

# The University of Aizu Financial Report 2022

<< Objectives of this material >>

- 1) To provide information on our financial report to people within and without the university in an easy-to-understand manner in order to fulfill our obligation of accountability.
- 2) To make use of the data to maintain financial soundness and efficiency toward the betterment of the university operation in the future

## I Financial Information

### 1 Multi-year Trends of Ordinary Income (Profit and Loss Statement)

Unit: million JPY

[Ordinary Expenses]	Unit: million JPY						
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	2020-2021
Educational Expenses	352	352	354	377	418	414	△4
Research Expenses	561	596	497	457	464	432	△32
Education and Research Assistance Expenses	896	865	799	797	783	734	△50
External Funding	64	79	84	116	97	65	△32
Personnel Expenses	2,365	2,375	2,399	2,440	2,481	2,495	14
General Management Expenses	591	838	454	558	459	696	237
Others	14	12	22	17	10	14	4
<b>Total</b>	<b>4,845</b>	<b>5,117</b>	<b>4,609</b>	<b>4,762</b>	<b>4,713</b>	<b>4,849</b>	<b>136</b>

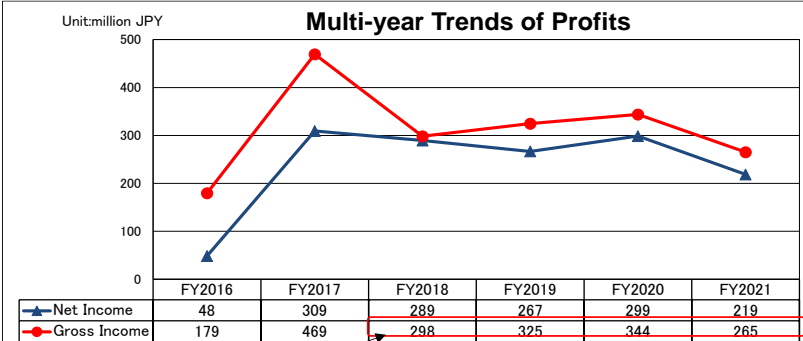
Compared with FY2020: Ordinary expenses increased by approximately 136 million JPY. Research expenses fell by 32 million JPY, Education and Research Assistance Expenses fell by 50 million JPY and general management expenses increased by 237 million JPY.

Unit: million JPY

[Ordinary Income]	Unit: million JPY						
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	2020-2021
Operational Subsidies	3,153	3,435	3,255	3,321	3,270	3,421	151
Various payments by students	939	953	962	963	966	981	15
External Funding	92	115	126	161	156	119	△37
Reversal of asset offsetting liabilities	197	200	203	199	180	185	5
Grants, etc.	420	434	271	292	360	314	△46
Others	91	85	90	99	91	90	△1
<b>Total</b>	<b>4,892</b>	<b>5,222</b>	<b>4,907</b>	<b>5,035</b>	<b>5,023</b>	<b>5,110</b>	<b>87</b>

Compared with FY2020: Ordinary income increased by approximately 87 million JPY. Operational subsidies increased by 151 million JPY, External Funding fell by 37 million JPY, and grants, etc. fell by 46 million JPY.

### [Profits]



Profits during the third medium-term goal period (from FY2018) have remained between 200 and 300 million JPY.

### 2 Multi-year Trends of the Reserved Amount and Balance of the Reserve Funds for Specific Purposes

Unit: million JPY

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Reserve Funds for Specific Purposes	179	469	298	325	340	265
Reversal of Reserve Funds for Specific Purposes	131	160	206	154	179	331
<b>Balance of Reserve Funds for Specific Purposes</b>	<b>1,120</b>	<b>1,429</b>	<b>1,521</b>	<b>1,692</b>	<b>1,853</b>	<b>1,787</b>

The balance at the end of FY2021 was 1.787 billion JPY.

### 3 Multi-year Trends of Deterioration Rate of Buildings, Etc. (Buildings and Ancillary Facilities)

Unit: million JPY

[Buildings]	Unit: million JPY					
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Acquisition Cost	9,701	9,701	9,702	9,707	9,718	9,775
Depreciation Expense	2,972	3,266	3,561	3,855	4,144	4,441
<b>Deterioration Rate</b>	<b>30.6%</b>	<b>33.7%</b>	<b>36.7%</b>	<b>39.7%</b>	<b>42.6%</b>	<b>45.4%</b>

Unit: million JPY

[Ancillary Facilities]	Unit: million JPY					
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Acquisition Cost	5,214	5,214	5,881	5,971	6,188	6,358
Depreciation Expense	4,457	4,555	4,693	4,851	5,025	5,086
<b>Deterioration Rate</b>	<b>85.5%</b>	<b>87.4%</b>	<b>79.8%</b>	<b>81.2%</b>	<b>81.2%</b>	<b>80.0%</b>

A large improvement in deterioration rate has been generated by updating the current value of fixed assets through a revision of the accounting processes for renewal and renovation work on fixed assets.

### 4 Multi-year Trends of Operational Subsidies

Unit: thousand JPY

	FY2006	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	2006-2021
Subsidy A1 (General management)	1,310	1,030	1,000	971	971	976	968	△342
Subsidy A2 (Personnel and special factor)	1,988	2,124	2,099	2,337	2,295	2,345	2,390	402
Subsidy C (Facility and equipment maintenance)	50	137	145	150	156	156	159	109
<b>Total</b>	<b>3,347</b>	<b>3,292</b>	<b>3,245</b>	<b>3,457</b>	<b>3,423</b>	<b>3,478</b>	<b>3,517</b>	<b>169</b>

Comparison with FY2006: Subsidy A1 showed a drop of approximately 342 million JPY since a certain degree of reduction is required every fiscal year.

Comparison with FY2006: Subsidy A2 showed an increase of approximately 402 million JPY due to a rise in the number of faculty and administrative staff and salary revision.

Subsidy C (Facility Maintenance) is showing an upward trend due to deterioration of facilities and has averaged approximately 150 million JPY.

### Reference

The average ratio of operational subsidy, etc. for public universities in FY 2020\* was 60.9%. The University of Aizu had a ratio of 75.6%, which was the 7th highest among public universities.

\*This is based on the percentage of general financial resources borne by prefectures and cities in the public university fact-finding survey of public universities conducted by the Public University Association. The operational subsidy ratio in the survey (of 94 universities), only includes subsidies, etc. for undergraduate schools, and is therefore not equivalent to the ratio with same name provided in the following page of this material.

## II Financial Analysis

### Multi-year Trends of key financial indicators

Financial Indicators(*)	Formula	UoA						(Reference)				
		FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	University A	University B	University C	University D	National University Corporation Average
								FY2020	FY2020	FY2020	FY2020	FY2020
Financial Soundness: Whether the corporation's financial structure has been strong enough to conduct stable and continuous educational and research activities												
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liability}}$	124.95%	264.97%	162.99%	212.81%	208.00%	<b>236.64%</b>	231.39%	194.07%	443.99%	144.21%	103.80%
Capital Adequacy Ratio	$\frac{\text{Net Assets}}{\text{Liabilities+Net Assets}}$	76.96%	78.56%	75.65%	77.00%	77.58%	<b>76.17%</b>	87.44%	69.58%	86.49%	78.24%	-
Operational Subsidy Ratio	$\frac{\text{Income from Operational Subsidies}}{\text{Ordinary Income}}$	64.44%	65.78%	66.34%	65.95%	65.10%	<b>66.94%</b>	63.61%	52.45%	64.04%	50.10%	-
Financial Efficiency: Whether the corporation has efficiently managed resources to conduct educational and research activities												
Personnel Expenses Ratio**	$\frac{\text{Personnel Expenses}}{\text{Operational Expenses}}$	55.80%	55.67%	58.04%	58.28%	58.46%	<b>60.27%</b>	51.11%	55.43%	63.31%	77.02%	57.80%
General Management Expenses Ratio**	$\frac{\text{General Management Expenses}}{\text{Operational Expenses}}$	13.95%	19.65%	10.99%	13.32%	10.81%	<b>16.81%</b>	17.44%	5.77%	9.48%	26.87%	5.60%
Potential for Financial Growth: Whether the corporation has increased income and strengthened the financial structure												
Growth Rate of Ordinary Income	$\frac{\text{(FY2021 Ordinary Income - FY2020 Ordinary Income)}}{\text{FY2020 Ordinary Income}}$	1.05%	6.74%	△6.03%	2.61%	△0.24%	<b>1.73%</b>	2.63%	△6.72%	2.89%	△3.16%	-
External Funding Ratio	$\frac{\text{External Funding(* 3)}}{\text{Ordinary Income}}$	1.89%	2.20%	2.56%	3.20%	3.10%	<b>2.33%</b>	5.68%	4.19%	0.92%	1.23%	16.60%
Activities: Whether the corporation secures and maximizes sufficient resources to conduct educational and research activities												
Educational Expenses Percentage**	$\frac{\text{Educational Expenses}}{\text{Operational Expenses}}$	8.29%	8.26%	8.57%	8.99%	9.85%	<b>9.99%</b>	11.45%	13.75%	24.70%	16.21%	11.50%
Research Expenses Percentage**	$\frac{\text{Research Expenses}}{\text{Operational Expenses}}$	13.24%	13.97%	12.03%	10.92%	10.94%	<b>10.43%</b>	8.53%	21.44%	8.84%	2.35%	11.00%
Education and Research Assistance Expenses Percentage**	$\frac{\text{Education and Research Assistance Expense}}{\text{Operational Expenses}}$	21.15%	20.27%	19.33%	19.03%	18.46%	<b>17.72%</b>	23.69%	4.82%	2.41%	3.31%	-
Profitability: Whether the corporation has secure profit by making management efforts												
Ordinary Profits Percentage	$\frac{\text{Ordinary Profit}}{\text{Ordinary Income}}$	0.97%	2.02%	6.07%	5.44%	6.18%	<b>5.12%</b>	6.49%	2.37%	4.34%	1.68%	3.40%

\* Though high values of indicators generally show good situation, the lower is the better in the values of "Personnel Expenses Ratio" and "General Management Expenses Ratio."

\*\* There is a reciprocal relationship between the indices.

\*\*\* Income from Commissioned Research, Collaborative Research, Commissioned Projects, Donations, Etc.

#### [Details of the Reference]

University A and B : Public universities in the same scale as the UoA solely specialized in science  
 University C: A public university selected for the SGU program  
 University D: A public university with a junior college division  
 Average of national universities: National Universities Group B, which is comprised of 13 universities without medical schools and with about twice as many science students as humanities students, is utilized to calculate average ratios of national university corporations.

Source: Comparison data was prepared based on the financial statement data posted on each university's website and those on "Financial Statements for Fiscal Year 2019" posted on MEXT's website.

#### Profitability

**The ordinary profit margin was 5.12% in FY2021. In accordance with a revision of the accounting procedures for updates, repairs etc. of fixed assets, ordinary profit has been calculated more accurately, which has significantly increased the ordinary profit margin since FY2018.**

The level is higher than other universities and is this the result of managerial efforts. However, **it is desirable to reduce costs through efficient operation, increase of independent revenue, etc.**

#### Financial Soundness

The corporation's current ratio has far exceeded 100% in the past few years and sufficient short-term solvency has been secured. The percentage of the operational subsidy ratio has been remained in the 60s, which is higher than that of other universities. **It can be said that the corporation's level of financial soundness is high.** On the other hand, it also means that our finances are greatly influenced by the prefecture's finances. Despite the fact that the financial structure of a public university corporation is reliant on the prefecture, in order to further strengthen our financial soundness, **it will be important for the corporation to secure stable and diverse financial resources sufficient to absorb changes in the prefectural fiscal policy.**

#### Financial Efficiency

The Personnel Expenses Ratio has consistently increased year by year in line with an increase of personnel expenses due to salary revisions and other factors, resulting in the similar level as other universities. The General Management Expenses Ratio can be affected by whether construction in the fiscal year is recorded as capital or revenue expenditures, this is what caused the large fluctuation among years. In order to secure sufficient financial resources for education and research activities, **it is necessary to continue efforts to reduce overall administrative expenses through cost-cutting and other measures, as well as organized maintenance and management of facilities and equipment.**

#### Potential for Financial Growth

The Growth Rate of Ordinary Income has fluctuated due to factors such as the increase of the consumption tax rate and the implementation of large-scale projects. As a result of a large number of construction projects recorded as revenue expenditures in FY2021, the rate has increased. **The corporation is required to continue to work on increasing revenue generation in order to strengthen its financial structure.** While the External Funding Ratio has generally remained at 2-3%, **it is necessary to continue to proactively acquire external funding in order to strengthen the financial base of the corporation.**

#### Activities

The Educational Expenses Percentage has been rising moderately due to, among other factors, an increase in financial aid made available by the New Higher Education Support System. The Research Expenses Percentage has remained between 10-13%, although it is affected by the number of grant projects adopted each fiscal year. The Education and Research Assistance Expenses Percentage **has been controlled by reducing lease payments when the computer system is upgraded, and the corporation has made efforts to ensure efficient budget implementation.**

\*\*As the UoA is specialized in computer science and engineering, computer system expenses are mainly booked as education and research support expenses.