

# GRIPS Financial Report 2013

*GRIPS Financial Report 2013 -outline-*

Budget and Accounting Division

GRIPS

*Gateway to  
Global Leadership*

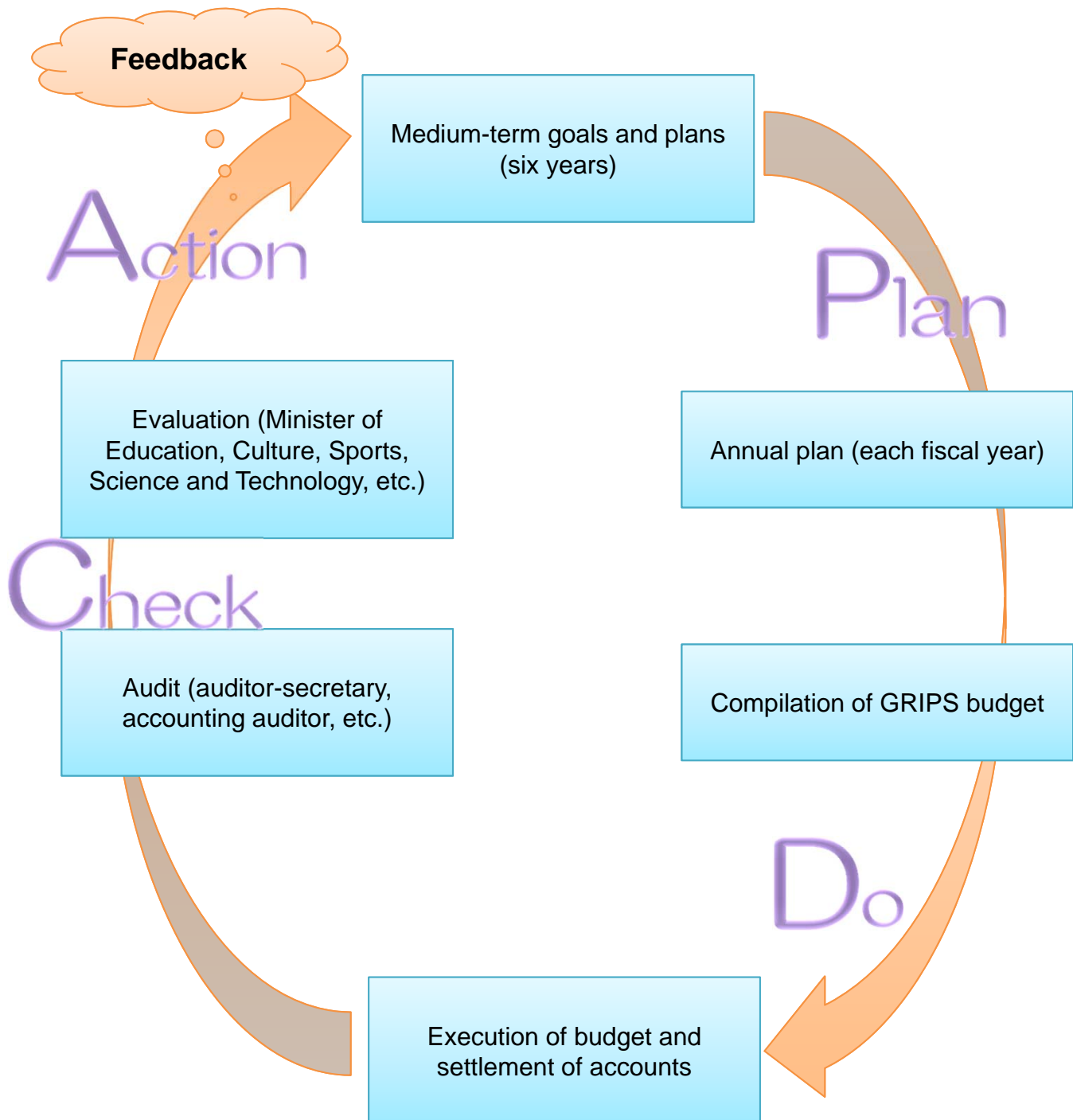


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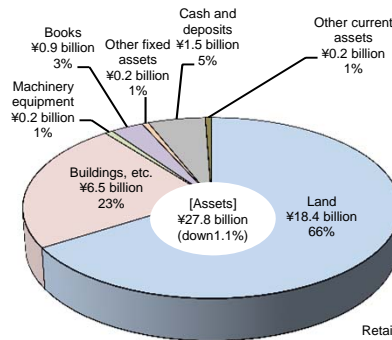
- In financial operation, the budget should be accurately compiled and executed in line with confirmation and evaluation.



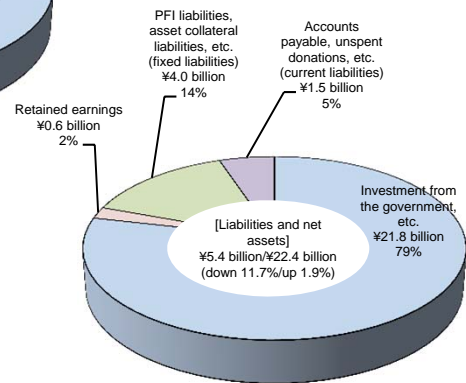
## Financial Conditions including Land and Building Holding, Investment from the Government, and Borrowings at the End of Fiscal 2012

- Outline and component ratio of the balance sheet for fiscal 2012 (as of March 31, 2013)

- The assets at the end of fiscal 2012 were 27.775 billion yen (down 297 million yen from the previous fiscal year), the liabilities were 5.404 billion yen (down 717 million yen), and total net assets were 22.371 billion yen (up 402 million yen).



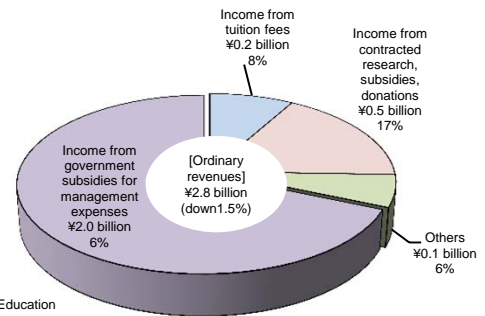
- About 80% of the property (assets) necessary for conducting the operations of GRIPS was mainly accounted for by investment from the government (net assets), and the remaining 20% was composed of subsidies from the government, borrowings, donations, etc. (liabilities).



## Financial Operation Conditions for Fiscal 2012 (Amounts Received and Spent\*)

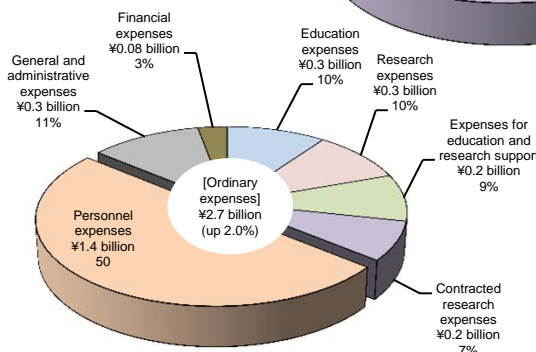
- Outline and component ratio of ordinary revenues and ordinary expenses for fiscal 2012 (April 1, 2012 – March 31, 2013)

- The ordinary revenues at the end of fiscal 2012 were 2.841 billion yen (down 44 million yen from the previous fiscal year), and the ordinary expenses were 2.727 billion yen (up 54 million yen). The net profit for the current fiscal year, which adds temporary losses to this balance, was 0.114 billion yen (down 142 million yen).



- Income from government subsidies for management expenses accounts for about 70% of the ordinary revenues, and income from tuition fees, etc. accounts for 8%. Income from funded research, subsidies, and donations accounts for 17%.

- With regard to ordinary expenses, 50% consists of personnel expenses, about 30% consists of education and research expenses (education expenses, research expenses, and expenses for education and research support), and 11% consists of general and administrative expenses.

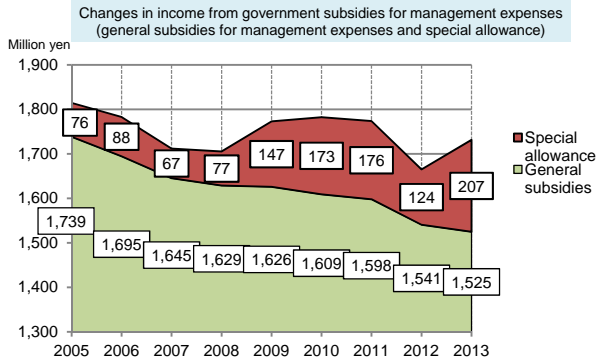


\* National university corporations cannot immediately record received government subsidies for management expenses, tuition fees, funded research, subsidies, and donations as revenues. These funds are once recorded as debts, and then used as expenditures of education research activities and transferred to revenues in accordance with the progression of corporation businesses. This is referred to as monetization. The amount of income and that of monetization in each fiscal year may differ because all of the received funds (funds recorded as debts) are not necessarily monetized during such fiscal year.

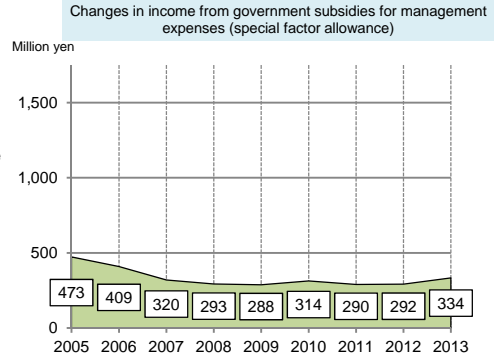
Major financial injection from the government

Income from government subsidies for management expenses

- The amount of subsidies granted in fiscal 2012 was 1.96 billion yen (about 85% of income from government subsidies for management expenses) <including -60 million yen due to the influence of the Act on Special Measures for Salaries>.
- It has decreased by an average of about 15 million yen per year due to the efficiency factor (decreased by 1% year-on-year).



\* The above figure shows annual changes in general subsidies for management expenses (basic subsidies for management expenses) and special allowance (allowance for special projects, etc.). (Figures for 2005-2012 are actual results and those for 2013 are on a budgetary basis.)



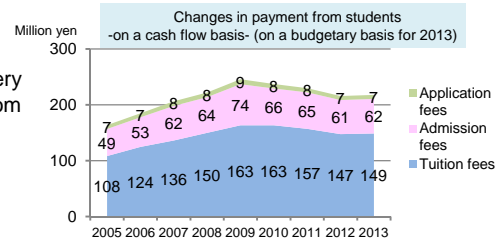
\* The above figure shows annual changes in special factor allowance (retirement allowance, PFI maintenance and management expenses, etc.) among government subsidies for management expenses. (Figures for 2005-2012 are actual results and that for 2013 is on a budgetary basis.)

Payment from students and exemption system

Payment from students

- The amount of payment from students is about 0.2 billion yen every year as indicated in the figure to the right (about 9% of income from government subsidies for management expenses).

\* The amount of payment from students should be decided by each corporation within a certain limit based on the standard amount under the Ministerial Ordinance on Tuition and Other Expenses at National Universities, etc. (Unit tuition fee (annual amount): 535,800 yen)



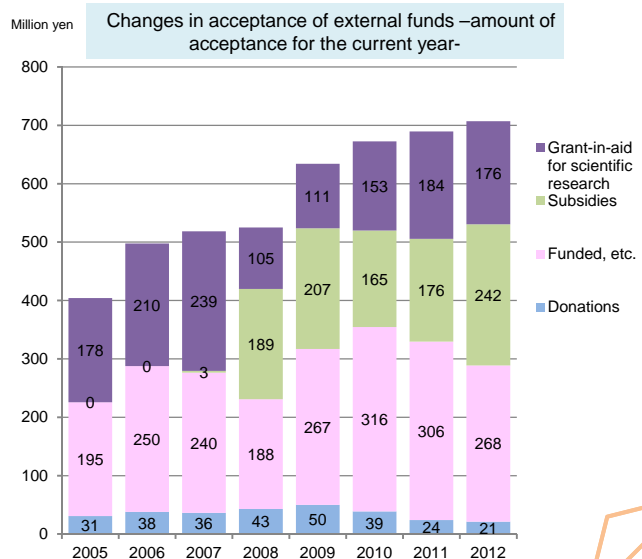
Tuition exemption system

Total number of the eligible students for tuition exemption in fiscal 2012 was 77, and the amount of exemption was 19 million yen, equivalent to 9.0% of the amount of tuition fees subject to be collected.

Acceptance of external funds

- The amount of acceptance of external funds (excluding grant-in-aid for scientific research and subsidies) in fiscal 2012 was 0.29 billion yen (increased by 27.9% compared with fiscal 2005).
- The amount of acceptance of external funds including grant-in-aid for scientific research and subsidies was 0.77 billion yen. (increased by 74.9% compared with fiscal 2005)

External funds include funded research and donations from companies, and funded projects applied to the Ministry of Education, Culture, Sports, Science and Technology (MEXT) and other ministries. These funds are becoming more important for the vitalization of education and research and the stabilization of management amid declining basic subsidies for management expenses.



## Balance Sheet

The balance sheet indicates the balance of assets, liabilities and net assets at the end of the fiscal year, and shows the financial conditions of the GRIPS.

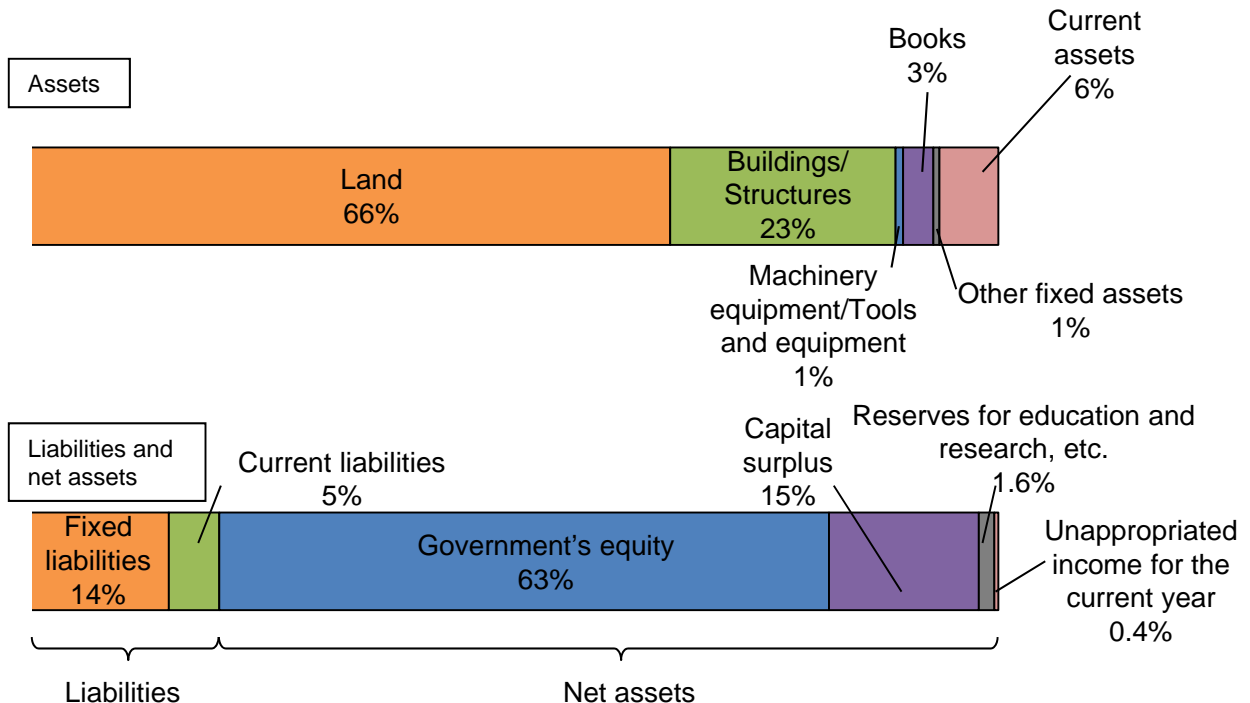
Liabilities and net assets indicate the source of funding, and assets indicate operation forms of funds raised.

**Assets :** Fixed assets including land and buildings account for the majority of assets.

**Liabilities :** PFI liabilities for which the government takes steps to cover the serving costs account for 61% of liabilities, and debts that arose from the unique accounting of national university corporations, such as asset collateral liabilities, account for 23%. However, GRIPS works for stable financial management through systematic payment, etc.

**Net assets :** Net assets account for 81% of the total of liabilities and net assets, 78% of which was accounted for by government equity.

## Breakdown of Assets, Liabilities, and Net Assets in Fiscal 2012



## Balance Sheet

(Unit: million yen)

Item	Fiscal 2011	Fiscal 2012	Increase/ Decrease
<b>Assets</b>	28,072	27,775	( 297)
Fixed assets	26,484	26,083	( 401)
Land	18,351	18,351	0
Buildings	6,633	6,364	( 269)
Structures	125	111	( 15)
Machinery equipment	5	5	( 0)
Tools and equipment	285	208	( 78)
Books	839	870	31
Software	244	174	( 71)
Telephone subscription rights	1	1	0
Current assets	1,588	1,692	104
Cash and deposits	1,398	1,526	128
Accrued income for payment from students	2	2	0
Other accrued income	187	159	( 28)
Other current assets	0	5	5
<b>Liabilities</b>	6,121	5,404	( 717)
Fixed liabilities	4,644	3,955	( 689)
Asset collateral liabilities	1,064	1,067	2
Long-term accounts payable	291	168	( 123)
PFI liabilities	3,289	2,720	( 569)
Current liabilities	1,477	1,449	( 28)
Liabilities from government subsidies for management expenses	63	50	( 13)
Donation liabilities	123	131	7
PFI liabilities to be repaid within a year	556	569	12
Accounts payable	482	431	( 51)
Other current liabilities	252	269	16
<b>Net assets</b>	21,951	22,371	420
Government equity	17,507	17,507	0
Capital surplus	3,995	4,300	305
Reserve carried forward during former medium-term target period	148	148	0
Reserves for education and research	45	301	256
Unappropriated income for the current year	256	114	( 142)

Decrease due to depreciation

Increase due to making a net profit for the current year

Decrease due to fulfillment of obligation based on the PFI project contract

Government subsidies for management expenses, tuition fees paid by students, and donations from companies are recorded as current liabilities, not as revenues, at the time of receipt. This is caused by having the obligations to implement certain projects match the amounts of subsidies and amounts received, including education and research. These obligations are monetized in accordance with the lapse of the time and the amount expended for the projects.

Increase due to receipt of facilities improvement subsidies (for PFI projects), etc.

Increase due to recording of reserve for specific purposes

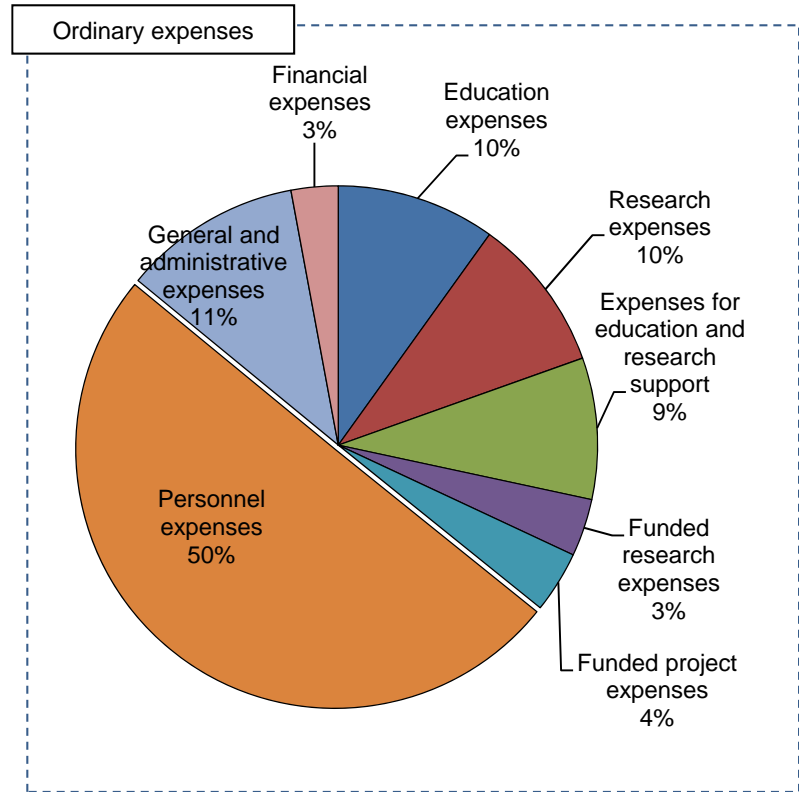
\* Total amounts and other amounts may differ due to rounding up to the nearest unit.

• Decrease in income due to a decrease in the government subsidies for management expenses equivalent to the reduction in salaries (63)  
• Decrease in the amount reported as profits due to not drawing down a reserve for specific purposes (44)  
• Increase in expenditure of personnel expenses due to an increase in retirement allowance (41)

### Profit and Loss Statement

The profit and loss statement shows how many expenses and revenues arose during an accounting period. It illustrates the situations of what types of expenses are caused by the implementation of education and research by national university corporations, then what types of revenues arose through these expenses, and as a result, what types of profits or losses arose. It excludes subsidies for scientific research and other expenses granted for individual researchers.

### Breakdown of Ordinary Expenses and Ordinary Revenues in Fiscal 2012



### What is the difference between profit and income?

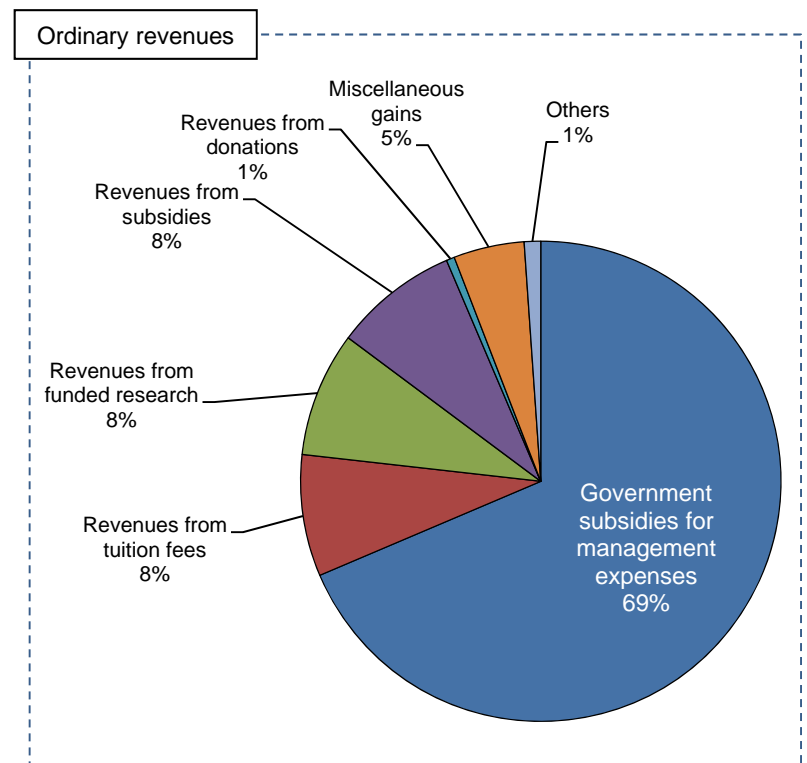
Profit/expense : accrual basis accounting  
Income/expenditure : cash basis accounting

Items as profit, but not as income  
(Ex.) Accrued income, such as interest

Items as income, but not as profit  
(Ex.) Deferred income, such as a deposit

Items as expenditure, but not as expenses  
(Ex.) Expenses in advance, such as rent

Items as expenses, but not as expenditure  
(Ex.) Allowance for depreciation





## Profit and Loss Statement

(Unit: million yen)

Item	Fiscal 2011	Fiscal 2012	Increase/ decrease	
Ordinary expenses	2,673	2,727	54	Increase due to a payment of TIEC rent, etc.
Operating expenses	2,256	2,343	87	
Education expenses	245	270	25	Increase in the amount of subsidies granted, etc.
Research expenses	244	263	19	
Expenses for education and research support	230	240	10	
Funded research expenses, etc.	98	98	( 0)	Decrease due to a decline in funded project expenses, etc.
Funded project expenses, etc.	129	105	( 24)	
Personnel expenses	1,310	1,368	57	Increase due to an increase in retirement allowance, etc.
General administrative expenditures	324	303	( 21)	Decrease due to a decline in repair expenses, etc.
Financial expenses	93	80	( 13)	
Ordinary revenues	2,885	2,841	( 44)	
Revenues from government subsidies for management expenses	2,021	1,949	( 72)	Decrease in the amount granted due to the influence of the Act on Special Measures for Salaries
Revenues from tuition fees	241	233	( 9)	
Revenues from contracted research, etc.	136	101	( 35)	
Revenues from contracted project, etc.	143	138	( 5)	Decrease in expenses due to the progress of research, etc.
Revenues from subsidies	168	238	70	
Revenues donations	43	16	( 27)	Increase in the amount of subsidies granted, etc.
Reversal of asset collateral liabilities	27	31	4	
Financial revenues	0	0	( 0)	Decrease in expenses due to the progress of research, etc.
Miscellaneous gains	106	135	29	
Ordinary income	212	114	( 98)	
Temporary losses	0	0	0	
Temporary income	0	0	0	
Net profit for the current year	212	114	( 98)	
Reversal of reserve carried forward during former medium-term target period	0	0	0	
Reversal of reserve for specific purposes	44	0	( 44)	Decrease due to no reversal of reserve for specific purposes
Gross income for the current year	256	114	( 142)	

\* Total amounts and other amounts may differ due to rounding up to the nearest unit.

### Cash Flow Statement

The cash flow statement indicates, as a certain activity, classifications focusing on cash flow during an accounting year. It indicates cash flow and surplus or deficit, which are not read from the balance sheet or profit and loss statement.

While the profit and loss statement shows expenses and revenues generated during the current year, it recognizes and measures the fact of receipt and payment of cash including addition of borrowing and investment irrelevant to expenses and revenues, and is indicated in the classification of income (plus) or expenditure (minus: ( ) ).

### ■ Cash Flow Statement

(Unit: million yen)

Indicating cash flow of each project income or expenditure regarding the implementation of businesses such as education and research

Recording a balance of the amount received and paid

Showing cash flow including gain of fixed assets and fund management for establishing management bases for the future

Showing cash flow regarding repayment of borrowing, etc.

Showing increase or decrease in cash during the current year. The increase in cash during the current year is caused by a decrease in investment activities.

Cash at end of year excludes time deposits, therefore, it differs from cash and deposits in the balance sheet.

Item	Fiscal 2011	Fiscal 2012	Increase/ decrease
<b>I Cash flow from business activities</b>	<b>512</b>	<b>376</b>	<b>( 137)</b>
Payments for purchases of raw materials, products, or services	( 649)	( 788)	( 139)
Payments for personnel expenses	( 1,510)	( 1,384)	126
Payments for other businesses	( 268)	( 302)	( 33)
Income from government subsidies for management expenses	2,064	1,957	( 107)
Income from payments from students	230	216	( 14)
Income from funded research, funded projects, etc.	290	297	7
Income from subsidies, etc.	230	244	15
Income from donations	23	19	( 4)
Income from other businesses	107	142	35
Income from deposits received	( 2)	( 25)	( 22)
Accounts paid into national treasury	0	0	0
<b>II Cash flow from investment activities</b>	<b>524</b>	<b>294</b>	<b>( 230)</b>
Payments for purchases of tangible assets and intangible assets	( 46)	( 47)	( 0)
Income from repayment of time deposit	50	30	( 20)
Payments for deposit to time deposit	( 30)	( 250)	( 220)
Income from facility expenses	549	561	11
Interest and dividends received	0	0	( 0)
<b>III Cash flow from financial activities</b>	<b>( 750)</b>	<b>( 762)</b>	<b>( 12)</b>
Redemption paid of lease liabilities	( 108)	( 125)	( 17)
Redemption paid of PFI liabilities	( 549)	( 685)	( 11)
Interest paid	( 93)	( 76)	16
<b>IV Effect of exchange rate changes on cash</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>V Increase/decrease in cash</b>	<b>286</b>	<b>( 92)</b>	<b>( 378)</b>
<b>VI Cash at beginning of year</b>	<b>1,082</b>	<b>1,368</b>	<b>286</b>
<b>VII Cash at end of year</b>	<b>1,368</b>	<b>1,276</b>	<b>( 92)</b>

\* Total amounts and other amounts may differ due to rounding up to the nearest unit.

### National University Corporation Business Operation Cost Statement

This statement shows how many of the costs spent for business management of GRIPS, including education and research, were taxpayer-funded as “national university corporation business operation cost.”

This statement is only prepared by incorporated administrative agencies and national university corporations, not by private companies.

It excludes subsidies for scientific research and other expenses granted for individual researchers.

### ■ National University Corporation Business Operation Cost Statement

(Unit: million yen)

Item	Fiscal 2011	Fiscal 2012	Increase/ decrease
I Business costs	2,041	2,132	91
(1) Costs in the profit and loss statement	2,673	2,727	54
Operating expenses	2,256	2,343	87
General administrative expenses	324	303	( 21)
Financial expenses	93	80	( 13)
Temporary losses	0	1	1
(2) (Deduction) Self-income, etc.	( 632)	( 595)	37
Revenues from tuition fees	( 169)	( 164)	5
Revenues from admission fees	( 65)	( 62)	3
Revenues from application fees	( 8)	( 7)	0
Revenues from funded research, etc.	( 136)	( 101)	35
Revenues from funded projects, etc.	( 143)	( 138)	5
Revenues from donations	( 43)	( 16)	27
Financial revenues	( 0)	( 0)	0
Miscellaneous gains	( 67)	( 107)	( 40)
Reversal of government subsidies for asset collateral management expenses	( 1)	0	1
Reversal of asset collateral donations	( 0)	( 1)	( 1)
Temporary profits	( 0)	( 0)	( 0)
II Depreciation equivalent outside of profit and loss	257	257	0
III Estimated amount increased in bonuses outside allowance	( 7)	0	7
IV Estimated amount increased in retirement benefits outside allowance	164	109	( 55)
V Opportunity costs	210	121	( 89)
Opportunity costs of loan transaction with the national and local governments at no or reduced charge	0	0	0
Government-funded opportunity costs	210	121	( 89)
VI (Deduction) Payment into national treasury	0		0
VII National university corporation business operation cost	2,665	2,619	( 47)

Showing the cost equivalent in the profit and loss statement from which the revenues from self-income were deducted

Showing the non-taxpayer-funded revenues

Showing the depreciation equivalent of non-profitable assets

Showing the estimated amount increased in allowance for bonuses financed by the government subsidies for management expenses (recording the difference from the previous year)

Showing the estimated amount increased in allowance for retirement benefits financed by the government subsidies for management expenses (recording the difference from the previous year)

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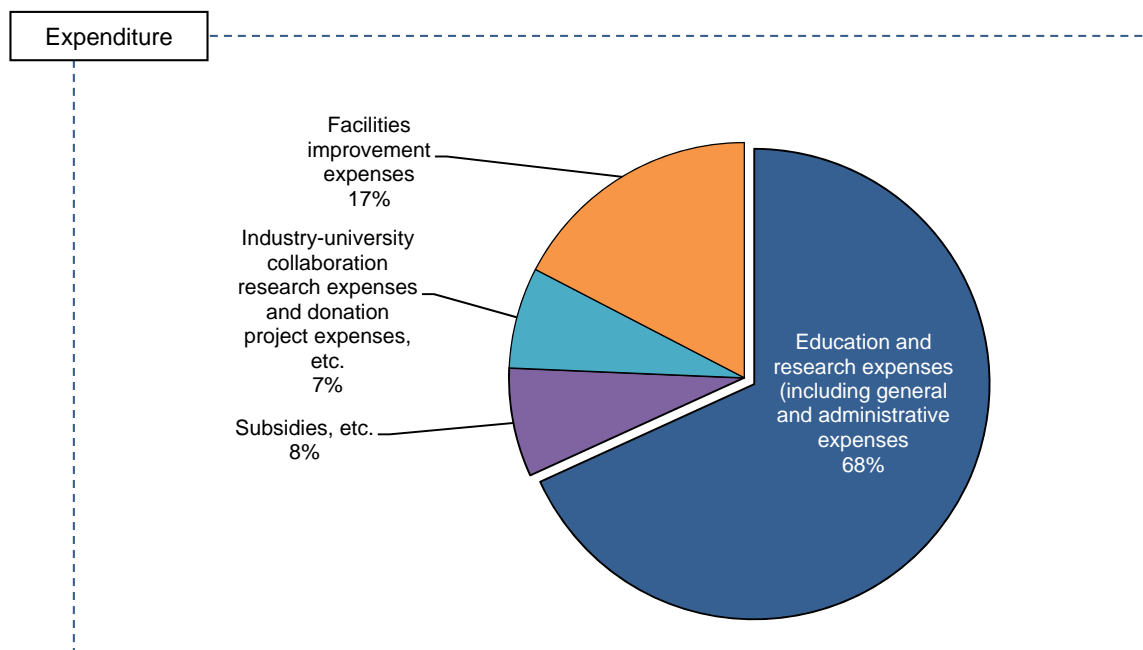
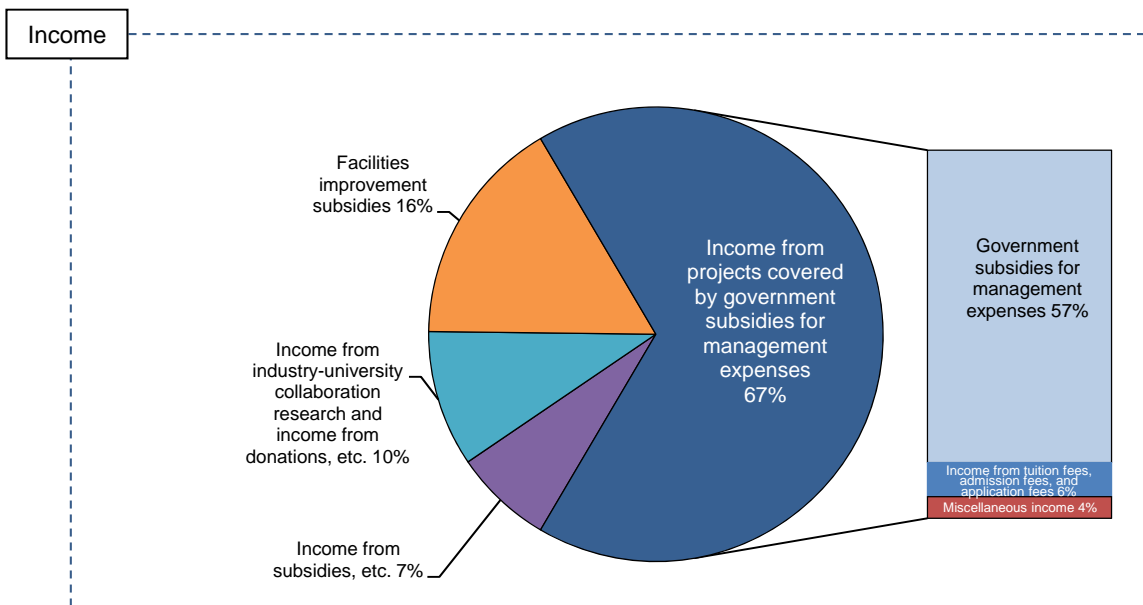
### Earnings Statement

This statement should be prepared pursuant to the accounting recognition standard (cash basis and settlement period) in Japan, and shows prospects and results of management conditions of national university corporations.

Specifically, it compares budget amounts in the annual plan (calculated based on budget amounts and others under the estimation of government subsidies for management expenses presented from MEXT) with settlement amounts that were actually executed.

It excludes subsidies for scientific research and other expenses granted for individual researchers.

### Breakdown of Settlement Amounts of Income and Expenditure in Fiscal 2012



## ■ Earnings Statement

(Unit: million yen)

Item	Budget amount	Settlement amount	Increase/decrease	
[ Income ]				
Government subsidies for management expenses	1,957	1,957	0	
Facilities improvement subsidies	562	562	0	
Income from subsidies, etc.	0	242	242	← Increase due to gaining a project covered by the government subsidy
Self-income	366	348	( 18)	
Income from tuition fees, admission fees, and application fees	234	213	( 20)	← Increase due to making efforts to gain contracted research, etc. from incorporated administrative agencies, etc.
Miscellaneous income	132	135	3	
Income from industry-university collaboration research, and income from donations, etc.	311	333	22	←
Reversal of reserve for specific purposes	41	0	( 41)	← Decrease due to not drawing down the reserve for specific purposes
<b>Total</b>	<b>3,237</b>	<b>3,442</b>	<b>8</b>	
[ Expenditure ]				
Operating expenses				← Decrease due to a reduction in education and research expenses
Education and research expenses	1,516	1,386	( 130)	←
General and administrative expenses	847	819	( 28)	← Decrease due to a reduction in general and administrative expenses
Facilities improvement expenses	562	562	0	
Subsidies, etc.	0	242	242	← Increase due to gaining a project covered by the government subsidy
Industry-university collaboration research expenses and donation project expenses, etc.	311	225	( 86)	←
<b>Total</b>	<b>3,237</b>	<b>3,234</b>	<b>( 3)</b>	← Decrease in monetized amount due to the progress of research, etc.

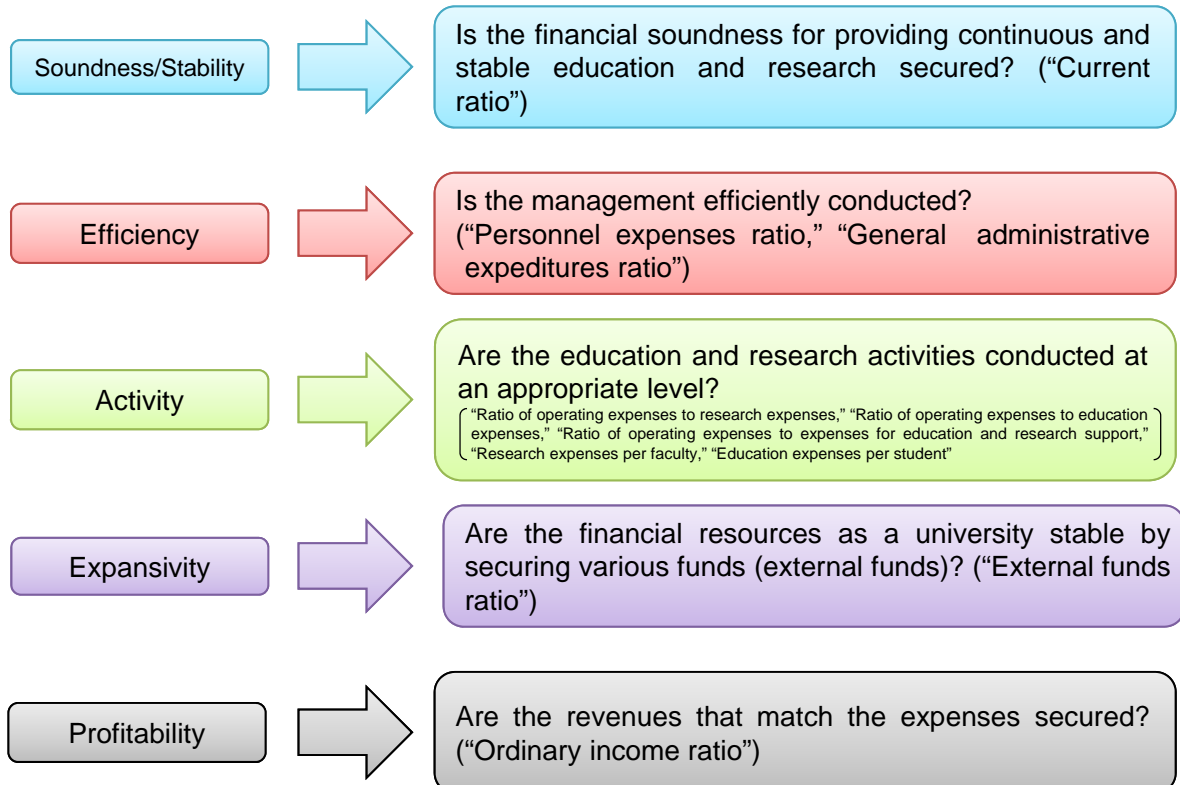
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## ■ Analysis Using Financial Indicators

### Financial analysis





Financial analysis is a way to evaluate and assess the management of national university corporations by preparing numerical indicators using data including financial statements for stakeholders of national university corporations to gain necessary information for decision making concerning such national university corporations.

Financial indicators used for financial analysis are roughly classified as follows.



## Financial Indicators between Fiscal 2006 and Fiscal 2012

Financial indicator	Fiscal year						
	2006	2007	2008	2009	2010	2011	2012
1. Current ratio (current assets ÷ current liabilities)	157.8%	↑ 178.7%	↑ 187.6%	↓ 115.0%	↓ 92.9%	↑ 107.5%	↑ 116.8%
2. Personnel expenses ratio (personnel expenses ÷ operating expenses)	61.6%	↑ 64.8%	↓ 61.2%	↓ 58.7%	↑ 59.9%	↓ 58.1%	↑ 58.4%
3. General administrative expenditures ratio (general and administrative expenses ÷ operating expenses)	15.5%	↓ 15.4%	↑ 15.6%	↑ 17.8%	↓ 12.4%	↑ 14.4%	↓ 12.9%
4. Ratio of operating expenses to research expenses (research expenses ÷ operating expenses)	7.8%	↑ 8.4%	↑ 13.7%	↓ 11.7%	↓ 9.2%	↑ 10.8%	↑ 11.2%
5. Research expenses per faculty (research expenses ÷ number of faculty)	1,948 thousand yen	↑ 2,162 thousand yen	↑ 3,875 thousand yen	↓ 3,619 thousand yen	↓ 3,124 thousand yen	↑ 3,128 thousand yen	↑ 3,460 thousand yen
6. Ratio of operating expenses to education expenses (education expenses ÷ operating expenses)	3.6%	↓ 2.6%	↑ 8.2%	↑ 11.0%	↓ 10.7%	↑ 10.9%	↑ 11.5%
7. Education expenses per student (education expenses ÷ number of students)	235 thousand yen	↓ 169 thousand yen	↑ 537 thousand yen	↑ 705 thousand yen	↓ 645 thousand yen	↓ 583 thousand yen	↑ 663 thousand yen
8. Ratio of operating expenses to expenses for education and research support (expenses for education and research support ÷ operating expenses)	12.7%	↓ 12.4%	↓ 10.0%	↓ 9.0%	↑ 9.1%	↑ 10.2%	↑ 10.3%
9. External funds ratio ((revenues from contracted research, etc. + revenues from contracted projects, etc. + revenues from donations) ÷ ordinary revenues)	10.6%	↓ 10.2%	↓ 7.9%	↑ 10.1%	↑ 12.4%	↓ 11.2%	↓ 9.0%
10. Ordinary income ratio (ordinary income ÷ ordinary revenues)	16.5%	↓ 14.3%	↓ 6.0%	↓ 1.6%	↑ 2.3%	↑ 7.4%	↓ 4.0%

- (Legend)
-  Better than the previous year (an increase in points from the previous year that is desirable in the financial indicators)
  -  Better than the previous year (a decrease in points from the previous year that is desirable in the financial indicators)
  -  Worse than the previous year (an increase in points from the previous year that is not desirable in the financial indicators)
  -  Worse than the previous year (a decrease in points from the previous year that is not desirable in the financial indicators)

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