



University
of Basel

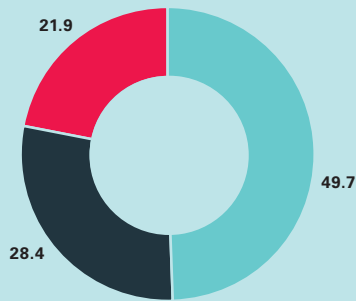
Annual Report 2017

Summary

2017 in figures.

Course level

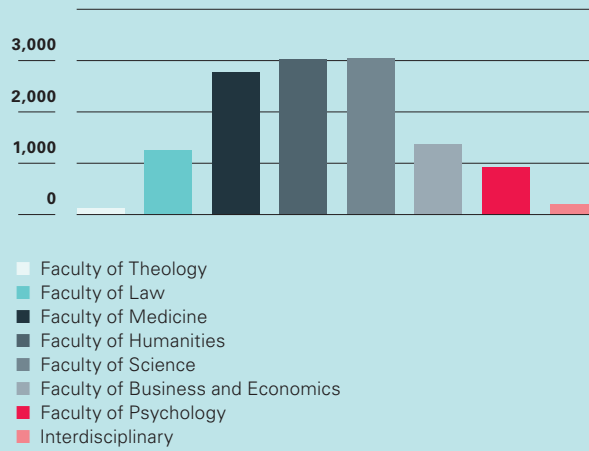
With 21.9% PhD candidates, Basel has a high proportion of emerging researchers.



- Bachelor's
- Master's
- PhD students

Students and PhD candidates

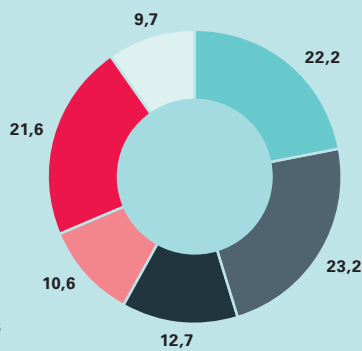
The humanities and sciences are the largest faculties of the University of Basel.



- Faculty of Theology
- Faculty of Law
- Faculty of Medicine
- Faculty of Humanities
- Faculty of Science
- Faculty of Business and Economics
- Faculty of Psychology
- Interdisciplinary

Financing (percentage)

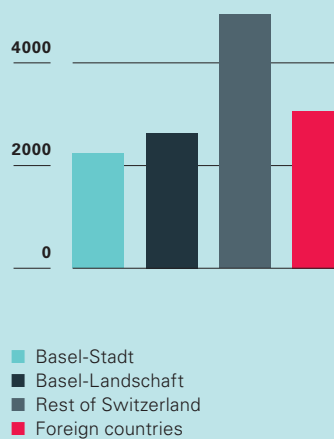
Basel-Stadt and Basel-Landschaft provide almost half of the university's funding.



- Overall funding Basel-Stadt
- Overall funding Basel-Landschaft
- Funding from Swiss federal government
- Funding from other cantons
- Project awards from SNSF and third parties
- Other revenue sources

Origin

38% of students and PhD candidates come from the cantons Basel-Stadt and Basel-Landschaft.



- Basel-Stadt
- Basel-Landschaft
- Rest of Switzerland
- Foreign countries

Students and PhD candidates

	Women		Men		Total	
	2017	2016	2017	2016	2017	2016
Faculty of Theology	61	62	59	66	120	128
Faculty of Law	747	739	516	551	1,263	1,290
Faculty of Medicine	1,531	1,450	1,244	1,197	2,775	2,647
Faculty of Humanities and Social Sciences	1,869	1,923	1,165	1,117	3,034	3,040
Faculty of Science	1,459	1,481	1,587	1,598	3,046	3,079
Faculty of Business and Economics	493	500	875	928	1,368	1,428
Faculty of Psychology	717	727	218	222	935	949
Institute of Education Studies	102	67	26	22	128	89
Interdisciplinary degree programs and doctoral studies	115	122	89	80	204	202
Total	7,094	7,071	5,779	5,781	12,873	12,852
Total in %	55.1%	55.0%	44.9%	45.0%	100%	100%

Academic staff at the University of Basel as of 31.12.2017 (including Faculty of Medicine)

	Women		Men		Total
		%		%	
Professors	35	22.9%	118	77.1%	153
Clinical professors	9	12.5%	63	87.5%	72
Associate professors	16	17.6%	75	82.4%	91
Tenure-track	12	41.4%	17	58.6%	29
Assistant professors	12	41.4%	17	58.6%	29
Honorary professors	45	15.3%	249	84.7%	294
Private lecturers	129	27.6%	339	72.4%	468
Other lecturers	201	39.4%	309	60.6%	510
Total	459	27.9%	1,187	72.1%	1,646

Students and PhD candidates according to their origin prior to their start of studies in fall 2017

	Women		Men		Total	
		%		%		%
Bachelor's program	710	51.1%	680	48.9%	1,390	10.8%
Master's program	321	53.4%	280	46.6%	601	4.7%
Doctoral studies	119	48.0%	129	52.0%	248	1.9%
Basel-Stadt	1,150	51.4%	1,089	48.6%	2,239	17.4%
Bachelor's program	854	53.3%	747	46.7%	1,601	12.4%
Master's program	395	55.2%	321	44.8%	716	5.6%
Doctoral studies	157	49.8%	158	50.2%	315	2.4%
Basel-Landschaft	1,406	53.4%	1,226	46.6%	2,632	20.5%
Bachelor's program	1,483	58.7%	1,045	41.3%	2,528	19.6%
Master's program	981	62.2%	597	37.8%	1,578	12.3%
Doctoral studies	427	50.9%	412	49.1%	839	6.5%
Rest of Switzerland	2,891	58.5%	2,054	41.5%	4,945	38.4%
Bachelor's program	492	55.7%	391	44.3%	883	6.9%
Master's program	418	55.4%	337	44.6%	755	5.9%
Doctoral studies	737	51.9%	682	48.1%	1,419	11.0%
Foreign countries	1,647	53.9%	1,410	46.1%	3,057	23.7%
Total	7,094	55.1%	5,779	44.9%	12,873	100.0%

Legal note

This is a translated and abbreviated version of the German original.
It is provided for information purposes only and has no legal force.
The complete German original can be found here:
www.unibas.ch/de/Universitaet/Portraet/Jahresbericht

Acknowledgments

The University of Basel would like to thank all private sponsors, foundations and companies that supported the institution in 2017 in its aim to provide quality teaching and research.
Our sincere thanks also go to all those who lent the university their know-how in boards and committees. First and foremost we would like to mention the members of the investment committee and the real estate committee.

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University of Basel

Fiscal Year 2017

At a glance

in CHF million	2017	2016	2015	2014
Income statement				
Public contributions	501.9	536.3	496.1	472.4
Third-party contributions, including SNSF	157.7	147.9	158.6	147.1
Fees, services and investment income	69.6	64.2	55.5	77.2
Out-of-period income	0.8	4.0	18.4	17.4
Total income	730.0	752.4	728.7	714.1
Personnel costs	371.9	381.7	381.7	353.3
Material expenses	300.2	316.0	290.1	281.4
Depreciation on fixed assets	30.0	30.6	29.9	29.6
Liquidation (-) / allocation (+) of unused project funds	29.3	4.0	38.9	22.9
Out-of-period expenses	3.6	1.1	19.3	0.3
Liquidation (-) / formation (+) of reserves	-5.6	19.5	-14.8	20.0
Total expenses	729.4	753.0	745.1	707.4
Year-end result	0.6	-0.6	-16.4	6.7
Balance sheet				
Current assets	300.5	289.1	304.5	265.4
Fixed capital	710.1	633.1	560.1	529.6
Total assets	1 010.6	922.1	864.5	795.0
Borrowed capital	411.9	347.7	313.0	251.1
Committed funds	366.0	336.7	332.7	293.8
Reserves	219.4	225.0	205.4	220.2
Free equity capital	13.4	12.8	13.4	29.8
Total liabilities	1 010.6	922.1	864.5	795.0

The annual financial statement lists rounded figures; small rounding differences are therefore possible.

Commentary:

Fiscal Year 2017

Introductory remarks and appraisal of the annual financial statement 2017

The 2017 fiscal year closed with a slightly positive result of CHF 0.6 million. This positive result, compared with the budget and the previous year, can be attributed to savings in expenditures (e.g. vacant chairs and foregoing use of the associated facilities, reduction in central financial support for teaching and research cooperations) and to increased earnings in the form of contributions from other cantons as mandated by the Intercantonal University Agreement.

This fourth and last year of the third performance period of the State Agreement also shows that key indicators for teaching and research are developing well. The university has been highly successful in attracting third-party funding for teaching and research for many years now. In 2017, there was a further increase in both funds from the Swiss National Science Foundation (SNSF) as well as other external funding, together totaling CHF 157.7 million – the third-best result in the history of the university. Student numbers have also stabilized at a sustainably high level. The University of Basel remains an attractive destination for students from other cantons as well as international PhD candidates. The University of Basel was thus able to maintain its position as a high-profile, regionally anchored yet internationally oriented academic institution at a high level, and at the same time retain its close links with society, culture and business.

As in previous years, this report offers comprehensive details of the activities and influences in the 2017 fiscal year with the aim of providing investors, as well as interested members of the public, with the most accurate depiction possible of both the progress and the risks of the university's operations.

Factors impacting the 2017 result

Gains in the amount of CHF 0.6 million were reported for 2017. On the expenditure side, there was a total decrease of CHF 23.5 million over the previous year. A more detailed view of total spending reveals the following: The ordinary total expenditure (i.e., not including out-of-period effects and the formation/liquidation of reserves) fell by CHF 0.9 million compared to the previous year, although in this area, too, there were compensatory effects. While personnel costs remain the largest line item, it fell by CHF 9.8 million. Both operating costs (CHF –5.3 million) and property costs (CHF –9.0 million) also fell below the previous year's figures. In addition, there were reductions – albeit on a smaller scale – in construction expenses affecting the real estate fund in the amount of CHF 1.6 million, non-capitalized small investments in the IT and equipment area (CHF –0.4 million), write-offs on fixed assets (CHF –0.7 million) and compensation for teaching and research at the university clinics (CHF –0.3 million). These reductions were partly offset by the allocation of unused project funds, which increased to CHF 25.3 million, as well as higher non-capitalized expenses for furnishings, building services and construction investments (CHF +0.7 million).

Income decreased by a total of CHF 22.4 million over the 2016 fiscal year. This decrease is due to the following movements: On the one hand, public contributions fell by a total of CHF 34.4 million in 2017, with CHF 30.0 million of the decrease attributable to the special one-time contribution from the supporting cantons for the pension fund in 2016. Along with this, on the basis of decisions for the third performance period, there was an increase in global contributions totaling CHF 0.2 million, as well as a rise in the funds defined by the Intercantonal University Agreement (CHF +3.1 million). Conversely, there was a decline in federal funding under the University Funding Act and more recently the Higher Education Act in the amount of CHF 7.7 million.

On the other hand, there was a net increase of CHF 9.9 million in project awards from the SNSF and third parties. Project awards from the SNSF increased over the previous year by CHF 9.1 million, while project awards from other external funds increased by a further CHF 0.8 million from an already high level. With this, the upward trend in project funding in recent years, briefly interrupted in the previous year, resumed its course. Finally, the university's income (fees, service and investments) increased by CHF 5.4 million over the previous year, with out-of-period income declining slightly by CHF 3.2 million.

The substantial decrease of CHF 18.2 million in the ordinary operating result – the balance of income and expenses before out-of-period transactions and the formation/liquidation of reserves – can be attributed, on the one hand, to the lower ordinary income in comparison to the previous year (CHF –19.1 million) and, on the other, to a slight net drop in ordinary expenses (CHF –0.9 million). However, these comparisons with the previous year are heavily influenced by the one-off effect from the pension fund, both on the revenue side (one-off payment of CHF 30.0 million from the supporting cantons) and the expenditure side (CHF 17.0 million employer contribution to offset the increased pension capital).

The negative balance for this year's out-of-period transactions in the amount of CHF 2.8 million is essentially attributable to three measures: First, in order to post the basic federal contributions to the correct period, the university's reserves for bad debts have to be increased by CHF 1.5 million, to CHF 30 million. This ensures that, in combination with loans from the supporting cantons (CHF 30.0 million each), the 2016 claim totaling CHF 90 million is completely covered. Second, based on the results of a VAT audit carried out by the Federal Tax Administration, a reserve of CHF 1.1 million has to be formed for the years

2012–2016. And third, the effective receipt of basic contributions under the Higher Education Act for 2016 were CHF 0.4 million below the claim on the federal government.

In 2017, the reserves held by the University of Basel were liquidated in the amount of CHF 5.6 million. This figure results from a formation of reserves totaling CHF 14.1 million and a proper liquidation of the reserves formed in previous years totaling CHF 19.7 million. On the one hand, the formation of reserves represents a reserve in the amount of CHF 8.9 million for measures that have already been decided, most of which were included in the 2017 budget and for which implementation of the cost impact on the university will not begin before 2018 or later. And on the other hand, an amount of CHF 5.2 million comes from an allocation to the allocated reserve for investment risks (market-driven value adjustments for unrealized price gains). The reserve liquidation was broken down into the allocated reserves for fixed assets (CHF –4.6 million), allocated financial support of the University Council (CHF –0.2 million), and the reserves according to financial regulations (CHF –14.9 million). The details of the accumulated and liquidated reserves in the 2017 fiscal year are explained in the following and listed in Notes 23 to 26 in the annex.

The following can be said about the individual items on the income statement:

Revenue side

Public contributions totaling CHF 501.9 million are broken down into global contributions from the two supporting cantons Basel-Stadt (CHF 160.5 million) and Basel-Landschaft (CHF 169.0 million), federal contributions under the Higher Education Act (CHF 93.0 million), and contributions from other cantons in accordance with the Intercantonal Agreement (CHF 77.6 million). Separately, and therefore not included in the overall funding, the Canton of Basel-Stadt provides additional contributions covered by the special service agreements for the public mandate for the University Library (CHF 1.2 million) and Student Advice Center (CHF 0.5 million).

Project funds from the Swiss National Science Foundation for the University of Basel can almost completely offset the additional large drop from the previous year (compared to the record low of CHF -10.9 million in 2015). In comparison with 2016, the increase equaled CHF 9.1 million, with funding from the SNSF in 2017 occupying second place in a ten-year comparison, exceeded only by CHF 1.9 million in the record year of 2015. All faculties contributed to this increase over the previous year, although not all of them were able to completely offset the decline of the year before. As in previous year, this includes contributions to the National Centers of Competence in Research for Molecular Systems Engineering and Quantum Science and Technology with leading house ETH Zurich and co-leading house the University of Basel. Conversely, the previous year saw the end of twelve years of support from the National Center of Competence in Iconic Criticism (for details see Note 6). Provided they were not used in 2017, the committed project funds were reported on the balance sheet as “Committed funds.”

The university received CHF 80.9 million (previous year CHF 80.1 million) in third-party project funds. Except for a few major projects, these funds break down into several awards covering all faculties, with contributions ranging from CHF 0.1 million to CHF 0.9 million. Major thematic concentrations within these funds include awards for EU projects amounting to CHF 16.4 million as well as special federal programs with a volume of CHF 13.8 million, such as the SystemsX research area, the Swiss Center for Applied Human Toxicology (SCAHT), and the Commission for Technology and Innovation. As in the previous year, overhead payments of the Swiss National Science Foundation came to CHF 9.6 million. The total is directly related to the procurement of project funds from the Swiss National Science Foundation and is provided largely to fund the infrastructure. Finally, project funds include the earmarked contribution from the Canton of Aargau for the operation of the Swiss Nano Institute (for details see Note 7). Details can also be found in the consolidated financial statistics in the statistical data. Provided they were not used in 2017, the committed project funds were reported on the balance sheet as “Committed funds.”

Under other income, a net increase of CHF 5.4 million was recorded. There was an increase over the previous year in both the university’s service income (CHF +0.3 million, see Note 9) and income from fees (CHF +1.7 million, see Note 8). There was also an increase in asset results, totaling CHF 3.4 million (see the explanations in Note 10 and 26).

Operating result/year-end result

in CHF million	2017	2016	2015	2014
Ordinary operating result	-2.2	16.0	-30.3	9.6
Out-of-period income	0.8	4.0	18.4	17.4
Out-of-period expenses	-3.6	-1.1	-19.3	-0.3
Formation (-) / liquidation (+) of reserves	5.6	-19.5	14.8	-20.0
Reported year-end result	0.6	-0.6	-16.4	6.7

Expenditure side

To allow comparison of the university's personnel costs with the previous year, they must first be adjusted for one-off effects from 2016. Due to adjustments as part of pension fund reforms, personnel costs for 2016 include an exceptional charge of CHF 17.0 million. Adjusted for pension fund effects, personnel costs for 2017 exceeded the previous year's figures by CHF 7.5 million. The following developments are responsible for this increase: For positions funded by ordinary budget funds in teaching, research and self-administration, there was an increase in personnel costs of CHF 4.5 million; for Swiss National Science Foundation and other external funding, this item increased by CHF 3.0 million (for details see Note 12). Details can also be found in the personnel overview in the statistical data.

The decline in operating costs of CHF 5.3 million since the previous year is attributable to a decline of CHF 0.8 million in the utilization of university budget funds, as well as to a fall in financing from SNSF and other external sources (CHF -4.5 million). At the level of individual expense categories, the contributions to institutions and remuneration to third parties (CHF -5.2 million) fell in particular in 2017. Further detailed items in operating costs are shown in Note 13 in the annex.

There was a net decline in property costs (see Note 14) amounting to CHF 9.0 million in comparison to the previous year. Following the reduction of the deduction payment in the basic rent agreed by the Basel-Stadt canton for 2017 for the cantonal properties used by the university in the amount of CHF 10.0 million, the correspondingly adjusted property expenses increased by CHF 1.0 million over the previous year. The external rental costs (incl. the incidental rental costs posted separately for the first time in 2017) rose once again by CHF 1.8 million. This was primarily driven by the rental of the Rosental campus, now due for the whole year, which will provide the Chemistry depart-

ment with the spatial infrastructure that it so urgently needs (until the development of construction site 4 at the Schällemätteli campus). By subletting the premises that have not yet been occupied by the university to FHNW University of Applied Sciences and Arts Northwestern Switzerland, additional costs are currently still being offset by corresponding rental income. There are also associated costs for energy and cleaning in the expanded property portfolio, which increased by CHF 0.7 million. This was countered by a reduction in costs for systems and facilities, which were CHF 1.5 million lower than in the previous year.

Non-capitalized small investments (purchases under CHF 1,000) decreased by around CHF 0.5 million in comparison to the year before. As in the previous year, this item (see Note 15) also includes non-capitalized expenses for software development, service contracts and investment contributions to partners.

The furnishings, building services and construction investments position (see Note 16) shows a total increase of around CHF 0.7 million compared with the previous year. The expenses for furnishings (CHF +1.0 million) as well as minor investments in construction and building services (together totaling CHF +0.9 million) increased in 2017. Deducting the capitalizable operational facilities (CHF +1.2 million compared to the previous year) brings the balance to the net increase shown.

The maintenance and investments in the real estate fund position (see Note 17) came in at CHF 39.7 million, CHF 1.6 million lower than in the previous year. While expenses in the areas of building maintenance and services (CHF +0.3 million) as well as building services and construction (CHF +0.1 million) recorded slight increases, there was a decline of CHF 2.0 million in the area of building repairs and changes compared to the previous year. As in the previous year, construction measures for alternative premises for the Chemistry department in buildings WRO-1060 and

WRO-1096 were key focal points. Other key projects include the reconstruction and overhaul of Schönbeinstrasse 6. This site is intended as the main long-term location for the Botany department. In addition, services to establish autonomous operations at the Pharmacy center in Klingelbergstrasse 50 have already been rendered, and the replacement and maintenance of network components in these buildings is advancing according to plan. Finally, work on the logistics tunnel in connection with the new building for ETH Zurich (stage 2) got underway. This work will be funded entirely from university reserves.

The positive balance for the item liquidation/ allocation of unused project funds is CHF 29.3 million (previous year CHF 4.0 million). Based on the university's accounting regulations, this item includes the effective liquidations or allocations to the corresponding liability items on the balance sheet (see detailed description in Note 21 "Liquidation/allocation of unused project funds" in the annex).

The reserves position (see notes 23–26) includes the formation and liquidation of reserves in line with the accounting regulations and financing rules of the university and approved by the University Council with the annual financial statement. The following reserves totaling CHF 14.1 million were formed for future or planned expenditure in 2017: CHF 3.0 million carried over from binding appointment awards in 2017 and a total of CHF 5.9 million for earmarked carryovers from the operating budget (CHF 3.8 million) or the investment budget (CHF 2.1 million). This includes – depending on the financial result – an annual special accumulation for matching funds in the area of competitively acquired external funding for service-oriented financial support of research groups (CHF 3.5 million, previous year CHF 3.0 million). To hedge risks in the area of financial assets, CHF 5.2 million was accounted for in the reserves (fluctuation reserve). Conversely, proper liquidations of the reserves totaling CHF 19.6 million accumulated in previous years occurred according to their earmarking. This breaks down into CHF 12.6 million in assigned budget carryovers and CHF 2.3 million for new appointments. Committed funds from the University Council (CHF 0.2 million) and reserves for fixed assets (CHF 4.5 million) were also liquidated.

Forecast for 2018 and ensuing years of the fourth performance period

For the first year of the fourth performance period 2018–2021, which begins now, indications for future basic financing from the supporting cantons have changed. As well as measures for the balanced budget already included in the 2017 planning year (savings of CHF 8 million), further structural savings in the teaching and research area of CHF 11.2 million and CHF 16.8 million in construction are required by 2021. In addition, a one-off amount of CHF 20 million in reserves must be dissolved. Overall this will result in structural savings in the last year of the performance period amounting to CHF 38 million. Cumulatively across the entire performance period, the planned savings will amount to around CHF 80 million. Savings measures are currently being defined in close consultation between the Rectorate, the faculties and central service areas, and once approved by the University Council will be successively implemented with a corresponding impact on teaching, research, and property development up to 2021. In addition, the university will continue to undertake major efforts to further expand the knowledge transfer with the private sector. This would represent a major contribution to a higher added value in the Basel region. At the same time, we will continue to focus on fund-raising to increase third-party funding, high though it already is in international comparison. This is expected to further strengthen research, even in the face of today's challenging fiscal environment.

University of Basel income statement 2017

in Swiss francs	Statement 2017	Statement 2016
Revenue		
Overall funding Canton of Basel-Stadt	160,500,000	165,300,000
Overall funding Canton of Basel-Landschaft	169,000,000	164,000,000
Federal funding as per the University Funding Act	93,026,599	100,762,067
Funding from other cantons under the Intercantonal Agreement	77,647,703	74,504,788
Special contributions	1,754,100	31,754,100
Public contributions	501,928,402	536,320,955
Project awards from the SNSF	76,837,196	67,775,682
Project awards from other third parties	80,893,217	80,101,359
Project awards from the SNSF and third parties	157,730,414	147,877,042
Revenue from fees	26,295,896	24,560,418
Revenue from services	31,124,734	30,848,534
Investment proceeds	12,150,106	8,783,657
Other revenue sources	69,570,737	64,192,609
Out-of-period income	803,418	3,998,240
Out-of-period income	803,418	3,998,240
Total income	730,032,969	752,388,846
Expenses		
Personnel costs	371,902,793	381,732,881
Operating costs	100,751,684	106,012,234
Occupancy costs	57,989,435	66,998,454
Small-scale IT and equipment investments	5,266,910	5,685,395
Furnishings, building services and construction investments	3,958,841	3,218,938
Maintenance and investments in real estate fund	39,708,827	41,280,726
Compensation for teaching and research in clinical medicine at university hospitals	92,559,559	92,825,059
Depreciation on real estate	1,770,790	1,770,790
Depreciation on fixed assets	28,216,072	28,868,462
Liquidation (-) / allocation (+) of unused project funds	29,298,358	3,968,171
Ordinary expenses	731,423,268	732,361,112
Out-of-period expenses	3,592,742	1,087,387
Out-of-period expenses	3,592,742	1,087,387
Liquidation (-) / formation (+) of reserves as per financing regulations	-6,007,777	21,161,886
Liquidation (-) / formation (+) committed allocations University Council	-216,133	-126,167
Liquidation (-) / formation (+) committed reserves for fixed assets	-4,546,355	-3,476,458
Liquidation (-) / formation (+) committed reserves for investment risks	5,179,885	1,951,937
Reserves	-5,590,380	19,511,198
Total expenses	729,425,631	752,959,696
Year-end result		
Annual net profit	607,339	-570,850

University of Basel balance sheet as of December 31, 2017

in Swiss francs	12/31/2017	12/31/2016
Assets		
Liquid assets	95,301,946	64,266,757
Short-term financial assets	52,616,109	52,668,862
Receivables from third parties	32,329,736	24,216,144
Receivables from the Confederation	90,000,000	110,429,720
Receivables due from supporting cantons	24,000,000	30,000,000
Receivables due from affiliates	100,696	77,960
Operational stocks	391,068	449,762
Accruals	5,791,973	6,980,877
Total current assets	300,531,526	289,090,081
Long-term financial assets	298,434,990	288,077,325
Investments	1,284,320	1,228,167
Employer advance pension fund	52,358,389	55,690,855
Loans receivable	6,694,198	6,984,198
Properties for operational needs	54,058,914	54,379,704
Facilities	91,073,090	95,619,444
Facilities under construction	206,212,881	131,074,688
Total fixed capital	710,116,782	633,054,381
Total assets	1,010,648,309	922,144,462
Liabilities		
Liabilities toward third parties	46,542,450	53,905,335
Mortgages	250,000	1,250,000
Loans, supporting cantons	60,000,000	60,000,000
Loans, restructuring pension fund	28,850,000	30,468,538
Loans, assets under construction	200,563,550	126,961,591
Balance sheet reserves	47,221,729	42,996,554
Accrued liabilities	28,503,954	32,163,004
Total borrowed capital	411,931,683	347,745,022
Project funds Swiss National Science Foundation	125,636,758	114,522,620
Project funds Man-Society-Environment (MSE)	–	389,377
Real estate fund	36,813,687	32,696,946
Other project funds (field-specific or earmarked)	162,597,905	152,099,492
Committed capital funds, foundations and associations	40,905,746	36,945,416
Total committed funds	365,954,096	336,653,851
Reserves from appointments	18,570,997	17,936,290
Reserves from budget carryovers	61,637,413	68,279,897
Committed awards University Council	1,909,354	2,125,487
Committed reserves for fixed assets	91,073,088	95,619,442
Committed reserves for investment risks	46,174,869	40,995,003
Total reserves	219,365,721	224,956,119
Free capital funds and foundations	8,019,821	7,772,215
Free reserves	4,769,648	5,588,105
Year-end result	607,339	–570,850
Total free equity capital	13,396,809	12,789,470
Total liabilities	1,010,648,309	922,144,462

Notes to the University of Basel

Annual Financial Statement 2017

Scope of consolidation

Based on the recognized business principles for corporate groups with the duty to consolidate or business-like organizations, the annual financial statement of the University of Basel encompasses all asset, capital and performance figures for all departments and service divisions belonging to the University of Basel as a public corporation as well as all figures for legally independent and non-independent foundations, funds and associations that have significant economic relationships with the university. In addition, it reports all funds given by third parties for the fulfillment of the university's performance mandate or which make it possible to carry out supplementary projects in research and teaching for the university or its representatives.

- For inclusion in the annual financial statement, the following rules apply alternatively:
- Foundations, funds and associations are included if the majority of the members of the legally established body, which has influence over the management and assets of the respective organization as the supreme authority, consists of university members who are exercising their university function.
 - Economic relationships are considered significant if the majority of the assets and/or contributions from the foundations, funds and associations benefit the other units that are included in the university's scope of consolidation.

The departments and service divisions are listed at the end in the table of financial performance figures in the statistical data for the annual financial statement. Non-independent legal funds and foundations refers to around 60 different gifts and legacies from third parties that benefit the university, individual departments or institutes, or that benefit university hospitals and individual university museums. The university manages a large portion of these funds in accordance with the wishes of the donors in the unified university assets. Legally independent foundations and associations also refer to funds given to the university by third parties. The foundations that are wholly integrated according to civil law are subject to the cantonal supervisory law and are also managed by the university.

The foundations and associations according to civil law are the following:

- Alfred Mutz-Stiftung
- Bernd Hollander-Stiftung
- Basler Studienstiftung (from 2017)
- Frey-Grynäische Stiftung
- Friedrich Zschokke-Stiftung
- Fritz Mangold-Stiftung
- Josef-Anton Häfliger-Stiftung
- Nikolaus und Bertha Burckhardt-Bürgin-Stiftung
- Rudolf Riggensbach-Stiftung
- Stiftung für das Knochentumor-Referenzzentrum Basel
- Stiftung für theologische und philosophische Studien
- Stiftung Schweizerisches Wirtschaftsarchiv
- Stiftung Zschokke-Haus
- Stiftung zur Förderung der biologischen Forschung
- Swiss Foundation for Excellence and Talent in Biomedical Research
- Universitätsstiftung Basel
- Verein AlumniBasel
- Verein zur Förderung des Wirtschaftswissenschaftlichen Zentrums der Universität Basel

Art. 31 para. 1 of the agreement between the Cantons of Basel-Landschaft and Basel-Stadt concerning the joint sponsorship of the University of Basel states: "Medical teaching and research is sponsored by the university, in particular the Faculty of Medicine. Services are performed both in the university departments and institutes as well as at the university hospitals and hospitals with university clinics." As part of the State Agreement negotiations, the costs for clinical teaching and research at the university hospitals and hospitals with university clinics were separated and integrated into the university's overall budget. As the financial responsibility and supervision for the clinics remains with the cantons, these university finances do not consolidate operational asset, capital and performance figures for the university clinics (incl. their research department) as well as the hospitals with university clinics, the Institute of Forensic Medicine, and the University Center for Dental Medicine Basel (UZB). From the 2007 fiscal year, the hospital services rendered for the Faculty of Medicine are financially

compensated (UZB from 2016), thus constituting a purchase of services on the part of the university from the hospitals. As in the past, their SNSF research funds and individual grants in the area of external funding are integrated into the university's management of SNSF funds and external funding and are part of the university's annual financial statement.

The claims and liabilities with the two supporting cantons are itemized as "Claims/liabilities with related parties." The financial involvements within the university have been eliminated.

University accounting practices

When the State Agreement came into effect in 2007, a significant change was made to the funding bases for the university. The new equal sponsorship of the university by both of the Basel cantons introduced new accounting requirements. The following describes the university's accounting principles required by the State Agreement, which have been fully adhered to since 2007.

Accounting principles

The university gaining its autonomy in 1997 resulted in strict accounting requirements. Therefore, with the aim of providing related parties as well as third parties with open and transparent accounting on funds entrusted to the university, the university's accounting will be incrementally adapted to modern, recognized accounting principles, such as those defined by the Recommendations for Accounting (Swiss GAAP FER). The new equal sponsorship of the university by the two Basel cantons from 2007 was accompanied by additional changes to the accounting practices, which has further increased the already high standards in terms of transparency. The accounting standards introduced at the university are described below, with the primary goal being to realize the principle of a "true and fair view":

- Clear structure of the annual financial statement, consisting of a revenue and expense income statement, investment- and financing-appropriate balance sheet, as well as notes with additional remarks on the annual financial statement that include regrouping of the funds and foundations of the university with respect to earmarking and availability.
- Appraisal of the university's own properties and other properties used for university purposes at acquisition costs minus the economically necessary adjustments. The revaluation reserves resulting from the initial inventory are reported as committed reserves and are adjusted annually

by the result from capitalizations, write-offs and investment contributions (federal subsidies, real estate fund contributions, third-party contributions).

- Assessment of operational facilities with respect to acquisition costs less economically necessary adjustments. The revaluation reserves resulting from the initial inventory are reported as committed reserves and are adjusted annually by the result from capitalizations and write-offs.
- University contributions in the area of upkeep and development of cantonal properties are treated as investment contributions by the university and are therefore not capitalized. In the domain of properties belonging to the university and properties used for university purposes, the value-enhancing investment contributions in the area of upkeep and development are capitalized and written off in accordance with the capitalization rules.
- Property which is not used for university purposes but whose rental income instead fulfills foundational or fund purposes (e.g., payment of grants) is allocated to financial assets, valued individually at the current market values, and carried forward to its lower book values in line with the principle of prudence.
- Valuation of financial assets at market values.
- Compliance with the gross assets principle (reporting gross investment income and its use according to the resolution passed by the University Council for the distribution of profits within the scope of Swiss National Science Foundation and external funding administration of the university). Value adjustments are built up or liquidated in the amount of unrealized exchange gains/losses in the income statement and allocated to the centrally managed reserve for market risks.
- There is an allocated reserve for investment risks, taking into account the risk structure of the financial investments. This includes value adjustments for unrealized exchange gains and can be additionally accumulated for adequate hedging of market risks from actual investments.
- Shares are valued at their acquisition cost.
- Operational stocks are valued according to the lowest value principle.
- Liquidity encompasses cash in hand, postal account and bank balances as well as cash equivalents with a remaining maturity of at least 90 days. They are appraised at their nominal value.

- Balance sheet reserves are formed when an event creates a probable liability before the balance sheet date and for which the amount and/or due date is uncertain but can be estimated. Reserves are appraised at their nominal value.
- Reporting of deferred income and expenses on an accrual basis.
- Formation of reserves for university-internal awards that involve commitment or earmarking of own resources according to the financial regulations:
 - For unused funds from appointment awards
 - For approved earmarking from budget carryovers of the organizational units
 - For committed funds from the University Council.
- The organizational units have submitted a declaration of completeness and thus confirmed that they have reported all relevant transactions to the central authorities. In the course of reasonable efforts taken on the part of the university administration, this makes it possible to establish that the criteria for completeness have been met on the reporting date, especially with respect to the scope of consolidation and recording of the external funds received.
- Small rounding differences may result because values are rounded off in the annual financial statement.

It should be noted that the overall picture of the annual financial statement is a comprehensive material representation of the activities of the university, in particular the income statement.

Risk management and the internal control system of the university

Principles and conception

The University Council and the Rectorate of the University of Basel are responsible for establishing and maintaining a risk management system and reasonable internal checks. The internal control system (ICS) of the university was designed to provide the University Council and the Rectorate with an appropriate level of dependability in financial reporting as well as for the creation and presentation of the published annual financial statement reflecting the actual circumstances.

In addition to the control measures described on the level of the university at large, the internal control system of the university includes guidelines for risk assessment and a list of numerous checks on the process level that have already been implemented for several years now. Based on this concept, the Office of the Administrative Director created a documented risk control matrix for the key financial risks in 2009 and worked out the necessary checkpoints. The documented and evaluated processes are summarized in eight core processes. Moreover, the new signature and visa arrangements which came into effect on 1 January 2011 have been implemented across the board, thus formalizing and standardizing the signature authorities and accounting checks throughout the entire university.

In close cooperation with the University Council, the Rectorate has also developed a comprehensive risk assessment procedure and university risk profile in order to document both financial risks and the key risks for the university and to set out any necessary measures. The University Council has acknowledged this very comprehensive work and commissioned the Rectorate with implementing the required measures.

The Rectorate regularly reviews, at least once annually, the risk assessment report and the prepared university risk profile in order to identify new key risks for the university and to take any necessary measures in a timely fashion on the basis of this report. The results from these audits are presented to the University Council in a risk report.

Projects in progress

In view of the statutory regulations, an overarching risk management concept and internal control system at the University of Basel have been adopted by the University Council. Due to the highly complex implications and the necessary differentiated view, the associated work in the line constitutes a permanent process in which both the university's procedures as well as the implemented control activities are continuously reviewed, updated or modified if necessary and expanded upon by the responsible administrative levels of the university.

Statistical data 2017

Financial performance figures from the departments and service divisions (revenue)

CHF thousand	Contributions state sponsors Statement 2017	Financial awards SNSF third parties Statement 2017	Fees Services Other revenue sources Statement 2017	Total Revenue Statement 2017	Total Revenue Statement 2016
Departments					
Theology Studies	3,509	1,352	154	5,014	4,712
Law	11,506	2,040	791	14,337	13,336
Biomedicine	17,803	13,957	8,798	40,557	43,234
Sport, Exercise and Health	5,266	958	427	6,651	5,710
Public Health	2,632	2,694	1,922	7,247	7,525
Biomedical Engineering	749	3,714	464	4,927	4,462
Teaching and research (university clinics) ¹⁾	92,813	15,949	1,025	109,788	107,218
Medicine, unallocated	6,437	718	74	7,228	6,782
Foreign Languages and Literary Studies	10,205	3,413	93	13,711	14,324
Studies of the Ancient World	3,735	3,421	61	7,217	6,810
Social Sciences	6,971	5,364	55	12,390	10,747
History	4,088	3,524	77	7,690	6,451
Arts, media and philosophy	6,341	3,021	228	9,590	8,078
Humanities, unallocated	5,600	3,276	380	9,255	7,575
Physics	13,048	13,262	1,608	27,918	24,795
Environmental Sciences	18,262	7,418	1,675	27,355	26,512
Mathematics and Computer Science	7,595	4,214	352	12,162	9,481
Chemistry	12,203	11,280	369	23,852	25,867
Pharmacy	11,741	2,586	966	15,293	16,428
Biozentrum	43,767	22,628	672	67,067	62,888
Natural Sciences, unallocated	1,120	107	1	1,228	1,283
Economics	10,180	9,339	808	20,327	19,207
Psychology	11,082	2,349	1,692	15,122	16,403
Institute for European and Global Studies	1,727	524	18	2,269	2,580
Institute for Biomedical Ethics	727	688	11	1,427	1,498
Center for Philanthropy Studies	235	411	595	1,240	1,264
Institute of Education Studies	698	280	–	978	689
Institute of Urban and Landscape Studies	–	–	–	–	1,701
Service divisions					
University Library	23,207	1,011	2,902	27,121	27,306
IT Services	17,921	336	96	18,352	18,918
University administration	30,204	766	1,890	32,860	33,135
University-wide, unallocated ²⁾	120,555	17,131	42,174	179,860	215,470

CHF thousand	Contributions state sponsors Statement 2017	Financial awards SNSF third parties Statement 2017	Fees Services Other revenue sources Statement 2017	Total Revenue Statement 2017	Total Revenue Statement 2016
Summary by faculty					
Faculty of Theology	3,509	1,352	154	5,014	4,712
Faculty of Law	11,506	2,040	791	14,337	13,336
Faculty of Medicine	125,700	37,990	12,709	176,399	174,931
Faculty of Humanities and Social Sciences	36,940	22,018	894	59,852	53,986
Faculty of Science	107,736	61,496	5,642	174,875	167,253
Faculty of Business and Economics	10,180	9,339	808	20,327	19,207
Faculty of Psychology	11,082	2,349	1,692	15,122	16,403
Interdisciplinary units	3,387	1,902	624	5,914	7,732
Service divisions	71,332	2,113	4,887	78,333	79,359
University-wide, unallocated ²⁾	120,555	17,131	42,174	179,860	215,470
	501,928	157,730	70,374	730,033	752,389

- 1) The third-party awards reported for the university clinics essentially only include awards from the Swiss National Science Foundation that were processed and posted by the university authority responsible for administration of the contributions. The other external funding in the area of teaching and research in clinical medicine is granted directly to the individual clinics.
- 2) Unallocated university-wide figures include the public contributions that are not allocated directly to the organizational units, project funds that have not been finally allocated and tuition fees.

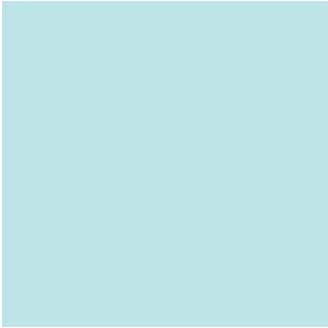
Financial performance figures from the departments and service divisions (expenses)

CHF thousand	HR costs Statement 2017	Misc. Expenses Statement 2017	Depreciation fixed assets 2017	Total Expenses Statement 2017	Total Expenses Statement 2016
Departments					
Theology Studies	5,310	505	45	5,861	6,505
Law	12,877	1,353	151	14,381	14,159
Biomedicine	27,449	11,319	2,793	41,560	42,024
Sport, Exercise and Health	5,443	656	313	6,412	5,949
Public Health	5,164	1,643	34	6,842	7,076
Biomedical Engineering	4,749	686	456	5,891	3,148
Teaching and research (university clinics) ¹⁾	11,938	98,244	253	110,435	109,440
Medicine, unallocated	4,658	2,475	82	7,215	6,711
Foreign Languages and Literary Studies	13,523	875	220	14,619	14,776
Studies of the Ancient World	6,224	915	189	7,328	6,750
Social Sciences	11,035	1,403	174	12,612	11,728
History	6,372	933	103	7,408	6,679
Arts, media and philosophy	8,302	824	132	9,258	8,858
Humanities, unallocated	6,642	1,859	149	8,649	8,103
Physics	19,301	3,814	3,550	26,665	27,516
Environmental Sciences	21,733	2,841	1,435	26,009	27,333
Mathematics and Computer Science	9,892	780	315	10,987	9,910
Chemistry	19,983	2,805	3,399	26,187	26,743
Pharmacy	12,082	2,457	1,301	15,840	15,711
Biozentrum	44,791	11,546	7,609	63,946	64,248
Natural Sciences, unallocated	786	52	18	856	949
Economics	13,886	1,729	255	15,869	18,837
Psychology	13,426	2,155	555	16,136	15,591
Institute for European and Global Studies	1,930	254	28	2,212	2,820
Institute for Biomedical Ethics	1,498	124	16	1,639	1,500
Center for Philanthropy Studies	990	278	16	1,284	1,314
Institute of Education Studies	828	144	1	973	689
Institute of Urban and Landscape Studies	–	–	–	–	1,495
Service divisions					
University Library	17,485	9,217	291	26,993	26,984
IT Services	10,567	6,130	1,735	18,432	19,299
University administration	27,408	6,360	532	34,299	34,156
University-wide, unallocated ²⁾	25,631	153,158	3,840	182,629	205,962

CHF thousand	HR costs Statement 2017	Misc. Expenses Statement 2017	Depreciation fixed assets 2017	Total Expenses Statement 2017	Total Expenses Statement 2016
Summary by faculty					
Faculty of Theology	5,310	505	45	5,861	6,505
Faculty of Law	12,877	1,353	151	14,381	14,159
Faculty of Medicine	59,401	115,023	3,930	178,355	174,348
Faculty of Humanities and Social Sciences	52,097	6,809	966	59,873	56,895
Faculty of Science	128,568	24,295	17,626	170,489	172,409
Faculty of Business and Economics	13,886	1,729	255	15,869	18,837
Faculty of Psychology	13,426	2,155	555	16,136	15,591
Interdisciplinary units	5,246	800	61	6,107	7,818
Service divisions	55,459	21,707	2,558	79,724	80,438
University-wide, unallocated ²⁾	25,631	153,158	3,840	182,629	205,962
	371,903	327,536	29,987	729,426	752,960

1) Teaching and research (university clinics) contains remuneration for teaching and research at the university hospitals in the amount of CHF 92.6 million (previous year CHF 92.8 million).

2) The figure "University wide, unallocated" includes central personnel costs (e.g. pension inflation, social allowances, substitutes for vacant professorships, restructuring of the pension funds), the real estate fund, the liquidation/allocation of unused project funds, Unisport, SKUBA, AVUBA, expenses from federal programs (e.g. career advancement), basic rent for use of cantonal properties belonging to the Canton of Basel-Stadt, premises costs for energy, third-party rent and cleaning, and the formation of reserves for earmarked budget carryovers.



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