

Summary of the FY 2018 Settlement of Accounts

1. Financial Statements, Etc. of Public University Corporations

(Article 34, Local Independent Administrative Corporation Law)

It is compulsory for the University of Aizu, as a public university corporation, to prepare and publicly announce financial statements, etc. in order to fulfill accountability to local citizens and other parties concerned, regarding financial and management situations, as well as to achieve internal understanding regarding financial situations of the corporations with an objective perspective.

Financial statements, etc. must be prepared within three months following the end of a fiscal year, and then must undergo an audit by auditors and accounting auditors. After this procedure, the statements must be authorized by the Governor of Fukushima Prefecture, the representative of the founding body.

Titles of Documents Included in the Financial Statements	Description
Balance Sheet	This document describes financial situations for relevant fiscal year.
Statement of Income	This document describes Overview of Business Management situations at the end of the fiscal year.
Cash Flow Statement	This document describes the situation regarding the balance of funds.
Profit appropriation statement	This document describes details of appropriation of profits.
Cost Statement for Implementation of Administrative Services	This document describes costs burdened by residents.
Notes Regarding Financial Statements and Remarks	These documents contain additional data/breakdowns to financial statements, accounting policies, etc.

<Attachments to the Financial Statements>

- Business Report: This document covers major items regarding situations in terms of implementation of business activities.
- Report on the Settlement of Accounts: This document describes situations concerning execution of relevant budgets.
- Opinions from Auditors and Accounting Auditors regarding the Financial Statements, Business Report (limited to sections related to accounting), and Report on Settlement of Accounts

2. Accounting Standards for Public University Corporations

Financial statements of public university corporations, for which the major activity categories are education and research, will be prepared based on the "Accounting Standards for Local Independent Administrative Corporations" to utilize corporate accounting standards into this type of entities, which does not assume financial independence and is not run for acquisition of profits principally.

3. Summary of the FY 2018 Settlement of Accounts

(1) The Balance Sheet

① Assets

The total value of assets was 19,322M (a year-on-year increase of 4.7 % or 871M yen).

This includes fixed assets of 17,476M yen mainly consisting of land, buildings, and educational and research-purpose machines, etc. which account for 90.4% of the total value of assets.

The value of current assets is 1,846M yen including 1,602M yen of cash on hand and in banks. The amount of account payable due in April is 513M yen, which is recorded separately.

The primary factor in the increase in assets was increase in durable goods such as tools and devices due to the replacement of the network systems, infrastructure for education and research, and the increase in the number of buildings, etc. due to the revision of the accounting process for repair work costs.

② Liabilities

The total amount of liabilities was 4,704M yen (a year-on-year increase of 18.9% or 748M yen). This includes fixed liabilities of 3,571M yen which consists of 2,895M yen assets offsetting liabilities as the majority. This amount of offsetting liabilities mainly corresponds to the undepreciated balance of fixed assets.

The total amount of current liabilities was 1,132M yen including accounts payable of 513M yen, and short-term lease liabilities for computers of 390M yen.

The primary factor in the increase in liabilities was the increase in long-term lease liabilities and short-term lease liabilities due to the replacement of the network systems as infrastructure for education and research.

③ Net Assets

The total net asset was 14,618M yen (a year-on-year increase of 0.8 % or 123M yen).

The net assets included the capital of 19,947M yen which consists of land and buildings, etc., invested in kind by the Government of Fukushima Prefecture for operational infrastructure of the University.

The amount of capital surplus was a deficit of 6,850M yen, for which the calculation formula is as follows:

The amount of structures and other assets granted by the Government of Fukushima Prefecture at no cost, as well as Somei House was 1,757M yen. The accumulated depreciation expenses of 8,586M yen related to assets invested by the Government of Fukushima Prefecture (excluded in depreciation associated with profit and loss based on the Accounting Standards), and accumulated impairment losses of 21M yen have been deducted from this amount.

The amount of earned surplus was 1,521M yen, and consisted of the carry-over reserved funds from the previous medium-term goals period and 298M yen of unappropriated surplus at the end of the fiscal year.

The primary factor in the increase in net assets was the fact that the costs for repair work in the previous year was recorded in capital surplus.

Summary of the Balance Sheet

(March 31, 2019)

In millions of Japanese Yen

【Assets】			【Liabilities】		
I Fixed Assets	17,476	(90.4%)	I Fixed Liabilities	3,571	(18.5%)
1. Tangible Assets	16,924	(87.6%)	Asset offsetting liabilities	2,895	(15.0%)
Land	6,620	(34.3%)	Long-term lease liabilities	663	(3.4%)
Accumulated impairment loss	△18	(△0.1%)	Contract Deposit	12	(0.1%)
Buildings	15,583	(80.6%)	II Current Liabilities	1,132	(5.9%)
Accumulated depreciation	△8,253	(△42.7%)	Operational subsidy liabilities	98	(0.5%)
Accumulated impairment loss	△3	(△0.0%)	Liabilities for donations	28	(0.1%)
Facilities	1,086	(5.6%)	Accrued expenses	513	(2.7%)
Accumulated depreciation	△830	(△4.3%)	Short-term lease liabilities	390	(2.0%)
Tools, furniture and durable goods	2,450	(12.7%)	Other	101	(0.5%)
Accumulated depreciation	△1,221	(△6.3%)	Total Liabilities	4,704	(24.3%)
Sub-total	15,414	(79.8%)	【Net assets】	0	
Library materials	1,502	(7.8%)	I Capital Stock	19,947	(103.2%)
Other	7	(0.0%)	II Capital Surplus	△6,850	(△35.5%)
Construction in progress	0	(0.0%)	Capital Surplus	1,757	(9.1%)
2. Intangible Assets	49	(0.3%)	Depreciation not included in income	△8,586	(△44.4%)
Patent right	11	(0.1%)	Impairment losses not included in income	△21	(△0.1%)
Trademark right	1	(0.0%)	III Earned Surplus	1,521	(7.9%)
Software	17	(0.1%)	Funds for specific purposes, etc.	1,223	(6.3%)
Other (Telephone rights, etc)	1	(0.0%)	Unappropriated surplus at the end of the fiscal year	298	(1.5%)
Patent right in progress	19	(0.1%)	Net Asset Total	14,618	(75.7%)
3. Investments and other asset	502	(2.6%)			
Long-term prepaid expenses	2	(0.0%)			
Long-term deposits	500	(2.6%)			
II Current Assets	1,846	(9.6%)			
Cash on hand and in banks	1,602	(8.3%)			
Other	244	(1.3%)			
Total Assets	19,322	(100.0%)	Total Liabilities and Net Assets	19,322	(100.0%)

【Increase/Decrease from the Previous Fiscal Year】

In millions of Japanese Yen

Category	Assets	Fixed Assets	Liabilities	Fixed Assets	Net assets	Capital
		Current Assets		Current Assets		
FY2018	19,322	17,476	4,704	3,571	14,618	19,947
		1,846		1,132		
FY2017	18,451	16,394	3,956	3,180	14,495	19,947
		2,057		776		
Increase/Decrease	871 (4.7%)	1,082 △211	748 (18.9%)	391 356	123 (0.8%)	0

Notes: Total amounts in the table above do not always coincide with the sum of individual categories, as fractions less than the unit amount have been rounded down.

- ① The primary factor in the increase in assets was increase in durable goods such as tools and devices due to the replacement of the network systems, infrastructure for education and research, and the increase in the number of buildings, etc. due to the revision of the accounting process for repair work costs.
- ② The primary factor in the increase in liabilities was the increase in long-term lease liabilities and short-term lease liabilities due to the replacement of the network systems as infrastructure for education and research.
- ③ The primary factor in the increase in net assets was the fact that the costs for repair work in the previous year was recorded in capital surplus.

(2) Income Statement

① Ordinary Expenses

The total ordinary expenses was 4,609M yen (a year-on-year decrease of 9.9% or 508M yen), including education and research expenses of 1,650M yen, personnel expenses of 2,398M yen, and general administration expenses of 454M yen.

The percentage of personnel cost in relation to ordinary expenses was 52.0%, and the percentage of educational and research expenses was 35.8%, both accounting for most part of ordinary expenses. In our corporation, as infrastructure for education and research, the amount of expenses for lease and maintenance of computers is large.

The primary factor in the decrease in ordinary expenses was a decrease in general administrative expenses due to the revision of the accounting process for repair work.

② Ordinary Income

The total amount of ordinary income was 4,907M yen (a year-on-year decrease of 6.0% or 315M yen), mainly consisting of operational subsidies from the Government of Fukushima Prefecture of 3,255M yen, which was 66.3% of ordinary income, and student-related income such as tuition and admission fee for which amount was 962M yen and was 19.6% of ordinary income.

The primary factor in the decrease in ordinary income was a decrease in the income from the operational subsidy due to the revision of the accounting process for repair work, and a decrease in the income from grants from Fukushima Prefecture, etc.

③ Nonrecurring Losses and Extraordinary Profits

Remains of nonrecurring losses after deducting extraordinary profits was 9M yen (a year-on-year decrease of 104.4% or 212M yen).

The primary factor in the decrease was the fact that the remains of the operational subsidy was recorded as profits since FY2017 was the final year of the 2nd medium-term goal period.

④ Reversal of the Reserve Funds for Specific Purposes

Out of 206M yen used as facility repair expenses etc., 9M yen was recorded as the reversal of Reverse Funds for Specific Purposes excluding the amount recorded as assets.

⑤ Gross Profits for the Fiscal Year

As a result of adding the reversal of the reserve funds for specific purposes into the net profits above, gross profit for FY 2018 was 298M yen (a year-on-year decrease of 36.5% or 171M yen).

Summary of the Income Statement

(From April 1, 2018 to March 31, 2019)

In millions of Japanese Yen

【Ordinary Expenses】		
Operating expenses	4,133	(89.7%)
Educational expenses	354	(7.7%)
Research expenses	497	(10.8%)
Educational and research assistance expenses	798	(17.3%)
<u>Educational and research expenses sub-total</u>	<u>1,650</u>	<u>(35.8%)</u>
Commissioned research expenses	84	(1.8%)
Personnel expenses for executives	95	(2.1%)
Personnel expenses for faculty	1,561	(33.9%)
Personnel expenses for administrative staff	742	(16.1%)
<u>Personnel expenses sub-total</u>	<u>2,398</u>	<u>(52.0%)</u>
Management expenses	454	(9.9%)
Expenses for financial affairs	22	(0.5%)
Miscellaneous losses	1	(0.0%)
<u>Ordinary expenses total</u>	<u>4,609</u>	<u>(100.0%)</u>
【Ordinary Income】		
Operational subsidies	3,255	(66.3%)
Payments by students	962	(19.6%)
Commissioned research	103	(2.1%)
Donations	22	(0.4%)
Reversal of asset offsetting liabilities	203	(4.1%)
Income from grants	270	(5.5%)
Other	89	(1.8%)
<u>Ordinary income total</u>	<u>4,907</u>	<u>(100.0%)</u>
<u>Ordinary Profits</u>	<u>297</u>	
<u>Nonrecurring Losses (loss on retirement of fixed assets)</u>	<u>10</u>	
<u>Extraordinary profits (Collect non allowances input)</u>	<u>1</u>	
<u>Net Profit for the Fiscal Year</u>	<u>289</u>	
<u>Reversal of Reserve Funds for Specific Purposes</u>	<u>9</u>	
<u>Gross Profits for the Fiscal Year</u>	<u>298</u>	

【Increase/Decrease from Previous Fiscal Year】

In millions of Japanese Yen

Category	Ordinary Expenses	Ordinary Income	Ordinary Profits	Nonrecurring Losses and Extraordinary Profits	Reversal of Reserve for Specific	Gross Profit for the Fiscal Year
FY2018	4,609	4,907	297	△9	9	298
FY2017	5,117	5,222	105	203	160	469
Increase/Decrease	△508 (△9.9%)	△315 (△6.0%)	192 (182.9%)	△212 (△104.4%)	△151 (△94.4%)	△171 (△36.5%)

Notes: Total amounts in the table above do not always coincide with the sum of individual categories, as fractions less than the unit amount have been rounded down.

- ① The primary factor in the decrease in ordinary expenses was a decrease in general administrative expenses due to the revision of the accounting process for repair work.
- ② The primary factor in the decrease in ordinary income was a decrease in the income from the operational subsidy due to the revision of the accounting process for repair work, and a decrease in the income from grants from Fukushima Prefecture, etc.
- ③ The primary factor in the decrease was the fact that the remains of the operational subsidy was recorded as profits since FY2017 was the final year of the 2nd medium-term goal period.

4. Appropriation of Gross Profits for the Fiscal Year (Article 40, Local Independent Administrative Corporation Law)

(1) The Scheme for Appropriation of Profits

In the scheme for appropriation of profits of public university corporations, profits generated by public university corporations as a result of carrying out business effectively and efficiently in aims of increasing self-income and cost reduction shall be classified into “reserve funds for specific purposes” of which the Governor of Prefecture approves as the result of the management effort, and “reserve funds” which are profits from special factor expenses and use of it is initially specified.

“Reserve funds for specific purposes” may be used for the following fiscal year and so on, for purposes stated in the Mid-term Plans such as the improvement of the quality of education/research and university operation, whereas “reserve funds” are to be used for covering deficits in the following fiscal year and on.

(2) Appropriation of Profits (Draft)

Our corporation will request approval for handling of the unappropriated surplus at the end of the term of 298 M yen as the “Reverse Funds for Specific Purposes” as written in the “Appropriation of Profits(Draft)” in the Financial Statement.

5. Other Major Statements

(1) Cash Flow Statement

Preparation of a cash flow statement is compulsory, and it must include categories of business activities, investing activities, and financial activities, in order to correctly understand flow of funds, as the statement of income is prepared on an accrued basis, does not always describe situations of funds correctly. The amount of fund balance of the corporation at the end of the fiscal year for was 1,602M yen.

(2) Cost Statement for Implementation of Administrative Services

It is compulsory to prepare a cost statement for implementation of administrative services, including “depreciation not associated with profits and losses” and “opportunity costs,” both of which are not recognized as “expenses” from perspectives of accounting of profits and losses. The statement is to show the total cost shared by local citizens, and allow them to evaluate the University’s operation and activities. The relevant cost for FY 2018 was 3,753M yen.

