

# GRIPS Financial Report 2016

*GRIPS Financial Report 2016 -outline-*

Finance Division

G R I P S

*Gateway to  
Global Leadership*

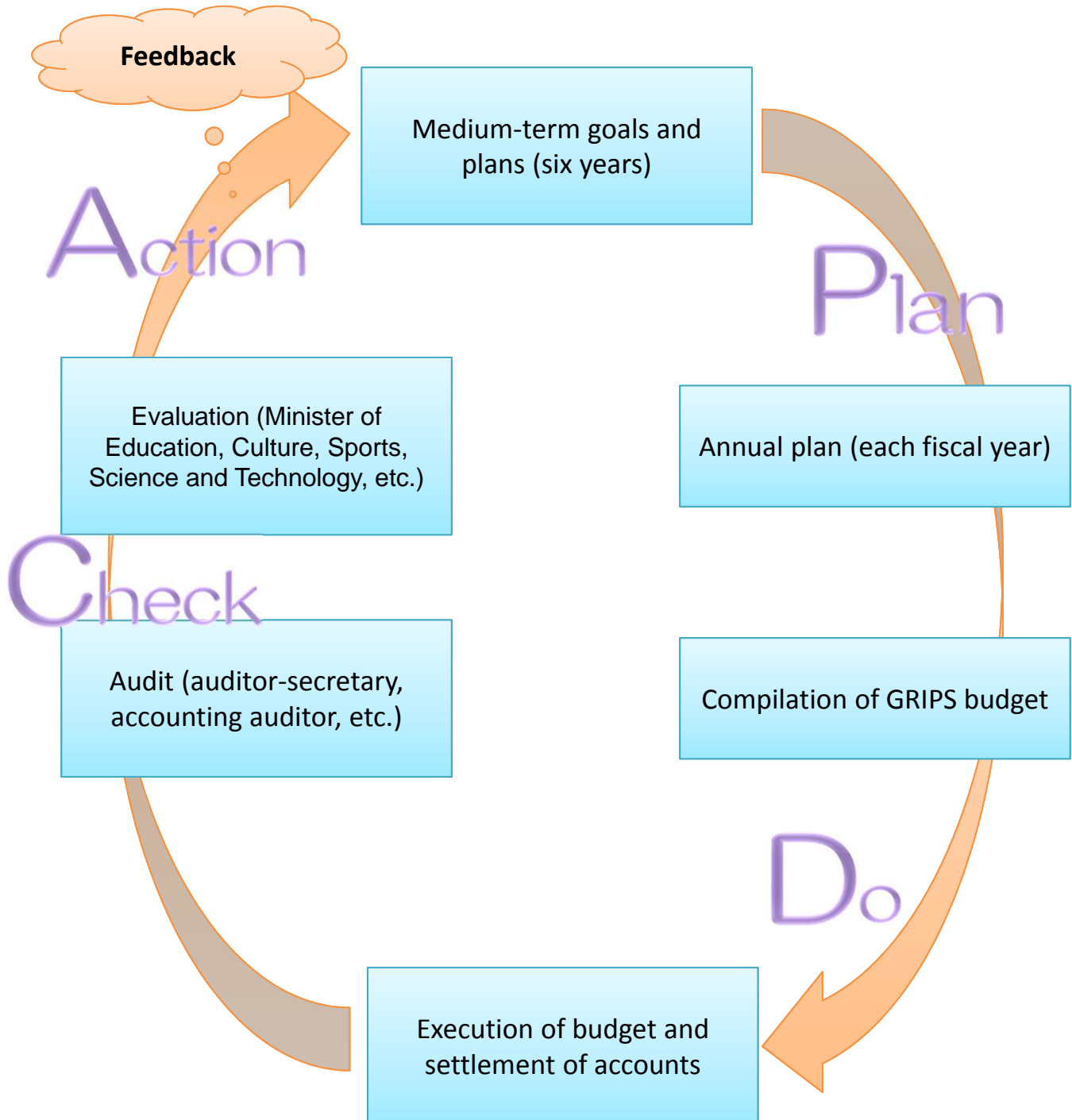


# — Contents —

1. Financial Operation and PDCA Cycle	1
2. Financial Highlights for Fiscal 2014	2
3. Outline of Financial Statements	
▪ Balance Sheet	4
▪ Profit and Loss Statement	6
▪ Cash Flow Statement	8
▪ National University Corporation Business Operation Cost Statement	9
▪ Earnings Statement	10
4. Financial Information on Management (Analysis Using Financial Indicators)	12

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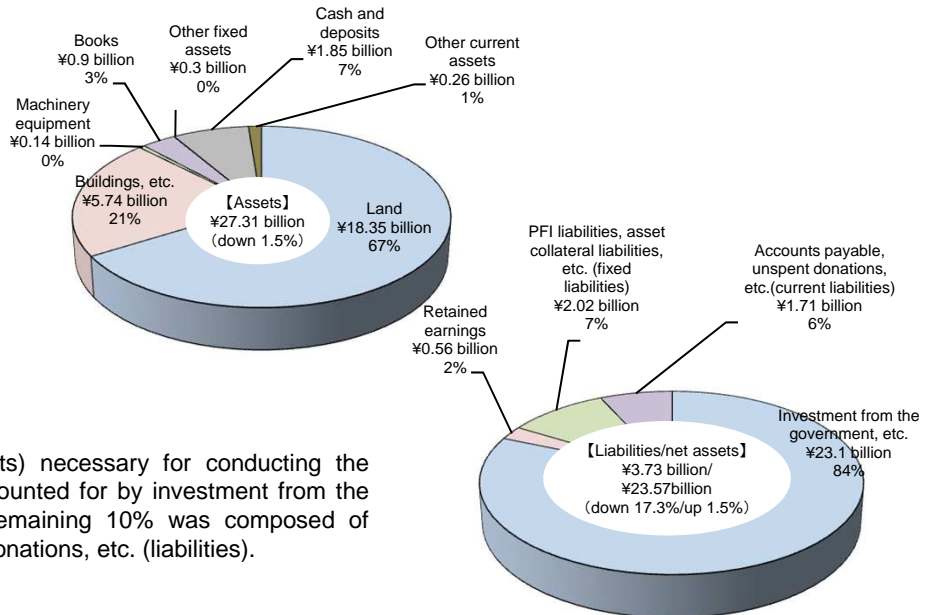
○ In financial operation, the budget should be accurately compiled and executed in line with confirmation and evaluation.



**Financial Conditions including Land and Building Holding, Investment from the Government, and Borrowings at the End of Fiscal 2015**

- Outline and component ratio of the balance sheet for fiscal 2015 (as of March 31, 2016)

○The assets at the end of fiscal 2015 were 27.35 billion yen (down 424 million yen from the previous fiscal year), the liabilities were 3.735 billion yen (down 782 million yen), and total net assets were 23.570 billion yen (up 357 million yen).



○About 90% 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 10% was composed of subsidies from the government, and donations, etc. (liabilities).

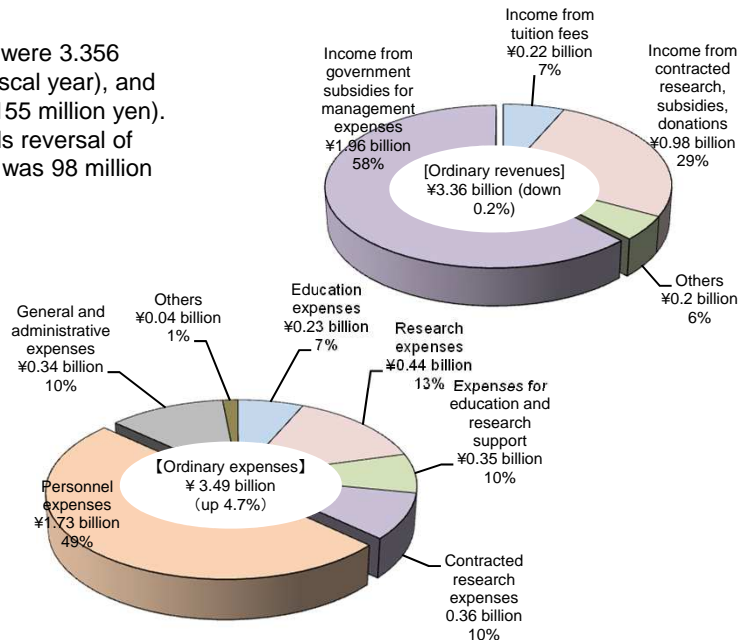
**Financial Operation Conditions for Fiscal 2015 (Amounts Received and Spent\*)**

- Outline and component ratio of ordinary revenues and ordinary expenses for fiscal 2015 (April 1, 2015 – March 31, 2016)

○The ordinary revenues at the end of fiscal 2015 were 3.356 billion yen (down 6 million yen from the previous fiscal year), and the ordinary expenses were 3.491 billion yen (up 155 million yen). The net profit for the current fiscal year, which adds reversal of reserve for specific purposes, etc. to this balance, was 98 million yen (up 15 million yen).

○Income from government subsidies for management expenses accounts for about 58% of the ordinary revenues, and income from tuition fees, etc. accounts for 7%. Income from contracted research, subsidies, and donations accounts for 29%.

○With regard to ordinary expenses, 49% 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.



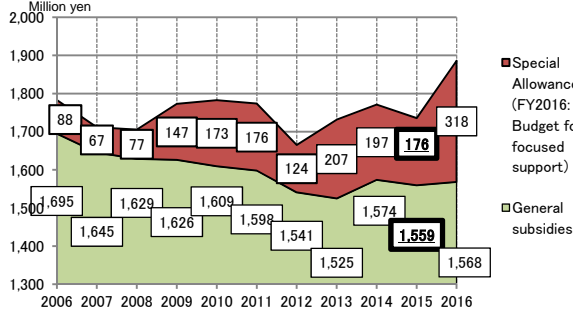
\* National university corporations cannot immediately record received government subsidies for management expenses, tuition fees, contracted research, subsidies, and donations as revenues. These funds are once recorded as debts, and then used as expenditures of education research activities and transferred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

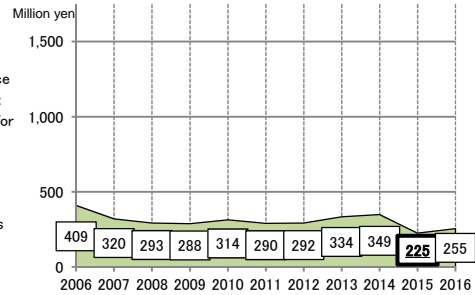
- The amount of subsidies granted in fiscal 2015 was 1.96 billion yen (about 84% of income from government subsidies for management expenses)
- It has decreased by an average of about 15 million yen per year due to the efficiency factor (decreased by 1% year-on-year). (The amount is going to decrease by 1.4% year-on-year due to the coefficient of the focused support promotion.)

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 2006-2015 are actual results and those for 2016 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 2006-2015 are actual results and that for 2016 is on a budgetary basis.)

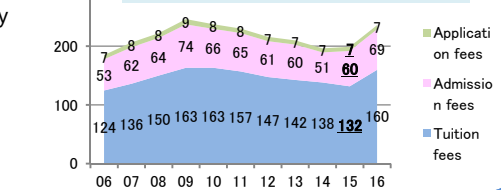
Payment from students and exemption system

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 2016)



Tuition exemption system

Total number of the eligible students for tuition exemption in fiscal 2015 was 91, and the amount of exemption was 24 million yen, equivalent to 11.6% of the amount of tuition fees subject to be collected.

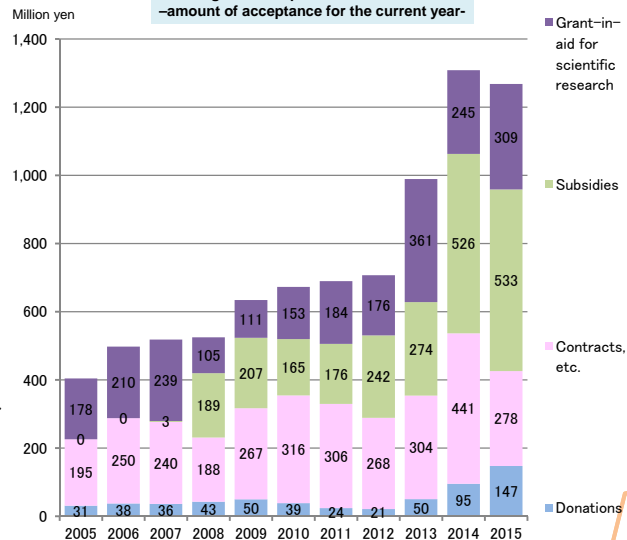
Acceptance of external funds

- The amount of acceptance of external funds (excluding grant-in-aid for scientific research and subsidies) in fiscal 2015 was 0.42 billion yen (increased by 188.1% compared with fiscal 2005).

- The amount of acceptance of external funds including grant-in-aid for scientific research and subsidies was 1.26 billion yen. (increased by 313.4% 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.

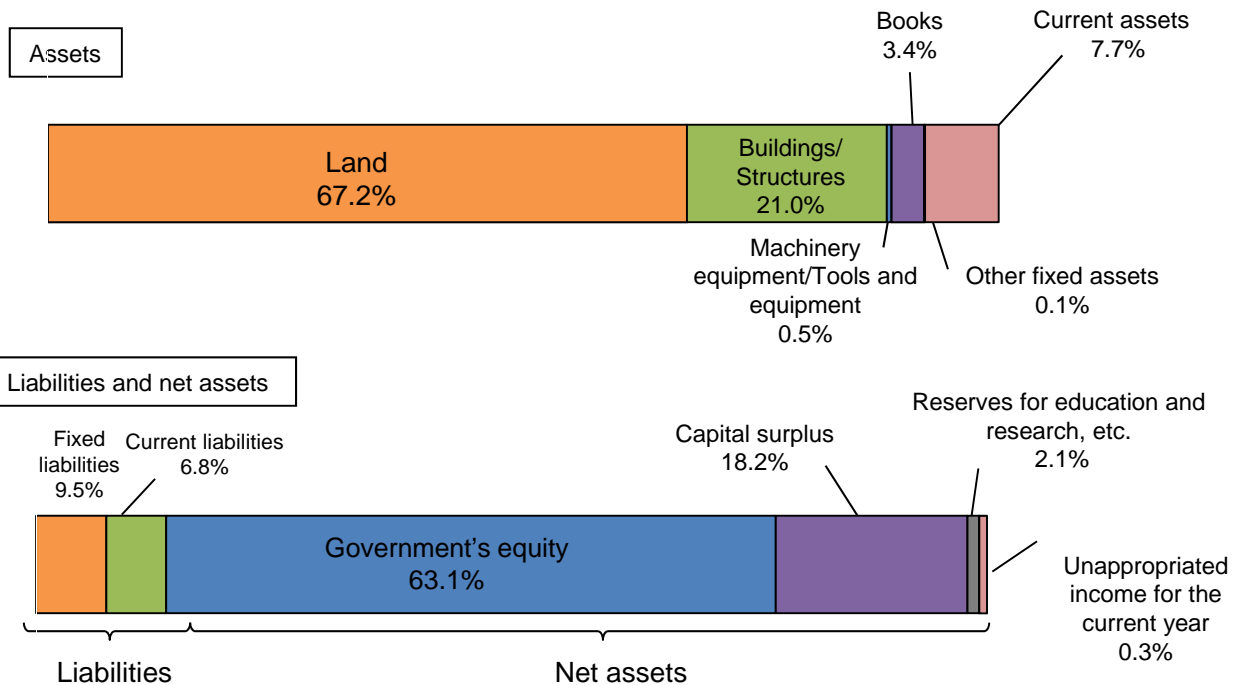
Liabilities and net assets indicate the source of funding, and assets indicate operation forms of funds raised.

**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 41% of liabilities, and debts that arose from the unique accounting of national university corporations, such as asset collateral liabilities, account for 38%. However, GRIPS works for stable financial management through systematic payment, etc.

**Net assets:** Net assets account for 86% of the total of liabilities and net assets, 74% of which was accounted for by government equity.

## Breakdown of Assets, Liabilities, and Net Assets in Fiscal 2015



Balance Sheet

(Unit: million yen)

Item	Fiscal 2014	Fiscal 2015	Increase/ Decrease	
<b>Assets</b>	27,729	27,305	- 258	
Fixed assets	25,360	25,193	- 167	
Land	18,351	18,351	0	
Buildings	5,859	5,666	- 193	Decrease due to depreciation
Structures	81	74	- 7	
Machinery equipment	3	2	- 1	
Tools and equipment	140	134	- 7	
Books	915	933	19	
Software	9	31	22	
Telephone rights	1	1	0	
Current assets	2,370	2,112	- 257	Decrease due recording of reserve for specific purposes
Cash and deposits	2,025	1,854	- 171	
Accrued income for payment from students	2	2	- 1	
Other accrued income	338	252	- 86	
Other current assets	4	4	0	
<b>Liabilities</b>	4,517	3,735	782	
Fixed liabilities	2,628	2,020	- 608	Decrease due to fulfillment of obligation based on the PFI project contract
Asset collateral liabilities	1,084	1,083	- 1	
Long-term accounts payable	0	0	0	
PFI liabilities	1,545	937	- 608	
Current liabilities	1,889	1,715	- 174	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.
Liabilities from government subsidies for management expenses	141	0	- 141	
Donation liabilities	222	306	83	
PFI liabilities to be repaid within a year	594	608	13	
Accounts payable	495	504	9	
Other current liabilities	436	298	- 139	
<b>Net assets</b>	23,213	23,570	357	
Government equity	17,507	17,507	0	Increase due to receipt of facilities improvement subsidies (for PFI projects), etc.
Capital surplus	5,050	5,508	458	
Retained earnings	656	555	- 101	
Reserve carried forward during former medium-term target period	148	148	0	Increase due to recording of reserve for specific purposes
Reserves for education and research	426	186	- 240	
Unappropriated income for the current year	83	221	139	Increase due to profits from adjusting an account at the end of medium-term target period Substantial gross profit was 98 million yen excluding the adjusted 124 million yen.

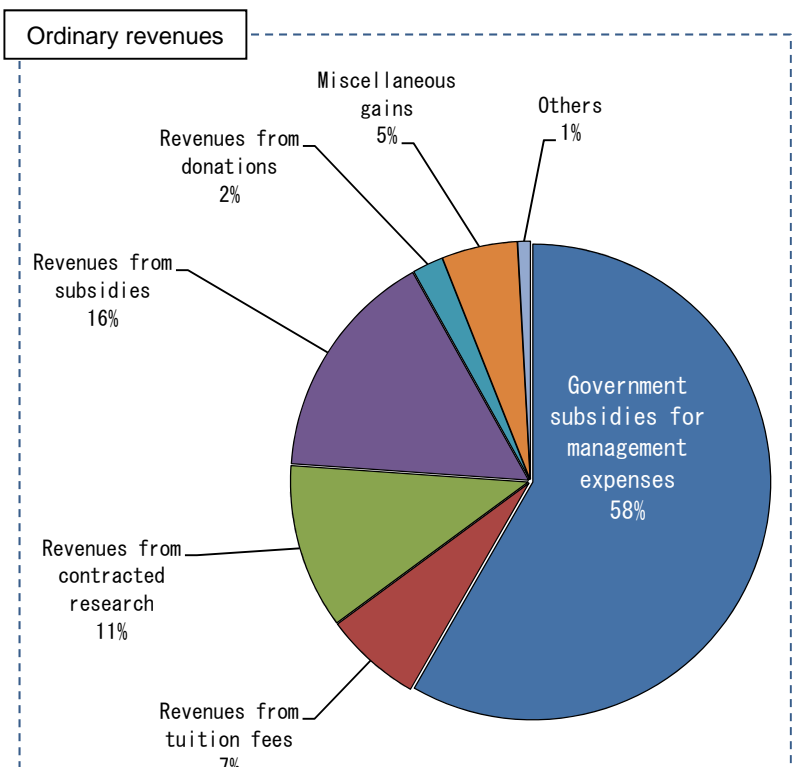
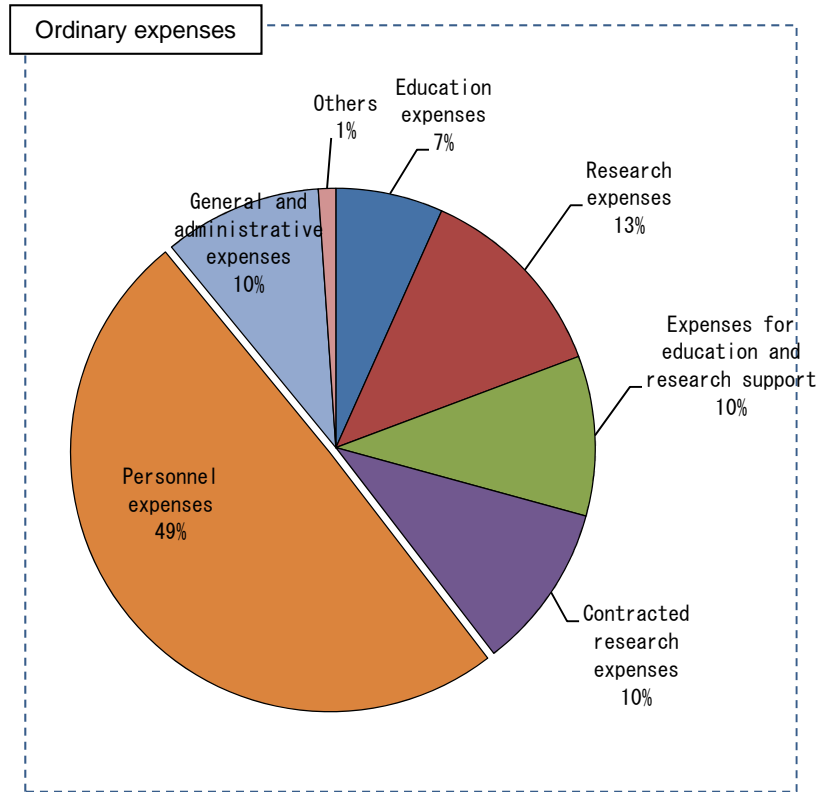
\* Total amounts and other amounts may differ due to rounding up to the nearest unit.

### 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 2015



### 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 2014	Fiscal 2015	Increase/ decrease	
Ordinary expenses	3,336	3,491	155	
Operating expenses	2,896	3,110	213	Decrease due to personnel expenses, etc.
Education expenses	218	234	15	
Research expenses	472	440	- 33	Increase due to the implementation of new campus network system, etc.
Expenses for education and research support	247	348	101	
Contracted research expenses, etc.	159	238	79	
Contracted project expenses, etc.	132	122	- 10	
Personnel expenses	1,668	1,728	60	Increase due to the implementation of National Personnel Authority's annual salary recommendation
General and administrative expenses	388	344	- 44	
Financial expenses	51	38	- 14	decrease due to the completion of the major repair of the school building that marked the 10th year since construction (PFI expenses)
Ordinary revenues	3,362	3,356	- 6	
Revenues from government subsidies for management expenses	2,090	1,957	- 133	
Revenues from tuition fees	218	221	3	
Revenues from contracted research, etc.	161	244	82	Increase in expenses due to the progress of research, etc.
Revenues from contracted project, etc.	164	132	- 32	
Revenues from subsidies	524	530	7	
Revenues donations	40	70	31	
Reversal of asset collateral liabilities	35	27	- 8	Increase in expenses due to the progress of projects funded by donations
Financial revenues	1	1	1	
Miscellaneous gains	129	172	43	
Ordinary income	26	- 135	- 161	
Temporary losses	0	0	0	
Temporary income	0	124	124	Increase due to profits from adjusting an account of government subsidies for management expenses at the end of medium-term target period
Net profit for the current year	26	- 12	- 38	
Reversal of reserve for specific purposes	57	233	176	Revenue obtained by the implementation of projects using the reserve for specific purposes
Gross income for the current year	83	221	139	Actual gross income for the current year: 98 million yen due to profits from adjusting an account of government subsidies for management expenses at the end of medium-term target period

\* 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)

Item	Fiscal 2014	Fiscal 2015	Increase/ Decrease
<b>I Cash flow from business activities</b>	<b>437</b>	<b>- 73</b>	<b>- 510</b>
Payments for purchases of raw materials, products, or services	- 1,002	- 1,204	- 202
Payments for personnel expenses	- 1,719	- 1,880	- 161
Payments for other businesses	- 260	- 319	- 60
Income from government subsidies for management expenses	2,120	1,961	- 159
Income from payments from students	196	199	3
Income from contracted research, contracted projects, etc.	323	368	45
Income from subsidies, etc.	528	493	-36
Income from donations	94	146	52
Income from other businesses	132	169	37
Income from deposits received	24	- 6	- 29
Accounts paid into national treasury	0	0	0
<b>II Cash flow from investment activities</b>	<b>257</b>	<b>541</b>	<b>284</b>
Payments for purchases of tangible assets and intangible assets	- 109	- 61	48
Income from repayment of time deposit	300	600	300
Payments for deposit to time deposit	- 600	- 600	0
Income from facility expenses	665	601	- 64
Interest and dividends received	1	1	1
<b>III Cash flow from financial activities</b>	<b>- 741</b>	<b>- 639</b>	<b>102</b>
Redemption paid of lease liabilities	- 101	0	101
Redemption paid of PFI liabilities	- 581	- 594	- 13
Interest paid	- 58	- 44	14
<b>IV Effect of exchange rate changes on cash</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>V Increase/decrease in cash</b>	<b>- 47</b>	<b>- 171</b>	<b>- 124</b>
<b>VI Cash at beginning of year</b>	<b>1,472</b>	<b>1,425</b>	<b>- 47</b>
<b>VII Cash at end of year</b>	<b>1,425</b>	<b>1,254</b>	<b>- 171</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 2014	Fiscal 2015	Increase/ decrease
<b>I Business costs</b>	<b>2,675</b>	<b>2,712</b>	<b>37</b>
(1) Costs in the profit and loss statement	3,336	3,491	155
Operating expenses	2,896	3,110	213
General and administrative expenses	388	344	- 44
Financial expenses	51	38	- 14
Temporary losses	0	0	0
(2) (Deduction) Self-income, etc.	- 661	- 779	- 118
Revenues from tuition fees	- 160	- 154	6
Revenues from admission fees	- 51	- 60	- 8
Revenues from application fees	- 7	- 7	0
Revenues from contracted research, etc.	- 161	- 244	- 82
Revenues from contracted projects, etc.	- 164	- 132	32
Revenues from donations	- 40	- 70	- 31
Financial revenues	- 1	- 1	- 1
Miscellaneous gains	- 74	- 107	- 33
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
<b>II Depreciation equivalent outside of profit and loss</b>	<b>264</b>	<b>251</b>	<b>- 13</b>
<b>III Estimated amount increased in bonuses outside allowance</b>	<b>3</b>	<b>8</b>	<b>5</b>
<b>IV Estimated amount increased in retirement benefits outside allowance</b>	<b>25</b>	<b>84</b>	<b>59</b>
<b>V Opportunity costs</b>	<b>88</b>	<b>0</b>	<b>- 88</b>
Opportunity costs of loan transaction with the national and local governments at no or reduced charge	-	-	-
Government-funded opportunity costs	88	0	- 88
<b>VI (Deduction) Payment into national treasury</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VII National university corporation business operation cost</b>	<b>3,056</b>	<b>3,056</b>	<b>0</b>

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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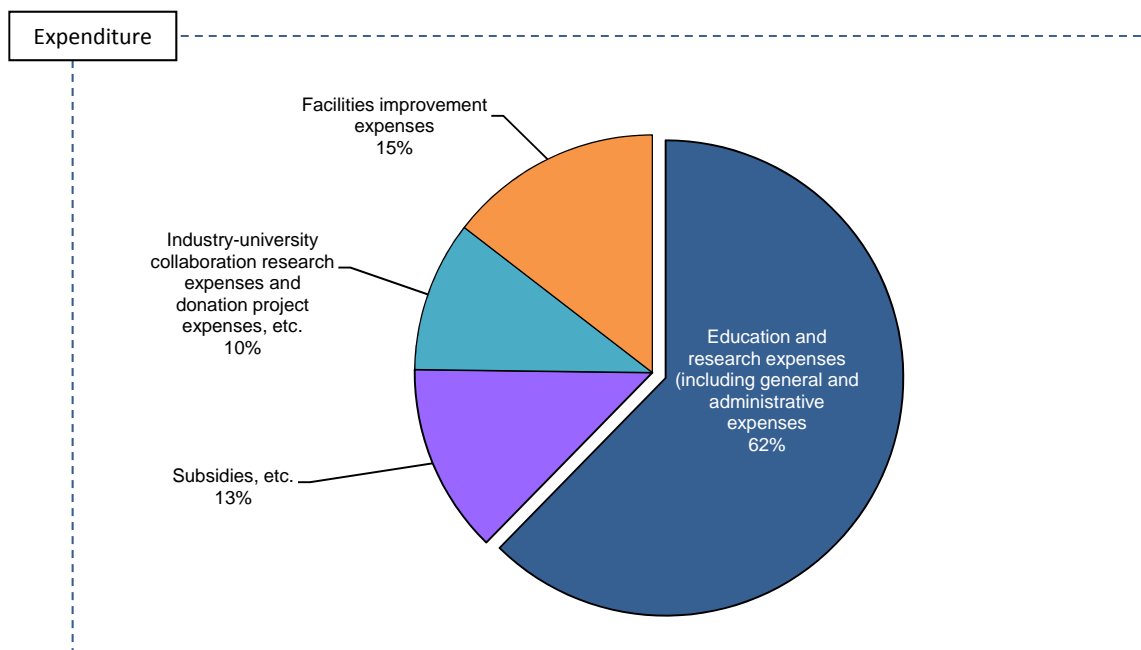
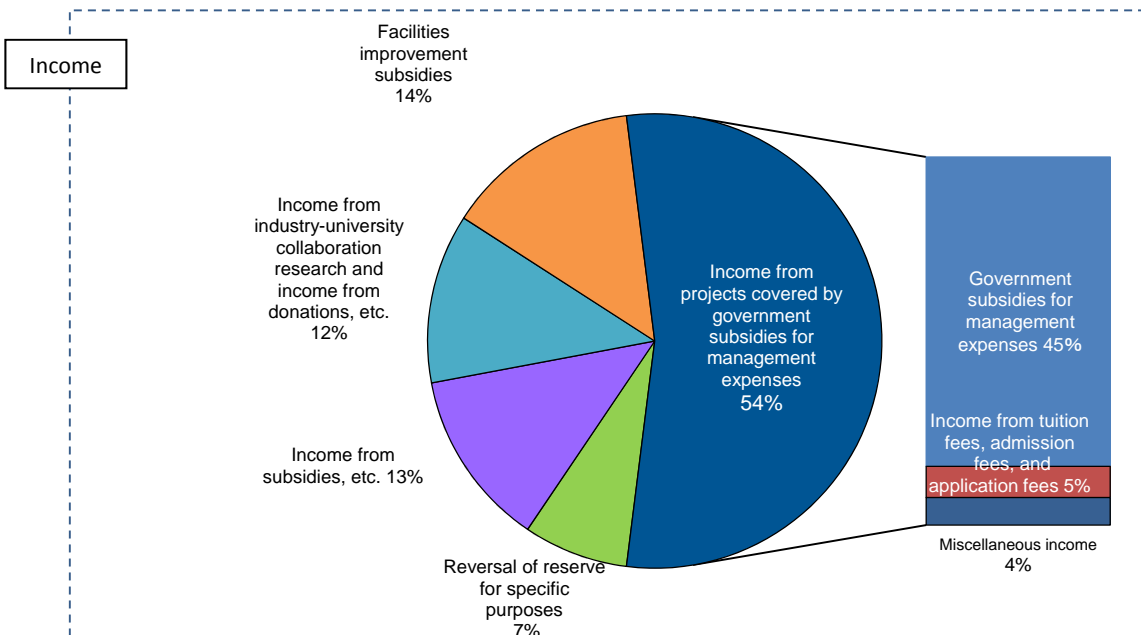
### Earnings Statement

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	
<b>[Income]</b>				
Government subsidies for management expenses	1,961	1,961	-	
Facilities improvement subsidies	601	601	-	
Income from subsidies, etc.	-	544	544	← Increase due to gaining a project covered by the government subsidy
Self-income	424	373	- 51	
Income from tuition fees, admission fees, and application fees	235	198	- 37	
Miscellaneous income	189	175	- 14	← Increase due to making efforts to gain contracted research, etc.
Income from industry-university collaboration research, and income from donations, etc.	360	521	161	←
Reversal of reserve for specific purposes	505	323	- 182	← Decrease due to not drawing down the reserve for specific purposes
<b>Total</b>	<b>3,851</b>	<b>4,322</b>	<b>471</b>	
<b>[Expenditure]</b>				
Operating expenses				← Decrease due to a reduction in education and research expenses
Education and research expenses	2,890	2,575	- 315	
Facilities improvement expenses	601	601	-	
Subsidies, etc.	-	533	533	← Increase due to gaining a project covered by the government subsidy
Industry-university collaboration research expenses and donation project expenses, etc.	360	423	63	←
<b>Total</b>	<b>3,851</b>	<b>4,132</b>	<b>281</b>	← Decrease in monetized amount due to the progress of research, etc.

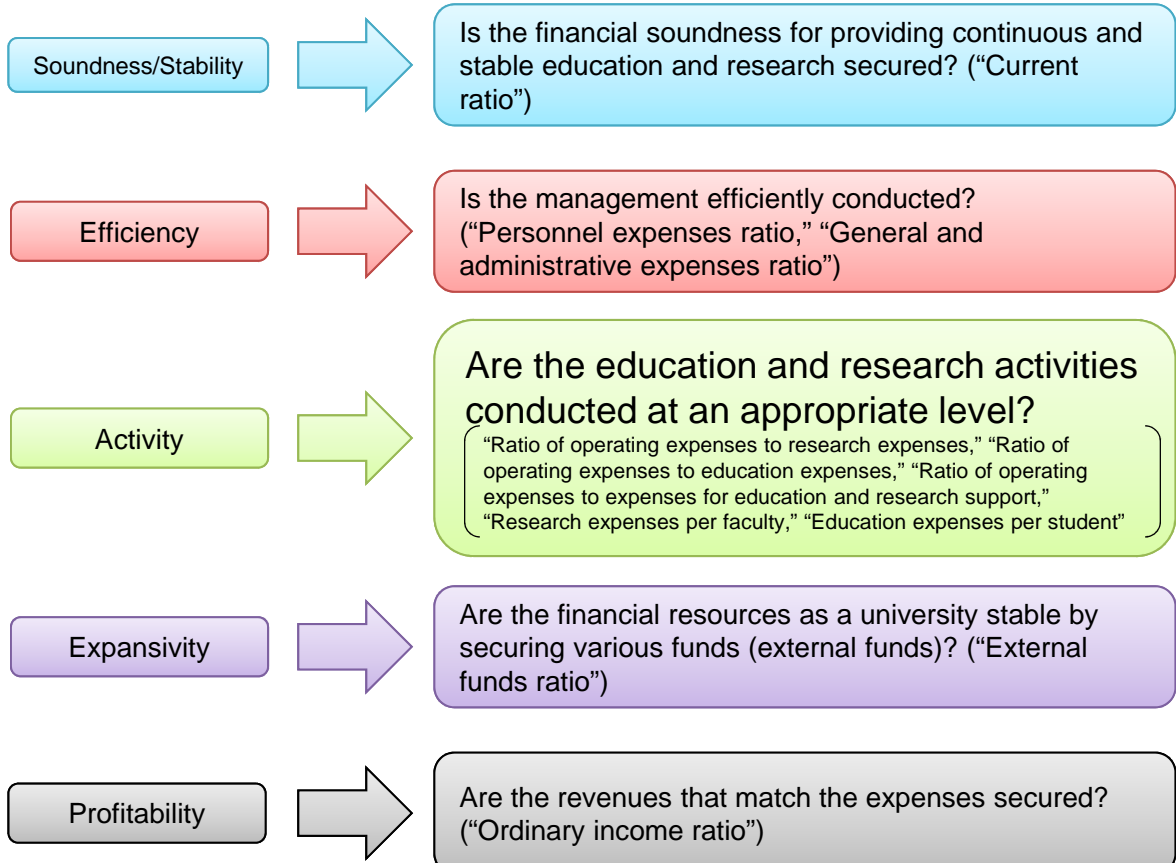
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## ■ Analysis Using Financial Indicators

### 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 2009 and Fiscal 2015

Financial indicator	Fiscal year						
	2009	2010	2011	2012	2013	2014	2015
1. Current ratio (current assets ÷ current liabilities)	115.0%	92.9%	107.5%	116.8%	123.5%	125.5%	123.2%
2. Personnel expenses ratio (personnel expenses ÷ operating expenses)	58.7%	59.9%	58.1%	58.4%	54.6%	57.6%	55.6%
3. General and administrative expenses ratio (general and administrative expenses ÷ operating expenses)	17.8%	12.4%	14.4%	12.9%	11.0%	13.4%	11.1%
4. Ratio of operating expenses to research expenses (research expenses ÷ operating expenses)	11.7%	9.2%	10.8%	11.2%	13.8%	16.3%	14.1%
5. Research expenses per faculty (research expenses ÷ number of faculty)	3,619 千円	3,124 千円	3,128 千円	3,460 千円	4,314 千円	5,617 千円	4,830 千円
6. Ratio of operating expenses to education expenses (education expenses ÷ operating expenses)	11.0%	10.7%	10.9%	11.5%	10.7%	7.5%	7.5%
7. Education expenses per student (education expenses ÷ number of students)	705 千円	645 千円	583 千円	663 千円	645 千円	519 千円	586 千円
8. Ratio of operating expenses to expenses for education and research support (expenses for education and research support ÷ operating expenses)	9.0%	9.1%	10.2%	10.3%	9.7%	8.5%	11.2%
9. External funds ratio ((revenues from contracted research, etc. + revenues from contracted projects, etc. + revenues from donations) ÷ ordinary revenues)	10.1%	12.4%	11.2%	9.0%	11.7%	10.9%	13.3%
10. Ordinary income ratio (ordinary income ÷ ordinary revenues)	1.6%	2.3%	7.4%	4.0%	3.3%	0.8%	-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)

\* FY2015 was the last year of the 2nd midterm period and we implemented projects intensively using the accumulated reserve for specific purposes. Due to that, the ordinary income ratio has become minus but the ratio of substantial gross income (98 million yen) to ordinary income would be 2.9% excluding the reversal of reserve for specific purposes that were not recorded as ordinary income.

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