

## Summary of the FY 2019 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.

## Summary of the Balance Sheet

(March 31, 2020)

In millions of Japanese Yen

【Assets】			【Liabilities】		
I Fixed Assets	16,250	( 86.2%)	I Fixed Liabilities	3,113	( 16.5%)
1. Tangible Assets	16,206	( 86.0%)	Asset offsetting liabilities	2,814	( 14.9%)
Land	6,620	( 35.1%)	Long-term lease liabilities	286	( 1.5%)
Accumulated impairment loss	$\Delta 18$	$(\Delta 0.1\%)$	Contract Deposit	12	( 0.1%)
Buildings	15,678	( 83.2%)	II Current Liabilities	1,222	( 6.5%)
Accumulated depreciation	$\Delta 8,706$	$(\Delta 46.2\%)$	Operational subsidy liabilities	133	( 0.7%)
Accumulated impairment loss	$\Delta 3$	$(\Delta 0.0\%)$	Liabilities for donations	37	( 0.2%)
Facilities	1,122	( 6.0%)	Accrued expenses	570	( 3.0%)
Accumulated depreciation	$\Delta 848$	$(\Delta 4.5\%)$	Short-term lease liabilities	386	( 2.0%)
Tools, furniture and durable goods	2,498	( 13.3%)	Other	94	( 0.5%)
Accumulated depreciation	$\Delta 1,664$	$(\Delta 8.8\%)$	<b>Total Liabilities</b>	<b>4,336</b>	<b>( 23.0%)</b>
Sub-total	<b>14,679</b>	<b>( 77.9%)</b>	<b>【Net assets】</b>		
Library materials	1,500	( 8.0%)	I Capital Stock	19,947	( 105.8%)
Other	7	( 0.0%)	II Capital Surplus	$\Delta 7,123$	$(\Delta 37.8\%)$
Construction in progress	18	( 0.1%)	Capital Surplus	1,854	( 9.8%)
2. Intangible Assets	43	( 0.2%)	Depreciation not included in income	$\Delta 8,956$	$(\Delta 47.5\%)$
Patent right	10	( 0.1%)	Impairment losses not included in income	$\Delta 21$	$(\Delta 0.1\%)$
Trademark right	1	( 0.0%)	III Earned Surplus	1,691	( 9.0%)
Software	8	( 0.0%)	Carry-over from the term of the 2nd mid-term goals	1,068	( 5.7%)
Other (Telephone rights, etc)	1	( 0.0%)	Funds for specific purposes, etc.	298	( 1.6%)
Patent right in progress	23	( 0.1%)	Unappropriated surplus at the end of the fiscal year	324	$( 1.7\%)$
3. Investments and other assets	1	( 0.0%)	<b>Net Asset Total</b>	<b>14,515</b>	<b>( 77.0%)</b>
Long-term prepaid expenses	1	( 0.0%)			
Long-term deposits	0	( 0.0%)			
II Current Assets	2,601	( 13.8%)	<b>Total Liabilities and Net Assets</b>	<b>18,851</b>	<b>( 100.0%)</b>
Cash on hand and in banks	2,355	( 12.5%)			
Other	245	( 1.3%)			
<b>Total Assets</b>	<b>18,851</b>	<b>( 100.0%)</b>			

### 【Increase/Decrease from the Previous Fiscal Year】

In millions of Japanese Yen

Category	Assets		Liabilities		Net assets	
	Fixed Assets	Current Assets	Fixed Assets	Current Assets	Capital	
FY2019	18,851	16,250 2,601	4,336	3,113 1,222	14,515	19,947
FY2018	19,322	17,476 1,846	4,704	3,571 1,132	14,618	19,947
Increase/ Decrease	$\Delta 471$ $(\Delta 2.4\%)$	$\Delta 1,226$ 755	$\Delta 368$ $(\Delta 7.8\%)$	$\Delta 458$ 90	$\Delta 103$ $(\Delta 0.7\%)$	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 decrease in assets was the depreciation of buildings, etc.
- ② The primary factor in the decrease of liabilities was a decrease in long-term lease liabilities due to the lapsing of the period of the lease.
- ③ The primary factor in the decrease in net assets was the depreciation (not included in income) of buildings, etc. invested by the Government of Fukushima Prefecture.

### 3. Summary of the FY 2019 Settlement of Accounts

#### (1) The Balance Sheet

##### ① Assets

The total value of assets was 18,851M (a year-on-year decrease of 2.4 % or 471M yen).

This includes fixed assets of 16,250M yen mainly consisting of land, buildings, and educational and research-purpose machines, etc. which account for 86.2% of the total value of assets.

The value of current assets is 2,601M yen including 2,355M yen of cash on hand and in banks. The amount of account payable due in April is 570M yen, which is recorded separately.

The primary factor in the decrease in assets was the depreciation of buildings, etc.

##### ② Liabilities

The total amount of liabilities was 4,336M yen (a year-on-year decrease of 7.8% or 368M yen). This includes fixed liabilities of 3,113M yen which consists of 2,814M 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 1,222M yen including accounts payable of 570M yen, and short-term lease liabilities for computers of 386M yen.

The primary factor in the decrease of liabilities was a decrease in long-term lease liabilities due to the lapsing of the period of the lease.

##### ③ Net Assets

The total net asset was 14,515M yen (a year-on-year decrease of 0.7 % or 103M 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 7,123M 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 1,854M yen. The accumulated depreciation expenses of 8,956M 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 1,691M yen, and consisted of the carry-over reserved funds from the previous medium-term goals period and 324M yen of unappropriated surplus at the end of the fiscal year.

The primary factor in the decrease in net assets was the depreciation (not included in income) of buildings, etc. in invested by the Government of Fukushima Prefecture.

## Summary of the Income Statement

(From April 1, 2019 to March 31, 2020)

In millions of Japanese Yen

<b>【Ordinary Expenses】</b>		
Operating expenses	4,187	( 87.9%)
Educational expenses	376	( 7.9%)
Research expenses	457	( 9.6%)
Educational and research assistance expenses	796	( 16.7%)
<u>Educational and research expenses sub-total</u>	<u>1,630</u>	<u>( 34.2%)</u>
Commissioned research expenses	116	( 2.4%)
Personnel expenses for executives	105	( 2.2%)
Personnel expenses for faculty	1,550	( 32.6%)
Personnel expenses for administrative staff	784	( 16.5%)
<u>Personnel expenses sub-total</u>	<u>2,440</u>	<u>( 51.3%)</u>
Management expenses	557	( 11.7%)
Expenses for financial affairs	15	( 0.3%)
Miscellaneous losses	1	( 0.0%)
<u>Ordinary expenses total</u>	<u>4,761</u>	<u>( 100.0%)</u>
<b>【Ordinary Income】</b>		
Operational subsidies	3,320	( 65.9%)
Payments by students	963	( 19.1%)
Commissioned research	137	( 2.7%)
Donations	23	( 0.5%)
Reversal of asset offsetting liabilities	199	( 4.0%)
Income from grants	292	( 5.8%)
Other	98	( 1.9%)
<u>Ordinary income total</u>	<u>5,035</u>	<u>( 100.0%)</u>
<u>Ordinary Profits</u>	<u>273</u>	
<u>Nonrecurring Losses (loss on retirement of fixed assets)</u>	<u>7</u>	
<u>Extraordinary profits (Collect non allowances input)</u>	<u>1</u>	
<u>Net Profit for the Fiscal Year</u>	<u>266</u>	
<u>Reversal of Reserve Funds for Specific Purposes</u>	<u>58</u>	
<u>Gross Profits for the Fiscal Year</u>	<u>324</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
FY2019	4,761	5,035	273	△6	58	324
FY2018	4,609	4,907	297	△9	9	298
Increase/Decrease	152 ( 3.3%)	128 ( 2.6%)	△24 (△8.1%)	3 (△33.3%)	49 ( 544.4%)	26 ( 8.7%)

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 of ordinary costs was an increase in maintenance costs for renewal and maintenance work for facilities and equipment added to cost.
- ② The primary factor in the increase of ordinary income was an increase in income originated from operational subsidies, which are the source of funding for maintenance work, as well as an increase in commissioned/cooperative research with companies and national/prefectural subsidies.

## **( 2 ) Income Statement**

### **① Ordinary Expenses**

The total ordinary expense was 4,761M yen (a year-on-year increase of 3.3% or 152M yen), including education and research expenses of 1,630M yen, personnel expenses of 2,440M yen, and general administration expenses of 557M yen.

The percentage of personnel cost in relation to ordinary expenses was 51.3%, and the percentage of educational and research expenses was 34.2%. These two items account for 85.5% of ordinary costs. 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 increase of ordinary costs was an increase in maintenance costs for renewal and maintenance work for facilities and equipment added to cost.

### **② Ordinary Income**

The total amount of ordinary income was 5,035M yen (a year-on-year increase of 2.6% or 128M yen), mainly consisting of operational subsidies from the Government of Fukushima Prefecture of 3,320M yen, which was 65.9% of ordinary income, and student-related income such as tuition and admission fee for which amount was 963M yen and was 19.1% of ordinary income.

The primary factor in the increase of ordinary income was an increase in income originated from operational subsidies, which are the source of funding for maintenance work, as well as an increase in commissioned/cooperative research with companies and national/prefectural subsidies.

### **③ Nonrecurring Losses and Extraordinary Profits**

Remains of nonrecurring losses after deducting extraordinary profits was 6M yen (a year-on-year increase of 33.3% or 3M yen).

The primary factor in the increase was a decrease in loss on retirement of fixed assets due to the implementation of maintenance work.

### **④ Reversal of the Reserve Funds for Specific Purposes**

Out of 154M yen used as facility repair expenses etc., 58M 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 2019 was 324M yen (a year-on-year increase of 8.7% or 26M yen).

**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 324M 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 1,855M 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 2019 was 3,881M yen.

