

GRIPS Financial Report 2018

GRIPS Financial Report 2017 -outline-

Finance Division

G R I P S

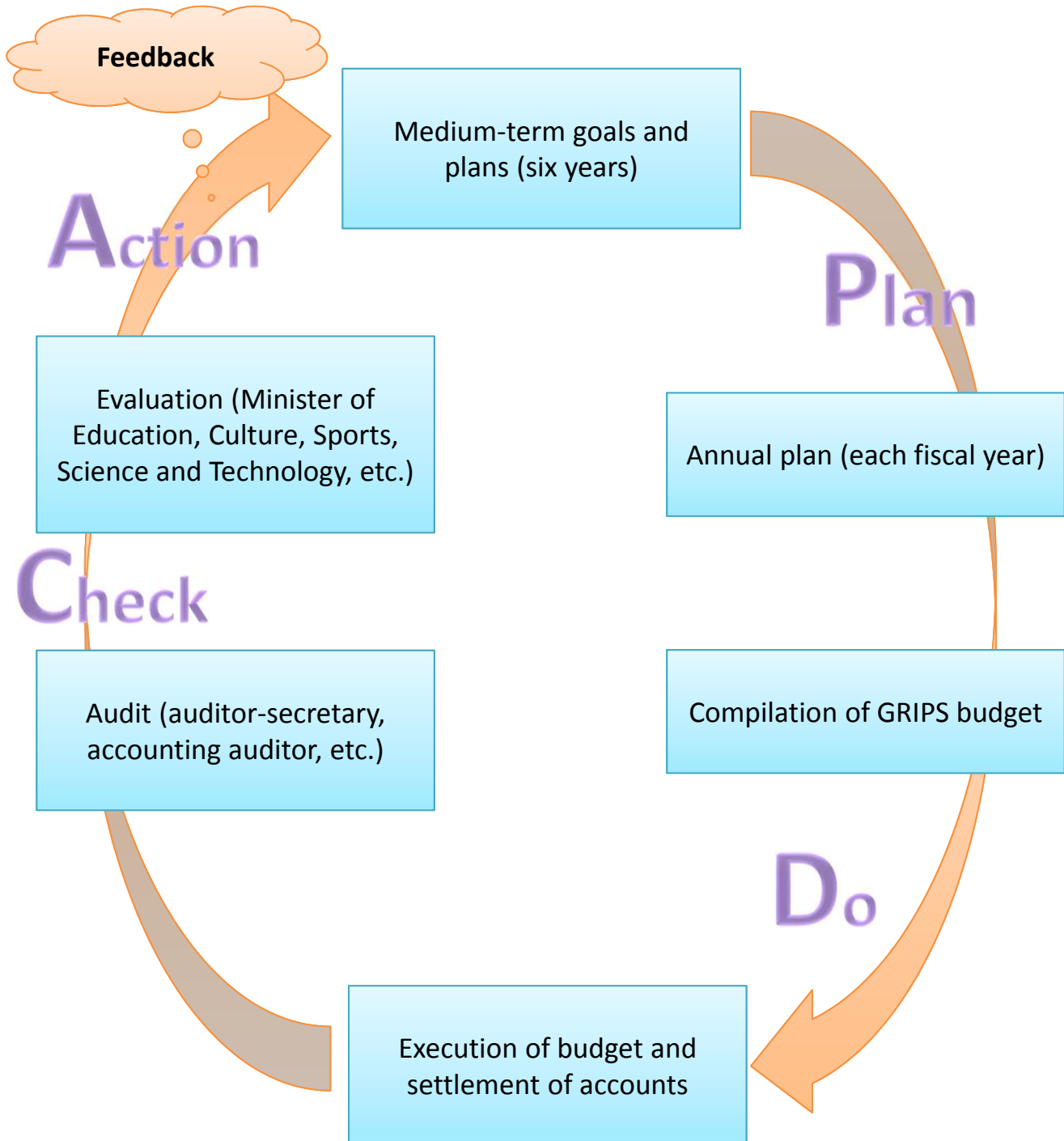
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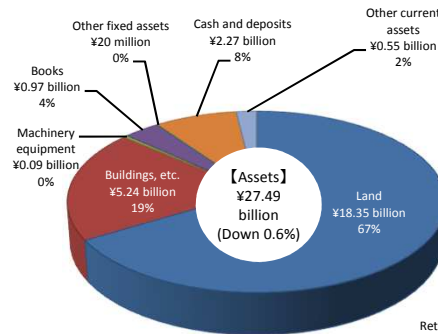
- In financial operation, the budget should be accurately compiled and executed in line with confirmation and evaluation.



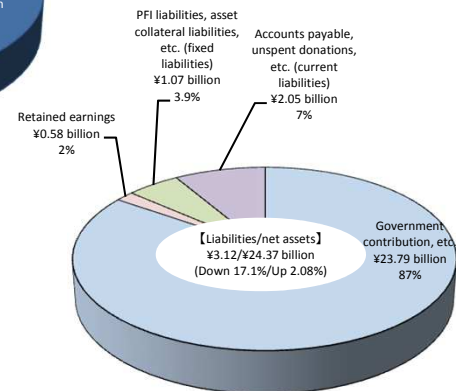
Financial Conditions including Land and Building Holding, Investment from the Government and Borrowings at the End of Fiscal 2017

- Outline and component ratio of the balance sheet for fiscal 2017 (as of March 31, 2018)

- The assets at the end of fiscal 2017 were 27.487 billion yen (down 169 million yen from the previous fiscal year), the liabilities were 3.118 billion yen (down 645 million yen), and total net assets were 24.369 billion yen (up 476 million yen).



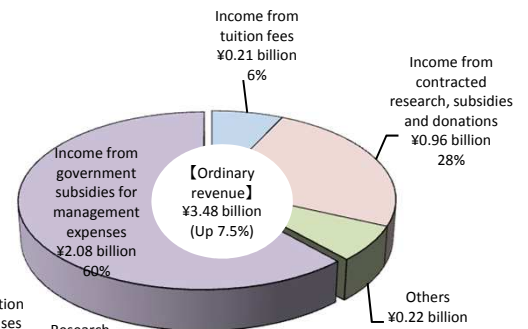
- About 90% of the property (assets) necessary for conducting the operations of GRIPS is mainly comprised of investment from the government (net assets), and the remaining 10% assets obtained based on subsidies from the government, donations, etc.



Financial Operation Conditions for Fiscal 2017 (Amounts Received and Spent*)

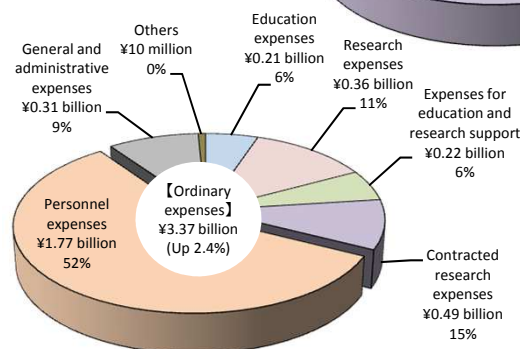
- Outline and component ratio of ordinary revenues and ordinary expenses for fiscal 2017 (April 1, 2017 – March 31, 2018)

- The ordinary revenues in fiscal 2017 were 3.476 billion yen (up 244 million yen from the previous fiscal year), and the ordinary expenses were 3.368 billion yen (up 78 million yen). Profit for the current fiscal year, after adding the reversal amount of reserve carried forward during the former medium-term target period (JPY 44 million) (amount carried over from fund for the business continued from the previous medium-term target period, for which the budget was allocated before fiscal 2015) to the difference amount is 152 million yen.



- Income from government subsidies for management expenses accounts for about 60% of the ordinary revenues, and income from tuition fees, etc. accounts for 6%. Income from contracted research, subsidies and donations accounts for 28%.

- With regard to ordinary expenses, personnel expenses account for 52%, education and research expenses (education expenses, research expenses, and expenses for education and research support) about 32% and general and administrative expenses about 9%.

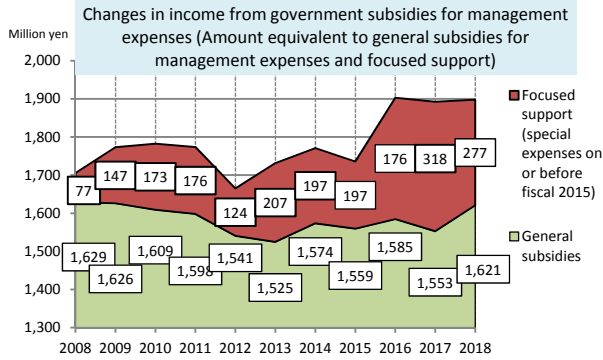


* National university corporations cannot immediately record received government subsidies for management expenses, tuition fees, income from contracted research, subsidies and donations as revenues. These funds are once recorded as liabilities, and then used as expenses for education research activities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

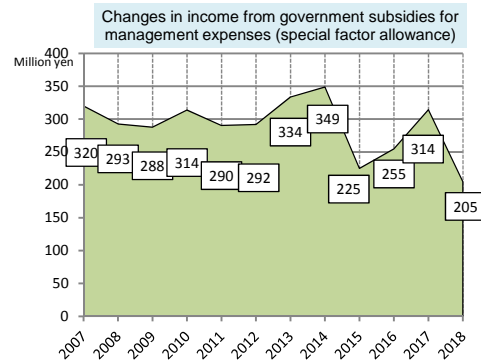
Major financial injection from the government

Income from government subsidies for management expenses

○ The income from government subsidies for management expenses for fiscal 2017 (cash flow basis) was 2.26 billion yen (+50 million yen or +2.3% compared to the previous fiscal year)



* The above chart shows annual change in the amount of general government subsidies for management expenses (basic government subsidies for management expenses) and the amount equivalent to budget for focused support (expenses required for the focused support for education and research activities). (Figures for 2006-2017 are actual results and that for 2018 is on a budgetary basis.)



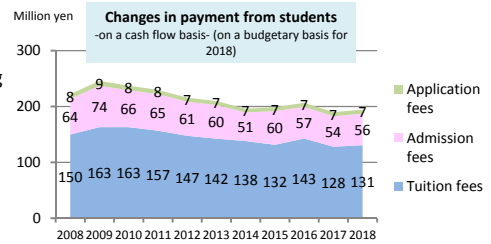
* The above figure shows annual changes in special factor allowance (retirement allowance, PFI maintenance and management expenses, etc.) among government subsidies for management expenses. (Figures for 2007-2017 are actual results and that for 2018 is on a budgetary basis.)

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 operating revenue).

* 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)

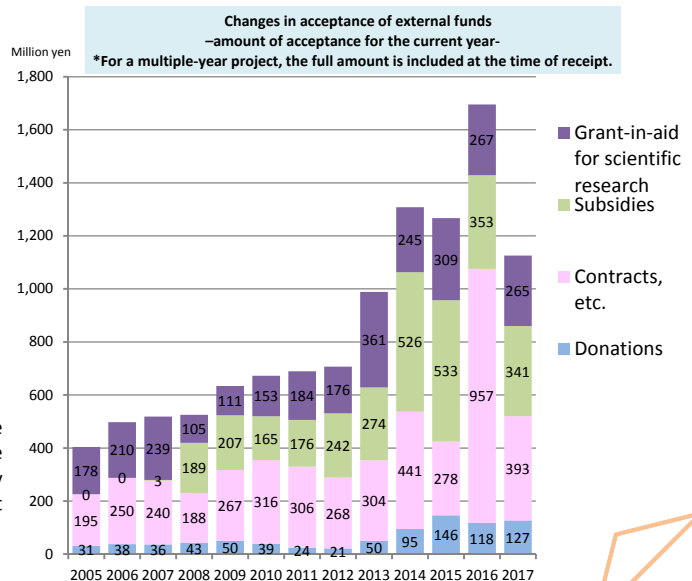


Acceptance of external funds

○ The amount of acceptance of external funds in fiscal 2017 (excluding grant-in-aid for scientific research and subsidies) was 0.52 billion yen (about two-fold increase compared with fiscal 2005).

○ The amount of acceptance of external funds including grant-in-aid for scientific research and subsidies was 1.13 billion yen. (about three-fold increase compared with fiscal 2005)

External funds include donations from companies, and funds from projects contracted by 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 annually 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 GRIPS.

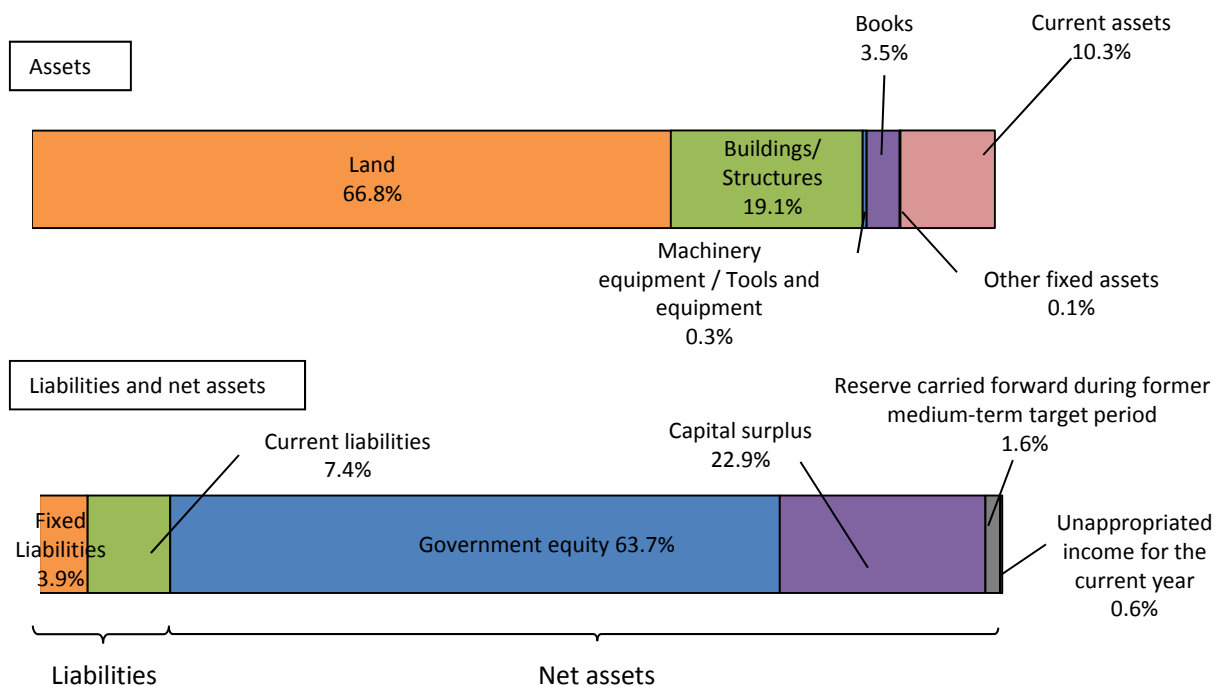
Liabilities and net assets indicate the source of funding, and assets indicate manners of operation of funds raised.

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

Liabilities: PFI liabilities for which the government covers fund for repayment account for 10% of liabilities, and liabilities that arise from the special accounting treatment of national university corporations, such as asset collateral liabilities, account for 54%. GRIPS is striving to secure stable financial management through well-planned payment, etc.

Net assets: Net assets account for 89% of the total of liabilities and net assets, 72% of which is government equity.

Breakdown of Assets, Liabilities, and Net Assets in Fiscal 2017



Balance Sheet

(Unit: million yen)

Item	Fiscal 2016	Fiscal 2017	Increase/ Decrease	
Assets	27,656	27,487	-169	
Fixed assets	24,945	24,668	-274	Decrease due to depreciation
Land	18,351	18,351	-	
Buildings	5,443	5,177	-266	
Structures	67	60	-7	
Machinery equipment	2	1	-1	
Tools and equipment	109	92	-17	
Books	950	966	16	
Software	23	19	-4	
Telephone rights	1	1	-	
Current assets	2,711	2,819	108	Increase due to decrease of expenditures of projects covered by government subsidies for management expenses
Cash and deposits	2,177	2,274	97	
Accrued income for payment from students	1	1	0	
Other accrued income	533	544	11	Increase due to adjustment of new subsidies
Other current assets	0	0	0	
Liabilities	3,763	3,118	-645	
Fixed liabilities	1,393	1,072	-321	Decrease due to fulfillment of obligation based on the PFI project contract
Asset collateral liabilities	1,077	1,072	-5	
PFI liabilities	316	-	-316	
Current liabilities	2,370	2,046	-324	
Liabilities from government subsidies for management expenses	148	257	109	
Donation liabilities	305	331	26	
PFI liabilities to be repaid within a year	621	316	-305	
Accounts payable	360	381	22	
Other current liabilities	936	761	-176	Decrease in expenses due to the progress of multi-year contracted projects
Net assets	23,893	24,369	476	
Government equity	17,507	17,507	-	Increase due to receipt of facilities improvement subsidies (for PFI projects), etc.
Capital surplus	5,904	6,284	380	
Retained earnings	482	579	97	
Reserve carried forward during former medium-term target period	420	365	-56	
Reserves for education and research	-	62	-186	
Unappropriated income for the current year	62	152	90	

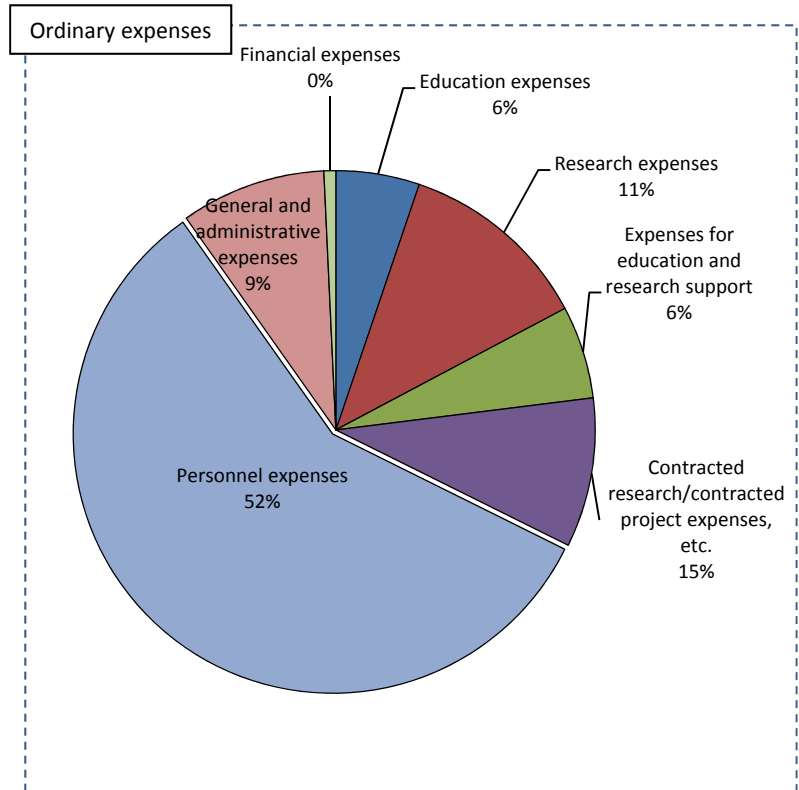
* Total amounts and other amounts may differ due to rounding up to the nearest unit.

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 because GRIPS has obligations to implement certain projects appropriate for the amounts of subsidies and amounts received, including education and research. These liabilities are transferred to revenue according to the period elapsed and the amount expended for the projects.

Profit and Loss Statement

The profit and loss statement shows the amount of expenses and revenues that arose during an accounting period. It shows the type of expenses incurred by a national university corporation for the implementation of education and research, as well as the revenue generated from such expenses and the resulting profit and losses. It excludes subsidies for scientific research and other expenses granted for individual researchers.

Breakdown of Ordinary Expenses and Ordinary Revenues in Fiscal 2017



What is the difference between profit and income?

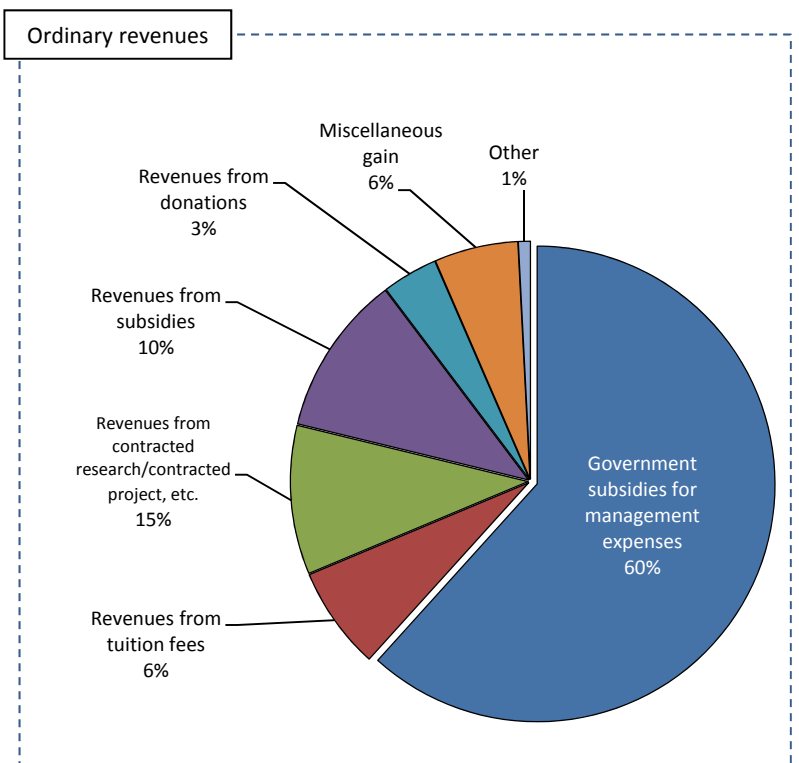
Profit/expense: accrual basis accounting
Income/expenditure: cash basis accounting

Item which is treated as profit, not income
(Ex.) Accrued income, such as interest

Item which is treated as income, not profit
(Ex.) Deferred income, such as a deposit

Item which is treated as expenditure, not expenses
(Ex.) Expenses in advance, such as rent

Item which is treated as expenses, not expenditure
(Ex.) Allowance for depreciation



Profit and Loss Statement

(Unit: million yen)

Item	Fiscal 2016	Fiscal 2017	Increase/ decrease	
Ordinary expenses	3,290	3,368	78	
Operating expenses	2,968	3,046	78	
Education expenses	171	205	34	← Increase due to new projects funded by subsidies etc.
Research expenses	396	361	-34	← Decrease of subsidies etc.
Expenses for education and research support	191	218	28	
Contracted research expenses	217	385	168	← Increase in expenses due to the progress of contracted research projects
Joint research expenses	5	3	-2	
Contracted project expenses, etc.	84	107	22	
Personnel expenses	1,904	1,767	-137	← Decrease of retirement allowance and personnel expenses (faculty) etc.
General and administrative expenses	298	311	13	← Increase due to expenses funded by reserve for specific purposes
Financial expenses	24	11	-14	
Ordinary revenues	3,233	3,476	244	
Revenues from government subsidies for management expenses	1,995	2,082	88	
Revenues from tuition fees	226	214	-12	
Revenues from contracted research	218	390	172	← Increase due to fulfillment of obligation in large-scale contracted research projects
Revenues from joint research	5	5	0	
Revenues from contracted project, etc.	103	124	19	
Revenues from subsidies, etc.	353	340	-13	← Decrease of subsidies etc.
Revenues donations	122	105	-17	← Decrease in expenses of projects funded by donations
Reversal of asset collateral liabilities	25	22	-3	
Financial revenues	1	1	-0	
Miscellaneous gains	184	194	10	
Ordinary income	-58	108	166	
Temporary losses	0	0	-0	
Temporary income	0	0	-0	
Net profit for the current year	-58	108	166	
Reversal from reserve	120	44	-76	
Gross income for the current year	62	152	90	

Cash Flow Statement

The cash flow statement indicates, as a certain category of activity, 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 borrowing and capital increase irrelevant to expenses and revenues, and is indicated by 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.

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

Item	Fiscal 2016	Fiscal 2017	Increase/ Decrease
I Cash flow from business activities	450	134	-315
Payments for purchases of raw materials, products, or services	-1,008	-1,003	5
Payments for personnel expenses	-1,878	-1,937	-59
Payments for other businesses	-344	-362	-18
Income from government subsidies for management expenses	2,157	2,207	49
Income from payments from students	207	190	-17
Income from contracted research, contracted projects, etc.	665	404	-261
Income from subsidies, etc.	355	337	-18
Income from donations	117	126	9
Income from other businesses	189	174	-16
Income from deposits received	3	-2	-5
Accounts paid into national treasury	-14	-	14
II Cash flow from investment activities	412	501	89
Expenditure due to acquisition of tangible fixed assets and intangible fixed assets	-141	-27	114
Income from repayment of time deposit	600	700	100
Payments for deposit to time deposit	-700	-800	-100
Income from facility expenses	652	628	-24
Interest and dividends received	1	1	-0
III Cash flow from financial activities	-639	-639	-
Redemption paid of PFI liabilities	-608	-621	-13
Interest paid	-31	-17	13
IV Effect of exchange rate changes on cash	-	-	-
V Increase/decrease in cash	223	-3	-226
VI Cash at beginning of year	1,254	1,477	223
VII Cash at end of year	1,477	1,474	-3

* 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 the costs spent for business management of GRIPS, including education and research, which are funded by taxpayers (“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 2016	Fiscal 2017	Increase/ decrease
I Business costs	2,483	2,391	-92
(1) Costs in the profit and loss statement	3,291	3,368	78
Operating expenses	2,968	3,046	78
General and administrative expenses	298	311	-14
Financial expenses	24	11	-13
Temporary losses	0	0	-0
(2) (Deduction) Self-income, etc.	-807	-977	-170
Revenues from tuition fees	-163	-152	11
Revenues from admission fees	-56	-54	1
Revenues from application fees	-7	-7	-0
Revenues from contracted research	-218	-390	-172
Revenues from joint research	-5	-5	-0
Revenues from contracted projects, etc.	-103	-123	-19
Revenues from donations	-122	-105	17
Financial revenues	-1	-1	0
Miscellaneous gains	-129	-137	-9
Reversal of government subsidies for asset collateral management expenses	-2	-1	0
Reversal of asset collateral donations	-1	-1	0
Temporary profits	-0	-0	0
II Depreciation equivalent outside of profit and loss	257	260	3
III Estimated amount increased in bonuses outside allowance	-4	-2	2
IV Estimated amount increased in retirement benefits outside allowance	-56	26	82
V Opportunity costs	15	10	-5
Government-funded opportunity costs	15	10	-5
VI (Deduction) Payment into national treasury	-	-	-
VII National university corporation business operation cost	2,695	2,686	-9

Showing the amount of expenses stated in the profit and loss statement, less the revenues from self-income.

Showing the non-taxpayer-funded revenues

Showing the amount of depreciation of non-profitable assets

Showing the estimated increase in allowance for bonuses to be payable from the government subsidies for management expenses (recording the difference from the previous year)

Showing the estimated increase in allowance for retirement benefits to be payable from the government subsidies for management expenses (recording the difference from the previous year)

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

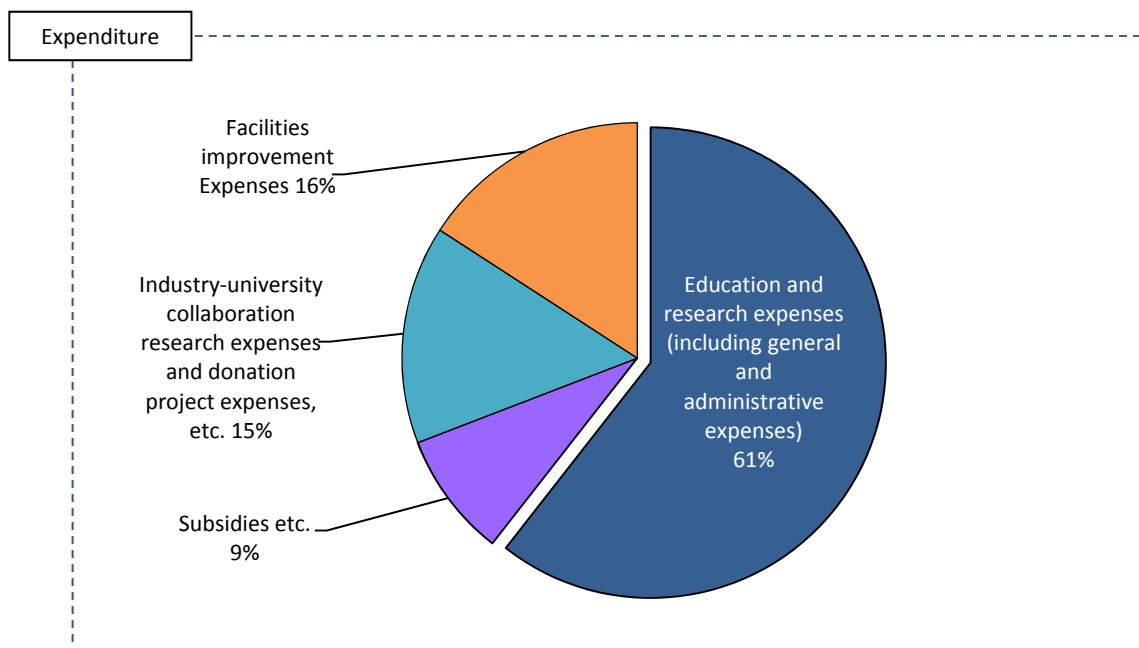
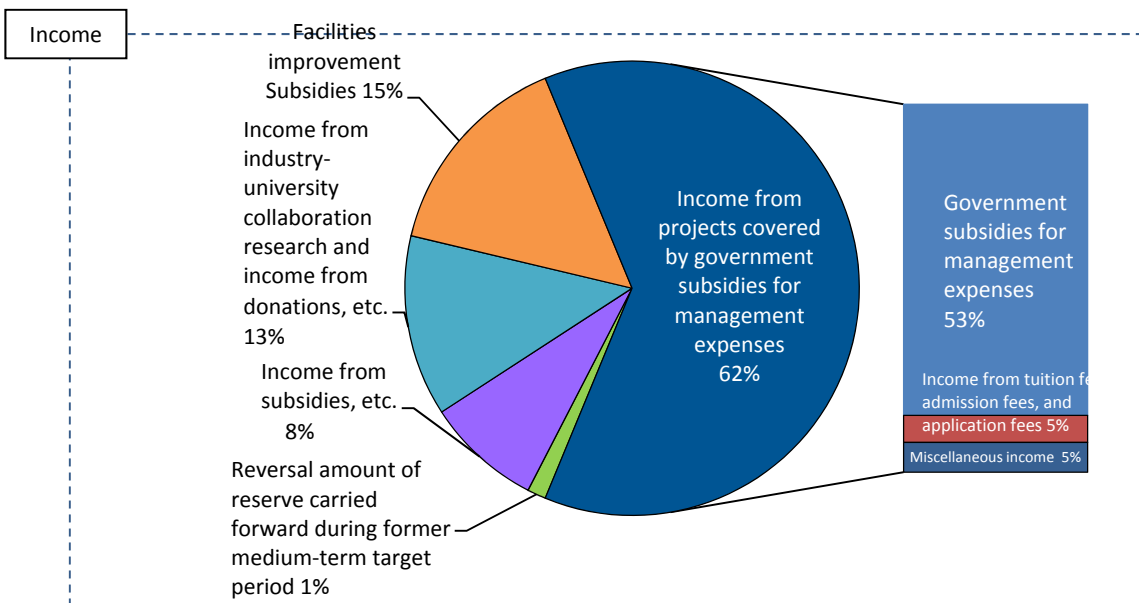
Earnings Statement

This statement needs to be prepared pursuant to the accounting recognition standard (cash basis and settlement period) of the national government, and shows prospects and results of management status 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 2017



■ Earnings Statement

(Unit: million yen)

Item	Budget amount	Settlement amount	Increase/decrease	
[Income]				
Government subsidies for management expenses	2,139	2,207	68	
Facilities improvement subsidies	628	628	-	
Income from subsidies, etc.	-	345	345	← Increase due to gaining a project covered by the government subsidy
Self-income	432	404	▲ 28	
Income from tuition fees, admission fees, and application fees	221	192	▲ 29	
Miscellaneous income	211	212	1	
Income from industry-university collaboration research, and income from donations, etc.	394	538	144	← Increase due to efforts for increasing contracted research and donations
Reversal amount of reserve carried forward during former medium-term target period	120	56	▲ 64	
Total	3,713	4,178	465	
[Expenditure]				
Operating expenses				
Education and research expenses	2,691	2,401	▲ 290	← Decrease due to streamlining of education and research expenses
Facilities improvement expenses	628	628	-	
Subsidies, etc.	-	341	341	← Increase due to gaining a project covered by the government subsidy
Industry-university collaboration research expenses and donation project expenses, etc.	394	595	201	← Increase due to the progress of research, etc.
Total	3,713	3,965	252	

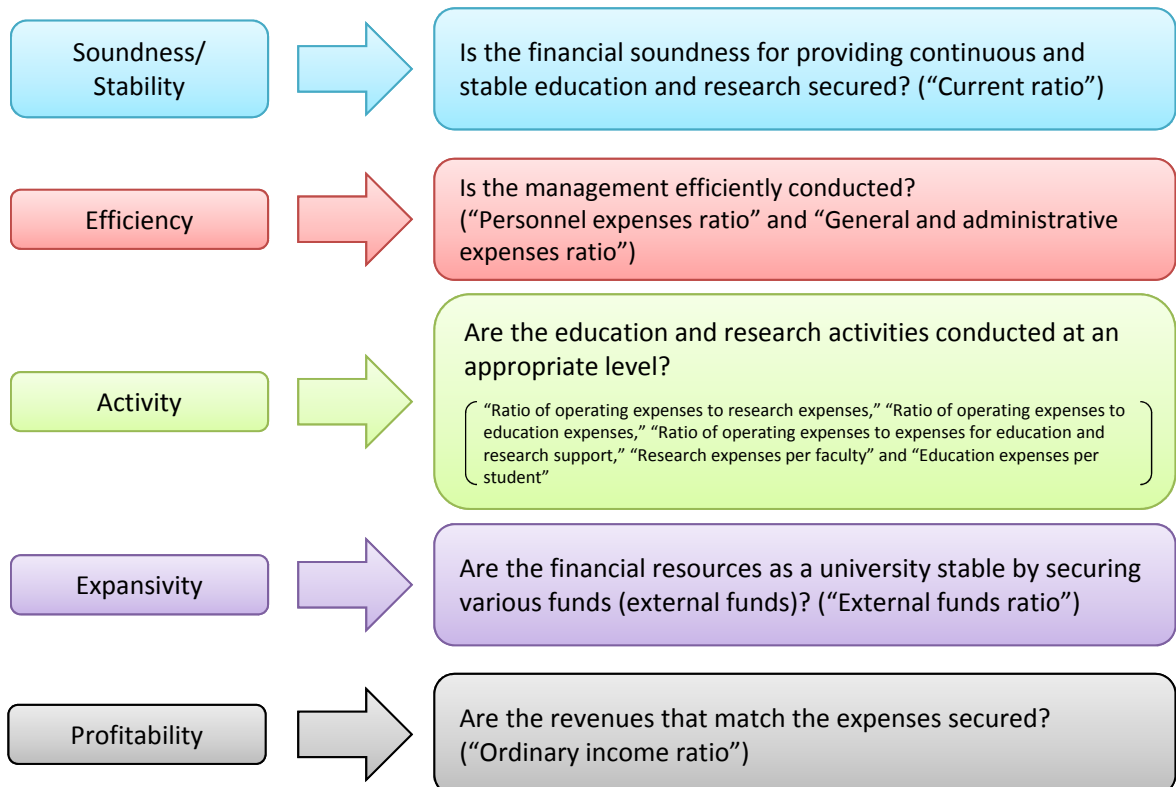
* Total amounts and other amounts may differ due to rounding up to the nearest unit.

■ 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 2011 and Fiscal 2017

Fiscal year	2010	2011	2012	2013	2014	2015	2016
1. Current ratio (current assets ÷ current liabilities)	↗ 107.5%	↗ 116.8%	↗ 123.5%	↗ 125.5%	↘ 123.2%	↘ 114.4%	↗ 137.8%
2. Personnel expenses ratio (personnel expenses ÷ operating expenses)	↗ 58.1%	↘ 58.4%	↗ 54.6%	↘ 57.6%	↗ 55.6%	↘ 64.2%	↗ 58.0%
3. General and administrative expenses ratio (general and administrative expenses ÷ operating expenses)	↘ 14.4%	↗ 12.9%	↗ 11.0%	↘ 13.4%	↗ 11.1%	↗ 10.0%	↘ 10.2%
4. Ratio of operating expenses to research expenses (research expenses ÷ operating expenses)	↗ 10.8%	↗ 11.2%	↗ 13.8%	↗ 16.3%	↘ 14.1%	↘ 13.3%	↘ 11.9%
5. Research expenses per faculty (research expenses ÷ number of faculty) (in thousand yen)	↗ 3,128	↗ 3,460	↗ 4,314	↗ 5,617	↘ 4,830	↘ 4,253	↗ 4,298
6. Ratio of operating expenses to education expenses (education expenses ÷ operating expenses)	↗ 10.9%	↗ 11.5%	↘ 10.7%	↘ 7.5%	7.5%	↘ 5.8%	↗ 6.7%
7. Education expenses per student (education expenses ÷ number of students) (in thousand yen)	↘ 583	↗ 663	↘ 645	↘ 519	↗ 586	↘ 408	↗ 522
8. Ratio of operating expenses to expenses for education and research support (expenses for education and research support ÷ operating expenses)	↗ 10.2%	↗ 10.3%	↘ 9.7%	↘ 8.5%	↗ 11.2%	↘ 6.4%	↗ 7.2%
9. External funds ratio ((revenues from contracted research, etc. + revenues from contracted projects, etc. + revenues from donations) ÷ ordinary revenues)	↘ 12.4%	↘ 9.0%	↗ 11.7%	↘ 10.9%	↗ 13.3%	↗ 13.9%	↗ 17.9%
10. Ordinary income ratio (ordinary income ÷ ordinary revenues)	↗ 2.3%	↘ 4.0%	↘ 3.3%	↘ 0.8%	↘ 4.0% ※1	↗ 1.8% ※2	↗ 3.1%

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

*1 In fiscal 2015, GRIPS implemented projects intensively using the accumulated reserve for specific purposes; however, the profit from reversal of reserve for specific purposes, which provides the fund for such projects, was not included in ordinary revenues and the ratio turned out to be negative. The ratio of ordinary revenue to the net profit for the current fiscal year, including the reversal of reserve for specific purposes (98 million), is 2.9%.

*2 In fiscal 2016, GRIPS implemented the business based on the reserve carried forward during the former medium-term target period; however, the profit from reversal of such reserve carried forward during the former medium-term target period, which provides the fund for such business, was not included in the ordinary revenues and the ratio turned out to be negative. The ratio of ordinary revenue to the net profit for the current fiscal year, including the profit from reversal of such reserve carried forward during the former medium-term target period (62 million), is 1.9%.

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