

GRIPS Financial Report 2015

GRIPS Financial Report 2014 -outline-

Budget and Accounting Division

G R I P S

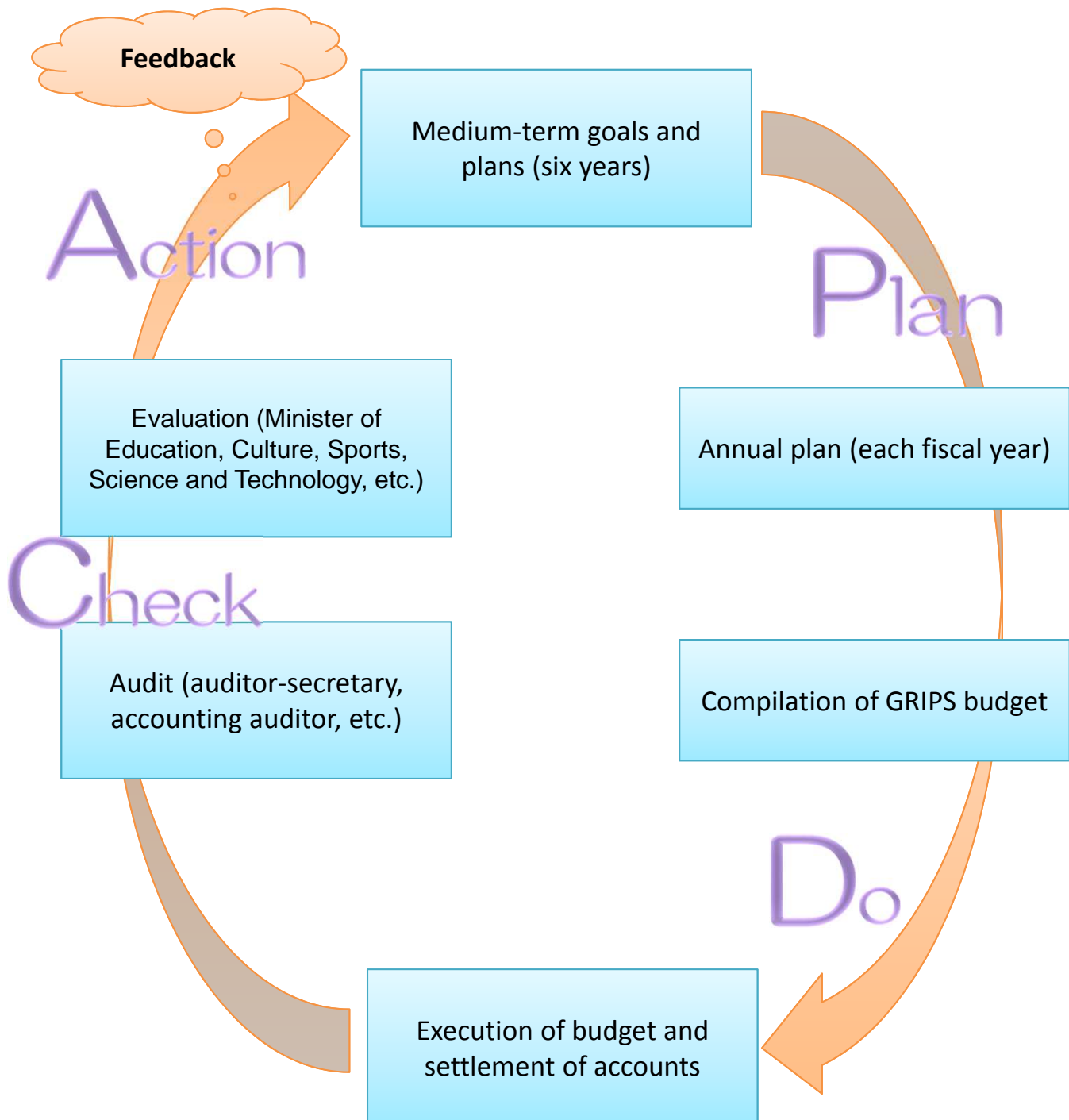
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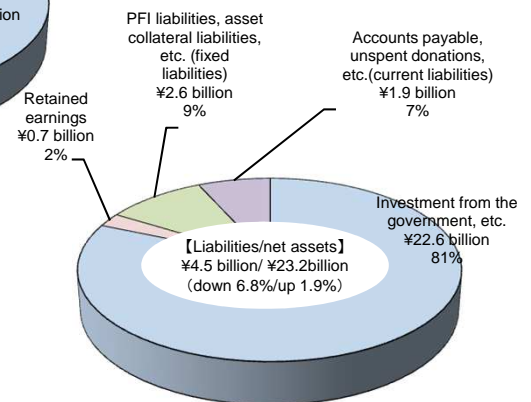
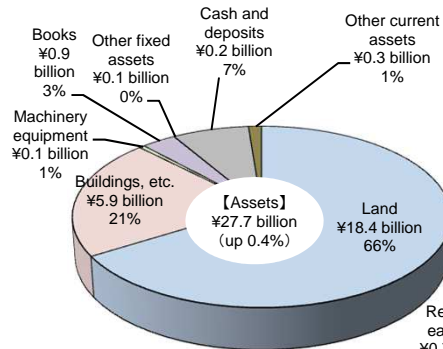
○ In financial operation, the budget should be accurately compiled and executed in line with confirmation and evaluation.



Financial Conditions including Land and Building Holding, Investment from the Government, and Borrowings at the End of Fiscal 2014

- Outline and component ratio of the balance sheet for fiscal 2014 (as of March 31, 2015)

○The assets at the end of fiscal 2014 were 27.730 billion yen (up 150 million yen from the previous fiscal year), the liabilities were 4.517 billion yen (down 327 million yen), and total net assets were 23.213 billion yen (up 427 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).

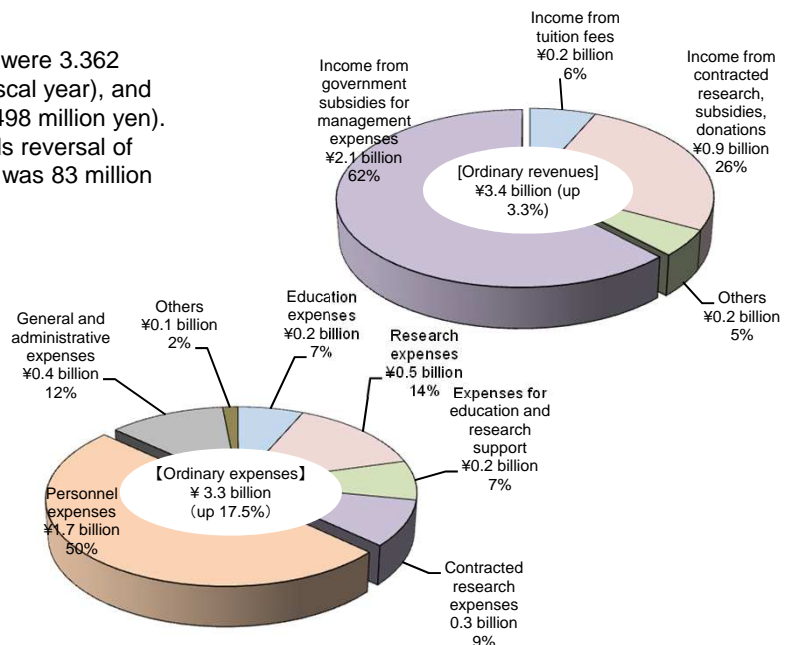
Financial Operation Conditions for Fiscal 2014 (Amounts Received and Spent*)

- Outline and component ratio of ordinary revenues and ordinary expenses for fiscal 2014 (April 1, 2014 – March 31, 2015)

○The ordinary revenues at the end of fiscal 2014 were 3.362 billion yen (up 427 million yen from the previous fiscal year), and the ordinary expenses were 3.336 billion yen (up 498 million yen). The net profit for the current fiscal year, which adds reversal of reserve for specific purposes, etc. to this balance, was 83 million yen (down 14 million yen).

○Income from government subsidies for management expenses accounts for about 62% of the ordinary revenues, and income from tuition fees, etc. accounts for 6%. Income from contracted research, subsidies, and donations accounts for 26%.

○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 10% consists of general and administrative expenses.



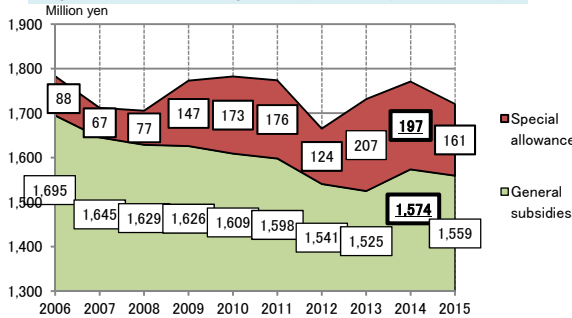
* National university corporations cannot immediately record received government subsidies for management expenses, tuition fees, contracted research, subsidies, and donations as revenues. These funds are once recorded as debts, and then used as expenditures of education research activities and transferred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

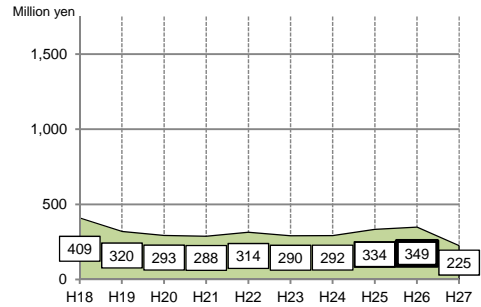
- The amount of subsidies granted in fiscal 2014 was 2.12 billion yen (about 87% of income from government subsidies for management expenses)
- It has decreased by an average of about 15 million yen per year due to the efficiency factor (decreased by 1% year-on-year).

Changes in income from government subsidies for management expenses (general subsidies for management expenses and special allowance)



* 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 2006-2014 are actual results and those for 2015 are on a budgetary basis.)

Changes in income from government subsidies for management expenses (special factor allowance)



* 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 2006-2014 are actual results and that for 2015 is on a budgetary basis.)

Payment from students and exemption system

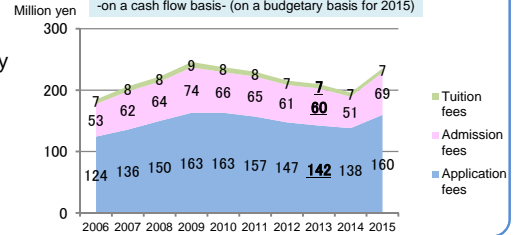
Payment from students

- The amount of payment from students is about 0.2 billion yen every year as indicated in the figure to the right (about 8% 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)

Changes in payment from students

-on a cash flow basis- (on a budgetary basis for 2015)



Tuition exemption system

Total number of the eligible students for tuition exemption in fiscal 2014 was 77, and the amount of exemption was 21 million yen, equivalent to 9.4% of the amount of tuition fees subject to be collected.

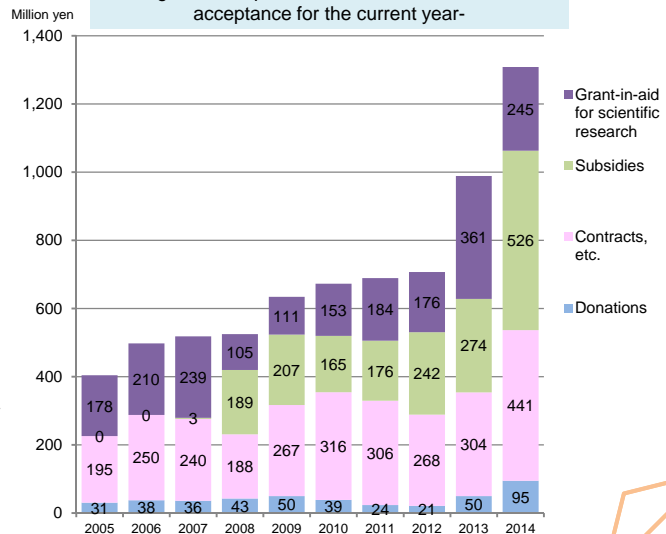
Acceptance of external funds

- The amount of acceptance of external funds (excluding grant-in-aid for scientific research and subsidies) in fiscal 2014 was 0.54 billion yen (increased by 237.7% compared with fiscal 2005).

- The amount of acceptance of external funds including grant-in-aid for scientific research and subsidies was 1.31 billion yen. (increased by 323.6% 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.

Changes in acceptance of external funds -amount of acceptance for the current year-



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.

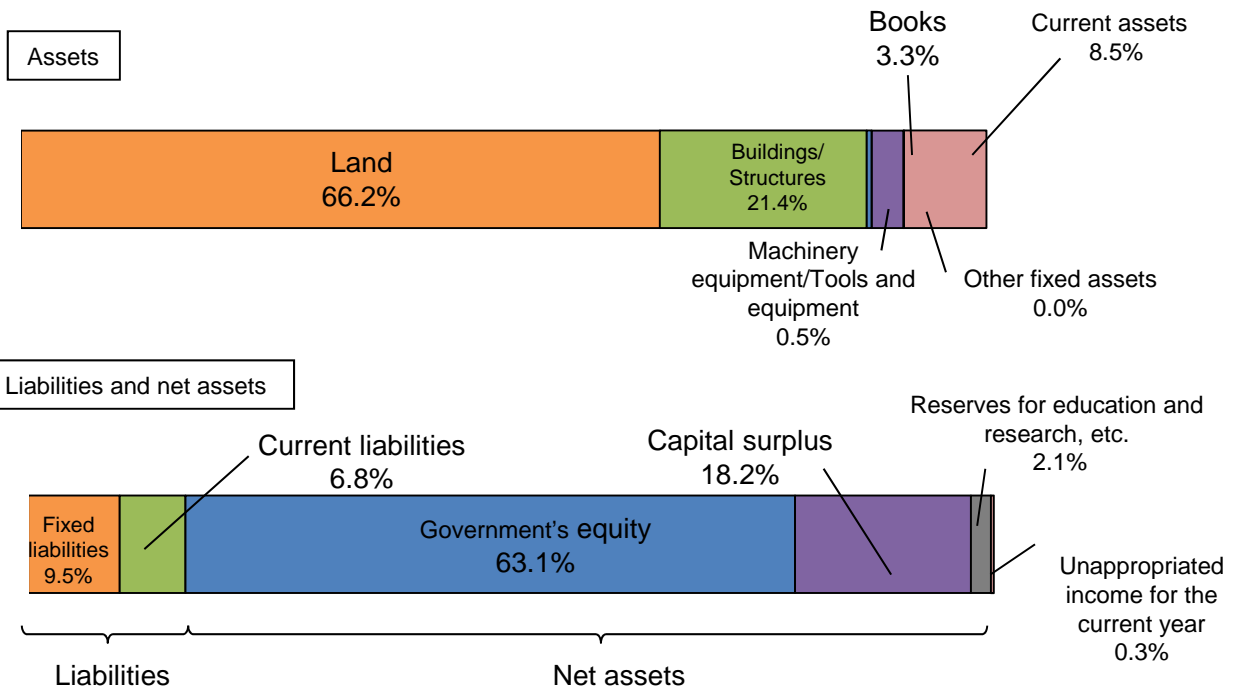
Liabilities and net assets indicate the source of funding, and assets indicate operation forms of funds raised.

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 47% of liabilities, and debts that arose from the unique accounting of national university corporations, such as asset collateral liabilities, account for 33%. However, GRIPS works for stable financial management through systematic payment, etc.

Net assets: Net assets account for 84% of the total of liabilities and net assets, 75% of which was accounted for by government equity.

Breakdown of Assets, Liabilities, and Net Assets in Fiscal 2014



Balance Sheet

(Unit: million yen)

Item	Fiscal 2013	Fiscal 2014	Increase/ Decrease	
Assets	27,629	27,729	101	
Fixed assets	25,648	25,360	- 288	
Land	18,351	18,351	0	
Buildings	6,097	5,859	- 238	← Decrease due to depreciation
Structures	96	81	- 15	
Machinery equipment	4	3	- 1	
Tools and equipment	141	140	- 1	
Books	894	915	21	
Software	64	9	- 55	
Telephone rights	1	1	0	
Current assets	1,981	2,370	389	← Increase due to making a net profit for the current year
Cash and deposits	1,772	2,025	253	
Accrued income for payment from students	2	2	- 0	
Other accrued income	205	338	133	
Other current assets	1	4	3	
Liabilities	4,844	4,517	- 327	
Fixed liabilities	3,239	2,628	- 611	
Asset collateral liabilities	1,091	1,084	- 8	← Decrease due to fulfillment of obligation based on the PFI project contract
Long-term accounts payable	8	0	- 8	
PFI liabilities	2,139	1,545	- 594	
Current liabilities	1,605	1,889	283	
Liabilities from government subsidies for management expenses	135	141	6	
Donation liabilities	163	222	59	
PFI liabilities to be repaid within a year	581	594	13	
Accounts payable	459	495	36	
Other current liabilities	267	436	169	
Net assets	22,786	23,213	427	
Government equity	17,507	17,507	0	← Increase due to receipt of facilities improvement subsidies (for PFI projects), etc.
Capital surplus	4,618	5,050	431	
Retained earnings	661	656	- 4	
Reserve carried forward during former medium-term target period	148	148	0	
Reserves for education and research	416	426	10	← Increase due to recording of reserve for specific purposes
Unappropriated income for the current year	97	83	- 14	

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

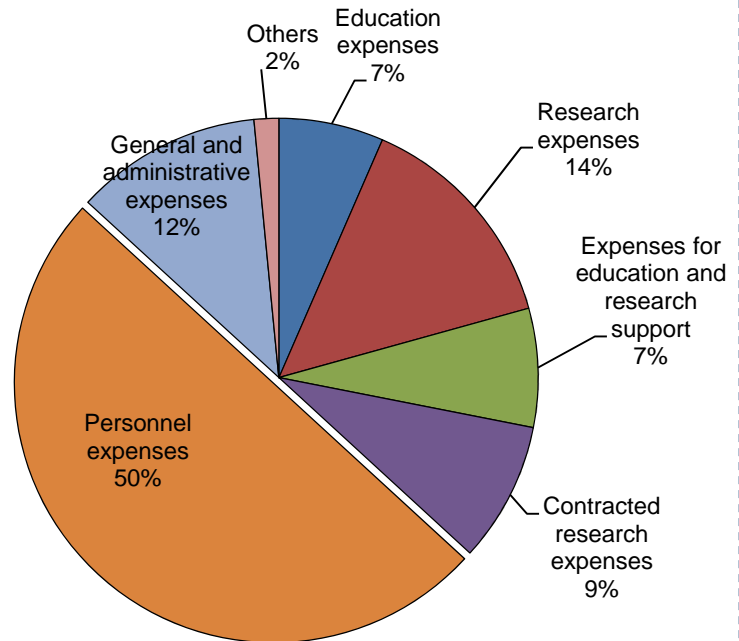
Profit and Loss Statement

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.

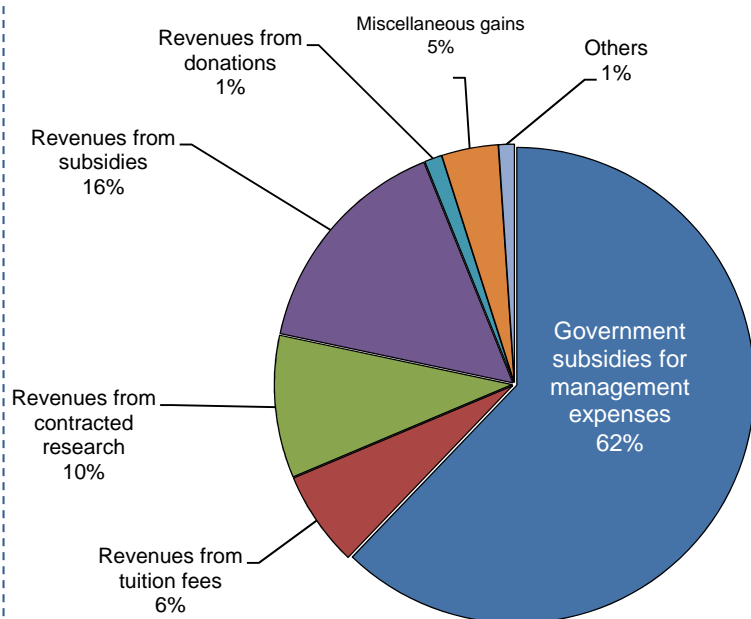
It excludes subsidies for scientific research and other expenses granted for individual researchers.

Breakdown of Ordinary Expenses and Ordinary Revenues in Fiscal 2014

Ordinary expenses



Ordinary revenues



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 2013	Fiscal 2014	Increase/ decrease	
Ordinary expenses	2,838	3,336	498	Decrease in expenses for PCs for students, which had been purchased in bulk in fiscal 2013
Operating expenses	2,498	2,896	399	
Education expenses	267	218	- 48	Increase in the amount of subsidies granted, etc.
Research expenses	345	472	127	
Expenses for education and research support	243	247	4	
Contracted research expenses, etc.	182	159	- 23	Increase in expenses due to the progress of research, etc.
Contracted project expenses, etc.	98	132	34	
Personnel expenses	1,363	1,668	305	Increase due to the termination of the salary cut under the Act on Temporary Special Measures for Salary Revision and the implementation of the NPA's recommendation for fiscal 2014
General and administrative expenses	275	388	113	
Financial expenses	65	51	- 14	Increase due to the implementation of the major repair of the school building that marked the 10th year since construction (PFI expenses)
Ordinary revenues	2,935	3,362	427	
Revenues from government subsidies for management expenses	1,942	2,090	148	Increase due to the termination of the salary cut under the Act on Temporary Special Measures for Salary Revision and the implementation of the major repair of the school building that marked the 10th year since construction (PFI expenses)
Revenues from tuition fees	227	218	- 9	
Revenues from contracted research, etc.	192	161	- 31	
Revenues from contracted project, etc.	129	164	35	Increase in expenses due to the progress of research, etc.
Revenues from subsidies	259	524	265	
Revenues donations	22	40	18	
Reversal of asset collateral liabilities	30	35	5	Increase in monetized amount due to the increase in subsidies
Financial revenues	1	1	- 0	
Miscellaneous gains	134	129	- 5	
Ordinary income	97	26	- 71	
Temporary losses	1	0	- 1	
Temporary income	1	0	- 1	
Net profit for the current year	97	26	- 71	
Reversal of reserve for specific purposes	-	57	57	Revenue obtained by reversing the reserve for specific purposes to cover expenses for paying GRIPS scholarships and setting up new faculty offices for individual use.
Gross income for the current year	97	83	- 14	

* 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 2013	Fiscal 2014	Increase/ Decrease
I Cash flow from business activities	481	437	- 44
Payments for purchases of raw materials, products, or services	- 802	- 1,002	- 199
Payments for personnel expenses	- 1,477	- 1,719	- 242
Payments for other businesses	- 240	- 260	- 19
Income from government subsidies for management expenses	2,065	2,120	55
Income from payments from students	210	196	- 14
Income from contracted research, contracted projects, etc.	259	323	63
Income from subsidies, etc.	270	528	259
Income from donations	49	94	45
Income from other businesses	132	132	0
Income from deposits received	16	24	8
Accounts paid into national treasury	0	0	0
II Cash flow from investment activities	478	257	- 221
Payments for purchases of tangible assets and intangible assets	- 48	- 109	- 61
Income from repayment of time deposit	250	300	50
Payments for deposit to time deposit	- 300	- 600	- 300
Income from facility expenses	575	665	90
Interest and dividends received	1	1	- 0
III Cash flow from financial activities	- 763	- 741	21
Redemption paid of lease liabilities	- 123	- 101	21
Redemption paid of PFI liabilities	- 569	- 581	- 13
Interest paid	- 72	- 58	14
IV Effect of exchange rate changes on cash	-	-	-
V Increase/decrease in cash	196	- 47	- 243
VI Cash at beginning of year	1,276	1,472	196
VII Cash at end of year	1,472	1,425	- 47

* 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 2013	Fiscal 2014	Increase/ decrease
I Business costs	2,191	2,675	484
(1) Costs in the profit and loss statement	2,839	3,336	497
Operating expenses	2,498	2,896	399
General and administrative expenses	275	388	113
Financial expenses	65	51	- 14
Temporary losses	1	0	- 1
(2) (Deduction) Self-income, etc.	- 648	- 661	- 13
Revenues from tuition fees	- 160	- 160	0
Revenues from admission fees	- 60	- 51	8
Revenues from application fees	- 7	- 7	0
Revenues from contracted research, etc.	- 192	- 161	31
Revenues from contracted projects, etc.	- 129	- 164	- 35
Revenues from donations	- 22	- 40	- 18
Financial revenues	- 1	- 1	0
Miscellaneous gains	- 74	- 74	0
Reversal of government subsidies for asset collateral management expenses	- 2	- 2	0
Reversal of asset collateral donations	- 1	- 1	0
Temporary profits	- 0	- 0	0
II Depreciation equivalent outside of profit and loss	257	264	7
III Estimated amount increased in bonuses outside allowance	5	3	- 2
IV Estimated amount increased in retirement benefits outside allowance	24	25	2
V Opportunity costs	141	88	- 52
Opportunity costs of loan transaction with the national and local governments at no or reduced charge	-	-	-
Government-funded opportunity costs	141	88	- 52
VI (Deduction) Payment into national treasury	-	-	-
VII National university corporation business operation cost	2,617	3,056	438

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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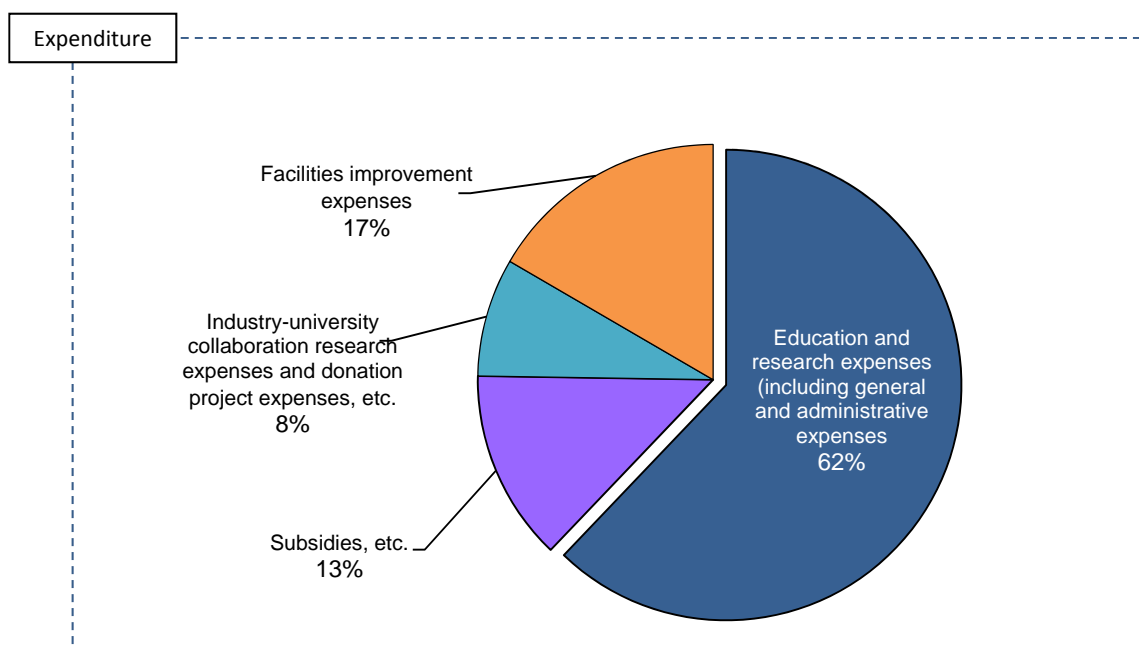
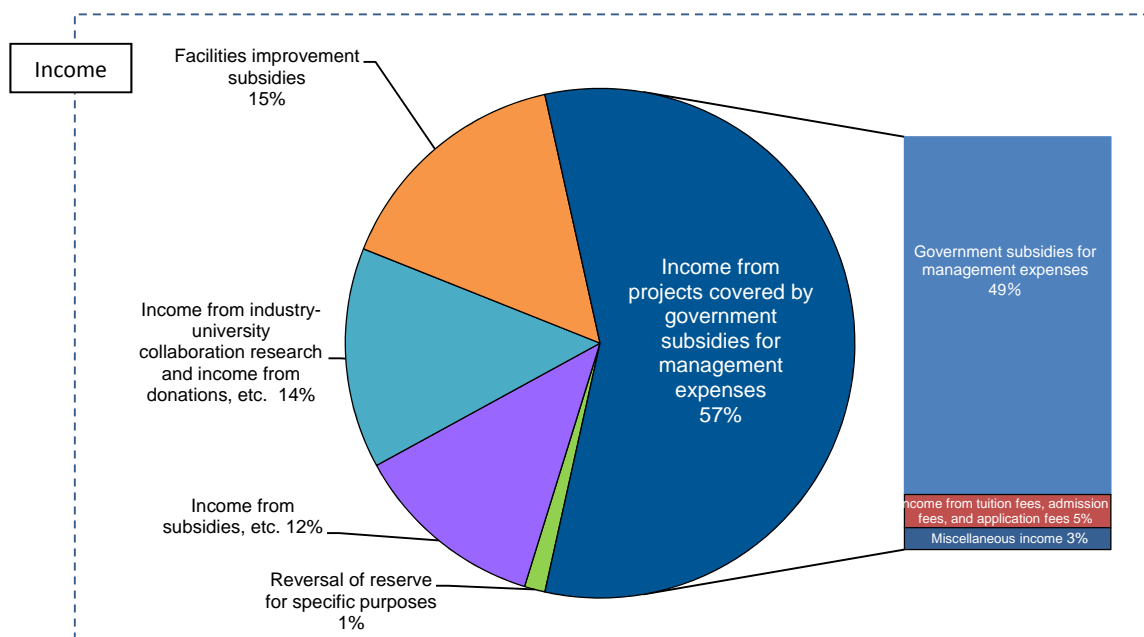
Earnings Statement

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 2014



■ Earnings Statement

(Unit: million yen)

Item	Budget amount	Settlement amount	Increase/decrease	
[Income]				
Government subsidies for management expenses	2,122	2,120	- 2	
Facilities improvement subsidies	665	665	-	
Income from subsidies, etc.	-	526	526	← Increase due to gaining a project covered by the government subsidy
Self-income	364	327	- 38	
Income from tuition fees, admission fees, and application fees	213	197	- 16	
Miscellaneous income	152	130	- 22	← Increase due to making efforts to gain contracted research, etc.
Income from industry-university collaboration research, and income from donations, etc.	345	601	256	←
Reversal of reserve for specific purposes	221	57	- 164	← Decrease due to not drawing down the reserve for specific purposes
Total	3,718	4,296	578	
[Expenditure]				
Operating expenses				← Decrease due to a reduction in education and research expenses
Education and research expenses	2,707	2,489	- 218	
Facilities improvement expenses	665	665	-	
Subsidies, etc.	-	526	526	← Increase due to gaining a project covered by the government subsidy
Industry-university collaboration research expenses and donation project expenses, etc.	345	326	- 19	←
Total	3,718	4,006	288	← Decrease in monetized amount due to the progress of research, etc.

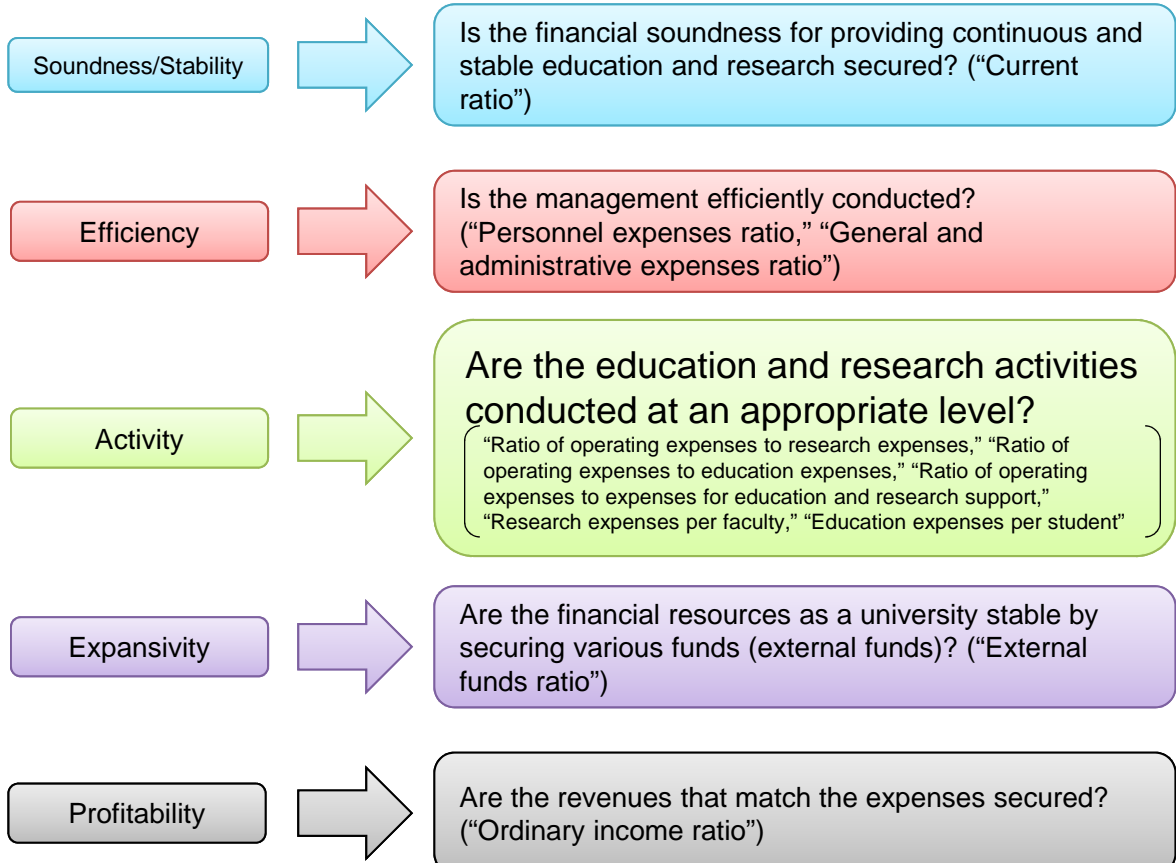
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■ Analysis Using Financial Indicators

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 2008 and Fiscal 2014

Financial indicator	Fiscal year						
	2008	2009	2010	2011	2012	2013	2014
1. Current ratio (current assets ÷ current liabilities)	187.6%	115.0%	92.9%	107.5%	116.8%	123.5%	125.5%
2. Personnel expenses ratio (personnel expenses ÷ operating expenses)	61.2%	58.7%	59.9%	58.1%	58.4%	54.6%	57.6%
3. General and administrative expenses ratio (general and administrative expenses ÷ operating expenses)	15.6%	17.8%	12.4%	14.4%	12.9%	11.0%	13.4%
4. Ratio of operating expenses to research expenses (research expenses ÷ operating expenses)	13.7%	11.7%	9.2%	10.8%	11.2%	13.8%	16.3%
5. Research expenses per faculty (research expenses ÷ number of faculty)	3,875 thousand yen	3,619 thousand yen	3,124 thousand yen	3,128 thousand yen	3,460 thousand yen	4,314 thousand yen	5,617 thousand yen
6. Ratio of operating expenses to education expenses (education expenses ÷ operating expenses)	8.2%	11.0%	10.7%	10.9%	11.5%	10.7%	7.5%
7. Education expenses per student (education expenses ÷ number of students)	537 thousand yen	705 thousand yen	645 thousand yen	583 thousand yen	663 thousand yen	645 thousand yen	519 thousand yen
8. Ratio of operating expenses to expenses for education and research support (expenses for education and research support ÷ operating expenses)	10.0%	9.0%	9.1%	10.2%	10.3%	9.7%	8.5%
9. External funds ratio ((revenues from contracted research, etc. + revenues from contracted projects, etc. + revenues from donations) ÷ ordinary revenues)	7.9%	10.1%	12.4%	11.2%	9.0%	11.7%	10.9%
10. Ordinary income ratio (ordinary income ÷ ordinary revenues)	6.0%	1.6%	2.3%	7.4%	4.0%	3.3%	0.8%

- (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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