

FINANCIAL REPORT 2014'



Strengthening the University's financial position to support a "global base for knowledge collaboration"



Twelve years have passed since the University of Tokyo transitioned to the national university corporation system. In that time, the acceleration of globalization has made global-scale problems ever more apparent. Nurturing talented individuals to take the lead in innovating solutions to these problems, the University of Tokyo will contribute to humanity's future by creating a "global base for knowledge collaboration" where the quest for and application of knowledge are united.

Creating a base for "knowledge collaboration" in the severe financial climate prevailing in Japan today requires that we introduce financial management, strategically strengthening the university's operations and ensuring the support of the whole university for the costs of basic education and research. Broadly sharing the University's financial situation through this "FINANCIAL REPORT 2014" as president it would give me great pleasure if you would join us in building this global base for knowledge collaboration.

President
The University of Tokyo

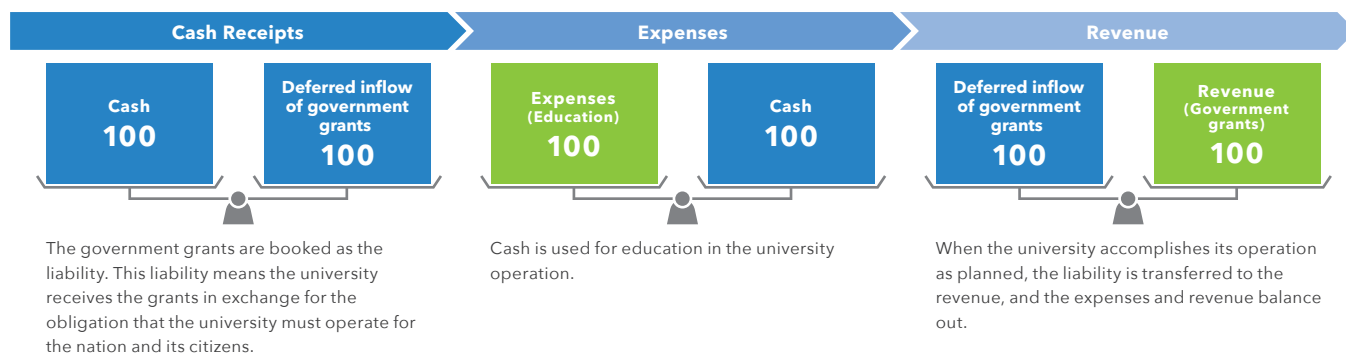
National university accounting system

The national university accounting system is mainly based on the business accounting principles. However, it has some features which are different from the business accounting principles.

	Purpose of operation	Profit acquisition
Private enterprise	Maximize the profit and value of the enterprise	Profit - oriented company
National university	Conduct education and research, having the characteristics of a public institution	NOT profit - oriented and does not assume self support accounting

Expenses and revenue balance out

The national university is operated not for its own profit. As a national and public institution, the majority of its financial resources is granted by the Japanese government.



Net Income without cash

If the university reduces expenses and raise more revenue than planned, the difference between the expenses and revenue is left as the Net Income. This Net Income reflects the outcome of the university's managerial efforts.

In fiscal year 2014, as the cash from the university income is used for repaying the loans, its Net Income is not based on cash.

Statement of Activities

Expenses 90	Revenue 120
Net Income 30	

Assets, Liabilities, and Net assets (BS)

Revenue and Expenses (SOA)

Major topics in fiscal year 2014

Renovation of Yasuda Auditorium completed

The Yasuda Auditorium of the University of Tokyo has been fully renovated following the construction work in fiscal year (FY) 2013 and FY 2014. The auditorium has been made more earthquake-resistant, hazard-resistant, and barrier-free, while keeping the exterior appearance the same as before work was started. Careful attention was taken so that various university events may be safely and reliably held there.

Yasuda Auditorium, a symbol of the University of Tokyo located in the center of the Hongo Campus, was designed by the architects Yoshikazu Uchida and Hideto Kishida. It is named after Zenjiro Yasuda, the founder of the Yasuda Zaibatsu (Yasuda Conglomerate), who donated funds for the construction of the auditorium.

The construction of the building which started in 1921 was completed in July 1925, after much of Tokyo was destroyed by an earthquake and fires in 1923. It survived the war and the University of Tokyo Protests of 1968-1969, but remained closed for many years until major renovation work took place in 1990, undertaken to enable the resumption commencement ceremony there in 1991. The Yasuda Auditorium was registered as registered tangible cultural property in 1996. The Great East Japan Earthquake which took place in 2011 had no serious effect on the building. Renovation works between 2013 and 2014 was carried out to extensively modify the overall plan so as to bring the building closer to the original design, as well as performing anti-seismic retrofitting work.



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21 KOMCEE East is built on Komaba I Campus

The West Wing of the "21 Komaba Center for Educational Excellence" (21 KOMCEE, pronounced "komsu:") was constructed on Komaba I Campus in May 2011. Roughly three years later, in June 2014, the construction of the East Wing was completed. The West Wing, 4,500 m² in total floor space, comprises of classrooms called "active learning studios", and includes an open space arena and a lecture hall. The East Wing, 7,500 m² in total floor space, has basic laboratories and lecture rooms. The open, no-pillar lab spaces facilitate student and teacher interaction. The lecture rooms are designed for students and teachers to engage in discussion in comfortable distances from each other. Students can also use the open space with whiteboards for impromptu discussions, and receive personal guidance in English writing in the "Komaba Writer's Studio". The latest MRI equipment, "Prisma", was installed in the basement for experiments and studies on human brain function imaging. The fully-constructed 21 KOMCEE is intended to become an academic and educational space for independent and active learning by the students.



Kashiwanoha Campus Station Satellite Building is now open

A satellite building planned also to be a symbolic building at the center of the "smart city" of Kashiwa, Chiba Prefecture, was opened by the University of Tokyo in a prime location immediately adjacent to the Kashiwanoha-campus Station on the Tsukuba Express Line.

The Satellite Building is managed by the University of Tokyo Future Center Initiative (UTFC). In addition to the University of Tokyo's related organizations and joint research promotion organizations, the Urban Design Center Kashiwa-no-ha, a think tank for new urban development, is a tenant and promotes collaboration between the University and the local community.

The Satellite Building is surrounded by the multi-use facility Gate Square, which houses a major hotel, a large-scale shopping mall, and other facilities. The Satellite has become a popular spot to take photos when various events are held.



Daiwa Ubiquitous Computing Research Building is built on Hongo Campus

Characterized by its unique exterior of cedar planks of different sizes, the Daiwa Ubiquitous Computing Research Building is now open near the Kasugamon (Kasuga Gate) of the Hongo Campus. This cutting-edge intelligent building was donated and constructed by Daiwa House Industry Co., Ltd.

Having the Kaitokukan garden, which was designated as a National Beauty Spot on March 10, 2015, as its background, this educational and research center has a gallery where projection mapping can be used, and a café in which Japanese confections, prepared by a passionate patisserie chef, are served. This building can serve as an excellent place for professors and university staff to welcome guests.



photo Takumi Ota

Summary of Financial Statements

Balance Sheet

Assets	FY2014 Yen	Changes Yen	FY2014 US\$	Changes US\$
	million Yen		thousand dollars	
I. Noncurrent assets	1,251,679	- 61	10,415,903	- 514
Land	888,692	-1,329	7,395,293	-11,065
Impairment loss	-3,065	-	-25,511	-
Buildings	335,089	12,262	2,788,462	102,044
Accumulated depreciation	-135,419	-12,111	-1,126,900	-100,788
Impairment loss	-264	46	-2,199	389
Structures	25,569	1,544	212,778	12,853
Accumulated depreciation	-12,648	-1,009	-105,256	-8,398
Impairment loss	-2	1	-23	8
Equipment	206,309	4,627	1,716,811	38,506
Accumulated depreciation	-149,262	-2,217	-1,242,092	-18,452
Books	43,409	316	361,229	2,636
Art works and collections	3,102	3	25,820	29
Construction in progress	17,995	-3,971	149,748	-33,047
Patent rights	752	27	6,263	226
Leasehold rights	491	-1	4,089	-13
Software	337	-7	2,808	-61
Investment securities	29,492	1,800	245,420	14,980
Other noncurrent assets	1,100	-43	9,159	-362
II. Current assets	142,181	2,417	1,183,171	20,119
Cash and deposits	93,910	-14,542	781,476	-121,019
Accounts receivable - student tuition fees	184	-7	1,532	-63
Accounts receivable - university hospital	8,831	112	73,489	939
Allowance for doubtful accounts	-533	0	-4,437	7
Accounts receivable	9,073	-3,266	75,503	-27,186
Money held in trust and securities	29,065	20,104	241,870	167,303
Medicines and medical examination materials	1,089	-41	9,068	-344
Other current assets	560	58	4,667	483
Total assets	1,393,860	2,355	11,599,075	19,605

Liabilities	FY2014 Yen	Changes Yen	FY2014 US\$	Changes US\$
	million Yen		thousand dollars	
I. Noncurrent liabilities	161,489	- 2,723	1,343,839	- 22,664
Deferred inflow of assets	122,040	2,195	1,015,565	18,272
Long-term loans payable	29,101	-3,633	242,166	-30,234
Long-term accounts payable	8,774	-2,451	73,013	-20,397
Other noncurrent liabilities	1,573	1,165	13,094	9,694
II. Current liabilities	120,588	1,277	1,003,481	10,632
Deferred inflow of government grants	16,527	-2,013	137,530	-16,756
Deferred inflow of donations	42,994	1,536	357,784	12,783
Deferred inflow of commissioned research	7,172	-1,289	59,686	-10,731
Current portion of long-term loans payable	4,420	-123	36,786	-1,031
Accounts payable	44,215	2,345	367,940	19,519
Other current liabilities	5,257	822	43,751	6,848
Total liabilities	282,077	- 1,445	2,347,320	- 12,032

Net assets	FY2014 Yen	Changes Yen	FY2014 US\$	Changes US\$
	million Yen		thousand dollars	
I. Capital stock	1,045,247	-	8,698,073	-
Government investment	1,045,247	-	8,698,073	-
II. Capital surplus	19,206	714	159,824	5,946
Capital surplus	131,391	10,327	1,093,379	85,940
Accumulated depreciation not in SOA (-)	-122,829	-9,641	-1,022,129	-80,228
Accumulated impairment loss not in SOA (-)	-3,342	28	-27,816	239
Other capital surplus	13,986	0	116,390	-3
III. Retained earnings	46,806	3,070	389,506	25,549
Reserve funds from previous mid-term plan period	21,630	-	180,000	-
Reserves for specific purposes	1,035	-398	8,615	-3,314
Reserves	20,591	4,917	171,349	40,923
Unappropriated retained earnings	3,550	-1,449	29,541	-12,060
IV. Other differences in securities valuation	522	16	4,349	141
Total net assets	1,111,783	3,801	9,251,754	31,637
Total liabilities and net assets	1,393,860	2,355	11,599,075	19,605

The Balance Sheet (BS) represents the financial position on the reporting date (March 31) by showing assets, liabilities, and net assets.

Major Points

- Decreased mainly due to sales of the Shibuya lodging and the site of the old No.2 Musashino dormitory
- Increased mainly due to the renovation of Yasuda Auditorium, construction of 21 KOMCEE EAST, the renovations of the Faculty of Engineering Building 4, and the Faculties of Law & Letters Buildings 1 and 2



Faculty of Engineering Building 4



Faculties of Law & Letters Buildings 1 and 2

- Decreased due to a change in investment management from fixed-term deposits (cash & deposits) to negotiable deposits (investment securities)

- Decreased due to repayment of loans from the Center for National University Finance and Management (The University of Tokyo Hospital's facility/equipment maintenance)
- Increased due to carry over of donations from the prior period
- Increased mainly due to payment of construction and renovation works to be made in April of the next fiscal year
- Increase in noncurrent assets with facility expenses and others as financial resources
 - Renovation of Yasuda Auditorium
 - Construction of 21 KOMCEE EAST
 - Renovation of the Faculty of Engineering Building 4
 - Renovation of the Faculties of Law & Letters Buildings 1 and 2
 - Renovation of the Faculty of Science Chemistry Building (West)

Statement of Activities

	FY2014	Changes	FY2014	Changes
	Yen	Yen	US\$	US\$
	million Yen		thousand dollars	
Ordinary expenses				
Operating expenses	221,290	10,677	1,841,478	88,854
Education	14,752	3,639	122,765	30,283
Research	42,188	-2,472	351,069	-20,574
Medical service	30,364	727	252,679	6,050
Support for education and research	2,562	-1,867	21,324	-15,539
Commissioned research	35,493	5,417	295,364	45,085
Personnel expenses	95,928	5,233	798,274	43,549
General administration	6,294	-31	52,379	-258
Financing expenses	883	-238	7,355	-1,987
Interest expenses	871	-229	7,249	-1,913
Other financing expenses	12	-8	105	-74
Miscellaneous loss	276	-12	2,300	-99
Total ordinary expenses	228,745	10,395	1,903,514	86,508
Ordinary revenue				
Government grants	80,805	6,886	672,422	57,306
Student tuition fees	12,929	-1,350	107,592	-11,235
Revenue of university hospital	46,412	752	386,225	6,265
Research grants	43,545	7,814	362,368	65,025
Research-related revenue	5,547	-882	46,163	-7,344
Donations	7,510	-7	62,501	-60
Subsidies	13,591	-5,609	113,103	-46,680
Other ordinary revenue	23,141	2,552	192,573	21,244
Total ordinary revenue	233,484	10,156	1,942,951	84,519
Ordinary income	4,739	-238	39,437	-1,988
Extraordinary loss	1,929	-216	16,052	-1,803
Extraordinary income	712	-1,454	5,929	-12,102
Net Income	3,522	-1,476	29,313	-12,287
Withdrawal of reserves for specific purposes	27	27	227	227
Total Income	3,550	-1,449	29,541	-12,060

The Statement of Activities (SOA) indicates revenue and expenses and represents the financial performance for each fiscal year (April 1 to March 31 of the next calendar year).

- 8 Research expenses/Subsidies**
Decreased due to the termination of the advanced research support fund subsidy and decrease in grants for subsidies for research base foundation expenses and other expenses
- 9 Commissioned research/Research grants**
Increased in the amount used due to an increase in research grants
- 10 Personnel expenses/Government grants**
Increased due to the ending of the Act on Temporary Special Provisions of Salaries, an increase in retirement benefit payment, and others
- 11** Decreased due to an increase in purchase of noncurrent assets funded by this financial resource
- 12** Including non-cash book profit (i.e., profit generated from a difference between the revenue of university hospital to fund purchase of assets and depreciation expenses; loan repayment)

Cash Flow Statement

	FY2014	Changes	FY2014	Changes
	Yen	Yen	US\$	US\$
	million Yen		thousand dollars	
I. Cash flow from operating activities				
Payments for raw materials, goods and services	-88,312	-5,158	-734,896	-42,924
Payments for personnel expenses	-100,890	-1,731	-839,563	-14,412
Payments for other operating activities	-4,645	922	-38,653	7,675
Proceeds from government grants	82,012	3,520	682,474	29,298
Proceeds from student tuition fees	14,784	13	123,028	111
Proceeds from university hospital	46,279	833	385,114	6,937
Proceeds from research grants	44,343	6,943	369,004	57,782
Proceeds from subsidies	17,324	-7,988	144,169	-66,478
Proceeds from donations	8,942	-592	74,412	-4,931
Proceeds from other operations	9,612	-714	79,989	-5,946
Net cash flow from operating activities	29,451	-3,952	245,079	-32,888
II. Cash flow from investment activities				
Purchase of investment securities	-52,115	22,393	-433,679	186,349
Proceeds from sale of investment securities	30,423	-51,543	253,173	-428,921
Purchase of property, plant, equipment and intangible assets	-30,609	-1,053	-254,715	-8,763
Proceeds from sale of property, plant, equipment and intangible assets	2,398	1,257	19,960	10,462
Payments into fixed-term deposits	-225,000	-44,000	-1,872,347	-366,147
Proceeds from withdrawal of fixed-term deposits	243,000	72,000	2,022,135	599,151
Proceeds from grants for facilities	15,179	7,570	126,315	62,994
Payments for refund of grants for facilities	-	46	-	387
Subtotal	-16,722	6,670	-139,157	55,512
Interest and dividends received	644	29	5,361	244
Net cash flow from investment activities	-16,078	6,700	-133,796	55,756
III. Cash flow from financial activities				
Proceeds from long-term loans payable	787	593	6,552	4,941
Repayment of long-term loans payable	-895	-	-7,452	-
Repayment of lease liabilities	-4,344	1,474	-36,155	12,272
Repayment of PFI liabilities	-927	-92	-7,718	-770
Repayment of burden charges from CNUFM*1	-3,649	128	-30,365	1,073
Subtotal	-9,029	2,105	-75,139	17,517
Interest paid	-886	214	-7,374	1,787
Net cash flow from financial activities	-9,915	2,319	-82,514	19,305
IV. Increase in cash and cash equivalents	3,457	5,068	28,768	42,174
V. Cash and cash equivalents at beginning of period	67,452	-1,610	561,312	-13,405
VI. Cash and cash equivalents at end of period	70,910	3,457	590,081	28,768

*1 Center for National University Finance and Management

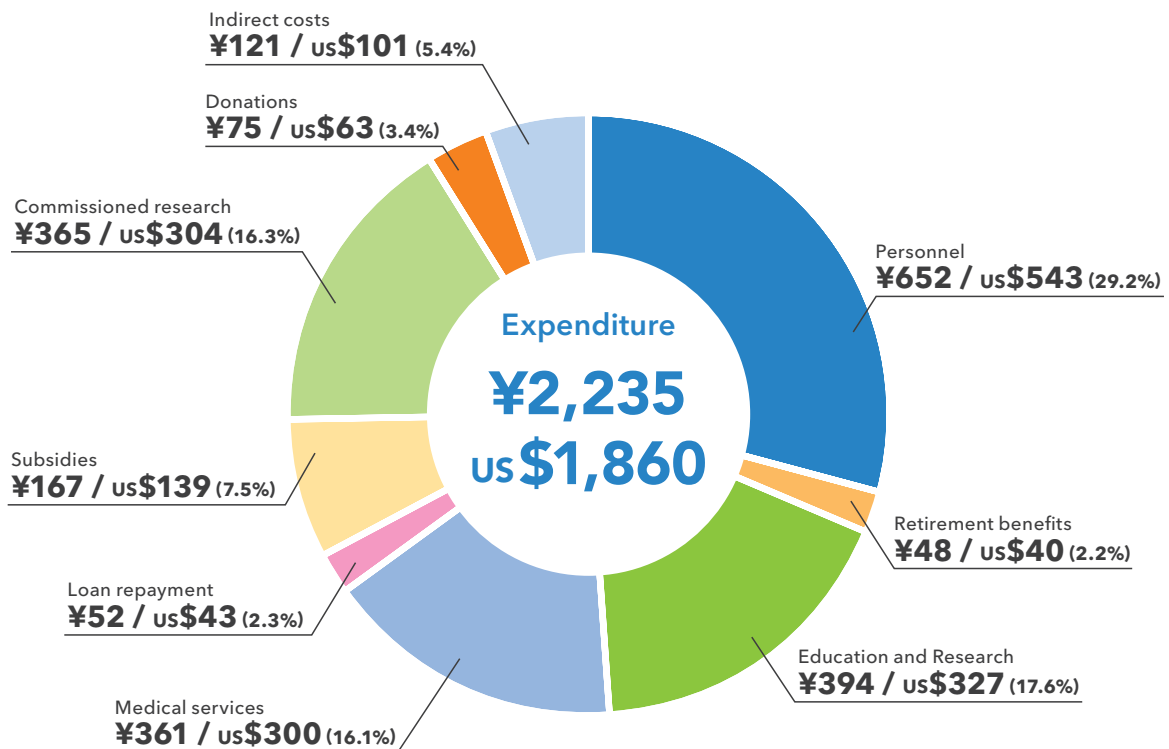
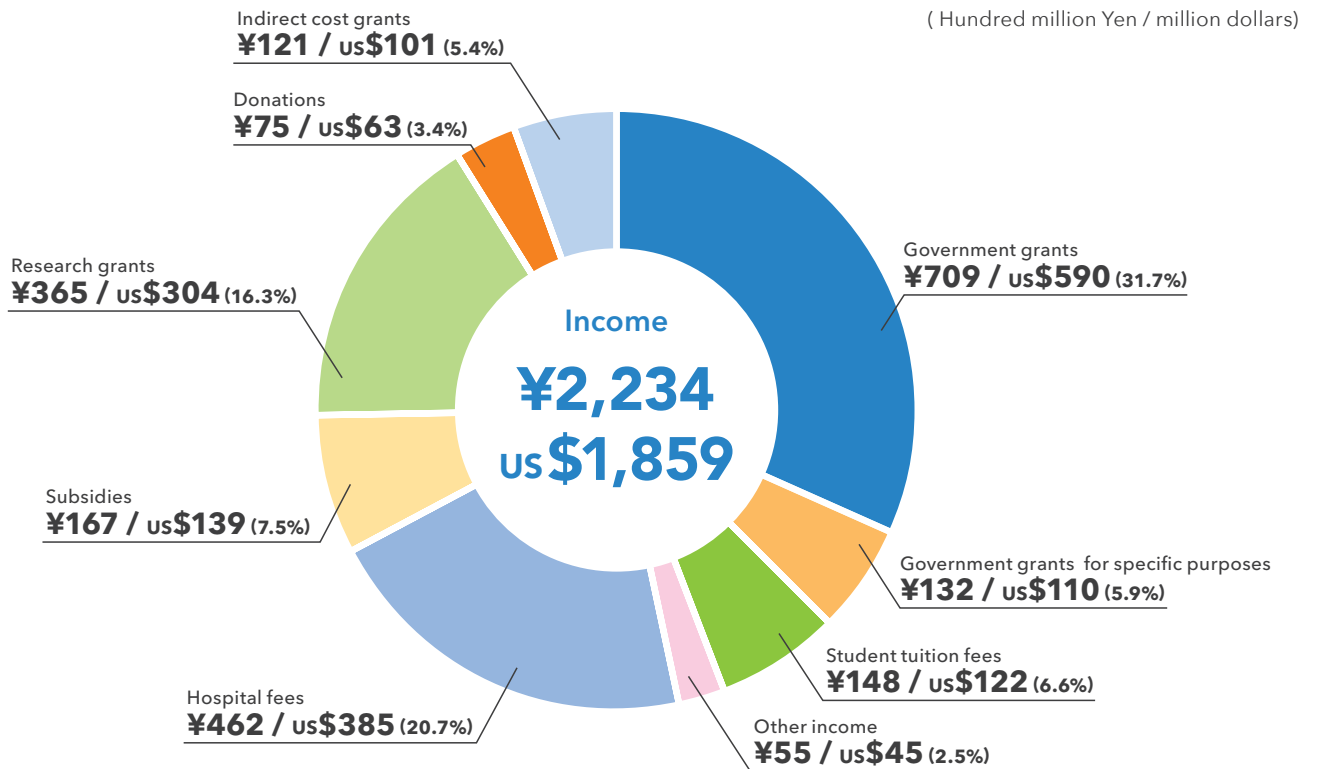
The Cash Flow Statement (CF) represents cash inflow and outflow in operating, investment, and financial activities for each fiscal year (April 1 to March 31 of the next calendar year).



The University of Tokyo uses capital obtained from operating activities to fund investments in facilities and equipments and repayment of loans in addition to operating activities.

Income and Expenditure

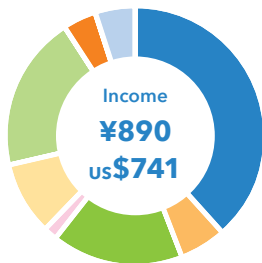
The income and expenditure for FY 2014 of the University of Tokyo as a whole are the result of educational, research, and medical service activities, which are funded by a variety of financial resources such as government grants, student tuition fees, research grants, and university hospital income paid by patients.



1. The above income and expenditure are prepared on a cash basis. The amount of income indicates the resources of each expenditure item, and not the amount of cash obtained.
2. Grants for facilities are not included.
3. Grants-in-Aid for Scientific Research (KAKENHI) are granted to individual researchers and are not included in the income and expenditure above.
4. Expenditure for personnel and retirement benefits cover only personnel who started working before the University of Tokyo was incorporated as a "national university corporation". Other personnel expenses are included in each item of expenditure.

The University of Tokyo comprises of graduate schools, faculties / college, institutes, centers, a university hospital, and administration departments. Each category has a different financial structure in income and expenditure, depending on its size and activities. Each category's financial structure is summarized below.

Graduate Schools and Faculties / College

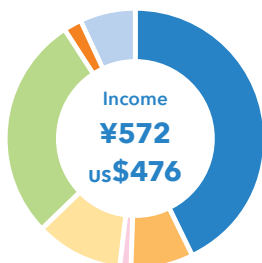


Income	Yen	US\$	
Government grants	343	286	(38.6%)
Government grants for specific purposes	50	41	(5.6%)
Student tuition fees	146	121	(16.4%)
Other income	16	13	(1.8%)
Subsidies	82	69	(9.2%)
Research grants	172	143	(19.3%)
Donations	38	32	(4.3%)
Indirect cost grants	43	36	(4.8%)

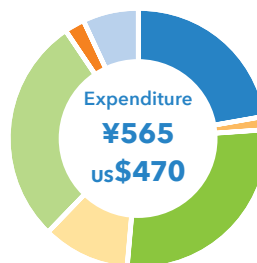


Expenditure	Yen	US\$	
Personnel	361	300	(40.6%)
Retirement benefits	32	27	(3.6%)
Education and Research	162	134	(18.2%)
Subsidies	82	69	(9.2%)
Commissioned research	172	143	(19.3%)
Donations	38	32	(4.3%)
Indirect costs	43	36	(4.8%)

Institutes and Centers



Income	Yen	US\$	
Government grants	245	204	(42.8%)
Government grants for specific purposes	45	38	(7.9%)
Other income	8	6	(1.4%)
Subsidies	61	50	(10.7%)
Research grants	161	134	(28.1%)
Donations	13	11	(2.3%)
Indirect cost grants	39	33	(6.8%)



Expenditure	Yen	US\$	
Personnel	126	105	(22.3%)
Retirement benefits	9	7	(1.6%)
Education and Research	156	130	(27.6%)
Subsidies	61	50	(10.8%)
Commissioned research	161	134	(28.5%)
Donations	13	11	(2.3%)
Indirect costs	39	33	(6.9%)

University hospital

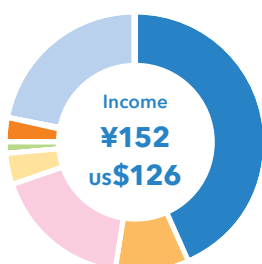


Income	Yen	US\$	
Government grants	55	46	(8.9%)
Government grants for specific purposes	23	19	(3.7%)
Other income	7	6	(1.1%)
Hospital fees	462	385	(74.5%)
Subsidies	18	15	(2.9%)
Research grants	30	25	(4.8%)
Donations	19	16	(3.1%)
Indirect cost grants	6	4	(1.0%)



Expenditure	Yen	US\$	
Personnel (Academic Staff)	23	20	(3.6%)
Personnel (Administrative Staff)	94	79	(14.9%)
Retirement benefits	5	4	(0.8%)
Education and Research	22	18	(3.5%)
Medical services	361	300	(57.3%)
Loan repayment	52	43	(8.2%)
Subsidies	18	15	(2.9%)
Commissioned research	30	25	(4.8%)
Donations	19	16	(3.0%)
Indirect costs	6	4	(1.0%)

Administration



Income	Yen	US\$	
Government grants	66	54	(43.4%)
Government grants for specific purposes	14	12	(9.2%)
Other income	26	21	(17.1%)
Subsidies	6	5	(4.0%)
Research grants	2	2	(1.3%)
Donations	5	4	(3.3%)
Indirect cost grants	33	28	(21.7%)



Expenditure	Yen	US\$	
Personnel	48	39	(32.0%)
Retirement benefits	2	2	(1.3%)
Education and Research	54	45	(36.0%)
Subsidies	6	5	(4.0%)
Commissioned research	2	2	(1.3%)
Donations	5	4	(3.4%)
Indirect costs	33	28	(22.0%)

The University of Tokyo Foundation

What is the University of Tokyo Foundation?

The University of Tokyo Foundation, comprised of donations from individuals and corporations, is an important asset of the University. It has the following objective and management method.

- 1: **General-use donations to be funded, managed, and used (Unrestricted funds)**
- 2: **Specific donations to be used for specific objectives (Restricted funds)**

In the midst of severe fiscal conditions in Japan, national university corporations are required to diversify their financial resources. We find it increasingly important to enlarge the University of Tokyo Foundation.

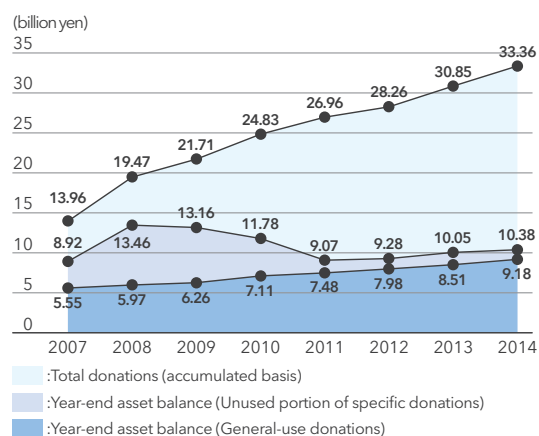
Development of the Foundation

The University of Tokyo Foundation was founded in FY 2004, when the national universities were incorporated as "national university corporations," with the aim of enabling long-term support of the university's financial bases. Since its inception, approximately 33.3 billion yen (277.6 million dollars*) has been donated to the Foundation. The balance at the end of FY 2014 stood at around 10.3 billion yen (86 million dollars) : approximately 9.1 billion yen (76 million dollars) in general-use donations and approximately 1.2 billion yen (10 million dollars) in specific donations. Each year, profits of about 100 million yen (0.85 million dollars) is used for educational and research activities. Government grants for the ten years since FY 2004, when the National Universities were incorporated, decreased by approximately 67 billion yen (557 million dollars) in total. Therefore, the donations of 33.3 billion yen (277.6 million dollars) to the Foundation during the same period have played a significant role to offset the decline in grants.

Foundation size comparison with prominent overseas universities

With overseas universities, investment management income from their trust funds, which are composed of donations, is an important financial resource, and ensuring a stable financial resource leads to strong competitiveness. In comparison, the size of the University of Tokyo Foundation is still small relative to that of prominent overseas universities.

Asset balance
¥10,385,134,804 / us\$86,420,361
Total donations since inception
¥33,365,994,738 / us\$277,656,609
Total number of donations
77,994
(As of March 31, 2015) *Conversion rate : USD 1 = JPY 120.17 (TTM rate on March 31, 2015)



University name	Asset size of foundation	
	billion yen	million dollars
Harvard University	3,880.0 ^{*1}	32,334 ^{*1}
Yale University	2,493.6 ^{*1}	20,780 ^{*1}
Princeton University	2,184.0 ^{*1}	18,200 ^{*1}
University of Cambridge	882.0 ^{*1}	7,350 ^{*1}
University of Oxford	725.4 ^{*1}	6,045 ^{*1}
University of Tokyo	10.3 ^{*2}	86 ^{*2}

USD 1 = JPY 120, GBP 1 = JPY 180
^{*1} FY 2013 survey ^{*2} As of the end of FY 2014
 (Research by the Fundraising and Endowment Group)

Activities of the Foundations

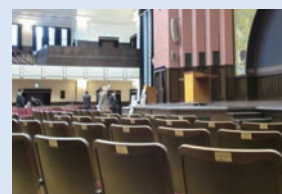
In FY 2014, approximately 2.5 billion yen (20.8 million dollars) was donated by individuals and corporations.

Breakdown

Approximately 0.6 billion yen (5 million dollars) was allocated to the Foundation. Specific-use donations were received and used as follows:

Support for education and research	¥9 / us\$7.5	Campus maintenance	¥7 / us\$5.8
Student support and scholarships	¥2 / us\$1.7	Others (Sports promotion foundation, etc.)	¥1 / us\$0.8

(Approximate amounts in hundred million yen, million dollars)




Plaques with names of donors for the Yasuda Auditorium Improvement Project are attached to the seats in the Auditorium.

Asking for your support

The University of Tokyo Foundation aims mainly at (1) enriching scholarship programs; (2) supporting education and research; and (3) promoting maintenance of the campus environment. We also engage in fundraising for the educational and research projects which require imminent action and in building reserves. Through fundraising activities, we deepen our interaction with society and promote the university's social contribution initiatives. We sincerely ask for your continued understanding and support for the University of Tokyo Foundation. Details are available on our websites below.

 **The University of Tokyo Foundation**
<http://utf.u-tokyo.ac.jp/english/index.html>

 **The University of Tokyo Foundation; Annual Report 2014 (only in Japanese)**
http://utf.u-tokyo.ac.jp/result/pdf/result_2014.pdf