

# GRIPS Financial Report 2017

*GRIPS Financial Report 2017 -outline-*

Finance Division

G R I P S

*Gateway to  
Global Leadership*

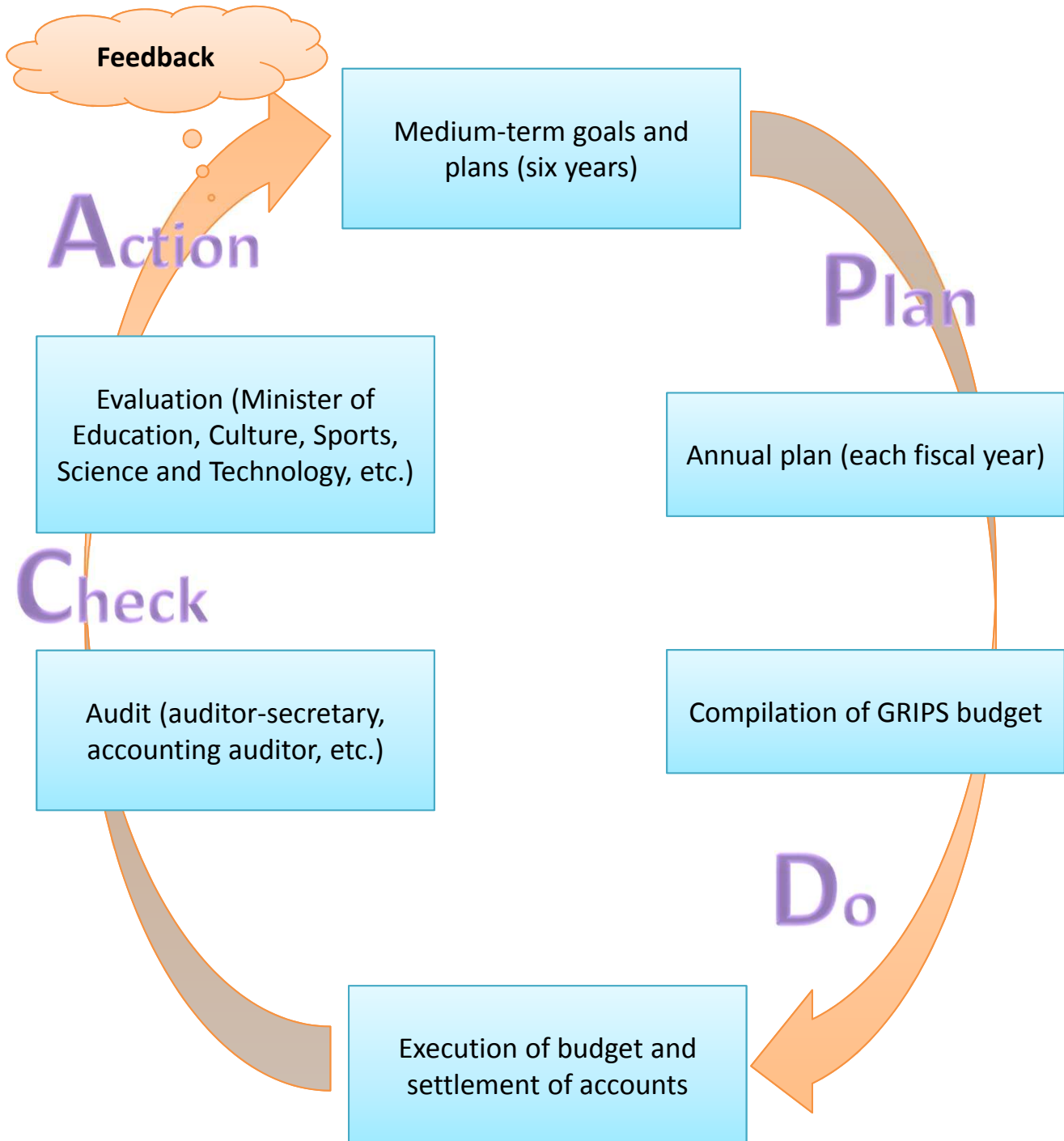


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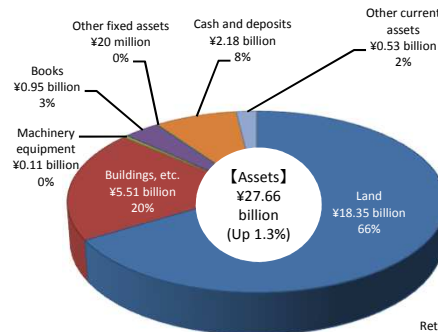
- In financial operation, the budget should be accurately compiled and executed in line with confirmation and evaluation.



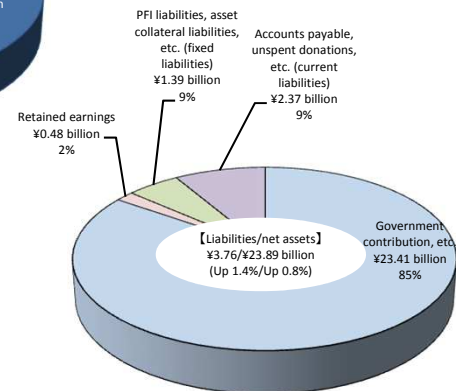
## Financial Conditions including Land and Building Holding, Investment from the Government and Borrowings at the End of Fiscal 2016

- Outline and component ratio of the balance sheet for fiscal 2016 (as of March 31, 2017)

- The assets at the end of fiscal 2016 were 27.666 billion yen (down 351 million yen from the previous fiscal year), the liabilities were 3.763 billion yen (up 28 million yen), and total net assets were 23.893 billion yen (up 323 million yen).



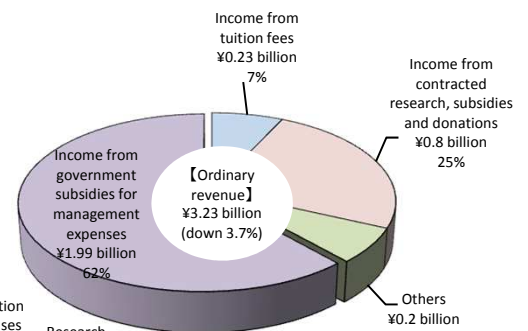
- About 90% of the property (assets) necessary for conducting the operations of GRIPS is mainly comprised of investment from the government (net assets), and the remaining 10% assets obtained based on subsidies from the government, donations, etc.



## Financial Operation Conditions for Fiscal 2016 (Amounts Received and Spent\*)

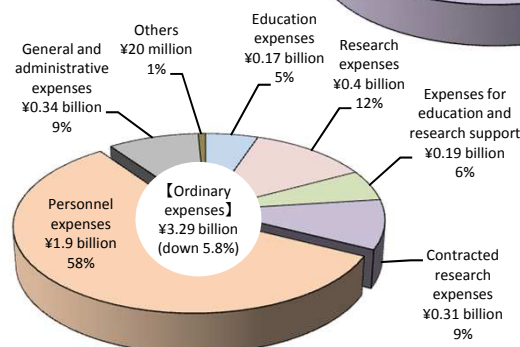
- Outline and component ratio of ordinary revenues and ordinary expenses for fiscal 2016 (April 1, 2016 – March 31, 2017)

- The ordinary revenues in fiscal 2016 were 3.233 billion yen (down 124 million yen from the previous fiscal year), and the ordinary expenses were 3.29 billion yen (down 201 million yen). Profit for the current fiscal year, after adding the reversal amount of reserve carried forward during the former medium-term target period (JPY120 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 62 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 7%. Income from contracted research, subsidies and donations accounts for 25%.

- With regard to ordinary expenses, personnel expenses account for 58%, education and research expenses (education expenses, research expenses, and expenses for education and research support) about 30% and general and administrative expenses about 9%.

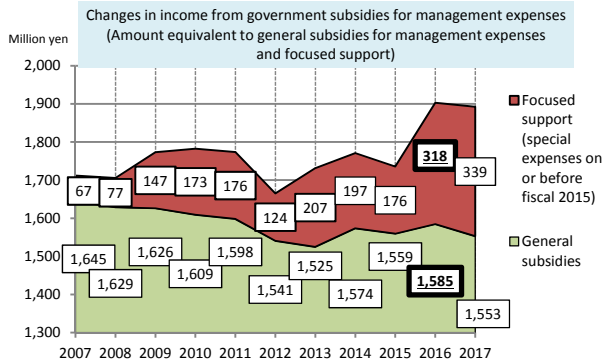


\* National university corporations cannot immediately record received government subsidies for management expenses, tuition fees, income from contracted research, subsidies and donations as revenues. These funds are once recorded as liabilities, and then used as expenses for education research activities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

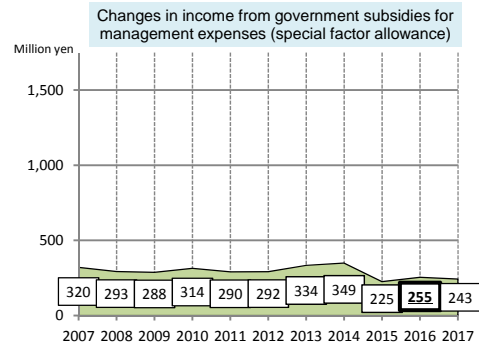
## Major financial injection from the government

### Income from government subsidies for management expenses

○ The income from government subsidies for management expenses for fiscal 2016 (cash flow basis) was 2.16 billion yen (+0.2 billion yen or +9.1% 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 2006-2016 are actual results and that for 2017 is on a budgetary basis.)



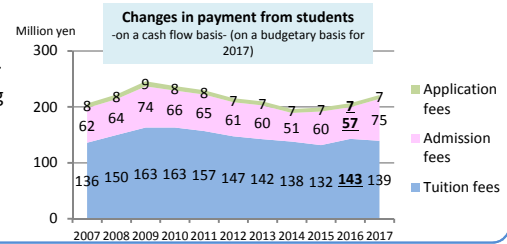
\* The above figure shows annual changes in special factor allowance (retirement allowance, PFI maintenance and management expenses, etc.) among government subsidies for management expenses. (Figures for 2006-2016 are actual results and that for 2017 is on a budgetary basis.)

## 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)



### Tuition exemption system

The total number of the eligible students for tuition exemption in fiscal 2016 was 89, and the amount of exemption was 24 million yen, equivalent to 14.1% of the amount of tuition fees to be collected.

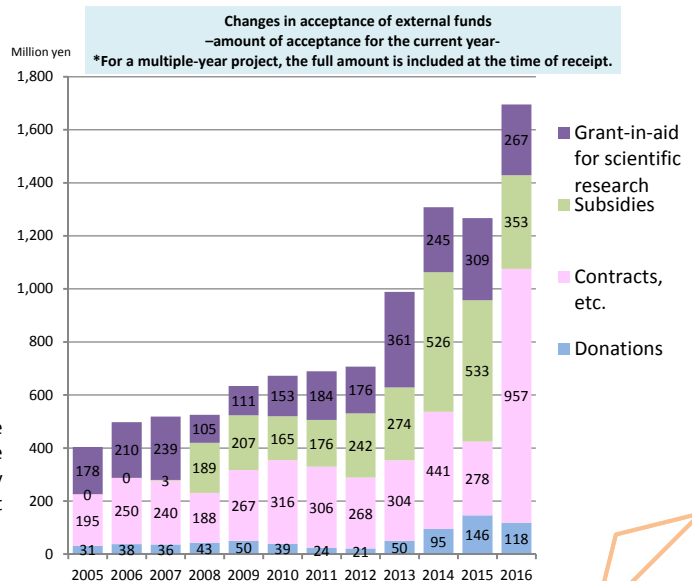
## Acceptance of external funds

○ The amount of acceptance of external funds in fiscal 2016 (excluding grant-in-aid for scientific research and subsidies) was 1.08 billion yen (about five-fold increase compared with fiscal 2005).

○ The amount of acceptance of external funds including grant-in-aid for scientific research and subsidies was 1.7 billion yen. (about four-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.

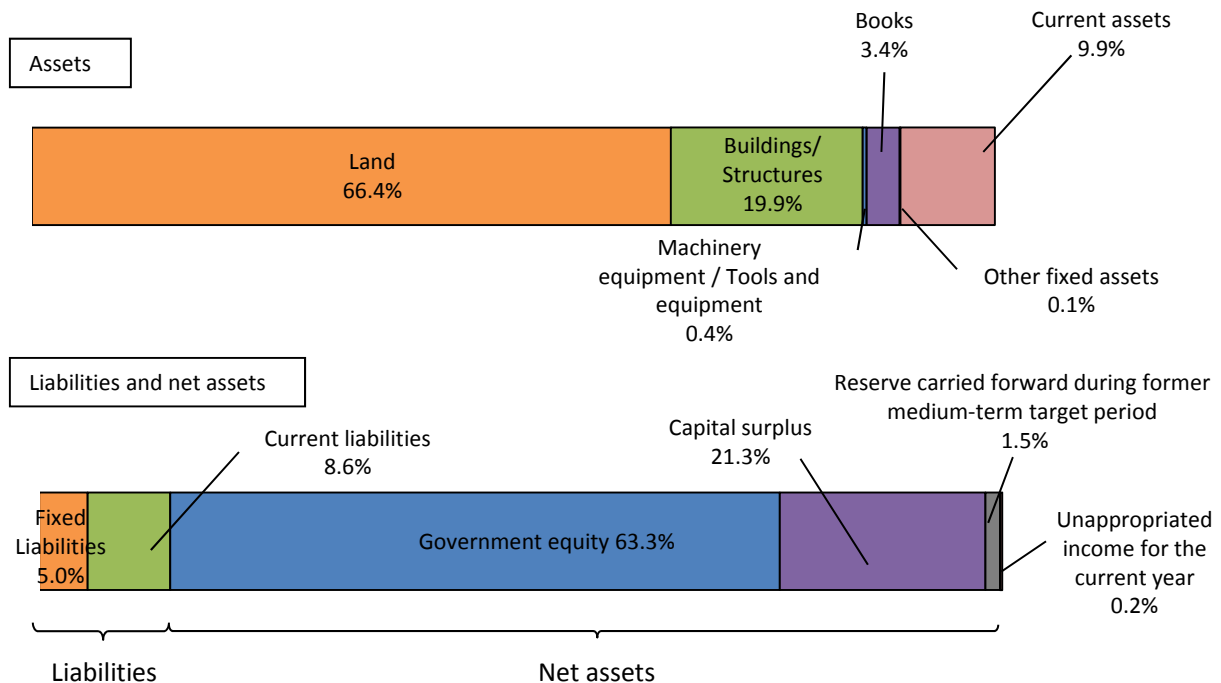
Liabilities and net assets indicate the source of funding, and assets indicate manners of operation of funds raised.

**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 25% of liabilities, and liabilities that arise from the special accounting treatment of national university corporations, such as asset collateral liabilities, account for 41%. GRIPS is striving to secure stable financial management through well-planned payment, etc.

**Net assets:** Net assets account for 86% of the total of liabilities and net assets, 73% of which is government equity.

## Breakdown of Assets, Liabilities, and Net Assets in Fiscal 2016





## Balance Sheet

(Unit: million yen)

Item	Fiscal 2015	Fiscal 2016	Increase/ Decrease	
<b>Assets</b>	27,305	27,656	351	
Fixed assets	25,193	24,945	-248	← Decrease due to depreciation
Land	18,351	18,351	-	
Buildings	5,666	5,443	-223	
Structures	74	67	-7	
Machinery equipment	2	2	-1	
Tools and equipment	134	109	-25	
Books	933	950	16	
Software	31	23	-8	
Telephone rights	1	1	-	
Current assets	2,112	2,711	599	
Cash and deposits	1,854	2,177	323	← Increase due to forecast payment associated with execution of multiple-year research contracts
Accrued income for payment from students	2	1	-1	
Other accrued income	252	533	281	←
Other current assets	4	0	-4	
<b>Liabilities</b>	3,735	3,763	28	
Fixed liabilities	2,020	1,393	-627	← Decrease due to fulfillment of obligation based on the PFI project contract
Asset collateral liabilities	1,083	1,077	-6	
PFI liabilities	937	316	-621	←
Current liabilities	1,715	2,370	655	
Liabilities from government subsidies for management expenses	-	148	148	
Donation liabilities	306	305	-0	
PFI liabilities to be repaid within a year	608	621	14	
Accounts payable	504	360	-144	
Other current liabilities	298	937	639	← 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.
<b>Net assets</b>	23,570	23,893	323	
Government equity	17,507	17,507	-	
Capital surplus	5,508	5,904	396	← Increase due to receipt of facilities improvement subsidies (for PFI projects), etc.
Retained earnings	555	482	-73	
Reserve carried forward during former medium-term target period	148	420	272	
Reserves for education and research	186	-	-186	
Unappropriated income for the current year	221	62	-159	← Decrease due to transfer of the balance of liabilities for government subsidies for management expenses to revenue, as a part of account settlement for the final fiscal year of the medium-term target period in fiscal 2015.

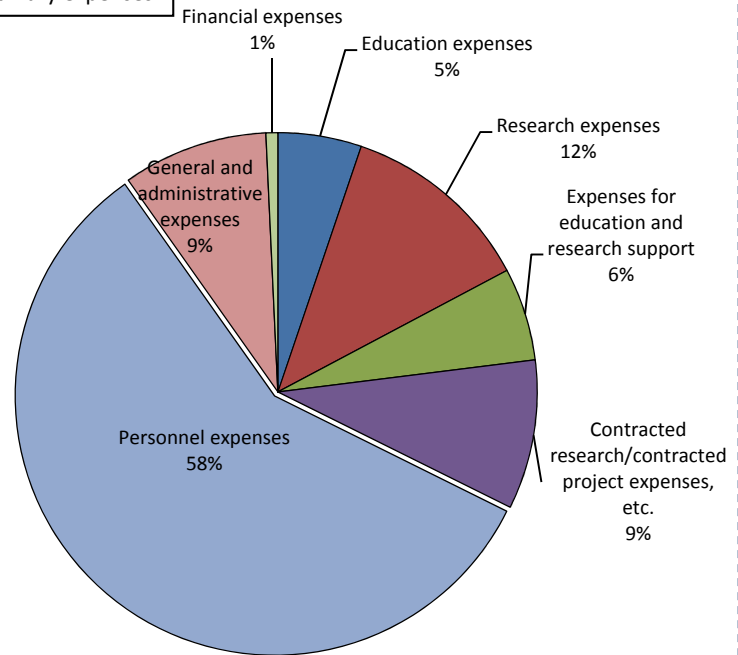
\* Total amounts and other amounts may differ due to rounding up to the nearest unit.

■ Breakdown of Ordinary Expenses and Ordinary Revenues in Fiscal 2016

**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.

Ordinary expenses



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

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

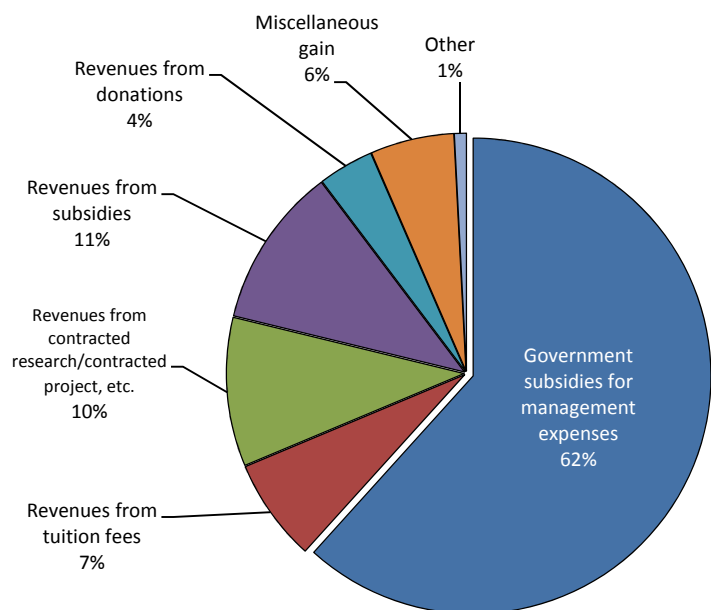
Item which is treated as profit, not income  
(Ex.) Accrued income, such as interest

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

Ordinary revenues





## Profit and Loss Statement

(Unit: million yen)

Item	Fiscal 2015	Fiscal 2016	Increase/ decrease	
Ordinary expenses	3,491	3,290	-201	
Operating expenses	3,110	2,968	-141	
Education expenses	234	171	-62	
Research expenses	440	396	-44	
Expenses for education and research support	348	191	-158	← Decrease due to the termination of new campus network system project
Contracted research expenses	238	217	-21	
Joint research expenses	-	5	5	← New item added from fiscal 2016
Contracted project expenses, etc.	122	84	-38	
Personnel expenses	1,728	1,904	177	← Increase of retirement allowance, etc.
General and administrative expenses	344	298	-46	
Financial expenses	38	24	-13	
Ordinary revenues	3,356	3,233	-124	
Revenues from government subsidies for management expenses	1,957	1,995	38	
Revenues from tuition fees	221	226	5	
Revenues from contracted research	244	218	-25	← Decrease due to termination of large-scale contracted research projects, etc.
Revenues from joint research	-	5	5	←
Revenues from contracted project, etc.	132	103	-29	← Decrease due to termination of on-going projects and classification of the subsidiary business fund as government subsidies for management expenses
Revenues from subsidies, etc.	530	353	-178	←
Revenues donations	70	122	52	← Increase in expenses due to the progress of projects funded by donations
Reversal of asset collateral liabilities	27	25	-2	
Financial revenues	1	1	-0	
Miscellaneous gains	172	184	12	
Ordinary income	-135	-58	77	
Temporary losses	0	0	-0	
Temporary income	124	0	-124	← Decrease due to transfer of the balance of liabilities for government subsidies for management expenses to revenue, as a part of account settlement for the final fiscal year of the medium-term target period in fiscal 2015.
Net profit for the current year	-12	-58	-46	
Reversal from reserve	233	120	-113	
Gross income for the current year	221	62	-159	

## 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 2015	Fiscal 2016	Increase/Decrease
<b>I Cash flow from business activities</b>	<b>-73</b>	<b>450</b>	<b>523</b>
Payments for purchases of raw materials, products, or services	-1,204	-1,008	196
Payments for personnel expenses	-1,880	-1,878	2
Payments for other businesses	-319	-344	-25
Income from government subsidies for management expenses	1,961	2,157	197
Income from payments from students	199	207	8
Income from contracted research, contracted projects, etc.	368	665	297
Income from subsidies, etc.	493	355	-138
Income from donations	146	117	-29
Income from other businesses	169	189	20
Income from deposits received	-6	3	-9
Accounts paid into national treasury	-	-14	-14
<b>II Cash flow from investment activities</b>	<b>541</b>	<b>412</b>	<b>-129</b>
Expenditure due to acquisition of tangible fixed assets and intangible fixed assets	-61	-141	-80
Income from repayment of time deposit	600	600	-
Payments for deposit to time deposit	-600	-700	-100
Income from facility expenses	601	652	51
Interest and dividends received	1	1	-0
<b>III Cash flow from financial activities</b>	<b>-639</b>	<b>-639</b>	<b>-</b>
Redemption paid of PFI liabilities	-594	-608	-13
Interest paid	-44	-31	13
<b>IV Effect of exchange rate changes on cash</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>V Increase/decrease in cash</b>	<b>-171</b>	<b>223</b>	<b>394</b>
<b>VI Cash at beginning of year</b>	<b>1,425</b>	<b>1,254</b>	<b>-171</b>
<b>VII Cash at end of year</b>	<b>1,254</b>	<b>1,477</b>	<b>223</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 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 2015	Fiscal 2016	Increase/ decrease
I Business costs	2,712	2,483	-229
(1) Costs in the profit and loss statement	3,491	3,291	-201
Operating expenses	3,110	2,968	-141
General and administrative expenses	344	298	-46
Financial expenses	38	24	-13
Temporary losses	0	0	-1
(2) (Deduction) Self-income, etc.	-779	-807	-28
Revenues from tuition fees	-154	-163	-9
Revenues from admission fees	-60	-56	4
Revenues from application fees	-7	-7	0
Revenues from contracted research	-244	-218	25
Revenues from joint research	-	-5	-5
Revenues from contracted projects, etc.	-132	-103	29
Revenues from donations	-70	-122	-52
Financial revenues	-1	-1	0
Miscellaneous gains	-107	-129	-22
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	251	257	6
III Estimated amount increased in bonuses outside allowance	8	-4	-12
IV Estimated amount increased in retirement benefits outside allowance	84	-56	-141
V Opportunity costs	-	15	15
Government-funded opportunity costs	-	15	15
VI (Deduction) Payment into national treasury	-	-	-
VII National university corporation business operation cost	3,056	2,695	-361

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)

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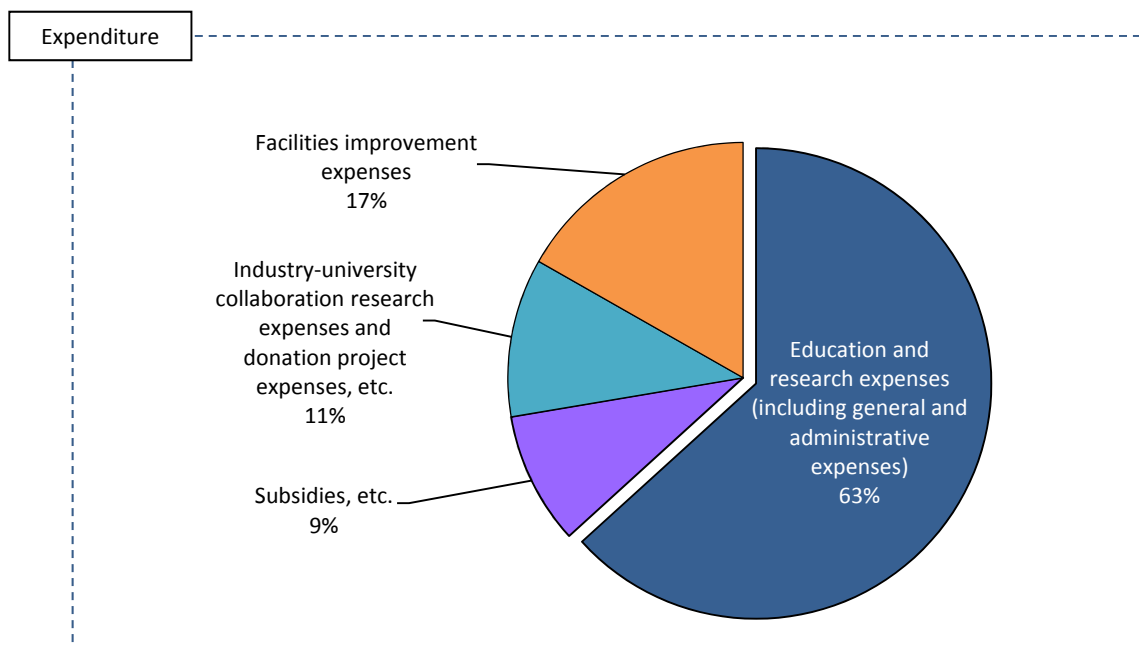
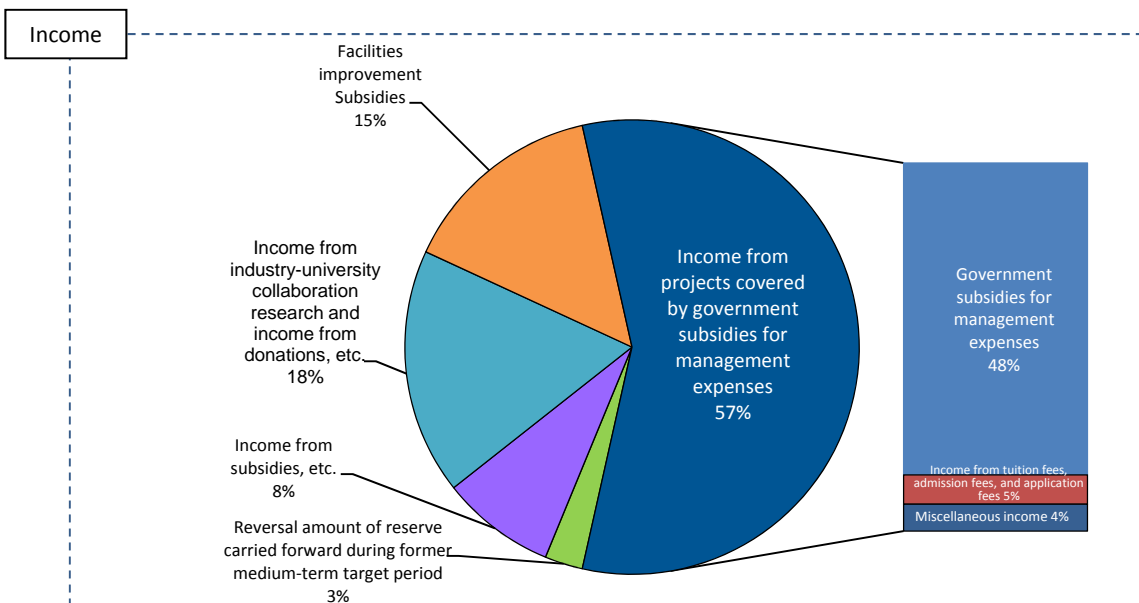
### Earnings Statement

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 2016



## Earnings Statement

(Unit: million yen)

Item	Budget amount	Settlement amount	Increase/decrease	
<b>[Income]</b>				
Government subsidies for management expenses	2,141	2,157	16	
Facilities improvement subsidies	652	652	-	
Income from subsidies, etc.	-	364	364	← Increase due to gaining a project covered by the government subsidy
Self-income	468	389	-79	
Income from tuition fees, admission fees, and application fees	236	203	-33	
Miscellaneous income	232	186	-46	← Decrease due to factors such as that the amount received as the amount equivalent to indirect expenses (including subsidies for scientific research and other expenses) fell short of the estimate
Income from industry-university collaboration research, and income from donations, etc.	388	782	394	← Increase due to efforts for increasing contracted research and donations
Reversal amount of reserve carried forward during former medium-term target period	155	121	-34	
<b>Total</b>	<b>3,804</b>	<b>4,466</b>	<b>662</b>	
<b>[Expenditure]</b>				
<b>Operating expenses</b>				
Education and research expenses	2,764	2,460	-304	← Decrease due to reduction of general and administration expenses
Facilities improvement expenses	652	652	-	
Subsidies, etc.	-	353	353	← Increase due to gaining a project covered by the government subsidy
Industry-university collaboration research expenses and donation project expenses, etc.	388	424	36	← Decrease due to the progress of research, etc.
<b>Total</b>	<b>3,804</b>	<b>3,889</b>	<b>85</b>	

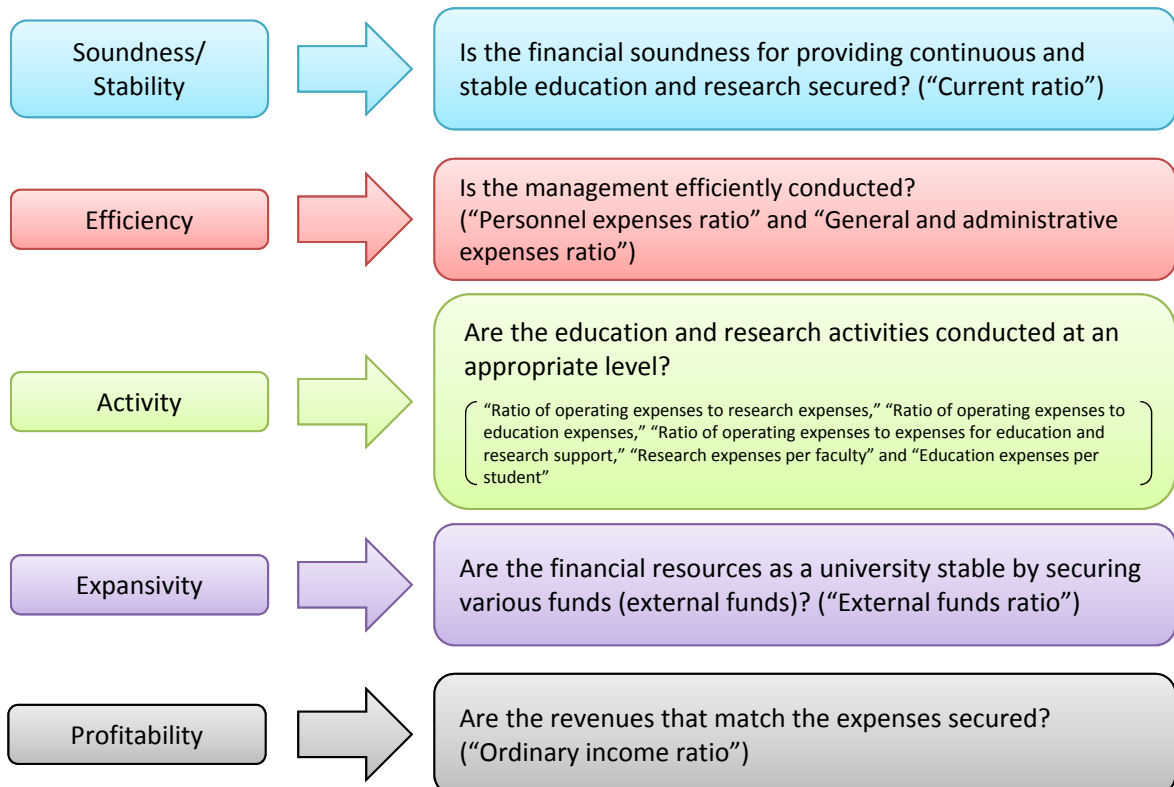
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## ■ Analysis Using Financial Indicators

### 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 2010 and Fiscal 2016

Fiscal year	2010	2011	2012	2013	2014	2015	2016
1. Current ratio (current assets ÷ current liabilities)	92.9%	107.5%	116.8%	123.5%	125.5%	123.2%	114.4%
2. Personnel expenses ratio (personnel expenses ÷ operating expenses)	59.9%	58.1%	58.4%	54.6%	57.6%	55.6%	64.2%
3. General and administrative expenses ratio (general and administrative expenses ÷ operating expenses)	12.4%	14.4%	12.9%	11.0%	13.4%	11.1%	10.0%
4. Ratio of operating expenses to research expenses (research expenses ÷ operating expenses)	9.2%	10.8%	11.2%	13.8%	16.3%	14.1%	13.3%
5. Research expenses per faculty (research expenses ÷ number of faculty) (in thousand yen)	3,124	3,128	3,460	4,314	5,617	4,830	4,253
6. Ratio of operating expenses to education expenses (education expenses ÷ operating expenses)	10.7%	10.9%	11.5%	10.7%	7.5%	7.5%	5.8%
7. Education expenses per student (education expenses ÷ number of students) (in thousand yen)	645	583	663	645	519	586	408
8. Ratio of operating expenses to expenses for education and research support (expenses for education and research support ÷ operating expenses)	9.1%	10.2%	10.3%	9.7%	8.5%	11.2%	6.4%
9. External funds ratio ((revenues from contracted research, etc. + revenues from contracted projects, etc. + revenues from donations) ÷ ordinary revenues)	12.4%	11.2%	9.0%	11.7%	10.9%	13.3%	13.9%
10. Ordinary income ratio (ordinary income ÷ ordinary revenues)	2.3%	7.4%	4.0%	3.3%	0.8%	-4.0% *1	-1.8% *2

- (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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