

GRIPS Financial Report 2014

GRIPS Financial Report 2014 -outline-

Budget and Accounting Division

G R I P S

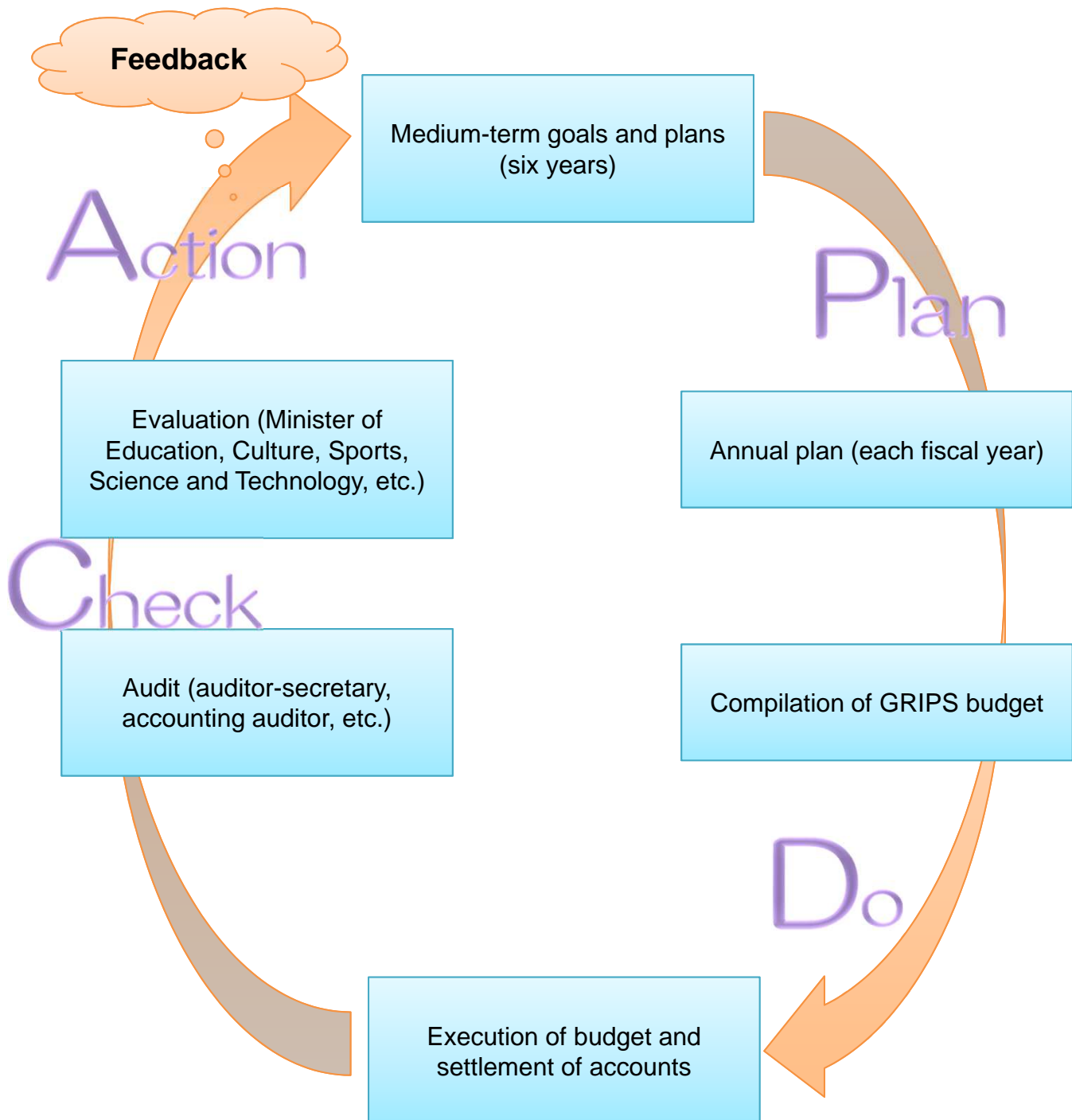
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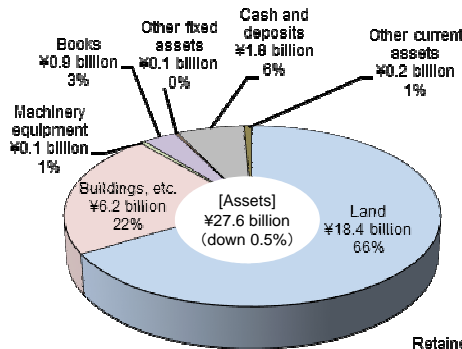
○ In financial operation, the budget should be accurately compiled and executed in line with confirmation and evaluation.



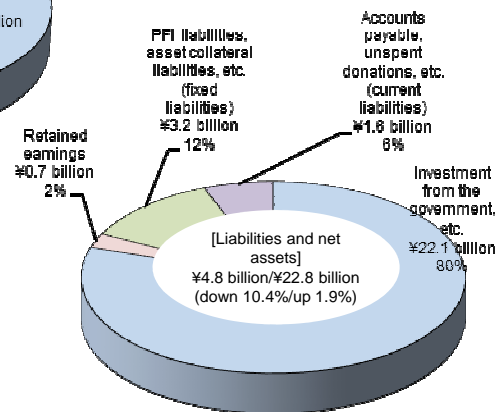
Financial Conditions including Land and Building Holding, Investment from the Government, and Borrowings at the End of Fiscal 2013

- Outline and component ratio of the balance sheet for fiscal 2013 (as of March 31, 2014)

- The assets at the end of fiscal 2013 were 27.629 billion yen (down 146 million yen from the previous fiscal year), the liabilities were 4.843 billion yen (down 561 million yen), and total net assets were 22.786 billion yen (up 415 million yen).



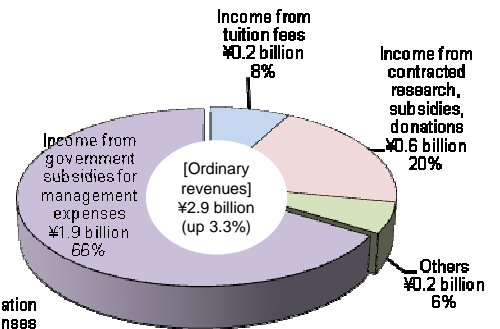
- About 80% of the property (assets) necessary for conducting the operations of GRIPS was mainly accounted for by investment from the government (net assets), and the remaining 20% was composed of subsidies from the government, borrowings, donations, etc. (liabilities).



Financial Operation Conditions for Fiscal 2013 (Amounts Received and Spent*)

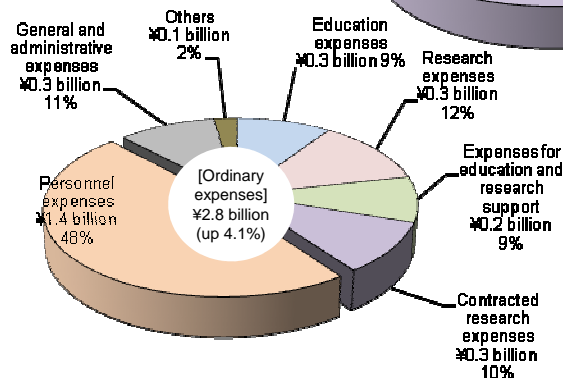
- Outline and component ratio of ordinary revenues and ordinary expenses for fiscal 2013 (April 1, 2013 – March 31, 2014)

- The ordinary revenues at the end of fiscal 2013 were 2.935 billion yen (up 94 million yen from the previous fiscal year), and the ordinary expenses were 2.838 billion yen (up 112 million yen). The net profit for the current fiscal year, which adds temporary losses to this balance, was 97 million yen (down 17 million yen).



- Income from government subsidies for management expenses accounts for about 66% of the ordinary revenues, and income from tuition fees, etc. accounts for 8%. Income from contracted research, subsidies, and donations accounts for 20%.

- With regard to ordinary expenses, 48% consists of personnel expenses, about 30% consists of education and research expenses (education expenses, research expenses, and expenses for education and research support), and 10% consists of general and administrative expenses.

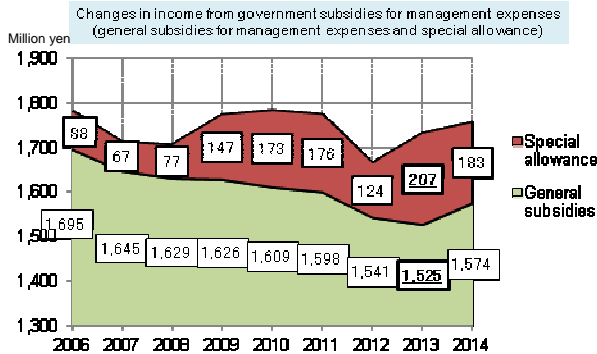


* National university corporations cannot immediately record received government subsidies for management expenses, tuition fees, constructed research, subsidies, and donations as revenues. These funds are once recorded as debts, and then used as expenditures of education research activities and transferred 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.

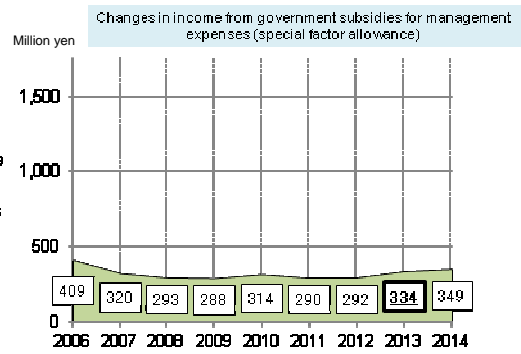
Major financial injection from the government

Income from government subsidies for management expenses

- The amount of subsidies granted in fiscal 2013 was 2.07 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 2006-2013 are actual results and those for 2014 are on a budgetary basis.)



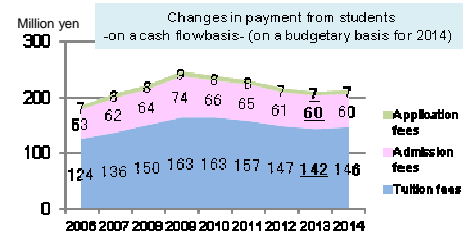
* The above figure shows annual changes in special factor allowance (retirement allowance, PFI maintenance and management expenses, etc.) among government subsidies for management expenses. (Figures for 2006-2013 are actual results and that for 2014 is on a budgetary basis.)

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" and "tuition fees").

* 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)



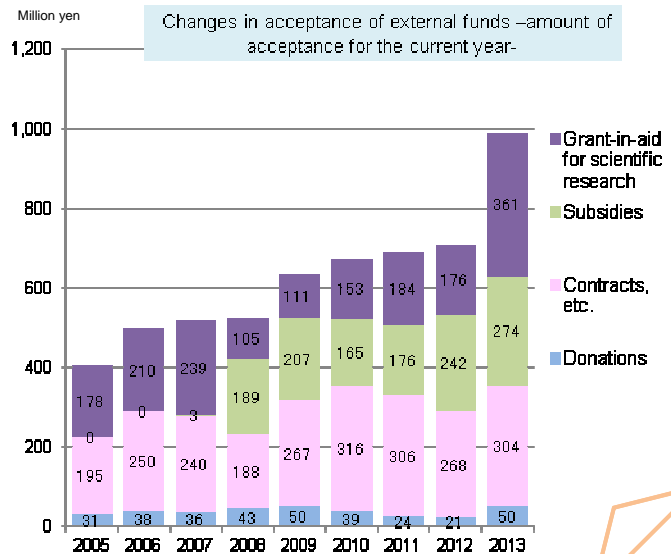
Tuition exemption system

Total number of the eligible students for tuition exemption in fiscal 2013 was 58, and the amount of exemption was 16 million yen, equivalent to 7.7% 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 2013 was 0.35 billion yen (increased to 156.9% compared with fiscal 2005).
- The amount of acceptance of external funds including grant-in-aid for scientific research and subsidies was 0.99 billion yen. (increased to 244.6% compared with fiscal 2005)

External funds include contracted research and donations from companies, and contracted 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.

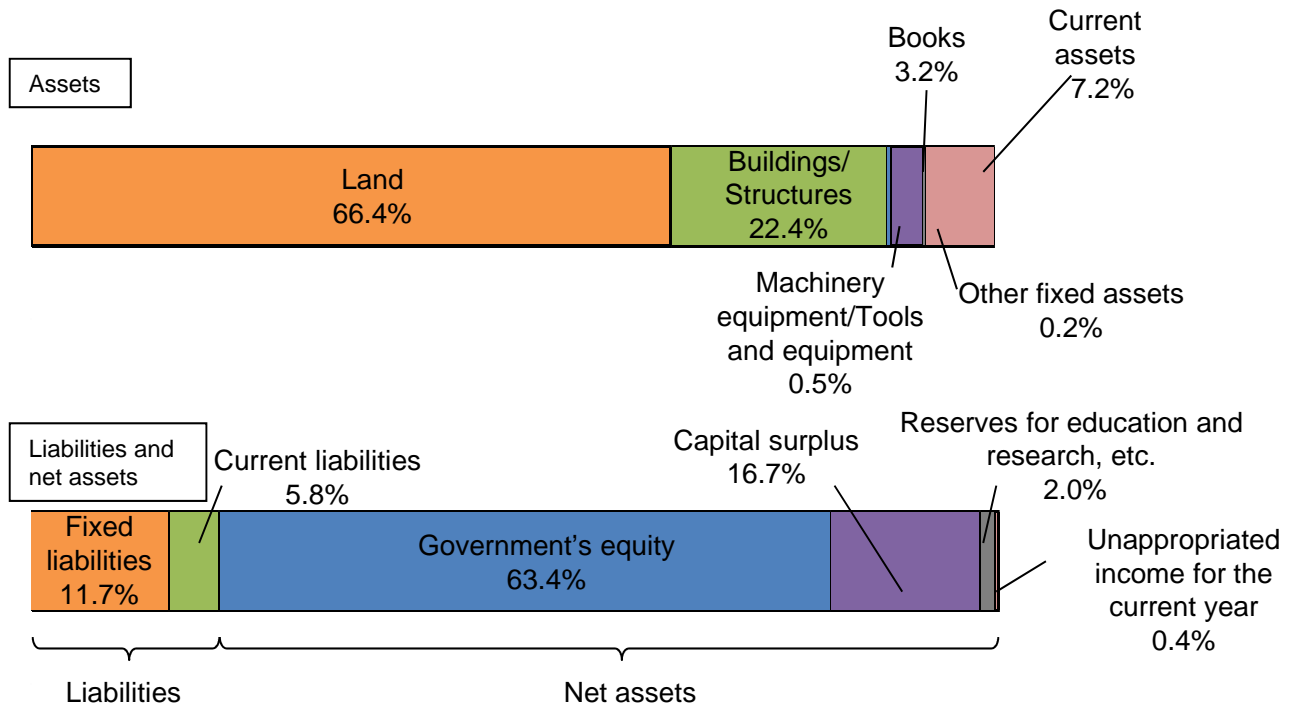
Liabilities and net assets indicate the source of funding, and assets indicate operation forms of funds raised.

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 56% of liabilities, and debts that arose from the unique accounting of national university corporations, such as asset collateral liabilities, account for 29%. However, GRIPS works for stable financial management through systematic payment, etc.

Net assets: Net assets account for 82% of the total of liabilities and net assets, 77% of which was accounted for by government equity.

Breakdown of Assets, Liabilities, and Net Assets in Fiscal 2013



Balance Sheet

(Unit: million yen)

Item	Fiscal 2012	Fiscal 2013	Increase/ Decrease	
Assets	27,775	27,629	(146)	
Fixed assets	26,083	25,648	(435)	
Land	18,351	18,351	0	
Buildings	6,364	6,097	(267)	← Decrease due to depreciation
Structures	111	96	(15)	
Machinery equipment	5	4	(1)	
Tools and equipment	208	141	(67)	
Books	870	894	24	
Software	174	64	(109)	
Telephone rights	1	1	0	
Current assets	1,692	1,981	289	
Cash and deposits	1,526	1,772	246	← Increase due to making a net profit for the current year
Accrued income for payment from students	2	2	0	
Other accrued income	159	205	46	
Other current assets	5	1	(3)	
Liabilities	5,404	4,844	(561)	
Fixed liabilities	3,955	3,239	(717)	
Asset collateral liabilities	1,067	1,091	25	
Long-term accounts payable	168	8	(160)	← Decrease due to fulfillment of obligation based on the PFI project contract
PFI liabilities	2,720	2,139	(581)	
Current liabilities	1,449	1,605	156	
Liabilities from government subsidies for management expenses	50	135	84	
Donation liabilities	131	163	33	
PFI liabilities to be repaid within a year	569	581	13	
Accounts payable	431	459	28	
Other current liabilities	269	267	(2)	
Net assets	22,371	22,786	415	
Government equity	17,507	17,507	0	← Increase due to receipt of facilities improvement subsidies (for PFI projects), etc.
Capital surplus	4,300	4,618	318	
Retained earnings	564	661	97	
Reserve carried forward during former medium-term target period	148	148	0	
Reserves for education and research	301	416	114	← Increase due to recording of reserve for specific purposes
Unappropriated income for the current year	114	97	(17)	

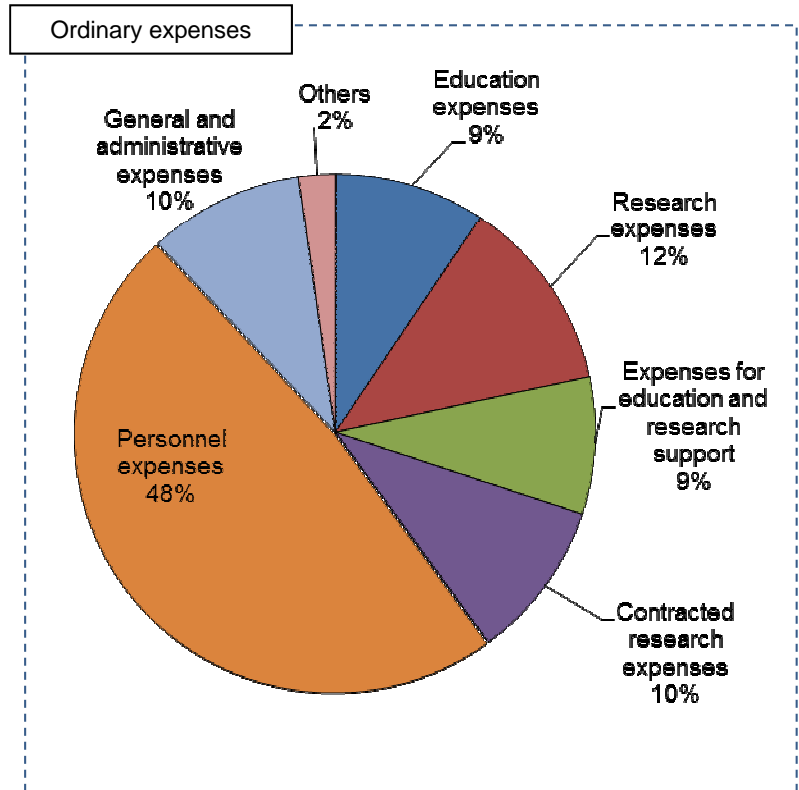
* Total amounts and other amounts may differ due to rounding up to the nearest unit.

■ Breakdown of Ordinary Expenses and Ordinary Revenues in Fiscal 2013

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.



What is the difference between profit and income?

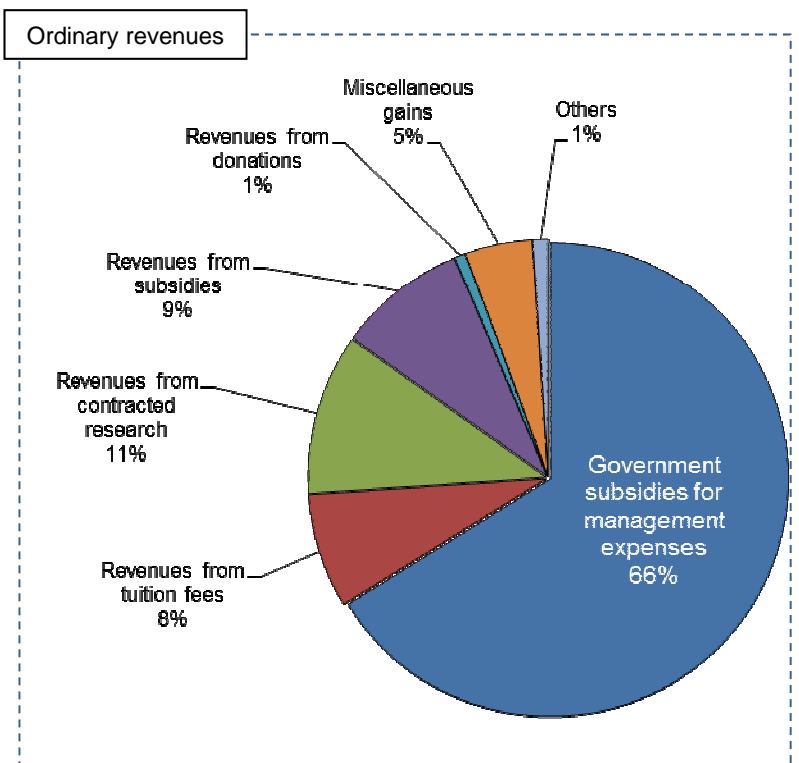
Profit/expense: accrual basis accounting
Income/expenditure: cash basis accounting

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 2012	Fiscal 2013	Increase/ decrease	
Ordinary expenses	2,727	2,838	112	Decrease due to the change of payment processing of TIEC rent, etc.
Operating expenses	2,343	2,498	154	
Education expenses	270	267	(3)	Increase in the amount of subsidies granted, etc.
Research expenses	263	345	82	
Expenses for education and research support	240	243	3	
Contracted research expenses, etc.	98	182	84	Increase in expenses due to the progress of research, etc.
Contracted project expenses, etc.	105	98	(6)	
Personnel expenses	1,368	1,363	(5)	Decrease in retirement allowance, etc.
General and administrative expenses	303	275	(28)	
Financial expenses	80	65	(15)	Decrease in PFI expenses, and decrease due to the change of payment processing of staff residence rent, etc.
Ordinary revenues	2,841	2,935	94	
Revenues from government subsidies for management expenses	1,949	1,942	(7)	Decrease in monetized amount due to the decrease in retirement allowance, etc.
Revenues from tuition fees	233	227	(6)	
Revenues from contracted research, etc.	101	192	92	
Revenues from contracted project, etc.	138	129	(9)	Increase in expenses due to the progress of research, etc.
Revenues from subsidies	238	259	20	
Revenues donations	16	22	6	Increase in monetized amount due to the increase in subsidies
Reversal of asset collateral liabilities	31	30	(1)	
Financial revenues	0	1	1	
Miscellaneous gains	135	134	(1)	
Ordinary income	114	97	(17)	
Temporary losses	0	1	0	
Temporary income	0	1	0	
Net profit for the current year	114	97	(17)	
Gross income for the current year	114	97	(17)	

* 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 2012	Fiscal 2013	Increase/ Decrease
I Cash flow from business activities	376	481	105
Payments for purchases of raw materials, products, or services	(788)	(802)	(15)
Payments for personnel expenses	(1,384)	(1,477)	(93)
Payments for other businesses	(302)	(240)	62
Income from government subsidies for management expenses	1,957	2,065	108
Income from payments from students	216	210	(6)
Income from contracted research, contracted projects, etc.	297	259	(37)
Income from subsidies, etc.	244	270	25
Income from donations	19	49	29
Income from other businesses	142	132	(9)
Income from deposits received	(25)	16	41
Accounts paid into national treasury	0	0	0
II Cash flow from investment activities	294	478	184
Payments for purchases of tangible assets and intangible assets	(47)	(48)	(1)
Income from repayment of time deposit	30	250	220
Payments for deposit to time deposit	(250)	(300)	(50)
Income from facility expenses	561	575	14
Interest and dividends received	0	1	0
III Cash flow from financial activities	(762)	(763)	(1)
Redemption paid of lease liabilities	(125)	(123)	2
Redemption paid of PFI liabilities	(685)	(569)	(8)
Interest paid	(76)	(72)	5
IV Effect of exchange rate changes on cash	0	0	0
V Increase/decrease in cash	(92)	196	288
VI Cash at beginning of year	1,368	1,276	(92)
VII Cash at end of year	1,276	1,472	196

* 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 2012	Fiscal 2013	Increase/ decrease
I Business costs	2,132	2,191	59
(1) Costs in the profit and loss statement	2,727	2,839	112
Operating expenses	2,343	2,498	154
General and administrative expenses	303	275	(28)
Financial expenses	80	65	(15)
Temporary losses	1	1	0
(2) (Deduction) Self-income, etc.	(595)	(648)	(53)
Revenues from tuition fees	(164)	(160)	3
Revenues from admission fees	(62)	(60)	2
Revenues from application fees	(7)	(7)	0
Revenues from contracted research, etc.	(101)	(192)	(92)
Revenues from contracted projects, etc.	(138)	(129)	9
Revenues from donations	(16)	(22)	(6)
Financial revenues	(0)	(1)	(0)
Miscellaneous gains	(107)	(74)	33
Reversal of government subsidies for asset collateral management expenses	0	(2)	(2)
Reversal of asset collateral donations	(1)	(1)	0
Temporary profits	(0)	(0)	0
II Depreciation equivalent outside of profit and loss	257	257	0
III Estimated amount increased in bonuses outside allowance	0	5	5
IV Estimated amount increased in retirement benefits outside allowance	109	24	(85)
V Opportunity costs	121	141	19
Opportunity costs of loan transaction with the national and local governments at no or reduced charge	0	0	0
Government-funded opportunity costs	121	141	19
VI (Deduction) Payment into national treasury			0
VII National university corporation business operation cost	2,619	2,617	(2)

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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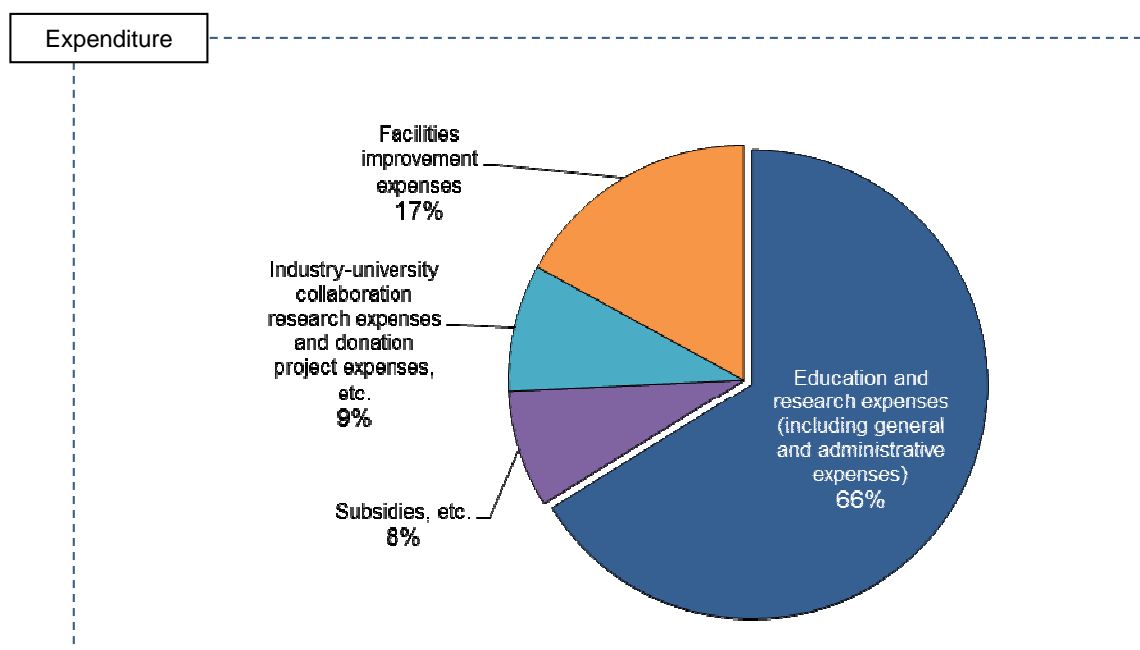
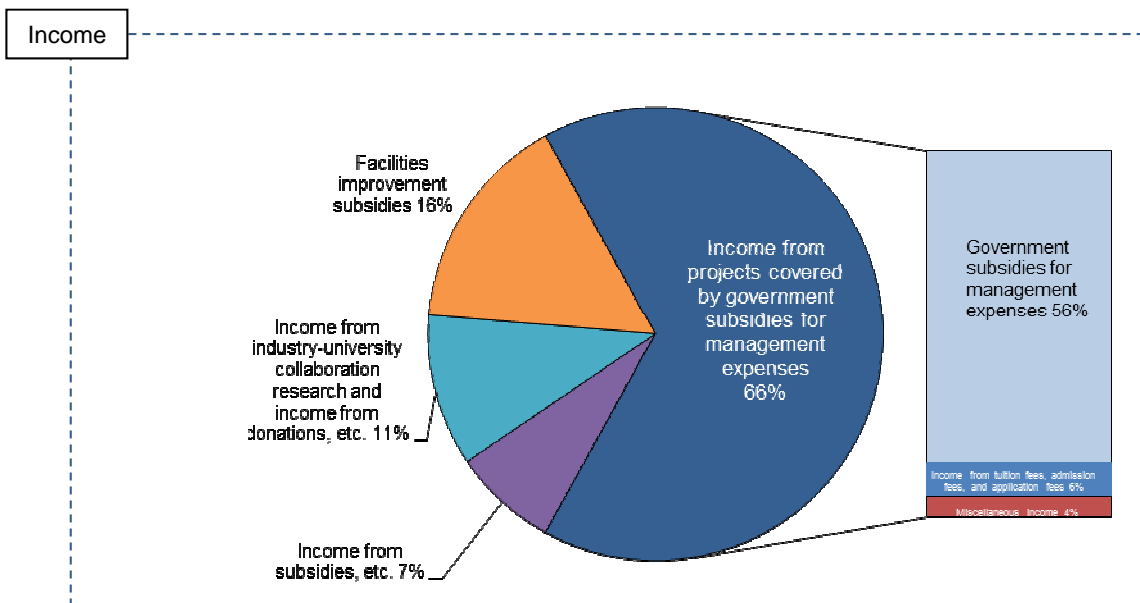
Earnings Statement

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 2013



■ Earnings Statement

(Unit: million yen)

Item	Budget amount	Settlement amount	Increase/decrease	
[Income]				
Government subsidies for management expenses	2,065	2,065	0	
Facilities improvement subsidies	575	575	0	
Income from subsidies, etc.	0	274	274	← Increase due to gaining a project covered by the government subsidy
Self-income	342	361	19	
Income from tuition fees, admission fees, and application fees	218	227	9	
Miscellaneous income	124	134	10	← Increase due to making efforts to gain contracted research, etc. from incorporated administrative agencies, etc.
Income from industry-university collaboration research, and income from donations, etc.	350	399	49	←
Reversal of reserve for specific purposes	62	0	(62)	← Decrease due to not drawing down the reserve for specific purposes
Total	3,393	3,674	281	
[Expenditure]				
Operating expenses				
Education and research expenses	2,469	2,237	(232)	← Decrease due to a reduction in education and research expenses
Facilities improvement expenses	575	575	0	
Subsidies, etc.	0	274	274	← Increase due to gaining a project covered by the government subsidy
Industry-university collaboration research expenses and donation project expenses, etc.	350	296	(53)	←
Total	3,393	3,382	(11)	← Decrease in monetized amount due to the progress of research, etc.

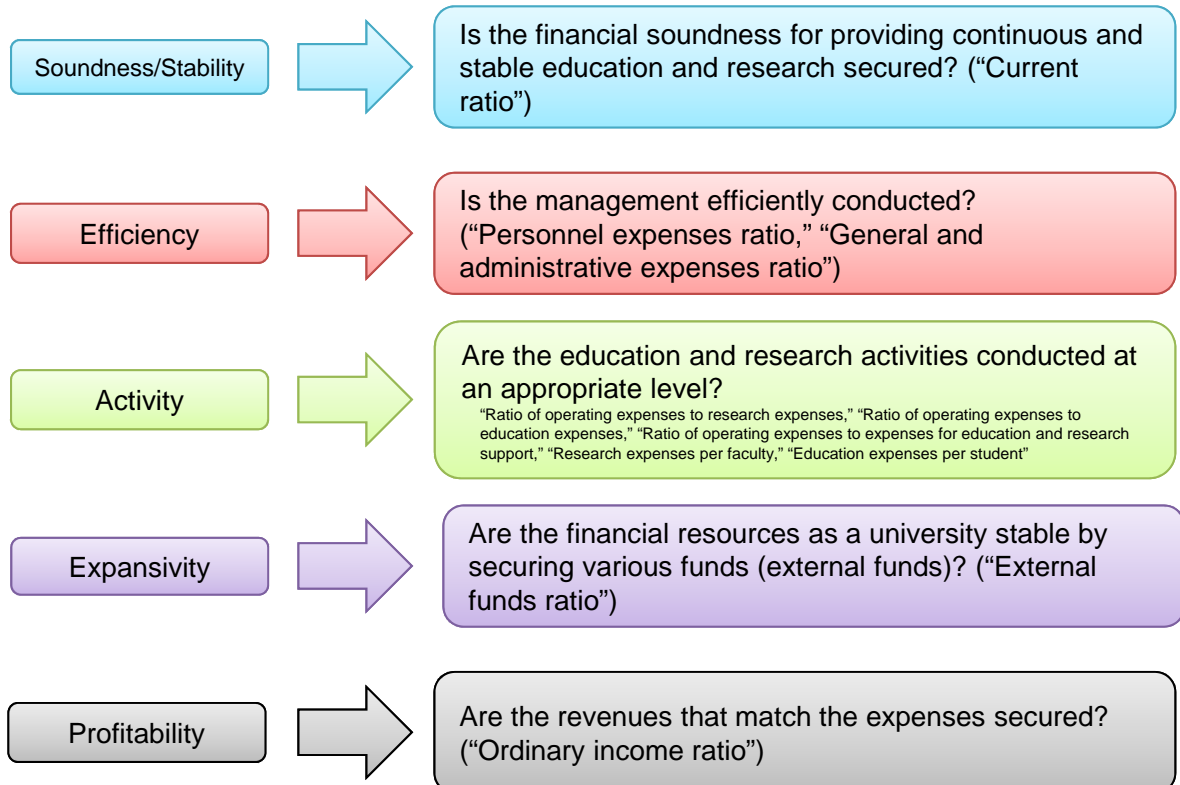
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■ Analysis Using Financial Indicators

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 2007 and Fiscal 2013

Fiscal year	2007	2008	2009	2010	2011	2012	2013
1. Current ratio (current assets ÷ current liabilities)	178.7%	187.6%	115.0%	92.9%	107.5%	116.8%	23.5%
2. Personnel expenses ratio (personnel expenses ÷ operating expenses)	64.8%	61.2%	58.7%	59.9%	58.1%	58.4%	54.6%
3. General and administrative expenses ratio (general and administrative expenses ÷ operating expenses)	15.4%	15.6%	17.8%	12.4%	14.4%	12.9%	11.0%
4. Ratio of operating expenses to research expenses (research expenses ÷ operating expenses)	8.4%	13.7%	11.7%	9.2%	10.8%	11.2%	13.8%
5. Research expenses per faculty (research expenses ÷ number of faculty)	2,162 thousand yen	3,875 thousand yen	3,619 thousand yen	3,124 thousand yen	3,128 thousand yen	3,460 thousand yen	4,314 thousand yen
6. Ratio of operating expenses to education expenses (education expenses ÷ operating expenses)	2.6%	8.2%	11.0%	10.7%	10.9%	11.5%	10.7%
7. Education expenses per student (education expenses ÷ number of students)	169 thousand yen	537 thousand yen	705 thousand yen	645 thousand yen	583 thousand yen	663 thousand yen	645 thousand yen
8. Ratio of operating expenses to expenses for education and research support (expenses for education and research support ÷ operating expenses)	12.4%	10.0%	9.0%	9.1%	10.2%	10.3%	9.7%
9. External funds ratio ((revenues from contracted research, etc. + revenues from contracted projects, etc. + revenues from donations) ÷ ordinary revenues)	10.2%	7.9%	10.1%	12.4%	11.2%	9.0%	11.7%
10. Ordinary income ratio (ordinary income ÷ ordinary revenues)	14.3%	6.0%	1.6%	2.3%	7.4%	4.0%	3.3%

- (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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