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ANNUAL REPORT 1993-1994

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A factory owner for 50 years. The Aarhus University Research Foundation

By Henning Lehmann, Chairman of the Aarhus University Research Foundation

The University of Aarhus is different. All the Danish universities have been state institutions since 1970, but Aarhus is in the unique situation of being a public institution which, through a foundation, is the principal shareholder in what is by Danish standards a large private company, donated by its founder to the young university in 1944. It should be noted that the University of Aarhus was, technically speaking, a private institution up until 1970, and that a great deal of work was done by the city of Aarhus to ensure that Denmark's second university was established here in 1928.

On the occasion of the generous donation mentioned above, the University established the "Aarhus University Research Foundation", which was to act as the holder of shares representing the full DKK 300,000 share capital of the Cheminova chemical factory, a company that had been set up in the Copenhagen suburb of Gladsaxe in 1938. In 1953 Cheminova moved to the west coast of Jutland, and today the factory has grown into a concern in which Cheminova Holding A/S is the parent company for various subsidiaries. The largest of these are Cheminova Agro, which produces plant protection products, and Skamol, which produces insulation and absorption materials.

The Research Foundation

Aarhus University Research Foundation owns all the ordinary shares (nominal value DKK 75 million) in Cheminova Holding A/S, and some DKK 27 million of the DKK 116 million preference shares. The purpose of the Research Foundation is to support scientific research at the University of Aarhus. In 1993 the Foundation bestowed grants totalling DKK 25 million (some ECU 3 million).

Grants are awarded half-yearly. In the light of applications from researchers at the University, the faculties and the Senate put their recommendations for grant awards to the Board of the Foundation.

The Research Foundation may, if it so wishes, grant especially large sums to projects. Such a sum might be earmarked for an interdisciplinary project or an area of special interest. In 1994 the Research Foundation reached the age of fifty, and in celebration of that occasion has made grants for several anniversary projects, each of which is to receive a large sum. All in all these projects have been granted DKK 16 million (some ECU 2 million) for work to be undertaken during a period of between three and five years. These projects are presented in the following pages.

For the University as a whole, the total budget for 1993 was in excess of a billion Danish kroner (approximately ECU 150 million). The annual award of grants by the Research Foundation represents just two per cent of that figure. Yet however modest this might appear, the fact of that two per cent of the budget representing *uncommitted, disposable* funds makes it of very special importance.

A birthday

We take September 2nd, 1944, as being the day on which the Aarhus University Research Foundation was established. More can be read about that day in the article by Palle Lykke. His article represents ongoing work on the history of the University, which is one of the projects receiving support.

The approval of the proposal for the instrument of foundation is taken as determining the "moment of birth". The signatories were the five of the eight members of the Board of the private university who were present on that occasion.

Then, as they have done many times since, people asked: "What was the young Gunnar Andreasen thinking of when he donated his six-year old company to the University of Aarhus?" The most obvious way of attempting to find an answer is to let Andreasen speak for himself. The quotation which accompanies this article is from his memoirs, *The First Half*:

My idea with the foundation was ... quite clear. Should one really work for years in a company as I hoped to do or merely to run the risk of one day seeing it split asunder by speculators and/or quarrelling and perhaps even incompetent heirs? This was not for me. And during these years in which the outcome of the war was as yet unclear there was another risk: if Denmark after capitulation came under Russian influence, the company would be nationalized. So it was better to "nationalize" it myself. But the overriding factor was what is known as the Toynbee phenomenon ...: that people suffer a mental imbalance from living with the constant awareness of "ownership". For my part, I felt almost a sense of physical relief when I was free of it.

All the calamities I named above were avoided by "tying up the shares in a foundation" ...

Why choose *The University of Aarhus* ? The answer is simple: the University of Copenhagen and all the other institutions of higher education in the country were at the time remarkably similar ... but what had begun in 1926 in a scattering of basement rooms in Aarhus had attracted a group of persons for whom I had the greatest respect ...

The management of the University lay in the hands of persons who were both very active and of an independent disposition. From this group of people, I felt it must be possible to draw not only persons who would interact positively with Cheminova, but also members for an effective and independent Board for the Foundation.

The company anno 1994 is in many respects far removed from the company anno 1944. A crucial moment in the history of company and foundation was 'going public' and being listed on the stock exchange in 1986. This move changed the financial situation completely: there were now many more owners of preference shares; and the Research Foundation had acquired additional capital as a result of its sale of preference shares.

Profile

It was not until the 1970s that the Research Foundation's dividend payments from Cheminova rose to be in excess of DKK 1 million. One krone was, of course, of greater value in the 1950s and '60s than it is today, but even after taking that into consideration, the table below showing assets and dividend distributions in the years subsequent to 1986 provides a clear picture of the development of the company since its stock exchange listing. With this change, the Foundation has achieved increased economic importance, especially when comparisons are made with the very modest assets it held over and above the Cheminova shares prior to 1986. The Foundation's 1993 dividend payments from Cheminova corresponded to only around 25% of the total grants awarded.

Figures in DKK million

	1986	1987	1988	1989	1990	1991	1992	1993
Cheminova Holding A/S								
Turnover	991	1036	1298	1298	1145	1211	1286	1319
Profit before tax	168	171	153	143	99	137	160	194
Balance	1067	1304	1479	1482	1538	1545	1662	1762
Equity capital	652	659	747	858	886	963	1034	1154
Dividend	10	10	13	13	12	12	12	19
Aarhus University Research Foundation								
Shares in Cheminova Holding A/S	384	388	440	488	504	548	588	609
Other assets	186	189	212	256	246	256	247	355
Balance	570	577	652	744	750	804	835	964
Grants awarded	8	14	18	21	25	23	21	25

It has become fashionable to enquire about a company's or foundation's profile. It is almost self-evident that ever since its inception, the most important factor in the profile of the Research Foundation has been its commitment "to support scientific research at the University of Aarhus". The next and in my opinion also extremely important characteristic exhibited by the Foundation is its flexibility. While other large foundations - and research councils - have tended recently to lay weight on the strategic grandeur of their areas of activity, on their large "lump sum" grants, and on the spectacular endowment of research centres, one of the most important aspects of the Research Foundation is that it views no application as being too small to deal with seriously, and indeed to take up at short notice if necessary, and that it regards its strategy as being shaped by scientific activity in its mother institution, the University of Aarhus.

The special project endowments granted in this anniversary year are thus more the exception than the rule as far as the amount of money for each project is concerned, but not with regard to the strategy behind them. They also serve to illustrate that at this 50th anniversary it is not just the expression of a platitude or a pious hope to say that the Research Foundation is well-equipped to meet the needs and challenges of the next half century. And we are all delighted to know that that is the case.