehensive and complex task.

UCPH's research environments are very different in terms of their standards and traditions. It was essential that the implementation of the common research evaluation concept should not compromise the legitimacy of the evaluations carried out by the individual research environments, and that has been achieved. All UCPH faculties conducted their evaluations in 2018 and are in the process of following up on the results in the departments' and the faculties' strategic goals and action plans.

UCPH now has a precise and insightful evaluation of the quality of the research conducted by the University for both public and private funds, and thereby also an important tool for developing this research. The evaluation concept itself is due to be evaluated in 2019. It will then

### Projects in the 2016 pool evaluated

From 2013 to 2017, UCPH invested DKK 400 million in a programme of excellence for Interdisciplinary Research to promote excellent interdisciplinary research at the University and strengthen the University's ability to attract external research funds.

KUFIR performed a final evaluation in autumn 2018 and concluded that the programme goals had been met. KUFIR found that the 2016 pool has carried considerable academic weight, while also serving as an exercise for UCPH in the culture of establishing and implementing interdisciplinary research. The project involved funding of project ideas and testing of various forms of collaboration which were not likely to have taken place within the framework of the known sources of external financing. The projects under the 2016 programme account for almost the same share of the world's most cited publications within their subject areas as the projects of the Danish National Research Foundation's Centres of Excellence. Moreover, the projects under the 2016 programme have succeeded in attracting external funding.

be decided when the next research evaluation should take place and how it should be approached.

### International evaluation of PhD schools

In 2018, focus was also on evaluation and quality enhancement of the PhD schools. During the spring and summer of 2018, the University of Copenhagen's Research and Innovation Council (KUFIR) prepared an international evaluation of UCPH's six PhD schools. At the beginning of November, the self-evaluation material was sent to the faculties. The PhD schools will carry out their self-evaluations in 2019, and an international panel will moreover be appointed and visit the individual PhD schools. The evaluation reports are expected to be ready at the beginning of 2020.

### Rankings

In 2018, UCPH was again highly ranked in the leading international rankings of the world's best universities.

#### Rankings

Each year, a number of global rankings seek to compare universities with each other. UCPH focuses 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 method behind the rankings varies depending on who is behind the individual survey just as the results may change 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 citations
- Student/researcher ratio.

Methodologically, ARWU and CWTS Leiden have been the most stable for a number of years, and UCPH has really moved up these rankings over the last 5-10 years. QS and THE were previously one ranking, but were split in 2009.

- In the Academic Ranking of World Universities (ARWU), UCPH advanced to a position as no. 29 in the world and maintained a sixth place in Europe.
- The Centre for Science and Technology Studies (CWTS) Leiden Ranking still had UCPH as no. 39 in the world and no. 7 in Europe, when measured on the number of publications in the top 10% of the world's most cited publications.
- In 2018, the QS World University Ranking had UCPH as no. 79 in the world and no. 24 in Europe.
- In the Times Higher Education Ranking (THE), UCPH slipped down markedly and is now no. 160 in the world and no. 72 in Europe.

### Commercialisation and partnerships

In 2018, UCPH maintained the high level of licensing agreements and registered inventions seen in recent years. In 2018, UCPH thus signed 26 licensing agreements and registered 78 inventions based on research from UCPH. At the same time, the number of cooperation agreements with private businesses increased again. In 2018, a total of 1,097 cooperation agreements were concluded. Seen over a 10-year period, the number of cooperation agreements has more than doubled.

A new and ambitious research centre at UCPH is to pave the way for an improved understanding and treatment of skin diseases that afflict a quarter of the world's population. The LEO Foundation is behind the large grant of DKK 400 million over 10 years. It is the centre's ambition to bring together leading Danish and international researchers in the field of immunology and skin diseases in order to generate new knowledge, which can eventually lead to better diagnostics and more effective treatments, for example of psoriasis and eczema.

### New guidelines for research-based public-sector services

2018 was dominated by plans for an increase in the competitive procurement by the Ministry of Environment and Food of research-based public-sector services in a number of areas. This process was put on hold at the end of 2018. In 2018, UCPH drew up new guidelines on when it is expedient to submit bids for new and existing contracts with the ministries and now conducts a risk assessment before bidding for contracts. Moreover, UCPH has established a quality assurance system for handling such tasks. The Faculty of Health and Medical Sciences at UCPH and Statens Serum Institut are busy preparing to take over the



provision of Veterinary Contingency Preparedness Services, a task that will be transferred to UCPH from 2020.

## Career paths for researchers at UCPH

### Attracting and developing academic talent and equal opportunities in research and management

One of the focus areas in *Strategy 2023* is the attraction, retention and development of academic talent, which in 2018 was addressed through the start-up of the Strategy 2023 project on career development for academic staff members.

As part of a strong focus on career paths, UCPH has since 2008 worked systematically to attract and retain a wide range of talent, and also to encourage more women to apply for positions in research and management. This has been done via two action plans, the last of which expired at the end of 2018.

#### 2023 project: academic staff career development

The project structure consists of a broad, interdisciplinary programme management group and five working groups with representatives from the Central Administration, faculties and departments. The programme is to provide UCPH with an attractive, transparent and anchored career system for academic staff (VIP) to ensure, among other things, a clear and internationally understandable career path from assistant professor to professor. In addition, the programme is to foster a culture characterised by a non-discriminatory approach to attracting and developing academic staff at UCPH with special focus on gender and internationalisation.

According to the gender balance figures for academic staff members, redressing the gender balance is proving to be a slow process – despite all the efforts launched over the past ten years. Overall, a small positive development has been seen, for example among associate professors, of whom 39% were women in 2017 compared to 31% in 2008. An increase has also been achieved in the share of women professors, up from 15% in 2008 to 24% in 2017. However, many of these positions are temporary professorships with special responsibilities, and even though some of these professors go on to be offered permanent employment, the figures as a whole indicate that there has been no major shift in the gender distribution among academic staff members. UCPH wants to maintain a strong focus on this issue, and gender equality is therefore part of the University's strategic efforts through the university-wide strategic programme on career paths for academic staff (see above). The reporting for 2017 also showed that there is a need for

#### UCPH Forward

The object of the UCPH Forward programme is to promote the development of talent.

The programme is intended to promote the participants' ability to generate original research, cross scientific boundaries and engage in fruitful collaboration.

24 talented researchers have been selected on the basis of their academic qualifications, their ability to formulate visions for their research fields and their willingness to make a personal effort and move out of their comfort zone.

The researchers are enrolled in an intensive 10-month programme, planned on the basis of experienced researchers' knowledge of what it takes to succeed.

a renewed and strengthened focus on the gender balance in senior management. At the time of implementing the plan, UCPH defined a goal of increasing the number of women in senior management by 5 percentage points from 27% to 32%. Instead of the desired increase, UCPH observed a decline to 26%.

## Research practice

### University of Copenhagen's code of good scientific conduct

In June 2018, UCPH adopted a common code of good scientific practice for the University. The code is based on the Danish Code of Conduct for Research Integrity and refers to the relevant policies at UCPH which currently regulate the principles of good scientific practice. The code has been prepared on the basis of input from the University of Copenhagen's Research and Innovation Council (KUFIR), the University of Copenhagen's Practice Committee and the General Collaboration Committee.

In 2019, the faculties at UCPH will conduct a survey to establish the extent to which and how UCPH's framework for working with research integrity helps to ensure good scientific practice at UCPH. The survey documents were prepared by KUFIR in 2018 and are expected to be approved by the UCPH management at the beginning of 2019.

### Practice Committee's evaluation report on the 'named person' schemes

Based on recommendations from the Extended Practice Committee, in April 2013 the Board of UCPH decided to establish 'named person' schemes at the faculties. A central task for a named person is to advise individuals in connection with suspected violations of good scientific practice and thereby contribute to the promotion of good scienti-

#### Key figures 2018

Intake of Bachelor's degree students	6,642
Intake of Master's degree students	5,957
Student full-time equivalents (FTEs)	27,092
ECTS per student (Master's degree student)	44.8
ECTS per student (Bachelor student)	46.3
Master's graduates	5,285

fic practice. The schemes were evaluated by the Practice Committee in 2018. The evaluation showed that there is considerable support for the schemes across the faculties, but that we need to work towards greater uniformity, particularly as regards administrative practices. The work to implement the recommendations has started.

## Education

The offering of high-quality degree programmes is a constant goal for UCPH, and *Strategy 2023* places particular emphasis on the link between education and research and on establishing closer ties between education and practice.

### Intake, progress and graduates

The intake for the Bachelor's degree programmes fell by 5.5% in 2018 compared to 2017. This development is primarily ascribable to two factors: 1) The bachelor intake is subject to the Ministry's resizing of degree programmes based on the employment prospects of graduates. This means that degree programmes that have experienced systematic unemployment problems over a number of years must reduce their intake. 2) In 2018, UCPH introduced a grade requirement of 6.0, which meant that students with lower grade point averages were only admitted in special circumstances in 2018. The unemployment-based programme resizing initiative also affects admissions to Master's degree programmes, which fell by just under 2.5% in 2018 relative to 2017.

The grade requirement of 6.0 was introduced for almost all degree programmes in 2018 in an effort to reduce dropout rates. The intake of students with grade point averages below 6.0 fell from 10% of admissions in 2017 to 2.7% of admissions in 2018. Students are still admitted to five degree programmes which are exempt from the grade requirement.

The Study Progress Reform had a very positive impact on the student FTE, ECTS and graduate production in 2016, but since then student FTE production has fallen, not least due to the decrease in student numbers. The lower student FTE production also reflects a fall in ECTS credits earned by full-time students. A fall of 1.6% for Bachelor's degree students and 1% for Master's degree students was seen relative to 2017. The lower study activity levels have also meant a 6% decline in the production of Master's degree graduates.

Together with the rest of the Danish university sector, UCPH expects to meet the requirement introduced by the Study Progress Reform for a reduction of average completion times in 2020. A new funding system for the educational sector is due to be implemented in 2019, introducing a requirement for a further reduction of completion times compared to the Study Progress Reform and the completion-time model. Thus, UCPH will still be operating within a financial framework which requires further reductions of completion times.

### Programme resizing and reduced intake

Most faculties at UCPH offer degree programmes which have been subject to resizing. This is especially true for the Faculty of Humanities (Humanities) where 36 Bachelor's degree programmes and 47 Master's degree programmes have been resized.

From 2018 to 2023, UCPH must continue to reduce admissions to the resized degree programmes. The greatest change in intake will be seen for the Master's degree programmes, for which a reduction of 18.9% (equating to 424 students) must be realised. Most of the reductions affect Humanities. The intake of Bachelor's degree students is closer to reaching the desired level of resizing, and a further reduction of only 0.2% will be required before 2023.

Moreover, the Ministry of Higher Education and Science (UFM) has asked the Danish universities to reduce their intake by 1,000-1,200 English-language students on Bachelor's and Master's degree programmes for which employment rates are low in the Danish labour market for English-language graduates. As a result, UCPH must reduce its intake of English-language students by 105 in 2019. Most of the reduction at UCPH will affect the

English-language Master's degree programmes offered by the Faculty of Science (Science), distributed across 17 different degree programmes. Minor reductions will be introduced on five Master's degree programmes at the Faculty of Theology (Theology), Humanities and the Faculty of Social Sciences (Social Sciences). UCPH offers no English-language Bachelor's degree programmes.

### High-quality education

*Strategy 2023* focuses on the ties between education and research and on closer ties with practice. UCPH is working systematically with quality assurance and development in the field of education and is currently undergoing institutional accreditation by the Danish Accreditation Institution.

The very quality of the degree programmes is challenged by the annual 2% cut in educational subsidies. For more and more academic environments, the conditions under which they are expected to continue offering world-class degree programmes are becoming increasingly difficult. Across UCPH, serious efforts are therefore going into sharing positive experiences, for example with the joint teaching of programmes attracting limited student numbers.

Below follows a description of the three strategic projects launched in 2018 in the field of education.

#### 2023 project: Research-integrating teaching activities

The project is intended to draw attention to the integration of research into teaching activities. Moreover, the project must ensure continuous knowledge sharing about the pilot projects on research-integrating teaching activities that appear from the faculties' goals and action plans for 2018-2019, including a catalogue of ideas for the informal meeting between teaching staff and students and the development of tutorial format as part of the curriculum. In 2018, faculty management teams and student representatives were involved in qualifying the project idea description, and in 2019, the project will progress to the analysis and planning phase and subsequently the execution phase.

#### 2023 project: Digitalisation of degree programmes

2018 also saw the initiation of a project on the development of common goals for the digitalisation of degree

programmes. The aim of the project is for the faculties to identify digitalisation potentials and challenges for each individual degree programme, after which relevant digital elements will be incorporated into the programmes. In continuation thereof and in close collaboration with the faculties' learning units, the project is also tasked with upgrading the digital competencies of staff and students – both in relation to the academic dimension and the educational theory/didactic dimension. Moreover, the project is working to establish an organisation that is able to smoothly deliver a relevant, consistent and common core portfolio of IT learning tools. A key project task is to ensure the UCPH-wide sharing of knowledge in the form of results and experience.

#### 2023 project: Career development for academic staff members

As part of the strategic programme for academic career development, a project has been initiated which is focusing on the recognition of teaching excellence. The project is charged with identifying an incentive structure which can promote teaching excellence. The project will draw on international knowledge and discussions with academic staff members at UCPH, and on this basis present a number of recommendations. Special focus will be on ensuring that teaching qualifications constitute a key and well-defined element of academic careers and of the academic career development efforts at UCPH.

#### Students with functional impairments

In 2018, UCPH continued the implementation of initiatives in its *Action plan 2016-2018* under *Strategy for the support of students with functional impairments at the University of Copenhagen*. This led to the development of new career guidance materials, and at the same time UCPH worked to recruit more academic support teachers for students with functional impairments. As a result of changed requirements from the National Agency for Education and Quality, in 2018 UCPH established a centre which makes assistive tools available to students. The efforts all contribute to strengthening the administrative support of the area throughout UCPH.

#### Institutional accreditation

In June 2017, UCPH was granted a conditional positive institutional accreditation from the Danish Accreditation

Council, after which UCPH implemented the required rectifications. The changes concern the determination of ambitious measurable standards and the quality assurance of the research base of the degree programmes. The changes were trialled for the first time in autumn 2018. The re-accreditation process runs until April 2019, and the Danish Accreditation Council is due to make the final decision concerning institutional accreditation of UCPH in June 2019.

### Innovation hubs

In 2018, UCPH, DTU and CBS launched a joint digital innovation hub with funds from the Ministry of Higher Education and Science. The partnership sprang from the recommendation delivered by the Digital Growth Panel in 2017 that an internationally leading digital innovation hub be established.

2018 also saw the completion of the Innovation & Entrepreneurship (I&E) plan *Plan to strengthen innovation and entrepreneurship 2015-2018*. Through the establishment of three UCPH Innovation Hubs, the plan has created better opportunities for UCPH students to work on innovative projects and take the plunge as entrepreneurs. The purpose of the plan was to promote the integration of innovation in teaching activities and to support students' innovation and cooperation projects with the business sector and the public sector. As part of the activities, the possibilities for integrating innovation and entrepreneurship in teaching activities have been strengthened through the offering of advice for lecturers by one of the University's innovation consultants, through the use of UCPH's digital I&E toolbox and through participation in a two-day I&E course. Moreover, UCPH has established an I&E network for teaching staff through which UCPH lecturers exchange experience and inspire each other to integrate innovation and entrepreneurship in their teaching activities. Based on partial funding from the I&E plan, a number of student organisations have also contributed to raising awareness and stimulating interest in innovation and entrepreneurship among their fellow students by holding a number of different events.

The initiatives under the I&E plan are being continued in the 2023 project *Practice-integrating teaching activities* and

### Changes in UCPH's degree programme portfolio

UCPH did not create any new degree programmes in 2018. However, the Master's degree programme in Integrated Food Studies was transferred from Aalborg University to SCIENCE as from September 2018.

The Master's degree programmes in Medieval Greek and Latin Medieval Philology closed on 31 August 2018 due to a very low intake for several years. The subject areas will be continued as specialisations under the Master's degree programmes in Ancient Greek and Latin.

In 2018, four new degree programmes at UCPH were temporarily approved: Bachelor's degree programmes in Computer Science – Economics and in Machine Learning and Data Science, Master's degree programme in Social Data Science and professional Master's degree programme in Neurorehabilitation. The approvals are conditional on UCPH receiving a positive institutional accreditation. The plan is to start offering the two Bachelor's degree programmes from September 2019. Both the Master's degree programme and the professional Master's degree programme are expected to be offered from 2020.

will thus contribute to the implementation of the visions outlined in UCPH's *Strategy 2023* (see page 12).

## Engagement with the surrounding world

Solid core academic knowledge and strong collaboration skills are key for UCPH to be able to contribute to a sustainable and positive development in Denmark and globally. UCPH must be known internationally as an open and ambitious knowledge institution. UCPH graduates must acquire international competencies and a global outlook, and students and academic staff should draw inspiration from the surrounding world and be equipped to contribute to a society undergoing rapid change.

### International alliances

#### Novo Nordisk International Talent Program

The Novo Nordisk International Talent Programme supports student exchanges between UCPH and the other IARU universities as well as Harvard University and the University of Sydney within health science research. The annual pool is DKK 2.5 million. In 2018, 63 students received funding, including 37 UCPH students who went abroad, and 26 students from other universities who came to UCPH.

### UCPH students abroad

UCPH offers a variety of opportunities for students to do credit-awarding courses of a high academic quality abroad. Over a three-year period, the number of students who go





The Rector and Prorector visited the three UCPH Innovation Hubs in September 2018. The rectorate heard about the diversity of UCPH's I&E initiatives for students both in the hubs and as part of the teaching activities and UCPH's participation in innovation projects with external partners.

abroad for three to six months increased by 13.5% from 1,537 in 2016 to 1,745 in 2018. UCPH has a portfolio of about 100 exchange agreements, under which such exchanges are arranged. In addition to a special Priority Partnership with the University of Sydney, UCPH exchanges a high number of students with partners such as University of California, University of British Columbia, University of Toronto and National University of Singapore.

An increasing number of students also seize the opportunity to do an academic internship funded by the EU's Erasmus+ programme, for example in organisations and at embassies. The number of students doing Erasmus Traineeships abroad increased from 59 in 2016 to 98 in 2018.

### Internationalisation of UCPH – more international students

Offering English-language degree programmes is an integrated part of being an internationally oriented university, at which international top researchers can both conduct research and teach for the benefit of Danish students.

Moreover, the offering of English-language degree programmes is essential to partnering with the best universities in the world. UCPH will continue to have a strong international profile, focusing on the benefits of learning in an international study environment. In 2018, UCPH again noted an increase in the number of international applications to its English-language programmes and also

#### LERU – League of European Research Universities

The aim of the alliance and working groups is to share knowledge, forge closer ties and join forces to influence the European agenda for research and education politics. In addition, LERU is consistently seeking to promote excellence and the role of universities in the coming EU framework programme for research and innovation.

#### IARU – International Alliance of Research Universities

UCPH participates in the alliance's various working groups about, for example, healthy ageing, gender equality and the Green Campus and global transformation collaboration. An important part of the IARU collaboration is the Global Summer Program (GSP), which in 2018 included three summer courses at UCPH. The themes were healthy ageing, cultural rights, urban culture and a field course in Thailand. Members include prestigious universities such as Yale, Berkeley, Cambridge, Oxford, National University of Singapore, ETH Zürich and Peking University.

admitted more international students than in previous years.

In 2018, the Danish Parliament decided to end free Danish-language courses for foreigners. This means that international staff and students must now pay a fee for this type of Danish courses. It is too early to pronounce on any consequences this may have for being able to retain international graduates in the Danish labour market, but UCPH is aware of the need for graduates to be given an introduction to the Danish language in the course of their studies, particularly to improve their job prospects with small and medium-sized enterprises. In the coming years, UCPH will be implementing improved start-of-studies plans which, among other things, support the early integration of international Master's degree students.

#### UCPH at Denmark's Political Festival

In 2018, UCPH attended the festival for the second year running, presenting a joint programme in its own tent. UCPH hosted a total of 32 events in the tent over the four-day festival – a mix of public outreach events, university policy debates and entertaining features such as a researcher quiz. UCPH researchers and management also took part in many external debates. The events organised by UCPH attracted significant public interest.

## Management framework

### The strategic framework contract

The strategic framework contract is a new type of four-year contract between UCPH and the Minister for Higher Education and Science. It aims to promote and support the University's strategic development.

The framework contract was signed in June 2018 by the chairperson of the UCPH Board and Tommy Ahlers, the Danish Minister for Higher Education and Science. The contract applies with retrospective effect from 1 January 2018.

### Status and activities

The framework contract contains a total of eight goals for UCPH:

1. UCPH's research environments must be internationally leading through the attraction, retention and development of talent
2. UCPH wants to conduct research at the highest international level
3. The ties between research and education at UCPH must be further strengthened
4. UCPH students must achieve a high and digitally updated learning outcome
5. UCPH graduates are ready for the job market and have relevant skills
6. The activities at UCPH contribute to growth and development in Denmark
7. UCPH must be of benefit to society through increased transparency and strengthened relations with the outside world
8. UCPH is a unified and focused university with an administration that effectively supports its core activities: research and education.

Clear cohesion between the strategic framework contract and UCPH's *Strategy 2023* has been important to UCPH. This cohesion has, to a large extent, been achieved.

The contract was prepared by UCPH based on negotiations with the Ministry of Higher Education and Science. In addition to the framework contract, an action plan was drawn up, describing which activities UCPH expects to initiate to meet the contract goals. Moreover, UCPH must prepare an annual status report for the Ministry, describing UCPH's progress as regards strategic goals, indicators and the action plan.

### Management dialogue

The strategic framework contract forms the basis of an annual management dialogue between UCPH and the Danish Agency for Institutions and Educational Grants (SIU). The first dialogue meeting took place in November 2018.

The strategic framework contract will expire in 2021. In this connection, UCPH's overall goal achievement will influence the re-determination of 5% of the government basic subsidy to UCPH. The Ministry of Higher Education and Science will base its evaluation on an overall assessment of the total goal achievement relative to the contract

and then conclude whether UCPH's goal achievement is satisfactory.

## Organisational development

With the new strategy period, UCPH launched a targeted effort in 2018 regarding retaining and developing talent. UCPH strives to provide proper facilities that enable employees to develop their potential in an inspiring working environment. The necessary financial resources must also be available for both talent development and management focus on career paths. The University wants to be an attractive educational institution and a cohesive workplace for its more than 45,000 students and employees. Management at all levels of the organisation attaches great importance to co-determination and the relational aspects of management.

### Employee satisfaction/ workplace assessment

Employee satisfaction with both the physical and the psychological working environment is continuously on the agenda, formalised through the annual occupational health and safety discussions in the Occupational Health and Safety (OHS) organisation and ongoing discussions in the collaboration committees and elsewhere. UCPH conducts the mandatory workplace assessments every three years, the next time in spring 2019. This involves inviting all employees to influence their working environment, among other things through questionnaires about their physical and psychological working environment and a subsequent dialogue on and design of action plans.

### New management principles in 2018

In 2018, new management principles for UCPH were prepared. Good management is important for UCPH's ability to perform its core tasks and to be a well-functioning workplace. The management principles are the result of a process in which UCPH managers and employees contributed to identifying what good management at UCPH means and what characterises the UCPH management context. The management principles outline the expectations of UCPH management as well as management roles and transitions between them. The management principles are followed up in a model for a 360-degree evaluation of

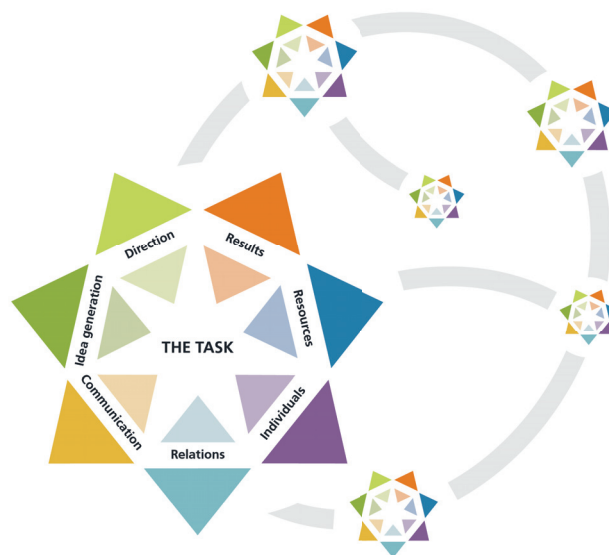


Figure 9

managers, which all managers are expected to go through over the next three years.

### Handling of cases of sexual harassment and other forms of offensive behaviour at UCPH

In spring 2018, the University revised its staff policy guidelines for offensive behaviour such as bullying and sexual harassment. In addition, the Rector sent out a 'pastoral letter' stressing Management's position on sexual harassment and other offensive behaviour. At the same time, relevant information on the UCPH intranet and action plans for departments/faculties were updated to, e.g., state more clearly what is meant by offensive behaviour locally and who to contact if necessary.

UCPH's revision of the staff policy guidelines for addressing offensive behaviour such as bullying and sexual harassment and UCPH's Guidelines for Introductory Activities were debated both publicly and internally in 2018. In December, the General Collaboration Committee held an internal debate meeting, inviting employees and students to discuss the staff policy guidelines and academic freedom. This, among other things, will inform the General Collaboration Committee's discussion in 2019 of an amendment of the staff policy guidelines so as to provide greater clarity regarding academic freedom.

### The student ambassador's annual report

The student ambassador's 2017 annual report contained a number of recommendations based on the guidance of 424 students and experience collected from meetings with the UCPH administration and external parties, including UCPH's Academic Board on Education Strategy, the Study Administration Coordination Committee as well as the Senior Management Team and the Board. The recommendations were partly about increased focus on clear, correct and timely communication regarding the processing of student applications, complaints and disciplinary proceedings, and partly about focus on ensuring that all study boards, exemption committees etc. continue to implement the University's guidelines on the processing of applications from students with disabilities.

In 2018, the recommendations prompted an analysis of whether the assessors' academic opinions adequately explain the assessment and whether application of the Non-Discrimination Act to the processing of applications for dispensation from students with functional impairments is sufficient. Efforts to implement new initiatives to accommodate the student ambassador's recommendations will continue in 2019.

### A health and safety audit was performed in the three Campus Service areas and the 'wet' faculties

In spring 2018, a team of occupational health and safety consultants from Shared HR's section for Employment Law and OHS audited the 'wet' departments and centres at Science and the Faculty of Health and Medical Sciences (Medical Sciences) and the three Campus Service areas. Auditing is one of the tools used by UCPH to ensure a coherent, systematic approach to efficiently preventing and solving OHS-related problems. A total of 30 visits were made to heads of department, centre directors and Campus Service managers. Subsequently, each audited manager/unit received an audit report describing the audit team's observations and proposals for further action. The reports contained recommendations for both the individual units and the faculty. The audit team generally received a positive impression of the OHS efforts of the 'wet' departments and the three Campus Service areas.

## Internal administration

### New, revised budget model

In summer 2018, the Board initiated a project aimed at developing a new budget model at UCPH based on section 4.2 in *Strategy 2023. A cohesive organisation*.

The purpose of a new budget model is to support the strategic goals of enhancing collaboration across UCPH and equip UCPH for a future of expected significant growth in external research funding, of probably declining student numbers and income per student and of increasing building and infrastructure costs (including digitalisation) requiring optimum coordination and management.

The principal approach to the new budget model project has been to let budget allocations in future reflect active management priorities to a higher degree rather than budget allocations according to a fixed distribution scale.

In early September 2018, the Executive Management appointed four working groups with broad management representation from the faculties, departments and the Central Administration. The working groups were tasked with making recommendations for a new budget model in the following areas: budget implementation of the government-financed subsidy on the basis of key figures, external funding, the building area and the future budget process. The working groups submitted their recommendations in December 2018. Following discussions in management forums, collaboration committees and the Board, the Executive Management made a decision on 28 January 2019 on the new budget model, to be implemented in 2019 with effect from the 2020 budget onwards.

In the working groups and in the broader dialogue among managers at the University, there is awareness of the need to adjust the current budget model to enable the University to address the strategic and financial challenges of the future.

### Implementation and commencement of the EU General Data Protection Regulation

The EU General Data Protection Regulation was implemented at UCPH in 2018, and the necessary guidelines, procedures, forms and standard letters were drawn up. By



1 November 2018, almost 30 security incidents had been reported to the Danish Data Protection Agency. The incidents concerned mostly less serious human errors.

### Information security

In 2018, Danish National Audit Office performed an audit of information security at UCPH in connection with research data. The audit resulted in a rather critical report, disclosing substantial scope for improvement in the area. In order to ensure a satisfactory level of IT and information security at UCPH, in autumn 2018 the Executive Management launched several initiatives to address the problem. The initiatives included updating existing policies and guidelines for storage of research data and monitoring of emails and the implementation of more appropriate anchoring of the information security area at department level.

### IT reorganisation

UCPH's five IT departments were merged under the name of University IT in December 2017. At the same time, a new, broad-based management model was introduced. In 2018, the focus of the new department was therefore on the implementation of the new organisation, stable IT operations, information security and implementation of digitalisation projects.

### Reorganisation of HR

The reorganisation of the HR area was completed on 1 June 2017 with the establishment of three HR centres at faculty level and a central HR department (Shared HR). The objective was to bring together HR competencies and resources to ensure optimum utilisation of the University's combined HR capacity. Robustness, quality, efficient standardised processes and availability were the elements of the ambition for the HR reorganisation.

After the reorganisation, HR conducted a user and employee satisfaction survey in the form of seven focus group interviews. The survey showed that a number of areas are still in need of improvement. Special efforts are made in three action areas: 1. user focus and collaboration, 2. high HR professionalism, 3. efficient and safe operations, which will contribute to further professionalisation of the HR effort at UCPH.

## Physical facilities

UCPH has nearly one million square metres of floor space distributed on four campuses in Copenhagen. The University also has a campus area in Taastrup, the Forest and Landscape College in Nødebo and smaller locations. The physical facilities must ensure a good study, research and working environment for the University's students, researchers and other employees. In recent years, UCPH has moved into a number of new and renovated buildings, and UCPH has a strong focus on maintenance and optimum use of the existing buildings. As far as the premises are concerned, some of the challenges that dominated 2018 will remain on the agenda in the coming years. In 2018, a number of critical construction projects were undertaken with significant financial and logistical ramifications for UCPH.

### Status of major building projects

UCPH's costs for building projects and buildings have increased considerably in recent years. A number of new building projects are currently exceeding the agreed budgets and time frames. This may affect UCPH's manoeuvrability in future within its core areas unless reasonable agreements can be made on the allocation of the additional costs associated with the budgetary excesses.

The Niels Bohr Building (NBB) is still under construction, involving considerable management, time and budget challenges. The responsibility for the construction of the building has been transferred from the Danish Building and Property Agency to the Danish Road Directorate after the release of a critical report at the end of 2017.

Also, an internal state arbitration case brought by UCPH against the Danish Building and Property Agency is pending. UCPH expects further delays, and it is not realistic to expect handover of the building to UCPH until late 2020. The delays increasingly affect planning for the departments and units that are set to move into the NBB. A planned internal faculty reshuffle is therefore being postponed, and a number of buildings, for which leases were to have been terminated, will be retained longer than planned. At the latest steering committee meeting, the Danish Road Directorate stated that the overall budget was expected to be exceeded by approximately DKK 200 million relative

to the previous amount of DKK 2.9 billion. In 2017, the overall budget was adjusted upwards by DKK 1.3 billion to DKK 2.9 billion in the wake of Ernst & Young's report on the Danish Building and Property Agency's inadequate administration and problems with the quality of the already constructed parts.

Work on the new Natural History Museum of Denmark also dominated the year. The museum is due to be housed in several buildings in the Botanical Garden, and the project involves the construction of new buildings as well as the renovation of existing buildings. Following the transfer of the project from the Danish Building and Property Agency to the Danish Road Directorate in 2018, the underlying finances were scrutinised once again, revealing a shortfall of DKK 150 million. The money was raised through increased donations from foundations and supplementary contributions from UCPH to the project. Pending are still the submission of a document to the Finance Committee and the conclusions of a conditional lease contract with the Danish Building and Property Agency.

Maersk Tower was inaugurated in 2017 and is fully functional with the exception of a number of technical installations and a single storey where laboratories will be established in 2019. The building has received several awards. In 2018, Maersk Tower welcomed thousands of visitors who took a guided tour of Medical Sciences on Culture Night or participated in the many Danish and international conferences held in the building during the year. Currently, the Danish Building and Property Agency and UCPH are in disagreement about the rent level for Maersk Tower, as the Agency has not yet submitted a final financial report documenting the Agency's claim of additional rent. The total rent risk in this case is about DKK 30 million a year, corresponding to construction costs of approximately DKK 400 million.

In 2018, UCPH was informed that the Danish state rent allowance scheme is to be reformed with effect from 2020. This is expected to result in significant rent increases for the University. A dialogue has been initiated about possible solution models with the central administration. The Danish Building and Property Agency has stated that it will submit new rent agreements contracts to UCPH in spring 2019 based on new property valuations and new terms.

They will most likely result in the Agency raising the rent by 20-30%, equating to additional rent of around DKK 200 million for UCPH's portfolio. UCPH has informed the Agency that UCPH finds this unacceptable. The issue is currently being discussed by Universities Denmark, and the universities expect the new rent agreements to be financially neutral through a compensatory increase in the subsidies received by the universities.

### Ownership structure for the University's buildings

UCPH is still keen to acquire the buildings currently rented from the Danish Building and Property Agency, thereby transitioning to owning its own buildings. Universities Denmark is working on a number of models for presentation to the political system which would enable the universities to transition to owning their own buildings, if they so desire.

### Green Campus

In recent years, UCPH has moved into a number of new buildings and renovated laboratories, providing up-to-date and good surroundings for researchers and students. But UCPH's goals for a sustainable university, *Green Campus 2020 – Strategy for Resource Efficiency and Sustainability*, with particular focus on reducing energy consumption, have been challenged. In spite of many successful energy optimisation projects, the goal will therefore be revised in 2019. The main priorities will be energy and climate action. UCPH expects and demands that all employees involved in our construction projects work to the current – or better – sustainability standards in all construction projects. In future, UCPH will strengthen its focus on how large-scale sustainability in society really is achieved by upscaling the methods being developed/researched at the universities of the world.

### Climate target

UCPH's climate target for 2020 is a 65% reduction of CO<sub>2</sub> emissions per full-time equivalent. CO<sub>2</sub> emissions are calculated for electricity, heating, cooling and transport. Indirect emissions associated with the procurement of goods, food, construction and services are not included.

In 2017, UCPH achieved a 63% reduction of CO<sub>2</sub> emissions per full-time equivalent, so the target is close to being

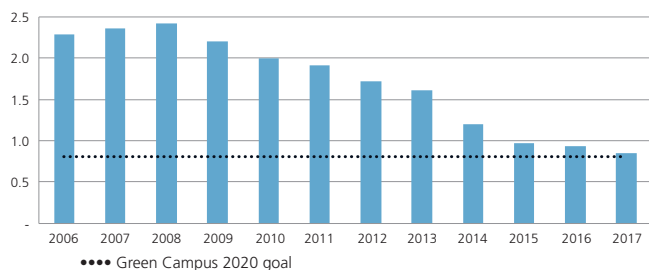


Figure 10: CO<sub>2</sub> emissions per full-time equivalent 2006-2017

realised. UCPH's total absolute CO<sub>2</sub> emissions were reduced by half in the same period.

About half of the reduction of UCPH's CO<sub>2</sub> emissions is due to the green transformation of Denmark's energy supply to wind, solar and biomass. The other half is due to UCPH's own efforts, with energy efficiency as the priority.

UCPH's electricity and heat consumption account for approximately 75% of UCPH's CO<sub>2</sub> emissions. UCPH has made ambitious energy efficiency improvement efforts since 2008 in relation to buildings, installations and operations. The main focus is on the laboratory sector, which accounts for most of UCPH's annual energy bills of approximately DKK 180 million. The efforts have resulted in annual energy savings of approximately DKK 60-65 million. Despite the strong focus on the sustainability of new buildings, the commissioning of new major research facilities, most recently Maersk Tower, as well as increasing energy-intensive research activities, UCPH is not realising the same level of energy savings as previously.

UCPH's climate target is part of UCPH's overall sustainability goals formulated in *Green Campus 2020*. The goals are due for review at the beginning of 2019 with a view to supporting UCPH's *Strategy 2023*, among other aims.

## Financial review

### Results 2018

UCPH's posted a net profit of DKK 266.4 million for 2018, against a net profit of DKK 303.5 million in 2017 and a budgeted profit for 2018 of DKK 138.7 million. On the revenue side, the above-budget financial performance can, among other things, be attributed to the rearrange-

ment of compensation for the energy tax allowance which was not budgeted, increasing tuition fees from fee-paying international students and a new appropriation for the National Centre for Foreign Languages (East). On the cost side, reasons include lower costs for property taxes for the entire group of Panum buildings including Maersk Tower, deferred costs for rent as a result of the delay of UCPH building projects and general thrift in operations. Furthermore, a number of pools allocated in the budget, both centrally and at faculty level, have not been activated in full, which also contributes to the positive result. In relation to budget 2018, plant asset neutralisation has been technically restructured, meaning that fixed investments using external funding are now included on a gross basis in the income statement, i.e. both as revenue and comparable costs, whereas they were included on a net basis in the budget. However, this has no effect on the bottom line, but increases both revenues and costs by approximately DKK 65.1 million compared to budget 2018.

UCPH's revenues in 2018 totalled DKK 8,907.9 million, an increase of DKK 128.8 million (current prices) relative to 2017.

Education revenues decreased by DKK 11.7 million in total, attributable, among other things, to the reprioritisation payment (2% annually) and a decline in student FTE production from 28,100 student FTEs in 2017 to 27,660 in 2018, resulting from the resizing of degree programmes, among other things. The fall in education revenues is offset by the relatively high price and wage indexation in 2018.

External funding (income from foundations etc.) increased by DKK 145.0 million to 3,057.9 million in 2018 compared to 2017. Private sources accounted for the strongest increase.

UCPH's total costs amounted to DKK 8,636.4 million in 2018, an increase of DKK 126.8 million (current prices) compared to 2017.

UCPH's payroll spending totalled 5,046.2 million against DKK 4,922.9 million in 2017, which is an increase of DKK 123.3 million. The increase is primarily due to the effect of general pay increases in the state sector as a result of the OK15 and OK18 collective agreements. The

increase is reflected in external based activities in terms of higher external funding, whereas payroll spending on general activities was virtually unchanged from 2017, with a small decrease of DKK 16.5 million.

UCPH realised operating costs of DKK 3,590.2 million, up DKK 3.5 million relative to 2017. The building area shows an increase relative to 2017, which was, however, expected. The increase is partly due to increased rent levels as a result of the occupation of the last part of Maersk Tower as well as other new leases. Furthermore, amortisation and depreciation rose due to previous years' higher IT investments as well as building-related depreciation. The increases are largely counterbalanced by a fall in other operations, mainly due to general restraint in operations.

Financial income declined by DKK 39.2 million compared to 2017 and by DKK 20.1 million relative to the budget. The negative development is primarily due to large unrealised losses on the management of assets in Q4 2018. Developments in the financial markets have been very unpredictable since October 2018, and, viewed in isolation, January 2019 showed a positive return of DKK 19.8 million.

Overall, the results for 2018 are considered to be satisfactory.

### Financial outlook

On 30 August 2018, the government presented its proposal for *2019 Finance Act*, which did not hold any major surprises compared to the *2018 Finance Act* (apart from incorporation of the Taximeter Reform). The bill provides budget security in the three-year perspective for research funds since funding from both the readjustment reserve and the research reserve has been allocated up to and including 2021. In 2022, the research reserve will contain DKK 3.5 billion, of which UCPH expects to receive an allocation. Under the bill, the Rate-1 increase for the 'dry' faculties (approximately DKK 70 million) will not be continued after 2019, but the funding is expected to be up for negotiation, and UCPH expects to receive an allocation.

From 2018 to 2022, UCPH expects a fall in education revenues of just over DKK 270 million, primarily due to the reprioritisation payment together with the technical

restructuring of just under DKK 90 million from the base subsidy to education. In addition, reduced student FTEs and procurement savings are expected to effect the result. Due to the ministerial programme resizing, it is no longer possible to compensate for declining rates by increasing student FTE production. Overall, government-financed subsidies are expected to fall by DKK 189.8 million. However, the fall is offset by an expected increase in external funding of just over DKK 0.5 billion (a total of 18%) in the same period. The increase is driven by an expected rise in external research funds, given that private foundations, in particular, are expected to increase funding considerably. Further increase in revenue is primarily a result of UCPH taking over the Veterinary Contingency Preparedness Services in collaboration with Statens Serum Institut from 2020, which is expected to generate revenue of approximately DKK 40 million.

With the 2019 Finance Act, the Taximeter Reform has now been incorporated into UCPH's expected future education revenues, implying a restructuring of education funding. The reform entails a taximeter funding per FTE production at 67% share of the education revenues. Direct revenues from student FTE production have been reduced in favour of a base subsidy increase at 25% (fixed for a four-year period) and there is an increase in performance subsidy of 7.5% based on completion and employment rates. This introduces an employment factor as a new element. It is uncertain how this will impact UCPH. The Taximeter Reform also leads to the completion pool being closed down but the reduction target for the university sector is maintained separately from the completion-time model. If UCPH and the rest of the university sector do not deliver the reduction envisaged by the completion-time model, the original funds will be removed permanently from the sector. The entire sector is still required to reduce completion times by 4.3 months by 2020 relative to the level in 2011. The reduction requirement is expected to be met. Initially, the shift to a fixed base subsidy (based on student FTE production in 2017) will, in part, mitigate the expected revenue reduction for UCPH caused by the decline in student FTE production.

On 6 December 2018, a broad political agreement on 'Increasing flexibility of university education programmes' was concluded with the aim of increasing flexibility

for university students in the course of their studies and establishing closer links to the labour market, including the establishment of a job market for Bachelor's degree holders. The main elements of the agreement are:

- the option of adding of one-year academic advanced level programmes – full-time, part-time or as vocational advanced level programmes
- the extension of the legal right meaning that it is possible to begin on a Master's degree program after up to three years after having graduated from the Bachelor's degree
- extension of the pilot scheme and thus offering more part-time Master's degree programs for students in full-time employments
- abolition of the quick-start bonus when applying the 1.08 factor
- the option of introducing entrance tests for Master's degree programmes

UCPH is positive about the content of the political agreement and awaits the presentation of the bill to the Danish Parliament in the second half of February 2019 with a view to adoption before the summer holidays. UCPH has initiated work to identify the areas in which UCPH could be likely to provide one-year academic top-up programmes.

However, besides falling education revenues, UCPH's finances are also challenged by delayed building projects and, not least, by a lack of clarification of future rent levels for the building projects. UCPH continues to focus on making sure that it has the best possible basis for the University's core tasks: research, education and innovation. That is why it remains an imperative for the University to invest in and innovate its organisation, IT and buildings. The 2018 Finance Act introduced an investment framework for the ministerial area totalling DKK 3.1 billion a year for the sector for a four-year period. The 2019 Finance Act cuts this general grant by 10% in 2022, and in concrete terms however, the 2020 framework for the sector is exceeded. It is uncertain what the consequences will be if the overall level is not reduced. In this context, it is important for UCPH to retain the autonomy needed to assess the priorities of the proposed investments for the benefit of our core tasks for the purpose of continuously delivering world-class education and research.

## Financial risks

As regards the government-financed subsidies, the uncertainties primarily relates to the education revenues and the basic research subsidies. As regards the education revenues, the base subsidy of 25% is to be recalculated from 2023. As UCPH is facing a scenario of reduced student FTE production over the 2019-2022 period, the base subsidy is expected to decline over the next four-year period 2023-2026.

In addition, uncertainty still surrounds the Rate-1 increase, which is set to lapse after 2019. However, UCPH expects this to be up for negotiation leading up to the 2020 Finance Act, and is rather likely to be retained.

The basic research subsidy is also subject to uncertainty, with the 2019 Finance Act providing budget security in the three-year perspective for research funds as funding from both the readjustment reserve and the research reserve has been allocated up to and including 2021. UCPH also expects to receive funds of approximately DKK 200 million from the research reserve from 2022 onwards.

Regarding projects, the uncertainty relates to UCPH's ability to attract external funding. For the past many years, UCPH's attraction of external funding has shown a robust annual growth of around 4-5%, and growth is also envisaged in the budget plan for 2019-2022, although at a more moderate rate. The expectation – and ambition – of UCPH is to continue to grow its external activities.

### The most important points in relation to building finances in the 2019-2027 period:

- Effect of legal actions against the Building and Property Agency about general rent levels
- A distinct risk scenario for new building projects (approximately DKK 126 million in increased annual rent)
- Uncertainty about the SEA II reform's impact on rent from 2020, when the rent will be determined on the basis of the Building and Property Agency's revaluation of the replacement value of the buildings and a reduced percentage
- Uncertainty about property taxes from 2020 as a result of SKAT's implementation of a new property valuation system
- The laboratory pool expires with the scheduled completion of the last projects in 2020. After this period, UCPH must allocate funds for general interior maintenance of laboratories
- The needs for general maintenance on its own are increasing for the share of the portfolio laboratories that have not been renovated, and where new laboratories have been built.
- Natural History Museum of Denmark.



On the cost side, staff expenses and operating costs are relatively stable, and the uncertainty thus relates mainly to rent levels in UCPH's new buildings.

Incomplete project material, inadequate construction management etc. on the part of the Danish Building and Property Agency have resulted in a significantly higher-than-agreed price for the new buildings, which the University ordered from the Agency. Consequently, buildings will account for an increasing share of the University's total costs. Financial recognition of known plans and possible risks shows that the buildings-related share of UCPH's finances will increase from 21.8% in 2018 to 23.7% in 2027. The specific, and known risk from 2022 onwards entails an overall rent increase of DKK 126 million.

In addition to the unsettled rent levels, the SEA II reform and the Danish Building and Property Agency's new property valuation principles lead to uncertainty about the rental costs to pay to the Agency from 2020 and thus an additional financial risk for UCPH. Based on a conservative estimate of the total impact of the SEA II reform and the property valuations, UCPH risks a rent increase of DKK 200 million a year from 1 January 2020 onwards.

Finally, there are uncovered maintenance needs. They include, among other things, the phasing-out of the UNILAB pool. In the future, this means that UCPH must allocate more funds for laboratory maintenance. The first UNILAB projects are now about 10 years old and thus almost run down (their average useful life is approximately 15 years), which must be recognised in the budgets for the coming years. The financial consequences may prove to be DKK 75-100 million a year.

UCPH is striving to mitigate the risks in several ways. As mentioned above, UCPH is seeking to create a political understanding of the potential consequences of the con-

struction projects UCPH face, the planned maintenance of projects overall that will be more extensive than previously. Moreover, UCPH ensures a relevant follow-up on various issues in relation to the Danish Building and Property Agency. Other activities include increased densification of use of building areas and further sharing of facilities.

### Equity

UCPH's equity consists of a technical and a flexible part. The technical equity consists of an accounting items covering debt instruments on buildings and the initial capital from when UCPH became a self-governing institution in 2005. The flexible part consists of net profits earnings from previous financial years. Internally, Management needs to be able to use equity as a management tool that makes the University less vulnerable in times of serious changes in revenues and expenses, such as major future investments for relocation to new buildings. Consequently, Management has defined an appropriate size of the flexible part of equity as 7.5% of revenues and as a long-term goal.

UCPH's total equity was DKK 2,275.5 million at year-end 2018, up DKK 304.1 million compared to 2017. At year-end 2018, the technical equity totalled DKK 970.8 million, up DKK 37.8 million relative to 2017. The increase is due to the fact that UCPH has received a new debt instrument in respect of Karen Blixens Plads (University Square) on South Campus. Debt instruments from the Ministry of Higher Education and Science are given to UCPH in connection with external donations given to UCPH for construction projects within the Danish State rent allowance scheme. The flexible equity amounts to DKK 1,304.7 million, corresponding to 14.6% of revenue. This is an increase of DKK 266.4 million relative to 2017 as a result of the profit for the year. The 7.5% flexible equity target may come under pressure if all losses from the risks in the building area were to be realised.

# Reporting on the strategic framework contract

## Initial overall assessment

The eight goals to which UCPH has committed in the strategic framework contract have a wide scope and represent ambitious strategic efforts on the part of the University. As UCPH is at the beginning of the strategy period, in general, many projects in many areas are just taking off.

UCPH has allocated considerable resources to implementing the changes, and the resources are generally found to be sufficient to realise the strategic goals and benefits. Developments in 2018 were positive for most of the goals.

In the field of research, UCPH is still doing very well in the international rankings, with excellent success rates in attracting competitive funding. At the same time, strong efforts are being made to strengthen the research environments. Regarding the communication of research, work is ongoing on partnership agreements and spin-outs as well on optimising the utilisation of Open Access, making research available to a wider audience. UCPH sees satisfactory progress in all areas.

For degree programmes, a high level of study intensity is maintained, and the job market is welcoming UCPH graduates. In addition, a number of large-scale interdisciplinary initiatives are being launched to future-proof and strengthen our degree programmes.

### The eight strategic goals:

**Goal 1: UCPH's research environments must be internationally leading through the attraction, retention and development of talent**

The activities aimed at meeting this goal are found to be ambitious, and developments are very satisfactory.

In 2018, the University launched several new initiatives aimed at strengthening its research environments. The measurable indicators show a positive development, but the results of the investments made in 2018 will not manifest themselves until the coming years. The University finds that the initiated activities are ambitious, with very considerable resources in the form of managers actively participating in the projects and in the management development courses designed to promote their personal development and the development of their research environments.

**Goal 2: UCPH wants to conduct research at the highest international level**

The activities aimed at meeting this goal are found to be sufficient, and developments are satisfactory.

In 2018, UCPH was no. 29 on the Academic Ranking of World Universities (ARWU) – Shanghai and no. 39 on the Leiden Ranking (based on the number of publications in the top 10% of the most cited publications).

The supporting activities, including the completed round of research evaluations, have contributed positively to the progress. Progress is also evidenced by the indicators. Revenues for grant-financed research activities are up from DKK 2,485 million (baseline) to DKK 2,655.1 million. Funding from private foundations has risen from DKK 1,162.9 million (baseline average for the 2014-2017 period) to DKK 1,486.8 million, while the average funding per month from Horizon 2020 has grown from EUR 3.26 million (baseline average per month in the 2014-October 2017 period) to EUR 3.34 million. The number of research publications published in the top 10% of the most recognised journals rose from 4,055 (baseline 2017) to 4,655 in 2018.

**Goal 3: The ties between research and education at UCPH must be further strengthened**

The activities aimed at meeting this goal are seen as very ambitious, but are still at an early stage of development.

In the field of education, 2018 was generally dominated by preparations for the implementation of *Strategy 2023*. At the same time, UCPH has been undergoing a re-accreditation process with the specific task of addressing the three points of criticism in the accreditation decision (1. Monitoring of the research bases of the degree programmes; 2. Selection and involvement of external experts in degree programme evaluations and 3. Determination of measurable standards). In addition, the primary focus has been on consolidation of the quality assurance system.

The *Strategy 2023* projects supporting goal 3 were initiated in the summer of 2018, and so are still at the early stages. So far, the work first and foremost shows a need to draw attention among students to the existing research integration and make it even clearer to students what competen-

cies the research integration develops, including competencies in relation to active knowledge production.

**Goal 4: UCPH students must achieve a high and digitally updated learning outcome**

The activities aimed at meeting this goal are seen to be sufficient, but need to be monitored carefully, and developments are deemed to be satisfactory.

UCPH maintains a high level of study intensity by continuing to meet its own guidelines for the number of lessons on Bachelor and Master's programmes. The work to digitalise content of degree programmes and strengthen the digital skills of both lecturers and students is a key element of the University's strategic work. The activities are combined in the *Strategy 2023* project on *Common goals for the digitalisation of UCPH programmes*. During the period, the University revised the quality assurance system, implementing more frequent monitoring of the research base, among other things, see also goal 3.

The number of ECTS per student is declining slightly. Since the peak of ECTS production in 2016, the reduction of the study activity requirement from 60 to 45 ECTS has meant that students, on average, pass fewer ECTS per year, which was a foreseeable consequence of the increased flexibility for students. The use of the feedback field has increased.

**Goal 5: UCPH graduates are ready for the job market and have relevant skills**

The activities aimed at meeting this goal are found to be sufficient, but need to be monitored carefully, and developments are satisfactory.

As regards this goal, focus has been on continued innovation and entrepreneurship initiatives for students. The *Strategy 2023* projects will be launched in 2020. However, a knowledge base has already been established on the extent to which students avail themselves of the possibility of doing academic internships. The proportion of students doing academic internship has increased. The same goes for the proportion of theses written with external parties, while exchange numbers are down. The fall in exchanges is due to a technical change in the calculation of outbound students, as students doing full degree programmes abroad

on study abroad scholarships are no longer included. This has reduced the number of outbound students by approximately 250 compared to last year. The graduate employment rate has increased slightly in relation to the baseline, while graduate unemployment has remained unchanged.

**Goal 6: The activities at UCPH contribute to growth and development in Denmark**

The activities aimed at meeting this goal are found to be sufficient, and developments are very satisfactory.

The positive developments are amplified by the supporting activities. For example, the number of negotiated collaboration agreements with companies increased from 999 in 2017 to almost 1,100 in 2018.

The positive developments are also reflected in the indicators. Many licensing agreements have been concluded and spin-outs established to an extent that will ensure the realisation of the ambitious long-term goal. Revenues from commercial agreements have been particularly strong. However, considerable fluctuations may naturally occur from year to year, and the actual development can only be seen over a longer period. Therefore, the calculation methods have been designed to measure the success as an average over the entire period. Maintaining the positive trend therefore requires tenacious and persistent efforts.

**Goal 7: UCPH must be of benefit to society through increased transparency and strengthened relations with the outside world**

The activities aimed at meeting this goal are found to be sufficient, but need to be monitored carefully, and developments are satisfactory.

The use of Open Access and FAIR research data is a long-term initiative requiring long-term investments. Improvements are seen in both absolute and proportional numbers, and Management is aware that tenacity and persistence will be needed to maintain the results achieved. The percentage of Open Access articles has increased significantly, which was necessary in order to meet the goal of full transparency in the contract period.

**Goal 8: UCPH is a unified and focused university with an administration that effectively supports the University's core activities, research and education**

The activities aimed at meeting this goal are found to be sufficient, but need to be monitored carefully, and developments are satisfactory.

Efforts in 2018 were centred on the new, revised budget model. Formulating, communicating and implementing the model has proved to be a huge managerial task.

In 2018, focus was on the documentation and prioritisation of tasks, which will provide an even better basis for unifying the organisation around a more efficient administration. In parallel with these activities, UCPH is also strengthening the implementation of development projects, which has now been organised. The initiatives are progressing according to plan.

Management is monitoring the general development on an ongoing basis to ensure that the University minimises resource spending on administration.

# Financial Statements

## Accounting Policies

### Basis of preparation

The Annual Report has been prepared in accordance with the Danish State Accounting Act, Executive Order no. 116 of 19 February 2018 on state accounting etc., the Ministry of Finance's Financial Administrative Guidelines, Executive Order no. 172 of 27 February 2018 on the University Act, Executive Order no. 1648 of 15 December 2016 on university funding and accounts etc. and the guidelines and instructions for financial statements issued by the Danish Ministry of Higher Education and Science, including the Agency for Institutions and Educational Grants, in the following collectively referred to as the *state accounting rules*.

The accounting policies are unchanged from last year except for what is stated below.

UCPH has changed its accounting policies for the presentation of fixed assets financed by external grants in the income statement and for the presentation of UCPH's share of the financing for the new Natural History Museum of Denmark.

### Changes in accounting policies

Fixed assets financed by external grants are expensed in the income statement, thereby increasing external funding revenues. In 2017, these investments were neutralised in both revenues and expenses on general activities (DR10). This practice ceased in 2018. UCPH finds that this change renders a more true and fair picture.

The comparatives for 2017 have been restated by increasing other revenues by DKK 132.4 million and increasing other operating costs accordingly. The net profit for 2017 is thus unchanged. This change has resulted in the restatement of comparatives for 2017 in notes 1, 2, 28 and 31 as well as in the financial highlights.

UCPH's share of the financing of the new Natural History Museum of Denmark is included in fixed asset investments rather than property, plant and equipment. The reason for the change is that UCPH's funding is now regarded as prepaid rent, meaning that it is treated as a long-term receivable.

The comparatives for 2017 have been restated by reducing UCPH's work in progress under property, plant and equipment by DKK 90.5 million and increasing fixed asset investments accordingly. The cash flow statement as well as the comparative figures in notes 4, 5 and 31 have been restated.

The changes in accounting policies have not resulted in other changes in assets and liabilities. The financial position and the result are unchanged.

### Recognition and measurement in general (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 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 units and transfers between types of activities (i.e. sub-accounts) concerning internal revenue have been eliminated from the income statement.

### Translation policies

Payments in foreign currencies are applied at the exchange rates at the date of the transaction. Receivables and liabilities at the balance sheet date are measured at the market value and are applied at the time of the transaction. Securities in foreign currencies are measured at fair value at the balance sheet date like that the balance sheet date is the date of the exchange rate.



## Taxation

UCPH is not liable to pay taxes.

## Income statement

### Revenues

Subsidies for basic research and education, which are distributed from the Danish Finance Act, are recognised as revenue in the year in which the funding is granted.

Subsidies for education are allocated as 'taximeter funding' per unit. Besides education activities, it provides funding for general management, administration and building operations.

UCPH also receives significant external funds in the form of grants and subsidies from external funding bodies. These funds are recognised as revenues as they are spent. Unused funds are recognised as a deferred income item and as a liability under 'prepaid restricted contributions'.

Revenues from forensic services provided are recognised at the time of delivery of the services. When UCPH carries the commercial risk regarding its customers, any surplus or deficit is recognised on an ongoing basis in UCPH's net profit.

For other customers, the result cannot affect UCPH's net profit. As a result, the accounting profit from forensic services is transferred to a deferred income item.

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.

Financial income and expenses are recognised on the date of addition of bank interest in the case of on-demand deposits, whereas the interest on fixed-term deposits is accrued over the complete duration of the deposits. Both realised and unrealised capital losses/gains and interest on cash, cash equivalents and securities under current assets are recognised in financial items on an ongoing basis.

### Expenses

Expenses comprise all expenses associated with the year's activities.

In the Financial Statements, expenses are broken down according to type – i.e. salaries, building operations, miscellaneous operating expenses and depreciation/amortisation. Salaries are broken down on academic staff and technical/administrative staff. Depreciation/amortisation for the year is calculated on a straight-line basis over the expected useful life of the assets.

## Balance Sheet

### Fixed assets

Fixed assets are measured at cost price. The cost price 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 with an acquisition cost less than DKK 100,000 are expensed in the year of acquisition. UCPH does not use bundling except in the case of large purpose-specific one-off investments, such as occupation of a new building, where investments in experimental equipment or more can be bundled.

### 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 not amortised until they are ready for use.

All direct costs associated with the realisation of development projects 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 are 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:

<b>Intangible assets</b>	<b>Useful life</b>
<i>Acquired concessions, licences etc.</i>	
Licences etc.	3 years
Other acquired rights where the life expectancy has been laid down contractually	Contract term
<i>Development projects</i>	
Development projects in progress – <i>are not amortised but transferred to completed development projects at commissioning</i>	–
Completed development projects – Special development of critical system for the business	8 years
Completed development projects – Adjustment or new development of applications for an existing standard system	5 years
Completed development projects – Internally generated assets with rights as a result of a development project	The useful life of the right

## Property, plant and equipment

### Land and buildings

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

### Scientific equipment, fixtures and fittings, tools and equipment

Fixed assets with an initial cost of 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 price 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:

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

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

### Work in progress

This item is mainly composed of work in progress in connection with leasehold improvements.

Work in progress is not subject to depreciation until it is completed.

### Fixed assets received as donations

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

Long-term and short-term donation liabilities, known as 'accrued donations', are recognised as counter-items to the recognised values of the fixed assets received as donations. As the donated assets are depreciated, the donation liabilities are recognised as income in the income statement. Therefore, donated fixed assets do not affect profit for the year.

### Works of art and collections

In accordance with public accounting rules, the value of works of art and collections are recognised in the Financial Statements.

## **Fixed asset investments**

### **Investments and instruments of debt**

Investments include investments in companies in which UCPH has neither a controlling nor a significant influence in. Investments are measured at cost price less any write-downs due to permanent impairment.

Moreover, the item includes debt instruments received from the Ministry of Higher Education and Science in connection with the University's transfer of donated buildings under the state rent allowance scheme. If the University has not yet received a debt instrument, the amount which is transferred to the state is recognised under other receivables.

Representing the Danish state, the Building and Property Agency is responsible for the construction of the new Natural History Museum of Denmark. UCPH's share of the financing is treated as a long-term receivable in the form of prepaid rent, which will be expensed from the time of the occupation and over the period described in the contracts interminable lease.

## **Current assets**

### **Deposits**

Deposits mainly comprise of rent deposits measured at cost price.

### **Trade receivables**

Trade receivables etc. are measured at nominal value in the balance sheet with reduction from any devaluation of bad debts.

Devaluation of bad debts are assessed individually on the basis of each receivable.

### **Receivables from grant activities in progress**

UCPH 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 where the grants have not yet been received, the amounts due to UCPH are recognised as receivables from grant activities in progress.

## **Prepayments, accrued 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 or services charged for subsequent years.

## **Securities**

Securities admitted for trading on an active regulated market and other short-term liquidity are measured at fair value at the balance sheet date. Value adjustments of these securities are made via the income statement.

## **Equity**

The presentation of the statement of changes in equity is divided into technical and flexible equity, where the technical equity is made up of the initial capital as at 1 January 2005 and the value of debt instruments, while the flexible equity is made up of retained earnings or losses.

## **Provisions**

Provisions are recognised when – in consequence of an event occurring 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 measured reliably.

When a leased premise is vacated and the University is obliged to restore the premises as stipulated in the lease, the estimated provision is built up in linear stages over several years.

Provisions for severance pay for fixed-term employees are accumulated over the duration of the fixed-term contracts of employment. The provisions are based on the contracts concluded for fixed-term employment and constitutes the full salary commitment that has been earned.

## **Liabilities**

Debts are measured at amortised cost price, essentially corresponding to nominal value.

### **Holiday pay obligation**

Holiday pay obligations are calculated on the basis of all paid holidays not yet taken which have been 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 the basis of salaries to academic staff (VIP) and technical/administrative staff (TAP).

#### **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 income is recognised so that it equals the amount of expenses spent on grant financed activities plus any overhead costs.

In connection with large construction projects UCPH often receives donations from foundations before construction work is carried out. Such donations are also recognised as prepaid restricted contributions until it is used either for operational and/or capital expenditure or paid to the Danish state against a debt instrument issued to UCPH. Fixed asset donations which are converted into debt instruments from the state are not recognised as income but as financial assets and equity.

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

#### **Cash flow statement**

The cash flow statement shows the cash flows for the year broken down into 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 consist of deposits on demand. The value of securities is included in cash and cash equivalents in the cash flow statement.

## Income Statement

1 January - 31 December

Note	2018 DKK '000	2017 DKK '000
Education	2,119,273	2,130,929
Research	2,989,187	2,921,986
External grants	3,057,851	2,912,862
Basic subsidies	350,717	354,599
Building-related revenues	81,718	115,838
Other revenues	309,151	342,875
<b>1 Total revenues</b>	<b>8,907,897</b>	<b>8,779,089</b>
Salaries – Academic staff	2,990,706	2,962,788
Salaries – technical/administrative staff	2,055,475	1,960,103
Building operations	1,886,870	1,871,780
Other operating expenses	1,576,809	1,603,749
Depreciation and amortisation	126,525	111,214
<b>2 Total ordinary operating expenses</b>	<b>8,636,386</b>	<b>8,509,634</b>
<b>Profit before financial income and expenses</b>	<b>271,511</b>	<b>269,455</b>
Financial income	1,414	34,273
Financial expenses	6,536	185
<b>Net profit for the year</b>	<b>266,389</b>	<b>303,542</b>
Proposed transfer of net profit for the year:		
Retained earnings	266,389	303,542
<b>Total</b>	<b>266,389</b>	<b>303,542</b>

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



## Balance Sheet at 31 December

### Assets

	2018	2017
Note	DKK '000	DKK '000
3 Acquired concessions, software, licences, etc.	18,311	14,493
3 Completed development projects	37,306	2,452
3 Intangible development projects in progress	700	33,935
<b>Intangible assets</b>	<b>56,317</b>	<b>50,880</b>
4 Buildings	168,136	173,686
4 Leasehold improvements	354,218	331,313
4 Scientific equipment, fixtures and fittings, work equipment and machinery	443,853	506,630
4 Work in progress at UCPH's own expense	137,162	55,498
<b>Property, plant and equipment</b>	<b>1,103,368</b>	<b>1,067,127</b>
5 Investments, instruments of debt and long-term receivables	883,702	805,948
<b>Fixed asset investments</b>	<b>883,702</b>	<b>805,948</b>
<b>Fixed assets</b>	<b>2,043,387</b>	<b>1,923,954</b>
6 Deposits	67,247	63,066
Trade receivables	127,159	120,133
7 Receivables from grant activities in progress	673,308	600,715
8 Other receivables	368,828	334,482
13 Prepayments and accrued income	16,551	19,903
<b>Receivables</b>	<b>1,253,093</b>	<b>1,138,299</b>
17 Securities	2,112,801	2,105,899
17 Cash and cash equivalents	1,134,347	1,169,920
<b>Current assets</b>	<b>4,500,241</b>	<b>4,414,118</b>
<b>Total assets</b>	<b>6,543,628</b>	<b>6,338,072</b>

## Balance Sheet at 31 December

### Equity and liabilities

Note	2018 DKK '000	2017 DKK '000
Equity at 1 January	1,971,324	1,667,782
Increase Reserved equity	37,755	-
Retained earnings	266,389	303,542
<b>Equity</b>	<b>2,275,468</b>	<b>1,971,324</b>
9 Provisions	50,233	51,329
<b>Provisions</b>	<b>50,233</b>	<b>51,329</b>
10 Donation of commercial concessions, software, licences, etc.	1,704	2,487
11 Donation of buildings	961	2,620
11 Donation of leasehold and interior design improvements	34,407	41,227
11 Donation of scientific equipment, fixtures and fittings, work equipment, machinery	293,116	327,010
11 Donation of work in progress at UCPH's own expense	10,416	9,186
– transferred to current liabilities	(112,554)	(112,847)
<b>Non-current liabilities</b>	<b>228,051</b>	<b>269,683</b>
Trade payables	360,267	605,706
12 Grants administered by the University	-	-
Holiday pay obligations	637,400	626,600
Prepaid government grants	483,382	477,671
7 Prepaid restricted contributions	2,187,402	1,949,772
Accrued donations (current liabilities)	112,554	112,847
Settlement account for forensic medicine services	11,122	24,572
13 Deferred income	22,952	74,581
14 Other payables	174,798	173,985
<b>Current liabilities</b>	<b>3,989,877</b>	<b>4,045,736</b>
<b>Liabilities</b>	<b>4,217,928</b>	<b>4,315,418</b>
<b>Total equity and liabilities</b>	<b>6,543,628</b>	<b>6,338,072</b>

15 Mortgages  
 16 Staff  
 17 Financial instruments  
 18 Contingent assets  
 19 Contingent liabilities  
 20 Contractual obligations  
 21 Related parties  
 22 Separate financial statements for activities under Act no. 580 of 1 June 2014 on technology transfer (the Tech-Trans Act)  
 23 Students from US Virgin Islands

24 Utilisation of funds for free places and scholarships  
 25 The University's use of INNO+ scholarships  
 26 Programmes offered by the University abroad  
 27 Subsidies to the Arnmagnaean Commission  
 28 Separate account for general activities, commercial activities, forensic medicine services, research activities financed by grants and other activities financed by grants  
 29 Overview of accumulated results for commercial activities  
 30 Asset account  
 31 Key ratios

## Statement of Changes in Equity

1 January - 31 December

Note	2018 DKK '000	2017 DKK '000
Adjusted equity (initial capital at 1 January 2005)	243,273	243,273
Reserved equity at 1 January	689,779	689,779
Increase in instruments of debts from the Danish state	37,755	-
Reserved equity at 31 December <sup>1)</sup>	727,533	689,779
Technical equity at 31 December	970,806	933,052
Retained earnings at 1 January	1,038,273	734,730
Transferred from net profit for the year	266,389	303,542
Retained earnings (flexible equity) at 31 December	1,304,662	1,038,273
Equity at 31 December	2,275,468	1,971,324

1) Reserved equity constitutes the instruments of debt received by UCPH from the Danish state due to UCPH's investments in SEA properties. The SEA properties fall within the Danish government's property administration scheme (see note 5, page 46).

## Cash Flow Statement

1 January - 31 December

	2018	2017
Note	DKK '000	DKK '000
<b>Operating profit for the year</b>	<b>266,389</b>	<b>303,542</b>
Depreciation, amortisation and non-cash operating items	243,027	227,454
Depreciation of donations	(119,724)	(116,240)
Net impairment of fixed assets and donations etc.	5,175	1,729
Changes in provisions	(1,096)	(2,353)
Changes in receivables	(114,794)	144,136
Changes in short-term debt	(55,566)	204,032
<b>Cash flows from operating activities</b>	<b>223,411</b>	<b>762,301</b>
Acquisition of intangible assets	(23,025)	(23,547)
Acquisition of property, plant and equipment	(271,492)	(258,976)
Fixed asset investments (shares)	(40,000)	(90,519)
<b>Cash flows from investing activities</b>	<b>(334,518)</b>	<b>(373,042)</b>
Increase in obligations from donations - intangible assets	242	2,365
Increase in obligations from donations - property, plant and equipment	82,193	130,081
<b>Cash flows from financing activities</b>	<b>82,435</b>	<b>132,446</b>
<b>Change in cash flow for the year <sup>1)</sup></b>	<b>(28,671)</b>	<b>521,705</b>
Specified as:		
<b>Cash and cash equivalents and securities at the beginning of year</b>	<b>3,275,819</b>	<b>2,754,114</b>
<b>Cash and cash equivalents and securities at end of year</b>	<b>3,247,148</b>	<b>3,275,819</b>
<b>Change in cash and cash equivalents <sup>1)</sup></b>	<b>(28,671)</b>	<b>521,705</b>

1) In real terms the cash flow for the year 2018 was not reduced by DKK 28.7 million, but improved by DKK 227.3 million, because the significant change in cash flow for the year and in cash and cash equivalents in 2017 of DKK + 521.7 million was due, among other things, to a DKK 256.0 million credit invoice for Q4 2017 which was not paid until January 2018.

## Notes to Financial Statements

### 1. Total revenues

	2018 DKK '000	2017 DKK '000
Full-time degree programmes (Finance Act)	1,921,577	1,934,659
Part-time degree programmes (Finance Act)	13,998	14,106
Exchange students (Finance Act)	13,332	14,527
Small programmes (Finance Act)	8,812	11,287
Free places and scholarships (Finance Act)	12,799	14,376
Tuition fees, part-time programmes	33,664	34,288
Self-funded (foreign/capitalised)	37,970	25,374
Other education subsidies (Finance Act)	77,121	82,313
<b>Education</b>	<b>2,119,273</b>	<b>2,130,929</b>
Research subsidies	2,989,187	2,921,986
<b>Research (Finance Act)</b>	<b>2,989,187</b>	<b>2,921,986</b>
Grant-funded research	2,655,069	2,499,412
Other subsidised activities	115,989	134,777
Forensic medicine services	202,435	199,497
Commercial activities	84,358	79,176
<b>External grants</b>	<b>3,057,851</b>	<b>2,912,862</b>
Other purposes	438,433	440,008
Administrative efficiencies	(87,715)	(85,409)
<b>Basic subsidies (Finance Act)</b>	<b>350,717</b>	<b>354,599</b>
Subletting, operational reimbursement, etc.	81,718	115,838
<b>Building-related revenues</b>	<b>81,718</b>	<b>115,838</b>
Public-sector services	22,902	21,400
Other revenues	286,249	321,475
<b>Other revenues</b>	<b>309,151</b>	<b>342,875</b>
<b>Total revenues</b>	<b>8,907,897</b>	<b>8,779,089</b>

### 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 in to purposes are compiled in accordance with the guideline of December 2012 on allocation of university expenses to main areas and purposes.

	2018 DKK '000	2017 DKK '000
<b>Total ordinary operating expenses as per Income Statement</b>	<b>8,636,386</b>	<b>8,509,634</b>
Miscellaneous adjustments:		
Expenses relating to corresponding revenue from external tenants <sup>1)</sup>	(53,798)	(58,049)
Donation adjustments <sup>2)</sup> :		
Change in donation investments for the year	(82,435)	(132,446)
Written-down donation obligations for the year	119,724	116,240
Total miscellaneous adjustments	(16,509)	(74,255)
<b>Total expenses for allocation</b>	<b>8,619,877</b>	<b>8,435,379</b>
1 Education	2,237,233	2,181,670
2 Research	5,029,056	4,906,300
3 Dissemination and knowledge exchange	370,385	352,060
4 Research-based public-sector services	255,067	278,053
5 General management, administration and service	728,136	717,296
<b>Total allocated expenses</b>	<b>8,619,877</b>	<b>8,435,379</b>
<b>Gross revenues as per Income Statement</b>	<b>8,907,897</b>	<b>8,779,089</b>
Miscellaneous adjustments, see above	(16,509)	(74,255)
<b>Revenues after adjustment</b>	<b>8,891,388</b>	<b>8,704,833</b>
<b>Administrative percentage <sup>3)</sup></b>	<b>8.2%</b>	<b>8.2%</b>

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

2) Adjustments have been made for written-down donation liabilities since these are set off against the total depreciation in the Income Statement, see note 4, page 45.

3) 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 progression	Total
<b>Acquisition cost</b>				
Cost at 1 January 2018	44,172	10,352	33,935	88,458
Additions	12,018	41,020	5,276	58,314
Disposals	(6,295)	-	(38,511)	(44,806)
<b>Cost at 31 December 2018</b>	<b>49,895</b>	<b>51,371</b>	<b>700</b>	<b>101,966</b>
<b>Amortisation and impairment</b>				
Balance at 1 January 2018	29,679	7,899	-	37,579
Amortisation and impairment for the year	8,172	6,166	-	14,338
Amortisation on disposals for the year	(6,268)	-	-	(6,268)
Impairment losses for the year	-	-	3,223	3,223
Impairment losses on disposals for the year	-	-	(3,223)	(3,223)
<b>Amortisation and impairment at 31 December 2018</b>	<b>31,583</b>	<b>14,065</b>	<b>0</b>	<b>45,649</b>
<b>Carrying amount at 31 December 2018</b>	<b>18,311</b>	<b>37,306</b>	<b>700</b>	<b>56,317</b>

### 4. Property, plant and equipment

DKK '000	Buildings	Leasehold improvements	Scientific equip- ment, fixtures and fittings, work equipment and machinery	Own work in progress	Total
<b>Acquisition cost</b>					
Cost at 1 January 2018	202,182	513,060	1,954,558	55,498	2,725,297
Additions	109	64,893	124,826	136,922	326,750
Disposals	(2,398)	(2,485)	(166,442)	(55,258)	(226,582)
<b>Cost at 31 December 2018</b>	<b>199,894</b>	<b>575,467</b>	<b>1,912,943</b>	<b>137,162</b>	<b>2,825,466</b>
<b>Depreciation and impairment</b>					
Balance at 1 January 2018	28,496	181,747	1,447,927	-	1,658,171
Depreciation and impairment for the year	5,660	41,197	181,832	-	228,689
Depreciation on disposals for the year	(2,398)	(1,695)	(160,670)	-	(164,762)
<b>Depreciation and impairment at 31 December 2018</b>	<b>31,758</b>	<b>221,250</b>	<b>1,469,089</b>	<b>-</b>	<b>1,722,097</b>
<b>Carrying amount at 31 December 2018</b>	<b>168,136</b>	<b>354,218</b>	<b>443,853</b>	<b>137,162</b>	<b>1,103,368</b>

... Note 4 continued

Total amortisation on intangible assets	14,338
Total depreciation on property, plant and equipment	228,689
<b>Total depreciation and amortisation, all partial financial statements</b>	<b>243,027</b>
Impairment	3,223
Depreciation of donation liability and external grants (DR50/60)	(119,724)
<b>Total depreciation and amortisation in the balance sheet</b>	<b>126,525</b>
<b>Total depreciation and amortisation, cf. the income statement</b>	<b>126,525</b>

5. Investments, instruments of debt and long-term receivables

UCPH holds investments in three enterprises.

	2018 DKK '000	2017 DKK '000
Symbion A/S, acquired in 1997, 2000 and 2012	25,643	25,643
VAR2 Pharmaceuticals ApS, originally acquired in 2012	6	6
Mobile Fitness A/S in liquidation, acquired in 2005 (written down to DKK 0 in 2008)	0	0
<b>Total shares</b>	<b>25,650</b>	<b>25,650</b>

Debt instruments from the Ministry to the University regarding donation made to construction projects under the Danish state 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 Copenhagen N (Lundbeck Auditorium at Biocentre)	23,509	23,509
Blegdamsvej 3, DK-2200 Copenhagen N (Protein Centre at Panum)	20,000	20,000
Maersk Tower at Panum, DK-2200 Copenhagen N	603,270	603,270
Karen Blixens Plads (University Square), South Campus	37,755	-
<b>Total debt instruments</b>	<b>727,533</b>	<b>689,779</b>

UCPH's share of the funding of the new Natural History Museum of Denmark consists of prepaid rent, which will be expensed after UCPH's relocation to the new building, distributed over the period of non-terminability of the lease.

Prepaid rent for the new Natural History

Museum of Denmark	130,519	90,519
<b>Total long-term receivables</b>	<b>130,519</b>	<b>90,519</b>

**Total Investments, instruments**

<b>of debt and long-term receivables</b>	<b>883,702</b>	<b>805,948</b>
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6. Deposits

Deposits mainly concern rent deposits for leasehold premises.

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

2018	Receivables from	Prepaid restricted	
DKK '000	grant activities	contributions etc.	Total
Receivable and prepaid grants	685,100	(1,906,157)	(1,221,057)
Provision for loss on grant activities	(11,792)	-	(11,792)
Unutilised donation for Maersk Tower at Panum	-	-	-
Unutilised donation for the Natural History Museum of Denmark	-	(255,000)	(255,000)
Unutilised donation for Karen Blixens Plads (University Square), South Campus	-	(26,246)	(26,246)
<b>Total at 31 December 2018</b>	<b>673,308</b>	<b>(2,187,402)</b>	<b>(1,514,094)</b>

Total provisions for loss on grant activities receivable of DKK 11.8 million cover the estimated risk of loss.

The provision was DKK 8.3 million in 2017.

2017	Receivables from	Prepaid restricted	Total
DKK '000	grant activities	contributions etc	
Receivable and prepaid grants	609,000	(1,699,537)	(1,090,537)
Provision for loss on grant activities	(8,285)	-	(8,285)
Unutilised donation for Maersk Tower at Panum	-	(20,235)	(20,235)
Unutilised donation for the Natural History Museum of Denmark	-	(230,000)	(230,000)
<b>Total at 31 December 2017</b>	<b>600,715</b>	<b>(1,949,772)</b>	<b>(1,349,057)</b>

## 8. Other receivables

At year-end 2018, other receivables came to DKK 368.8 million, up DKK 34.3 million from 1 January to 31 December 2018.

Other receivables consist primarily of prepayments of DKK 247.1 million to external project partners, UCPH's DKK 39.9 million receivable from the Danish state regarding the special VAT refund scheme and a DKK 26.2 million receivable from the Building and Property Agency concerning the donation for Karen Blixens Plads (University Square) on South Campus, for which UCPH has not yet received a debt instrument from the government (see also notes 5 and 7).

The DKK 34.3 million increase in 2018 is primarily attributable to the above DKK 26.2 million receivable from the Building and Property Agency.

## 9. Provisions

	2018	2017
	DKK '000	DKK '000
Payroll-related liabilities (limited tenure, early resignations, etc.)	18,333	20,729
Restoration liability	30,854	29,602
Other provisions	1,046	998
<b>Total provisions</b>	<b>50,233</b>	<b>51,329</b>

The provision for fixed-term liabilities is an estimated based on average assessment limited tenure terms as well as monthly salaries and seniority from the state payroll system. The provision constitutes the maximum liability, as UCPH has estimated that the majority of the provision for limited tenure liabilities will be paid.

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 m<sup>2</sup> for leased premises where the contract requires full restoration and DKK 500 per m<sup>2</sup> 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, licenses, etc.
<b>Acquisition cost</b>	
Cost at 1 January 2018	5,946
Additions	242
Disposals	(133)
<b>Cost at 31 December 2018</b>	<b>6,056</b>
<b>Amortisation and impairment</b>	
Balance at 1 January 2018	3,460
Amortisation for the year	1,025
Amortisation on disposals for the year	(133)
<b>Amortisation at 31 December 2018</b>	<b>4,352</b>
<b>Carrying amount at 31 December 2018</b>	<b>1,704</b>

## 11. Donations of property, plant and equipment

DKK '000	Buildings	Leasehold improvements	Scientific equip- ment, fixtures and fittings, work equip- ment and machinery	Own work in progress	Total
<b>Acquisition cost</b>					
Cost at 1 January 2018	3,398	70,632	1,107,022	9,186	1,190,238
Additions	-	(155)	81,118	1,230	82,193
Disposals	(2,398)	-	(50,410)	-	(52,807)
<b>Cost at 31 December 2018</b>	<b>1,000</b>	<b>70,477</b>	<b>1,137,731</b>	<b>10,416</b>	<b>1,219,624</b>
<b>Depreciation and impairment</b>					
Balance at 1 January 2018	777	29,405	780,012	-	810,194
Depreciation for the year	1,659	6,665	110,375	-	118,699
Depreciation on disposals for the year	(2,398)	-	(45,773)	-	(48,171)
<b>Depreciation at 31 December 2018</b>	<b>39</b>	<b>36,070</b>	<b>844,614</b>	<b>-</b>	<b>880,723</b>
<b>Carrying amount at 31 December 2018</b>	<b>961</b>	<b>34,407</b>	<b>293,116</b>	<b>10,416</b>	<b>338,901</b>

## 12. Grants administered by the University

	2018	2017
	DKK '000	DKK '000
<b>Current account of grants at 31 December</b>	-	-

The University, or more precisely its employees, administers a combined grant portfolio of DKK 120.9 million. Danske Forvaltning manages the grant portfolio. The total number of grants is 55.

## 13. Prepayments, accrued and deferred income

Prepayments and accrued income were down DKK 3.4 million in 2018, totalling DKK 16.6 million at year-end 2018. The item comprises prepaid salaries of DKK 8.8 million and prepaid expenses of DKK 7.8 million. Deferred income was down DKK 51.6 million in 2018, totalling DKK 23.0 million at year-end 2018. This item comprises income received concerning 2019. The decrease from 2017 to 2018 is primarily attributable to a settlement, defined by the Danish Supplementary Appropriations Act for 2018, which calculates the financial balance between inbound and outbound students for the 2016-2018 period.

## 14. Other payables

Other payables were increased by DKK 0.8 million from 1 January to 31 December 2018, composed of various opposite movements on different short-term payables accounts.

Other payables were DKK 174.8 million at year-end 2018, consisting of salaries, pension contributions, personal income tax etc. of DKK 75.8 million, holiday pay to hourly staff of DKK 47.5 million and DKK 51.6 million to other creditors and accrued items.

## 15. Mortgages

UCPH has no mortgages.

## 16. Staff

	2018	2017
	DKK '000	DKK '000
Actual salaries	4,526,979	4,420,234
Pensions	627,520	609,262
Reimbursements and grants	(120,533)	(122,348)
Change in holiday pay obligations	12,215	15,744
<b>Total</b>	<b>5,046,181</b>	<b>4,922,891</b>

Remuneration to Senior Management and Board:

Senior Management	13,925	14,559
The Board	913	1,082
<b>Total</b>	<b>14,838</b>	<b>15,641</b>

Senior Management consists of the Rector, the prorector, the university director and six deans. The remuneration was approximately DKK 0.6 million lower in 2018 compared to 2017 due to the reduction in prorectors from two to one.

The Board consists of a chairperson and 10 members. The externally elected board members consist of three women and three men. On 19 March 2013, the Board decided that the target for the six externally elected board members is a gender balance of at least 2:4. The target has thus been met. The remuneration was approximately DKK 0.2 million lower in 2018 compared to 2017 due to changed accounting policies for the payment of fees to employee-elected Board members. As from H2 2018, they will no longer receive remuneration as per the circular from the Agency for Modernisation.



### 17. Financial instruments

A portfolio agreement has been made with three asset managers. The investment strategy aims at a minimum of 75% in government and mortgage bonds, while up to 25% can be invested in other asset classes (for example shares or corporate bonds). The strategy for other asset classes is a long-term rolling average of 12.5% over a four-year period. According to the University's ethical policy, a green investment portfolio is called for.

Financial instruments	Conditions	2018 DKK '000	2017 DKK '000
Securities <sup>1)</sup>		2,112,801	2,105,899
Bank deposits <sup>2)</sup> and cash in hand	Primarily in DKK and small holdings of foreign currencies	1,134,347	1,169,920
<b>Total cash and cash equivalents and securities</b>		<b>3,247,148</b>	<b>3,275,819</b>

1) Securities at 31 December 2018 (2017) are composed of 87% (87%) Danish mortgage and government bonds, 5% (5%) corporate bonds, while shares represent 8% (8%). UCPH did not change the amount invested in 2018.

2) Bank deposits at 31 December 2018 included DKK 3 million in bank accounts linked to the asset managers' custody accounts, down DKK 14 million relative to 31 December 2017. This implies an increase in the Securities item from 2017 to 2018, despite the DKK 6 million negative return on securities in 2018. UCPH has not held fixed-term deposits since 2015.

### 18. Contingent assets

An arbitration case against the Building and Property Agency is pending concerning rent charging related to delays and budget overruns on large building projects. In the arbitration proceedings, UCPH Management has claimed that the rent charged is too high. The legal and financial outcome of the case is subject to uncertainty.

### 19. Contingent liabilities

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

UCPH has taken out independent insurances on its own buildings.

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 the end of 2018, UCPH employed a total of 63 public servants, involving a maximum liability of DKK 133.4 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 2018.

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

### 20. Contractual obligations

UCPH has 3,086 PhD students enrolled of which approximately 58% 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.

## 21. Related parties

Related parties	Basis
The Danish Ministry for 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 Ministry of Education	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 5,284.3 million in 2018 from the Ministry of Higher Education and Science (Danish Agency for Institutions and Educational Grants) (monthly payments from section 19.2).

In 2018, UCPH received subsidies of DKK 22.9 million from the Ministry in other subsidies to research-based public-sector services.

From the Ministry of Higher Education and Science (Agency for Institutions and Educational Grants) and the Ministry of Education, the Univer-

sity received subsidies of DKK 77.1 million in 2018, primarily in relation to programmes at the Danish Forest and Landscape College and the School of Oral Health Care.

In 2018, UCPH, contributed support corresponding to DKK 6.1 million to student associations.

No loans were granted to related parties.

## 22. Separate financial statements for activities pursuant to Ministerial Order no. 580 of 1 June 2014 (the Tech-Trans Act)

In 2018, UCPH did not inject funds in foundations whose main purpose is to establish housing close to universities, in accordance with section 10(2) of the Act on Public Research Institutions' Commercial Activities and Collaboration with Foundations.

In 2018, UCPH had no costs for the administration of foundations and associations, including corporate funds, under section 11(1) of the Act on Public Research Institutions' Commercial Activities and Collaboration with Foundations.

UCPH did not invest in or acquire shares in companies in 2018, see Danish Act on Public Research Institutions' Commercial Activities and Collaboration with Foundations (sections 4(1) and 4a(1)), implying no revenue or expenses relating to such companies.

## 23. Students from US Virgin Islands

Utilisation of scholarships in the period 1 September 2017 to 31 August 2018

	Students enrolled on full or part-time scholarships	No. of scholarship recipients	Payment of scholarships (DKK)	Funds used for scholarships (DKK)
Rate 1	0	0	0	0
Rate 2	0	0	0	0
Rate 3	0	0	0	0

The number of students shows the number of students with main enrolment in a programme under the three rates during the year. The number of FTE are reported for the period 1 September 2017 to 31 August 2018, this accrual has also been used in this calculation. From 1 September 2018 two students are enrolled from the US Virgin Islands.

Funds used for payment of scholarships

Accounts

Year	Transferred from the Agency for Institutions and Educational Grants (DKK)	Retained earnings, international tuition- paying students (DKK)	Funds used during the financial year (DKK)	Result (DKK)
2018	500,000	-	99,105	400,895

## 24. Utilisation of funds for free places and scholarships

Utilisation of scholarships in the period 1 September 2017 to 31 August 2018

	Students enrolled on full or part-time scholarships	No. of scholarship recipients	Payment of scholarships (DKK)	Funds used for scholarships (DKK)
Rate 1	41	32	1,113,529	2,728,473
Rate 2	36	14	1,068,181	1,469,706
Rate 3	113	51	5,218,536	4,919,162

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 was reported for the period 1 September 2017 to 31 August 2018, this accrual has also been used in this calculation.

Funds used for payment of scholarships

Accounts

Year	Transferred from the Agency for Institutions and Educational Grants (DKK)	Retained earnings, international tuition- paying students (DKK)	Funds used during the financial year (DKK)	Result (DKK)
2014	14,033,389	-	14,504,840	(471,451)
2015	12,722,000	-	8,346,858	4,375,142
2016	13,303,087	-	12,232,717	1,070,370
2017	12,976,399	-	14,420,377	(1,443,978)
2018	12,799,022	-	16,517,587	(3,718,565)

## 25. The University's use of INNO+ scholarships

Year	No. of students enrolled under scholarships	Subsidies from Agency DKK '000	Funds used during the financial year DKK '000
2015	3	1,800	301
2016	13	3,600	1,460
2017	18	1,400	2,752
2018	15	-	1,545

All scholarship recipients admitted in the 2016 study year have had business affiliations in their second study year, mostly in connection with their thesis, for example at Novo Nordisk, Novozymes or Lundbeck.

## 26. 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 in Nanoscience and Technology. The programmes have existed since 2012 and 2013, respectively. In 2018, a total of 37 students from the two programmes graduated, 9 Danish students and 28 Chinese students. 36 students were admitted to the two programmes in 2018, 5 Danish students, 30 Chinese students and 1 from other countries.

## 27. Subsidies to the Arnamagnæan Commission

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

Reporting of the Arnamagnæan Commission's financial statements for 2018 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
2,702,362	4,652,699	(232,363)	4,776,390	(356,056)	2,346,306

28. Separate account for general activities, commercial activities, forensic medicine services,  
research activities financed by grants and other activities financed by grants

	2018	2017	2016	2015
	DKK '000	DKK '000	DKK '000	DKK '000
<b>General activities (DR10)</b>				
Revenues <sup>1)</sup>	5,850,046	5,866,227	5,635,509	5,649,856
Internal net transfer of overhead	351,530	349,270	362,597	376,331
Staff expenses	(3,362,816)	(3,379,324)	(3,579,978)	(3,662,495)
Operating costs <sup>1)</sup>	(2,584,227)	(2,537,949)	(2,321,687)	(2,434,994)
<b>Profit/(loss) for the year</b>	<b>254,533</b>	<b>298,224</b>	<b>96,441</b>	<b>(71,302)</b>
<b>Commercial activities (DR30)</b>				
Revenues	84,358	79,176	76,970	63,759
Staff expenses	(22,411)	(22,346)	(21,052)	(17,757)
Operating costs	(52,292)	(57,427)	(50,032)	(44,593)
<b>Profit/(loss) for the year <sup>2)</sup></b>	<b>9,655</b>	<b>(597)</b>	<b>5,886</b>	<b>1,409</b>
<b>Forensic medicine services (DR40)</b>				
Revenues	202,435	199,497	220,492	179,427
Staff expenses	(104,872)	(99,210)	(95,174)	(95,241)
Operating costs	(95,362)	(94,372)	(84,122)	(84,186)
<b>Profit/(loss) for the year <sup>3)</sup></b>	<b>2,201</b>	<b>5,915</b>	<b>41,196</b>	<b>0</b>
<b>Grant-funded research (DR50)</b>				
Revenues	2,655,069	2,499,412	2,402,098	2,426,181
Staff expenses	(1,523,610)	(1,393,819)	(1,299,433)	(1,285,845)
Operating costs	(791,594)	(758,857)	(742,342)	(765,544)
Internal net transfer of overhead	(339,865)	(346,735)	(360,323)	(374,793)
<b>Profit/(loss) for the year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other subsidised activities (DR60)</b>				
Revenues	115,989	134,777	106,310	58,520
Staff expenses	(32,472)	(28,193)	(19,555)	(14,785)
Operating costs	(71,853)	(104,049)	(84,481)	(42,198)
Internal net transfer of overhead	(11,665)	(2,535)	(2,274)	(1,538)
<b>Profit/(loss) for the year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

1) The comparative figures for revenues and operating expenses from general activities (DR10) for 2017 are both up DKK 132,446 thousand as a result of the change in the accounting policy regarding termination of the neutralisation of investments for externally funded projects. The comparative figures for 2015-2016 have not been restated.

2) Profit for the year from commercial activities (DR30) totalled DKK 19.7 million of which transfer of profits from projects relating to DR30 to general activities during the year was DKK 10.0 million. Similarly, profit for 2017 totalled DKK 17.2 million, including transfer of profits from DR30 to general activities. Accumulated profits from commercial activities (calculated from 2007) totalled DKK 108.3 million.

3) Profit for 2016 from forensic medicine services (DR40) of DKK 41.2 million also includes profits from the 2015 financial year for of DKK 10.7 million (as a result of changed accounting policy in 2016) with retroactive effect from 2015.

... Note 28 continued

	2018	2017	2016	2015
	DKK '000	DKK '000	DKK '000	DKK '000
<b>Total</b>				
Revenues <sup>1)</sup>	8,907,897	8,779,089	8,441,380	8,377,744
Total institutional transfers	351,530	349,270	362,597	376,331
Staff expenses	(5,046,181)	(4,922,891)	(5,015,192)	(5,076,122)
Operating costs <sup>1)</sup>	(3,595,327)	(3,552,655)	(3,282,665)	(3,371,514)
Total institutional transfers	(351,530)	(349,270)	(362,597)	(376,331)
<b>Profit/(loss) for the year</b>	<b>266,389</b>	<b>303,542</b>	<b>143,523</b>	<b>(69,893)</b>

#### 29. Overview of accumulated results for commercial activities

	2018	2017	2016	2015
	DKK '000	DKK '000	DKK '000	DKK '000
Revenues	84,358	79,176	76,970	63,759
Direct and indirect costs	(64,698)	(61,926)	(54,799)	(52,553)
<b>Result (transferred to DR10)</b>	<b>19,660</b>	<b>17,250</b>	<b>22,171</b>	<b>11,206</b>
<b>Accumulated result</b>	<b>108,315</b>	<b>88,655</b>	<b>71,405</b>	<b>49,233</b>

The accumulated result for 2015 contains accumulated results for the period 2007-2015, of which 2007 is the first year of accrual.

#### 30. Asset account

There were no activities under this type of appropriation in 2018.

### 31. Key ratios

In its guidance up to 2014, the Agency for Modernisation recommended compiling and enclosing a statement of key ratios. UCPH has opted to maintain this statement in 2018. The mandatory key ratios were profit margin, average annual salary and salary cost share. The key ratios have since 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:			2018	2017	2016	2015	2014
Profit margin	Profit/(loss) for the year	266,389					
	Revenues	8,907,897	3.0%	3.5%	1.7%	-0.8%	-2.0%
Average yearly salary (DKK '000)	Total staff expenses	5,046,181					
	Full-time equivalents	9,348	540	524	514	501	495
Salary cost share <sup>1+6)</sup>	Total staff expenses	5,046,181					
	Revenues	8,907,897	56.6%	56.1%	59.4%	60.6%	60.3%
Capital share <sup>2)</sup>	Financial expenses + depreciation	133,061					
	Revenues	8,907,897	1.5%	1.3%	1.6%	1.2%	1.6%
Liquidity ratio	Total current assets	4,500,241					
	Total short-term debt excl. holiday pay obligations	3,352,477	134.2%	129.1%	125.0%	123.4%	129.5%
Financing ratio <sup>5)</sup>	Total long-term debt	228,051					
	Total property, plant and equipment	1,103,368	20.7%	25.3%	25.1%	21.2%	21.0%
Maintenance ratio <sup>2+3)</sup>	Net annual additions, fixed assets	252,082					
	Annual depreciation and amortisation, fixed assets	126,525	199.2%	216.3%	124.8%	202.2%	109.3%
Solvency ratio (total equity) <sup>4)</sup>	Total equity	2,275,468					
	Total equity and liabilities	6,543,628	34.8%	31.1%	28.7%	28.1%	20.5%
Solvency ratio (flexible equity)	Flexible equity	1,304,662					
	Equity and liabilities - technical equity	5,572,822	23.4%	19.2%	15.0%	13.1%	14.6%
Equity to revenue ratio <sup>6)</sup>	Flexible equity	1,304,662					
	Revenues	8,907,897	14.6%	11.8%	8.7%	7.1%	8.0%

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

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

3) In 2016, UCPH changed useful lives of dental chairs and certain microscopes from 15 to 5 years.

4) Total equity is composed of the technical equity and the flexible equity.

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

6) The comparative figures for 2017 have been restated to reflect the change in the accounting policy regarding termination of the neutralisation of investments for externally funded projects. The comparative figures for 2014-2016 have not been restated.



# Financial highlights of the University of Copenhagen

	2018	2017	2016	2015	2014
<b>Revenues including interest (DKK '000):</b>					
Education	2,119,273	2,130,929	2,211,280	2,115,746	2,080,879
Research	2,989,187	2,921,986	2,896,671	2,940,710	2,933,180
External grants	3,057,851	2,912,862	2,805,871	2,727,888	2,573,763
Basic subsidies	350,717	354,599	314,437	316,687	316,103
Research-based public-sector services	22,902	21,400	21,116	21,755	22,179
Other revenues <sup>1)</sup>	362,844	471,401	221,669	262,667	338,073
<b>Expenses broken down by purpose (DKK '000): <sup>2)</sup></b>					
Education	2,237,233	2,181,670	2,216,829	2,236,496	2,254,350
Research	5,029,056	4,906,300	4,818,942	4,914,663	4,860,958
Dissemination and knowledge exchange	370,385	352,060	360,025	348,189	366,609
Research-based public-sector services	255,067	278,053	271,395	274,420	286,726
General management, administration and service	728,136	717,296	715,680	702,880	698,603
<b>Staff, full-time equivalents: <sup>3)</sup></b>					
Academic staff	4,856	4,966	5,166	5,311	5,129
Part-time academic staff	462	464	478	520	485
Technical/administrative staff	4,030	3,960	4,119	4,309	4,445
<b>Balance sheet:</b>					
Equity (DKK'm)	2,275	1,971	1,668	1,524	991
Balance sheet (DKK'm)	6,544	6,338	5,821	5,433	4,844
<b>Buildings m<sup>2</sup> total</b>	<b>962,769</b>	<b>970,448</b>	<b>918,247</b>	<b>922,809</b>	<b>921,116</b>
<b>Activity and production information:</b>					
<b>Students</b>					
Bachelor students at 1 October	6,642	7,023	7,084	7,500	7,441
Master's degree students at 1 October	5,957	6,106	6,425	5,799	5,564
Total students at 1 October	38,324	38,481	38,615	40,486	40,882
Student full-time equivalents <sup>4)</sup>	27,660	28,100	29,038	27,276	26,713
<b>Graduates:</b>					
Bachelor graduates	4,501	4,598	5,488	4,749	4,718
Master's degree graduates	5,285	5,623	6,052	4,882	4,573
<b>Open and part-time programmes:</b>					
Tuition-paying students	4,816	5,053	5,127	4,580	4,667
Total yearly students	748	812	848	776	778
Graduates from full programmes (master's, diplomas)	174	117	141	105	177

	2018	2017	2016	2015	2014
<b>Internationalisation:</b>					
Outbound exchange students	2,244	2,511	2,515	2,276	2,461
Inbound exchange students	1,634	1,769	1,752	1,721	1,869
Total international students on full programmes <sup>5)</sup>	3,939	3,873	3,676	3,977	3,949
<b>Research programmes:</b>					
Total PhD students enrolled	3,086	3,096	3,106	3,119	3,083
Total PhD students admitted	884	789	820	867	959
Total approved PhD dissertations	811	780	746	730	833
<b>Research and dissemination results:</b>					
Research publications <sup>6)</sup>		12,982	12,858	12,372	11,375
Publications in accordance with the BFI categories <sup>6+7)</sup>		10,353	10,302	10,012	9,466
Educational publications <sup>6)</sup>		105	151	103	80
Registered patents	39	28	33	15	18
Reported inventions	78	77	88	70	74
Projects with businesses (private sources) <sup>8)</sup>	2,199	1,936	1,940	1,800	1,762
External projects <sup>8)</sup>	5,000	4,548	4,747	4,519	4,447
Financial scope of collaboration with businesses (DKK'm)	1,388	1,187	1,038	1,007	896

1) The comparative figure for 2017 for other revenues has been adjusted by DKK 132,446 thousand to reflect the change in the accounting policy regarding termination of the neutralisation of investments for externally funded projects. The comparative figures for 2014-2016 have not been restated.

2) UCPH's expenses are allocated in accordance with 'Guideline on allocation of university expenses to main areas and purpose'.

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

4) 1 student full time equivalent = 60 ECTS credits. The figure is student FTE production settled with the Ministry (27,092). In addition, professional bachelors, tuition-paying international students etc.

5) 23% of international students are from the other Nordic countries.

6) Research and educational publications for 2018 will be reported at the end of June 2019 due to a change of reporting schedule compared to UFM. The figures for 2018 can be seen in the 2019 annual report.

7) Number of peer-reviewed research publications included in the BFI model: 1. Scientific monographs, 2. Scientific articles in journals, 3. Scientific articles in anthologies, 4. Doctoral dissertations.

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

University of Copenhagen  
Annual Report 2018  
May 2019

The publication is available on: <https://about.ku.dk/facts-figures/annual-report>

Editing and layout: University Finance  
Design: UCPH Communication  
Front-page photo: South Campus  
Fotograf: Jakob Dall

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