



University  
of Basel

# **Annual Report 2015**

## **Summary**

**Legal note**

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Approved by the University Council on 18.04.2016

**Acknowledgments**

The University of Basel would like to thank all private sponsors, foundations and companies that supported the institution in 2015 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 2015

### At a glance

in CHF million	2015	2014	2013	2012
<b>Income statement</b>				
Public contributions	496.1	472.4	458.4	492.6
Third-party contributions, including SNSF	158.6	147.1	125.3	135.1
Fees, services and investment income	55.5	77.2	50.6	59.2
Out-of-period income	18.4	17.4	16.0	13.0
<b>Total income</b>	<b>728.7</b>	<b>714.1</b>	<b>650.3</b>	<b>699.9</b>
Personnel costs	381.7	353.3	341.5	376.1
Material expenses	290.1	281.4	266.5	253.5
Depreciation on fixed assets	29.9	29.6	28.8	25.7
Liquidation (-) / allocation (+) of unused project funds	38.9	22.9	7.6	14.1
Out-of-period expenses	19.3	0.3	0.2	0.7
Liquidation (-) / formation (+) of reserves	-14.8	20.0	2.3	28.3
<b>Total expenses</b>	<b>745.1</b>	<b>707.4</b>	<b>646.9</b>	<b>698.5</b>
<b>Year-end result</b>	<b>-16.4</b>	<b>6.7</b>	<b>3.4</b>	<b>1.4</b>
<b>Balance sheet</b>				
Current assets	304.5	265.4	227.9	209.3
Fixed capital	560.1	529.6	481.3	464.1
<b>Total assets</b>	<b>864.5</b>	<b>795.0</b>	<b>709.2</b>	<b>673.4</b>
Borrowed capital	313.0	251.1	214.9	192.3
Committed funds	332.7	293.8	270.9	263.3
Reserves	205.4	220.2	200.3	198.1
Free equity capital	13.4	29.8	23.1	19.7
<b>Total liabilities</b>	<b>864.5</b>	<b>795.0</b>	<b>709.2</b>	<b>673.4</b>

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

# Commentary:

## fiscal year 2015

### Introductory remarks and appraisal of the annual financial statement 2015

Fiscal year 2015 was dominated by a measure that proved decisive for the university and which is now beginning to have a significant financial impact. The employer's contribution to the one-time vested rights costs resulting from plan amendments to the Basel-Stadt pension fund led in 2015 to the highest annual deficit that the university has recorded since gaining its autonomy. Due to the current difficult fiscal environment for public investors (supporting cantons, federal), the University of Basel expects further significant financial challenges in the coming years.

Nonetheless, despite a negative year-end result due to special effects, this second year of the third performance period of the state agreement showed positive developments in key indicators in teaching and research. Following strong growth years, student numbers have stabilized at a consistently high rate, with the University of Basel continuing to prove attractive to students from other cantons as well as doctoral students. The university has also succeeded in attracting third-party funding (from the Swiss National Science Foundation and other sources) in the sum of CHF 158.6 million, just short of the record set in 2010 (CHF 159.3 million). All this serves as a persuasive argument for the University of Basel and is testament to its persistently strong appeal. In other words, the new Strategy 2014 – with its stated goal of further expansion of the position of the University of Basel as a prominent, regionally anchored yet internationally oriented academic institution, while still maintaining close links with society, culture and business – is starting to bear fruit.

This is the second year and thus the half-way point of the 2014-2017 performance period, and from a purely financial viewpoint the University of Basel's position is unfavorable. The year-end result of CHF 16.4 million is not just a considerable negative when compared with the 2015 budget (which predicted a deficit of CHF 1.2 million), but the previous year's result as well (CHF +6.7 million). It is influenced by a special effect in the area of the university's pension funds in the net sum of CHF 15 million, which neither the consistently high budgetary discipline exercised by the university's administrative subdivisions nor the higher effective income could offset. The 2015 result leads to a considerable weakening of free equity capital, which means that the financial room to maneuver, which is so vital to the university, will be even further constrained. On this basis, the university is restricted in its ability to react flexibly and proactively to short-term developments and opportunities in the academic environment. Consequently, the university administration is generally very cautious about further implementation of Strategy 2014, which gathered considerable momentum in 2015.

Therefore, the university is very grateful that the supporting cantons have authorized additional funding for the third performance period, 2014 to 2017, which together with the planned growth in other public funding and the university's internal cost-cutting and redistribution measures, will form a solid foundation for the university's development as outlined in Strategy 2014. However, it is of paramount importance that large construction projects, both in progress and pending, are completed quickly in the coming years in order to

### Operating result/year-end result

in CHF million	2015	2014	2013	2012
<b>Ordinary operating result</b>	<b>-30.3</b>	<b>9.6</b>	<b>-10.1</b>	<b>17.4</b>
Out-of-period income	18.4	17.4	16.0	13.0
Out-of-period expenses	-19.3	-0.3	-0.2	-0.7
Formation (-) / liquidation (+) of reserves	14.8	-20.0	-2.3	-28.3
<b>Reported year-end result</b>	<b>-16.4</b>	<b>6.7</b>	<b>3.4</b>	<b>1.4</b>

consolidate the University of Basel's current excellent position among domestic and international universities in the quest for competitively acquired external funding and outstanding researchers.

### **Factors impacting the 2015 result**

A deficit of CHF 16.4 million was reported for 2015. On the expenses side, there was a total increase of CHF 37.7 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) increased by CHF 53.5 million over the previous year. The largest gains compared with the previous year came in personnel costs (CHF +28.4 million), the allocation of unused project funds affecting expenditure (CHF +16.0 million), operating costs (CHF +8.9 million), occupancy costs (CHF +2.6 million) and depreciation of fixed assets (CHF +0.9 million). In contrast, construction expenditure fell by CHF 3.6 million at the expense of the real estate fund. The remaining items in the effective total expenditure increased by just CHF 0.3 million. Additionally, the balance of out-of-period effects and formation/liquidation of reserves fell by CHF 15.8 million over the previous year. Income increased by a total of CHF 63.8 million over fiscal year 2013. This increase is due to the following movements: Public contributions increased by a total of CHF 14.0 million in 2014, with the increase in global contributions stipulated in the state agreement for both Basel cantons (CHF +7.0 million) representing the largest increase. Although the basic federal contributions under the University Funding Act remained fixed at 2013 levels, federal subsidiaries for infrastructure investments increased (CHF +1.8 million). The third item in terms of public contributions is that based on the Intercantonal Agreement on Universities, which increased considerably (CHF +5.0 million) over the previous year due to the inflation adjustment applied in 2014.

Income increased by a total of CHF 14.6 million over fiscal year 2014. This increase is due to the following movements: Public contributions increased by a total of CHF 23.7 million in 2015, with CHF 18.3 million attributable to the extraordinary effect associated with the federal contribution in accordance with the University Funding Act. This adjustment results from the fact that the claim on the federal government set here (frozen at CHF 70.2 million since 2011) is adjusted to the current expected level of CHF 88.5 million as a one-time catch-up. In addition to this special effect – an accounting measure that has a neutral effect

on the overall result – there are also effective increases. As stipulated by the state agreement, the global contributions of the two supporting cantons rose by a total of CHF 4.1 million, while federal subsidiaries for infrastructure investments increased by CHF 3.6 million. The third item in terms of public contributions is that based on the Intercantonal Agreement on Universities, which dropped by CHF 2.3 million from the previous year.

In contrast, project allocations from other third parties increased over the previous year (CHF +2.2 million) in addition to project allocations from the Swiss National Science Foundation (CHF +9.3 million), a continuation of the previous year's positive development. Finally, the university's own income (fees, service and investments) dropped by CHF 21.7 million over the previous year, with out-of-period income rising slightly, by CHF 1.0 million.

In detail, the reported year-end result is based on the following facts: The sharp decline in the ordinary operating result – as the balance of income and expenses before out-of-period transactions and the formation/liquidation of reserves – can be attributed to several, differentiated effects. In strictly arithmetical terms, and in each case compared with the previous year, ordinary income increased by a total of CHF 13.5 million and ordinary expenses by CHF 53.4 million, yielding a difference of CHF 39.9 million.

Both movements, however, must be considered in detail and with commentary. The increase on the income side is not entirely compensated by the corresponding items on the other side of the balance sheet in the ordinary expenditure (e.g. through a greater allocation of unused project funds). The financial result alone fell by CHF 28.4 million compared with the previous year. However, the value adjustments for unrealized capital gains/losses are compensated only through a corresponding liquidation of reserves (CHF 5.7 million) for price fluctuations (committed reserves for investment risks). On the expenditure side, both staffing and material costs showed marked increases due to strategic allocations. Additionally, the approved budget carryovers (about CHF 22.0 million in 2015) were also used to a greater extent, which results in a neutralization through the corresponding liquidation of reserves outside the operating result.

Along with several minor items, the slightly negative balance in this year's out-of-period transactions of CHF 0.9 million can be largely attributed to the 2015 adjustment to accrued receivables for the effective receipt of federal contributions booked in arrears in accordance with accounting standards. Since 2011, these accrued receivables

have remained unchanged on the balance sheet at CHF 70.2 million. With an effective receipt of CHF 88.0 million in 2015, this leads to an out-of-period income in the amount of CHF 17.8 million (previous year CHF 16.8 million). Based on the judgment passed down by the Federal Administrative Court, which confirmed the payment in arrears, no change is required to the accounting methodology for arrears applied to date. Only the amount of accrued receivables was raised to the level determined by current planning. At the same time, the provision for the risk of default was increased by the same amount. These measures lead to a higher yield from federal receipts – in line with current conditions – and to a one-off special effect of CHF 18.3 million under out-of-period expenses. The two factors offset each other in the overall result.

In 2015, the reserves held by the University of Basel were liquidated in the amount of CHF 14.8 million. This balance is the result of the formation of reserves totaling CHF 7.2 million. These reserves are for measures that are already decided, most of which were included in the 2015 budget and for which implementation of the cost impact on the university will not begin before 2016 or later. In contrast, in fiscal year 2015 proper use of reserves accumulated in previous years, totaling CHF 22.0 million, took place. Specifically, this relates to liquidations of the committed reserves for fixed assets (CHF -0.1 million) and reserves for hedging investment risks (CHF -5.7 million), the committed funds of the University Council (CHF -0.8 million) and reserves as per financing regulations (CHF -15.4 million). The details of the accumulated and liquidated reserves in fiscal year 2015 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 496.1 million are broken down into global contributions from the two supporting cantons, Basel-Stadt (CHF 163.2 million) and Basel-Landschaft (CHF 161.9 million), federal contributions under the University Funding Act (CHF 96.0 million) and contributions from other cantons in accordance with the Intercantonal Agreement (CHF 73.3 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).

The project funds from the Swiss National Science Foundation granted to the University of Basel increased further despite the high growth of the previous year. This increase totaled CHF 9.3 million over the previous year. In other words, these contributions from the Swiss National Science Foundation were just CHF 4.8 million less than in the record year 2011. Increased revenue in almost every faculty was responsible for this considerable rise. The Faculty of Science (CHF +4.1 million, previous year CHF +1.6 million), the Faculty of Medicine (CHF +1.4 million, previous year CHF +4.1 million), the Faculty of Law (CHF +1.2 million, previous year CHF -0.7 million), the Faculty of Psychology (CHF +1.0 million, previous year CHF -1.3 million), the Faculty of Humanities (CHF +0.2 million, previous year CHF +1.2 million) and the Faculty of Business and Economics (CHF +0.2 million, previous year CHF +0.1 million) all recorded increased revenue compared with the previous year. The Swiss Tropical Institute, which is associated with the university and which administers the institute's Swiss National Science Foundation funding, also experienced growth of CHF 1.3 million. As in the previous year, contributions were made to the National Center of Competence in Research (NCCR) Molecular Systems Engineering (CHF 4.2 million, unchanged), to the NCCR Iconic Criticism (CHF 1.2 million, previous year CHF 1.4 million) and to the NCCR Quantum Science and Technology with leading house ETH Zürich and co-leading house University of Basel (CHF 1.0 million, previous year CHF 1.7 million). Provided they were not used in 2015, the committed project funds were reported on the balance sheet as 'Committed funds'.

The university received CHF 79.9 million (previous year CHF 77.7 million) in third-party project funds. With the exception of a few major projects, these funds break down into several awards covering all faculties, with contributions ranging from CHF 0.1 million to CHF 0.6 million. Large, topically related domains within these funds include awards for EU projects (CHF 9.9 million, previous year CHF 15.3 million) and special federal programs (CHF 19.0 million, previous year CHF 12.7 million), such as SystemsX research, the Swiss Centre for Applied Human Toxicology (SCAHT) and the Commission for Technology and Innovation (CTI). Specific mention should be made of the CTI-financed Competence Center for Research in Energy, Society and Transition (CREST), for which the university was the leading house and which reported receipts of CHF 4.2 million in 2015 (previous year CHF 2.6

million). Overhead payments of the Swiss National Science Foundation came to CHF 7.3 million (previous year CHF 8.8 million). The total is directly related to the procurement of project funds from the Swiss National Science Foundation and is provided largely to fund infrastructure. Finally, project funds include the earmarked contribution of CHF 5.0 million from the Canton of Aargau for the operation of the Swiss Nano Institute, the same amount as the previous year. Provided they were not used in 2015, the committed project funds were reported on the balance sheet as 'Committed funds'. Third-party research funding of the university hospitals and the associated institutions of the university are not included in these figures. According to separate reporting, they amounted to CHF 105.7 million in 2015. Details can be found in the consolidated financial statistics in the statistical data.

Miscellaneous revenues record an increase of CHF 21.7 million on balance. Revenues from the university's own services increased by CHF 3.9 million over the previous year, and revenues from fees increased by CHF 2.9 million. However, investment proceeds fell by CHF 28.4 million. The development in investment proceeds can be attributed to the sharp drop in the balance of unrealized capital gains/losses for financial assets over the previous year (CHF -22.8 million) – which were subject to large fluctuations in line with developments in investment markets – and the decline in effectively realized financial receipts (CHF -5.8 million). Only the balance from foreign exchange gains/losses recorded a small gain (CHF +0.2 million) compared with last year (see also the remarks to Notes 10 and 26).

#### **Expenditure side:**

Personnel costs of the university increased by CHF 28.4 million over the previous year. This includes a special effect that is directly related to the transition in the area of the university's pension funds. With the transition of the Basel-Stadt pension fund from benefit plan to contribution plan, and due to the reduction of the actuarial interest rate for the vested rights regulation for those actively insured as at December 31, 2015, the employer's contribution was booked in the sum of CHF 15.24 million under personnel costs 2015. When adjusted for this special effect, the increase in personnel costs was still about CHF 13.1 million. The following developments are responsible for this increase: In the areas funded by ordinary budget resources, teaching, research and self-administration, the increase – within budget – was about CHF 8.5 million; in the area of third-party funding, including the Swiss National Science Foundation, growth of CHF 4.6 million was recorded. Details can also be found in the personnel overview in the statistical data.

The increase in operating costs totaling CHF 8.9 million compared with the previous year can be attributed to a CHF 2.7 million increase in ordinary budget resources and CHF 6.2 million in third-party funding (including the Swiss National Science Foundation). Individual expense categories revealed larger swings in contributions to institutes, fees to third parties and guest speakers (CHF +6.1 million), in maintenance costs for IT (CHF +1.9 million) and administrative expenses (CHF +1.2 million). Further detailed positions in operating costs are shown in Note 13 in the annex.

Compared with the previous year, occupancy costs showed a net increase of CHF 2.6 million. This increase can be attributed to an increase in property rental paid to third parties (CHF +2.7 million). The delta of all other positions was a net decrease of CHF 0.1 million. The basic rent for use of cantonal properties in the amount of CHF 27.8 million (previous year CHF 28.0 million), third-party rent in the amount of CHF 17.9 million (previous year CHF 15.2 million) and costs for cleaning and energy (CHF 14.8 million, previous year CHF 14.9 million) were the largest individual items under occupancy costs.

The non-capitalized small investments (purchases under CHF 1,000) increased by a minimal CHF 0.2 million over the previous year. As in the previous year, this position also includes non-capitalized expenses for software development, service contracts and investment contributions to partners.

The item for furnishings, building services and construction investments shows a total net increase of CHF 0.7 million compared with the previous year. The expenses for furnishings (CHF +1.5 million) and building services (CHF +0.2 million) increased from the previous year, while the minor construction investment remained steady. At the same time, the non-capitalized small investments in all three areas grew by a total of CHF 0.7 million.

The maintenance and investment real estate fund position was CHF 26.5 million, a drop of CHF 3.6 million compared with the previous year. Although a modest growth was recorded in maintenance expenses in the areas of construction and building services (CHF 0.2 million), the area of building maintenance and structural modifications showed a decline of CHF 3.8 million compared with last year, despite numerous highly challenging construction works. As was the case in the previous year, considerable restraint is exercised in this area to ensure real estate funds are deployed as efficiently as possible in view of forthcoming building works and space changes. However, this effect cannot disguise the fact that repair and maintenance requirements at the university remain high, and have merely been deferred. With a number of larger projects underway, current planning points to a considerable consumption of funds over the next four years.

The positive balance for the item liquidation/allocation of unused project funds is CHF 16.0 million (previous year CHF 22.9 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 item 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 11.0 million were formed for future use or the planned expenditure in 2015: CHF 3.8 million carried over from binding appointment awards in 2015 and a total of CHF 7.2 million for earmarked carryovers from the operating budget (CHF 5.6 million) or from the investment budget (CHF 1.6 million) in fiscal year 2015. This also includes a special amount for matching funds in the area of competitively acquired external funding for performance-based financial support of research groups (CHF 3.3 million, previous year CHF 4.0 million). Conversely, proper liquidations of

the reserves totaling CHF 25.8 million accumulated in previous years occurred according to their earmarking. This breaks down into CHF 15.9 million in assigned budget carryovers and CHF 3.3 million for new appointments. In addition, amounts for liquidation of committed funds from the University Council (CHF 0.8 million), reserves for investment risks (CHF 5.7 million) and reserves for fixed assets (CHF 0.1 million) also occurred.

#### **Outlook for 2016 and 2017**

The aim of the new Strategy 2014 is to review the existing targets, identify new potential and define the future profile of the University of Basel over the next two performance periods (2014 to 2021). The major steps for implementation of the strategy in the current performance period were undertaken in 2014 and 2015. The key measures are:

- Development of the Institute of Education Studies in cooperation with the FHNW
- Preparatory work for a new master's degree program in urban and landscape studies.
- Establishing new professorships in the Faculty of Humanities in the fields of digital humanities, political science and sociology.
- Strengthening of translational research in the area of personalized health (Personalized Health Initiative) in cooperation with bodies including the university hospitals, ETH Zurich, the University of Zurich and associated institutions of the University of Basel (the Swiss Tropical and Public Health Institute, Friedrich Miescher Institute).
- Establishment of new professorships in the Faculty of Science for the field of new materials and energy sources and quantum/nanophysics.
- Adjustment to studies in Pharmaceutical Sciences in line with new federal education regulations.
- Establishment of new professorships in the Faculty of Humanities in the fields of digital humanities, political science and sociology.
- Increased training capacity in the human medicine studies (including development of collaborations with ETH Zurich and Università della Svizzera italiana)
- Gradual further expansion of the supply of information to support the use of modern media, particularly in teaching.
- Modernization of IT infrastructure and services to maintain and further increase the competitiveness of research and teaching that is increasingly reliant on digital information.



The funding of these measures is spread over several pillars. For example, the contributions from the supporting cantons will increase by an additional CHF 0.2 million by 2017, or CHF 10.2 million with the CHF 10 million reduction from 2017 promised by the Canton of Basel-Stadt for the rental of cantonal properties used by the university. For UFG funds<sup>1</sup>, an increase of CHF 3.0 million is planned for the next two years; for IUUV contributions<sup>2</sup>, the aim is to maintain the current level (planning for 2016-2017 assumes an annual sum of CHF 75.5 million).

Along with the funds used for the university's strategy (including cost-cutting measures at the university), additional funds in the amount of CHF 12 million will be used for the real estate fund over the entire performance period in order to finance urgently needed measures in construction infrastructure. In addition, further funds in the amount of CHF 2.8 million will be provided by 2017 in order to expand the acceptance capacity for studies in human medicine.

To ensure that the University of Basel is able to compete both nationally and internationally, spatial and infrastructural development are the top priority in this and the following performance period. The new construction of the Biozentrum and its planned completion in 2018 represent an initial milestone at the Schällemätteli campus. This is to be followed by new buildings for D-BSSE, ETH Zurich (at the present location of the old south wing of the University Women's Hospital of Basel) and the biomedicine center (at the present location of the Biozentrum), which are currently proceeding as planned. In addition to the buildings on the Schällemätteli campus, the new buildings planned for dental medicine at the Rosental site and the Institute of Exercise and Health Sciences at St. Jakob will progress swiftly in 2016.

Along with these infrastructure projects, which are of great strategic importance, developments in the competition to attract research funds will be analyzed on an ongoing basis and their subsequent impact on university research reviewed. In particular, the university is following long-term developments in the awarding and securing of EU projects with great concern in light of the mass immigration initiative.

In addition, the university will undertake major efforts to expand innovation and knowledge transfer in the private sector (including the Innovation Park Northwestern Switzerland). This would represent a major contribution to a higher added value in the Basel region. At the same time, major emphasis will be placed 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.

1) Funds according to the Federal Law on Financial Aid to Universities.

2) IUUV according to the Inter-Cantonal University Agreement.

# University of Basel income statement 2015

in Swiss francs	Statement 2015	Statement 2014
<b>Revenue</b>		
Overall funding Canton of Basel-Stadt	163,200,000	161,100,000
Overall funding Canton of Basel-Landschaft	161,900,000	159,900,000
Federal funding as per the University Funding Act	95,987,163	74,052,747
Funding from other cantons under the Intercantonal Agreement	73,264,884	75,565,508
Special contributions	1,754,100	1,754,100
<b>Public contributions</b>	<b>496,106,147</b>	<b>472,372,355</b>
Project awards from the SNSF	78,716,708	69,369,360
Project awards from other third parties	79,906,769	77,706,833
<b>Project awards from the SNSF and third parties</b>	<b>158,623,477</b>	<b>147,076,193</b>
Revenue from fees	25,888,953	23,036,610
Revenue from services	31,901,770	28,012,410
Investment proceeds	-2,267,065	26,157,554
<b>Other revenue sources</b>	<b>55,523,659</b>	<b>77,206,574</b>
Out-of-period income	18,427,017	17,444,684
<b>Out-of-period income</b>	<b>18,427,017</b>	<b>17,444,684</b>
<b>Total income</b>	<b>728,680,300</b>	<b>714,099,806</b>
<b>Expenses</b>		
Personnel costs	381,650,840	353,264,044
Operating costs	109,081,029	100,155,674
Occupancy costs	63,726,537	61,113,648
Small-scale IT and equipment investments	4,556,605	4,334,412
Furnishings, building services and construction investments	4,363,104	3,688,492
Maintenance and investments in real estate fund	26,491,357	30,135,177
Compensation for teaching and research in clinical medicine at university hospitals and hospitals with university clinics	81,906,834	81,951,834
Depreciation on real estate	1,770,796	2,343,291
Depreciation on fixed assets	28,146,554	27,214,563
Liquidation (-) / allocation (+) of unused project funds	38,862,144	22,888,976
<b>Ordinary expenses</b>	<b>740,555,801</b>	<b>687,090,112</b>
Out-of-period expenses	19,341,905	346,344
<b>Out-of-period expenses</b>	<b>19,341,905</b>	<b>346,344</b>
Liquidation (-) / formation (+) of reserves as per financing regulations	-8,154,381	-5,304,282
Liquidation (-) / formation (+) committed allocations University Council	-784,211	-619,795
Liquidation (-) / formation (+) committed reserves for fixed assets	-141,243	4,219,186
Liquidation (-) / formation (+) committed reserves for investment risks	-5,718,278	21,707,747
<b>Reserves</b>	<b>-14,798,113</b>	<b>20,002,855</b>
<b>Total expenses</b>	<b>745,099,593</b>	<b>707,439,312</b>
<b>Year-end result</b>		
<b>Annual net profit</b>	<b>-16,419,293</b>	<b>6,660,494</b>

# University of Basel balance sheet as at December 31, 2015

in Swiss francs	12/31/2015	12/31/2014
<b>Assets</b>		
Liquid assets	111,756,319	165,952,498
Short-term financial assets	74,918,837	1,144,978
Receivables from third parties	24,653,156	20,547,685
Receivables from the Confederation	88,500,000	70,200,000
Receivables due from affiliates	143,086	214,640
Operational stocks	483,748	472,665
Accruals	3,997,166	6,867,603
<b>Total current assets</b>	<b>304,452,312</b>	<b>265,400,069</b>
Long-term financial assets	282,294,332	287,536,697
Investments	1,204,100	1,201,600
Employer advance pension fund	49,214,476	35,486,385
Properties for operational needs	56,150,493	57,921,283
Facilities	99,095,903	99,371,930
Facilities under construction	72,108,463	48,059,871
<b>Total fixed capital</b>	<b>560,067,766</b>	<b>529,577,767</b>
<b>Total assets</b>	<b>864,520,078</b>	<b>794,977,835</b>
<b>Liabilities</b>		
Liabilities toward third parties	44,361,617	45,986,619
Mortgages	1,250,000	1,300,000
Loans, supporting cantons	60,000,000	60,000,000
Loans, restructuring pension fund	34,000,000	35,600,000
Loans, assets under construction	66,332,347	47,170,576
Balance sheet reserves	49,375,304	33,845,874
Accrued liabilities	57,709,254	27,228,343
<b>Total borrowed capital</b>	<b>313,028,523</b>	<b>251,131,411</b>
Project funds Swiss National Science Foundation	110,859,459	93,533,171
Project funds Man-Society-Environment (MSE)	389,377	389,377
Real estate fund	39,163,858	28,092,846
Other project funds (field-specific or earmarked)	145,335,581	134,267,050
Committed capital funds, foundations and associations	36,938,038	37,541,332
<b>Total committed funds</b>	<b>332,686,313</b>	<b>293,823,776</b>
Reserves from appointments	17,245,069	16,758,333
Reserves from budget carryovers	47,809,232	56,450,349
Committed awards University Council	2,251,654	3,035,865
Committed reserves for fixed assets	99,095,901	99,237,144
Committed reserves for investment risks	39,043,066	44,761,344
<b>Total reserves</b>	<b>205,444,922</b>	<b>220,243,035</b>
Free capital funds and foundations	7,660,550	7,464,747
Free reserves	22,119,063	15,654,372
Year-end result	-16,419,293	6,660,494
<b>Total free equity capital</b>	<b>13,360,320</b>	<b>29,779,613</b>
<b>Total liabilities</b>	<b>864,520,078</b>	<b>794,977,835</b>

# Notes to the University of Basel Annual Financial Statement 2015

## 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 of 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 having 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 that make it possible to carry out supplementary projects in research and teaching for the university or its representatives.

Alternatively, the following rules apply for the principle of inclusion in the annual financial statement:

- 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 various 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
- Frey-Grynäische Stiftung
- Friedrich Zschokke-Stiftung
- Fritz Mangold-Stiftung
- Josef-Anton Häfliger-Stiftung
- Nikolaus und Bertha Burckhardt-Bürgin-Stiftung
- Rudolf Riggenschach-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 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. Because the responsibility for accounting and oversight of the clinics remains in the hands of the cantons, the university accounting presented here does not consolidate the operational assets, capital and performance figures from the university hospitals (including the research department) or the hospitals

with university clinics. From the 2007 accounting year, the hospital services rendered for the Faculty of Medicine are financially compensated, 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 in the university's management of SNSF funds and external funding and part of the university's annual financial statement.

The receivables and liabilities vis-à-vis the two cantons are reported as 'Receivables/liabilities due from affiliates'. 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 and that have been fully adhered to since 2007.

### **Accounting principles**

The university gaining its autonomy in 1997 resulted in strict accounting requirements. For this reason, as part of the effort to provide affiliates as well as third parties with open and transparent accountability for the funds entrusted to the university, the university's accounting in the subsequent years was gradually modified to comply with current and recognized accounting principles such as those defined in the specialized accounting recommendations (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 less economically necessary adjustments. The revaluation reserves resulting from the initial inventory are reported as committed reserves and are adjusted annually with the result from the capitalizations and 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.
- Properties with rooms that are not used for university purposes but instead for rental revenue for the purposes of foundations and funds (e.g. scholarships disbursements) are allocated to financial assets and appraised at market value.
- 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 the value adjustments for unrealized capital gains and can be additionally accumulated for adequate protection against market risks from the effective investment income.
- 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. Balance sheet reserves are assessed 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 awards of 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.

#### **Outlook for developments**

The following measures have already been adopted or introduced for the further development of the university accounting instruments in 2016:

- Based on the constantly arising additions to auditing standards as well as internal needs, the existing university accounting manual must be successively expanded upon and updated.
- In 2016, the university is once again stepping up its university-wide integration efforts in the area of the central SAP administration software. In 2016, the university's hiring process will therefore be gradually implemented at each level on the basis of workflow solutions in the new SAP personnel system. This also includes those involved locally in the hiring process who will receive new standard reports and evaluation options. In 2016, in the area of IT services it is planned to roll out university-wide the workflow-based SAP material procurement and management process, previously conducted as a pilot project at the Biozentrum and to be implemented by central IT services. Finally, in spring 2016 the SAP Competence Center, which is integrated into the Office of the Administrative Director, will release the first productive version of a business warehouse solution to the Rectorate, faculties and departments in order to offer the extensive data volumes in the SAP administration systems current evaluations appropriate for each level of management.

## **Risk management and the internal control system of the university**

### Principles and concept

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. In addition, the new signature and initialing regulations that came into effect on January 1, 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 in the future and to set out any necessary measures. The University Council has acknowledged this very comprehensive and at the same time complex work and commissioned the Rectorate with implementing the necessary 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 timely fashion on the basis of this report. The results from these audits have been presented to the University Council in a risk report since 2012.

### 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. The associated implementation is still in progress due to the very complex and at the same time necessary differentiated consideration of the university processes. All processes and controlling activities will also be continuously reviewed, updated or modified if necessary and expanded upon by the responsible administrative levels of the university.

# Statistical data 2015

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

CHF thousand	Contributions state sponsors Statement 2015	Financial awards SNSF third parties Statement 2015	Fees Services Other revenue sources Statement 2015	Total Revenue Statement 2015	Total Revenue Statement 2014
<b>Departments</b>					
Theology Studies	3,550	1,445	110	5,105	6,853
Law	11,261	2,012	564	13,836	12,325
Biomedicine	15,982	13,195	9,615	38,791	34,969
Dental Medicine	8,676	462	6,806	15,944	16,310
Sport, Exercise and Health	4,636	425	498	5,559	5,685
Public Health	2,712	4,111	2,162	8,986	6,298
Biomedical Engineering	955	6,273	90	7,318	797
Clinical Medicine (Uni Clinics) <sup>1)</sup>	78,258	14,731	469	93,458	97,731
Medicine, unallocated	5,759	1,539	28	7,326	6,312
Foreign Languages and Literary Studies	9,777	4,690	209	14,676	13,340
Studies of the Ancient World	3,498	3,033	56	6,587	6,117
Social Sciences	5,794	4,991	328	11,113	11,323
History	3,916	3,274	21	7,211	5,736
Philosophy and Media Studies	3,536	1,980	1	5,516	4,561
Fine Arts	2,788	1,327	34	4,149	4,348
Humanities, unallocated	4,643	2,265	245	7,153	8,444
Physics	10,899	13,339	1,514	25,752	27,337
Environmental Sciences	18,774	6,809	1,889	27,472	29,458
Mathematics and Computer Science	6,700	3,465	184	10,349	9,634
Chemistry	12,206	12,548	229	24,983	27,856
Pharmacy	11,133	3,164	975	15,272	15,005
Biozentrum	41,952	20,122	819	62,893	60,006
Natural Sciences, unallocated	1,146	130	21	1,297	1,602
Economics	9,502	8,322	543	18,367	16,142
Psychology	10,693	3,304	1,689	15,686	14,218
Institute for European and Global Studies	1,867	866	1	2,734	2,624
Bio & Medical Ethics	743	592	5	1,339	1,381
Center for Philanthropy Studies	214	588	494	1,297	1,359
Institute of Education Studies	627	44	–	,671	–
Institute of Urban and Landscape Studies	204	–	1	,205	–
<b>Service divisions</b>					
University Library	22,607	1,873	1,398	25,879	25,763
University Computing Center	16,426	1,867	72	18,364	14,404
University administration	29,936	1,573	3,092	34,602	31,180
University-wide, unallocated <sup>2)</sup>	134,737	14,264	39,788	188,789	194,982



CHF thousand	<b>Contributions state sponsors Statement 2015</b>	<b>Financial awards SNSF third parties Statement 2015</b>	<b>Fees Services Other revenue sources Statement 2015</b>	<b>Total Revenue Statement 2015</b>	<b>Total Revenue Statement 2014</b>
<b>Summary by faculty</b>					
Faculty of Theology	3,550	1,445	110	5,105	6,853
Faculty of Law	11,261	2,012	564	13,836	12,325
Faculty of Medicine	116,977	40,737	19,669	177,383	168,101
Faculty of Humanities	33,952	21,560	894	56,406	53,870
Faculty of Science	102,810	59,577	5,630	168,018	170,897
Faculty of Business and Economics	9,502	8,322	543	18,367	16,142
Faculty of Psychology	10,693	3,304	1,689	15,686	14,218
Interdisciplinary units	3,655	2,091	501	6,247	5,364
Service divisions	68,969	5,313	4,563	78,844	71,347
University-wide, unallocated <sup>2)</sup>	134,737	14,264	39,788	188,789	194,982
	<b>496,106</b>	<b>158,623</b>	<b>73,951</b>	<b>728,680</b>	<b>714,100</b>

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.

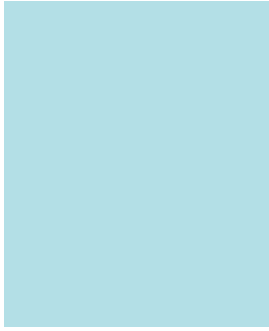
## Financial performance figures from the departments and service divisions (expenses)

CHF thousand	HR costs Statement 2015	Misc. Expenses Statement 2015	Depreciation fixed assets 2015	Total Expenses Statement 2015	Total Expenses Statement 2014
<b>Departments</b>					
Theology Studies	6,217	568	48	6,834	6,478
Law	12,555	1,081	149	13,785	13,052
Biomedicine	25,642	9,981	2,484	38,107	36,115
Dental Medicine	11,400	3,911	529	15,840	16,617
Sport, Exercise and Health	4,844	557	259	5,661	5,586
Public Health	5,423	1,800	33	7,256	5,325
Biomedical Engineering	1,259	339	144	1,742	674
Medical research (Uni clinics) <sup>1)</sup>	11,280	86,394	278	97,951	98,573
Medicine, unallocated	3,833	2,356	62	6,250	5,966
Foreign Languages and Literary Studies	13,273	1,078	204	14,556	14,090
Studies of the Ancient World	5,156	742	134	6,032	6,259
Social Sciences	9,350	1,427	149	10,926	12,110
History	6,205	683	94	6,982	6,441
Philosophy and Media Studies	4,407	363	81	4,852	4,657
Fine Arts	3,678	318	58	4,055	4,172
Humanities, unallocated	6,260	1,023	155	7,439	7,745
Physics	20,490	3,691	3,629	27,809	26,872
Environmental Sciences	23,528	4,050	1,521	29,098	29,282
Mathematics and Computer Science	9,571	778	235	10,583	10,528
Chemistry	19,146	4,481	2,531	26,159	24,820
Pharmacy	11,974	2,230	1,452	15,656	16,300
Biozentrum	42,499	10,896	8,448	61,843	60,747
Natural Sciences, unallocated	775	70	30	874	986
Economics	12,671	4,439	260	17,370	13,711
Psychology	12,722	2,171	624	15,517	15,480
Institute for European and Global Studies	2,170	334	25	2,530	2,632
Bio & Medical Ethics	1,269	73	16	1,358	1,478
Center for Philanthropy Studies	827	296	2	1,126	950
Institute of Education Studies	623	48	0	671	-
Institute of Urban and Landscape Studies	189	57	2	247	-
<b>Service divisions</b>					
University Library	16,314	9,190	353	25,856	25,690
IT Services	9,460	7,174	2,323	18,957	15,396
University administration	27,378	7,964	424	35,766	32,042
University-wide, unallocated <sup>2)</sup>	39,263	162,967	3,180	205,410	186,667

CHF thousand	<b>HR costs Statement 2015</b>	<b>Misc. Expenses Statement 2015</b>	<b>Depreciation fixed assets 2015</b>	<b>Total Expenses Statement 2015</b>	<b>Total Expenses Statement 2014</b>
<b>Summary by faculty</b>					
Faculty of Theology	6,217	568	48	6,834	6,478
Faculty of Law	12,555	1,081	149	13,785	13,052
Faculty of Medicine	63,681	105,337	3,789	172,807	168,856
Faculty of Humanities	48,330	5,635	876	54,840	55,473
Faculty of Science	127,982	26,196	17,845	172,023	169,535
Faculty of Business and Economics	12,671	4,439	260	17,370	13,711
Faculty of Psychology	12,722	2,171	624	15,517	15,480
Interdisciplinary units	5,078	809	46	5,933	5,060
Service divisions	53,152	24,328	3,100	80,580	73,127
University-wide, unallocated <sup>2)</sup>	39,263	162,967	3,180	205,410	186,667
	<b>381,651</b>	<b>333,531</b>	<b>29,917</b>	<b>745,100</b>	<b>707,439</b>

1) Miscellaneous expenses for medical research (university clinics) contains remuneration for teaching and research in clinical medicine at the university hospitals and hospitals with university clinics in the amount of CHF 81.9 million (previous year CHF 82.0 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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