

## Incorporated Educational Institutions and Accounting Standards for Incorporated Educational Institutions

### Incorporated Educational Institutions

An incorporated educational institution refers to the legal entity established for the purpose of opening a private school as provided for in the School Education Act and the Private School Act.

While companies operate for the sake of profit, incorporated educational institutions do not: their objective is to conduct education and research activities and to give the outcomes of those activities back to society. In accordance with their respective founding principles and missions, these

institutions are highly public in that they engage in teaching and research, and they are also highly autonomous.

In accordance with the Private School Promotion Subsidy Act, incorporated educational institutions that receive subsidies from the national or local government ("private school subsidies") are required to create financial statements based on the Accounting Standards for Incorporated Educational Institutions stipulated by the Minister of MEXT.

### Accounting Standards for Incorporated Educational Institutions

Due to the highly public nature of private schools, they are expected to be stable and to operate on a break-even basis to ensure long-lasting education and research activities. In light of this, MEXT established the Accounting Standards

for Incorporated Educational Institutions as a uniform set of guidelines to ensure that incorporated educational institutions receiving private school subsidies perform proper accounting.

### Differences between Accounting for Incorporated Educational Institutions and Corporate Accounting

Financially speaking, companies are producing entities that produce and sell goods to recover the capital they have invested and to generate profits, which are then used to make new capital investments or improve existing facilities. Meanwhile, incorporated educational institutions secure revenues by admitting students and collecting fees from them, but if expenditures increase, increasing revenues to offset those outlays is difficult. In other words, they are

consuming entities.

Therefore, the purpose of corporate accounting is to disclose to shareholders the performance of profit-making business activities and the financial situation of a company, while the purpose of accounting for incorporated educational institutions is to assess and disclose the health of education and research activities undertaken as part of school operations from a financial standpoint.

### Financial Ratios

The balance of revenues and expenditures, financial soundness, and other comprehensive indicators of financial standing are represented by the following financial ratios (p 54).

#### Ratios for the Statement of Operating Activities

Ratios that show the relationship of major expenditures to ordinary revenues: Personnel expenditure ratio, education and research expenditure ratio

Ratios that show the balance between revenues and expenditures: Ratio of net income/loss from educational activities, current account balance ratio, operating activities balance ratio

#### Ratios for the Statement of Financial Position

Ratios that demonstrate financial stability and soundness: Net asset ratio, ratio of total liabilities to total funds

# 1. Settlement of Accounts

## 1-1. Statement of Cash Flow for FY2018

(in 100 million of JPY)

Item	FY2018 Budget	FY2018 Settlement	Difference
<b>Revenues</b>			
Revenue From Student Fees	575	579	3
Revenue From Processing Fees	30	32	2
Donation Revenue	14	11	Δ 3
Subsidy Revenue	98	98	1
(National Government Subsidy Revenue)	77	78	1
(Local Government Subsidy Revenue)	21	20	Δ 0
Revenue from Sales of Assets	0	0	0
Income from University-Owned Businesses	35	42	7
Income from Interest and Dividends	17	25	9
Miscellaneous Revenue	16	23	7
Revenue from Borrowings	130	130	0
Revenue from Advances Received	100	103	4
Amount Reversal from Specified Assets and Other Revenues	69	47	Δ 22
Revenue Adjustments	Δ 110	Δ 120	Δ 9
Carryover from Previous Year	327	327	0
<b>Total: Revenues</b>	<b>1,300</b>	<b>1,297</b>	<b>Δ 2</b>

### Expenditures

Personnel Expenditures	393	391	Δ 2
Education and Research Expenditures	262	241	Δ 20
Institutional Administrations Expenditures	52	56	4
Loan Interest Expenditures	0	0	0
Loan Repayment Expenditures	132	132	0
Facility-related Expenditures	47	26	Δ 21
Equipment-related Expenditures	18	15	Δ 3
Deposits for Specified Assets	226	244	17
Accounts Payable from Previous Fiscal Year and Other Expenditures	51	51	0
Reserve Fund	4	0	Δ 4
Expenditure Adjustments	Δ 59	Δ 55	4
Carryover into Next Year	174	196	22
<b>Total: Expenditures</b>	<b>1,300</b>	<b>1,297</b>	<b>Δ 2</b>

\*Due to rounding up, totals may not match the sum of individual items.  
 \*Items listed in parentheses are breakdowns of the items above them.  
 \*'Difference' refers to the budget amount less the settlement amount.

### Cash Revenues

After excluding the balance carried forward from the previous academic year from the Revenues section total of JPY 129.7 billion, cash revenues for FY2018 came to JPY 97.1 billion.

We earned JPY 57.9 billion in revenues from student fees such as student tuition and admission fees.

Revenues from entrance examination fee payments and other fees totaled JPY 3.2 billion.

Revenues from subsidies amounted to JPY 9.8 billion, and consisted of ordinary expense subsidies for private universities, affiliated school operating subsidies, as well as subsidies received through the Top Global University Project (SGU) and the Re-Inventing Japan Project (MEXT).

In other revenues, revenues from a reversal of reserve specified assets came to JPY 3.2 billion, and were allocated to FY2018 campus maintenance and the like.

### Cash Expenditures

After excluding the balance carried forward to the next academic year from the Expenditures section total of JPY 129.7 billion, cash expenditures for FY2018 came to JPY 110.2 billion.

Personnel expenses totaled JPY 39.1 billion reflecting efforts to strengthen the faculty organization in order to improve the quality of education at the universities and affiliated schools.

Education and research expenses amounted to JPY 24.1 billion, and included cost related to the Top Global University Project (SGU), operating costs for the universities and affiliated schools, and costs associated with scholarships to support learning and growth among students (issued under systems individually managed by the universities and affiliated schools).

In AY2018, facility-related expenses came to JPY 2.6 billion and equipment-related expenses reached JPY 1.5 billion, reflecting major renovations to Zonshinkan Hall on Kinugasa Campus, earthquake-proofing of the Student Center, and the construction of facilities for the College of Gastronomy Management.



## 1-2. Statement of Operating Activities for FY2018

(in 100 million of JPY)

Item	FY2018 Budget	FY2018 Settlement	Difference
<b>General Account; Educaton and Reseach</b>			
Student Fees	575	579	3
Processing Fees	30	32	2
Donations	9	6	Δ 3
Subsidies	96	96	Δ 0
Income from University-Owned Businesses	35	42	7
Miscellaneous	17	20	3
<b>Total: Revenues</b>	<b>763</b>	<b>774</b>	<b>11</b>
Personnel	392	393	1
Education and Research	327	305	Δ 23
(Depreciation Cost)	66	64	Δ 2
Instisutonal Administrations	59	61	2
(Depreciation Cost)	7	7	0
Unrecoverable Amount	0	0	0
<b>Total: Expenditures</b>	<b>778</b>	<b>759</b>	<b>Δ 19</b>
<b>Income/Loss</b>	<b>Δ 15</b>	<b>15</b>	<b>30</b>

**General Account; Others**

Income from Interest and Dividends	17	25	9
Other Revenues	0	3	3
<b>Total: Revenues</b>	<b>17</b>	<b>28</b>	<b>11</b>
Interest on Loan	0	0	0
Other Expenditures	0	1	1
<b>Total: Expenditures</b>	<b>0</b>	<b>1</b>	<b>1</b>
<b>Income/Loss</b>	<b>17</b>	<b>26</b>	<b>10</b>
<b>Income/Loss of General Account</b>	<b>1</b>	<b>41</b>	<b>40</b>

**Special Account**

Gains from Sales of Assets	0	0	0
Other Revenues	8	11	3
<b>Total: Revenues</b>	<b>8</b>	<b>11</b>	<b>3</b>
Balance of Asset Disposal	3	5	2
Other Expenditures	0	1	1
<b>Total: Expenditures</b>	<b>3</b>	<b>6</b>	<b>3</b>
<b>Income/Loss</b>	<b>5</b>	<b>5</b>	<b>0</b>
Reserve Fund	4	0	Δ 4
Net Income/Loss before Allocated Capital Funds	2	47	44
Total Amount of Allocated Capital Funds	Δ 41	Δ 9	31
Net Income/Loss for This Fiscal Year	Δ 38	37	75
Net Income/Loss Brought Forward from Previous Fiscal Year	Δ 191	Δ 191	Δ 0
Amount Reversed from Capital Funds	0	0	Δ 0
Net Income/Loss to be Carried Forward to Next Fiscal Year	Δ 229	Δ 153	75
<b>Total Revenues of Statement of Operations</b>	<b>788</b>	<b>813</b>	<b>25</b>
<b>Total Expenditures of Statement of Operations</b>	<b>785</b>	<b>767</b>	<b>Δ 19</b>

\*Due to rounding up, totals may not match the sum of individual items.

\*Items listed in parentheses are breakdowns of the items above them.

\*'Difference' refers to the budget amount less the settlement amount.

\*Total Revenues of Statement of Operations= Revenues from Cureent Account + Revenues from Special Account

\*Total Expenditures of Statement of Operations= Expenditures from Cureent Account + Expenditures from Special Account + Reserve Fund

**Educational Activity Revenues and Expenditures**

Educational activity revenues and expenditures show revenues and expenditures from educational and research activities that are included under ordinary revenues and expenditures.

Revenues totaled JPY 77.4 billion reflecting student payments, fees, donations, and ordinary expense subsidies. Expenses came to JPY 75.9 billion, including personnel expenses, education and research expenses and administrative expenses, producing a final outcome of JPY 1.5 billion in net income for FY2018.

Meanwhile, depreciation costs included in education and research expenses and administrative expenses reached JPY 7.1 billion.

**Non-Educational Activity Revenues and Expenditures**

Non-educational activity revenues and expenditures show revenues and expenditures from financial activities that are included under ordinary revenues and expenditures.

Revenues comprised of interest, dividend and other income totaled JPY 2.8 billion, while expenditures, which included loan interest and other income, amounted to JPY 100 million, producing a final outcome of JPY 2.6 billion in net income for FY2018.

**Ordinary Net Income/Loss**

Tallying up the totals for educational activity and non-educational activity revenues and expenditures, the final outcome was JPY 4.1 billion in ordinary net income.

**Special Revenues and Expenditures**

Special revenues and expenditures, which reflect one-time revenues and expenditures, included a donation to cover costs associated with the construction of the tentatively named Yasuhiro Wakebayashi Memorial Exchange Center, thereby resulting in a surplus of JPY 500 million for AY2018.

**Net income/loss for current academic year**

Tallying up the totals for educational activity, non-educational activity and special revenues and expenditures, the final outcome for the current academic year after subtracting JPY 900 million included allocated to capital funds was net income of JPY 3.7 billion.

## 1-3. Statement of Financial Position for FY2018

(in 100 million of JPY)

Item	End of FY2018	End of FY2017	Change
<b>Assets</b>			
Fixed Assets	3,521	3,342	178
Tangible Fixed Assets	2,259	2,288	Δ 28
(Land)	700	700	0
(Buildings and Structures)	1,316	1,346	Δ 30
(Equipment for Education and Research)	80	81	Δ 1
(Books)	150	147	2
Specified Assets	1,245	1,034	210
(Reserve Assets for Type 3 Capital Fund)	137	137	0
(Reserve Assets for Type 4 Capital Fund)	55	55	0
(Reserve Assets for Retirement Benefits)	126	125	1
Other Fixed Assets	17	20	Δ 3
Current Assets	221	345	Δ 124
(Cash and Deposits)	196	327	Δ 131
<b>Assets: Total</b>	<b>3,742</b>	<b>3,687</b>	<b>55</b>

**Liabilities**

Fixed Liabilities	267	138	129
(Long-term Debt and School Bonds)	132	3	129
(Reserve for Retirement Benefits)	126	125	1
Current Liabilities	193	313	Δ 120
(Short-term Debt and School Bonds)	2	132	Δ 130
(Advances Received)	103	100	3
(Deposits)	32	30	1
<b>Liabilities: Total</b>	<b>459</b>	<b>451</b>	<b>8</b>

**Net Assets**

Capital Funds	3,436	3,427	9
(Type 1 Capital Fund)	3,245	3,235	9
(Type 3 Capital Fund)	137	137	0
(Type 4 Capital Fund)	55	55	0
Net Income/Loss	Δ 153	Δ 191	37
<b>Net Assets: Total</b>	<b>3,283</b>	<b>3,236</b>	<b>47</b>
<b>Liabilities and Net Assets: Total</b>	<b>3,742</b>	<b>3,687</b>	<b>55</b>

\*Due to rounding up, totals may not match the sum of individual items.

\*Items listed in parentheses are breakdowns of the items above them.

\*Change refers to end of FY 2018 amount less end of FY 2017 amount.

**Assets**

The Assets section shows all assets held as of the end of the fiscal year.

Tangible fixed assets, such as land, buildings, equipment and books, decreased by JPY 2.8 billion from the end of last academic year to JPY 225.9 billion owing to campus maintenance projects and other factors.

Specified assets, which include assets allocated to the reserve for retirement benefits (fixed liabilities), Type 3 and Type 4 capital funds and future facility maintenance, increased by JPY 21 billion from the end of last academic year to JPY 124.5 billion.

**Liabilities and Net Assets**

This Liabilities and Net Assets section shows the sources of funds used to acquire assets. Liabilities accounted for 12.3% of total assets and net assets made up 87.7%.

The total for the Liabilities sector for the fiscal year reached JPY 45.9 billion.

The Net Assets section increased by JPY 4.7 billion from the previous academic year to JPY 328.3 billion supported by an increase in capital funds from acquisitions of assets allocated to capital funds (e.g., buildings, education and research equipment/fixtures, and books).

### Statement of Cash Flow

The Statement of Cash Flow presents a clear picture of all revenues and expenditures relating to activities for a given fiscal year as well as the details regarding cash intake and outlays.

### Statement of Operating Activities

The Statement of Operating Activities classifies business revenues and expenditures for a given academic year into (1) revenues and expenditures from educational activities, (2) revenues and expenditures from non-educational activities, and (3) special revenues and expenditures. It presents a clear picture of the balance of revenues and expenditures for each category, and calculates changes in the net assets of incorporated educational institutions (changes in capital funds and carried-forward net income/loss).

While the Statement of Cash Flow covers all funds, the Statement of Operating Activities aims to show the change of an institution's net assets; therefore, it does not include incoming and outgoing liabilities (e.g., borrowing and deposits), but it does include revenues and expenditures that do not entail cash transactions (e.g., in-kind donations, depreciation cost).

#### 【Categories of Activity Revenues and Expenditures】

- Educational Activity Revenues and Expenditures:  
Among ordinary revenues and expenditures, this category consists of revenues and expenditures from educational and research activities.
- Non-Educational Activity Revenues and Expenditures:  
Among ordinary revenues and expenditures, this category consists of revenues and expenditures from activities other than education and research (chiefly financial activities).
- Special Activity Revenues and Expenditures:  
This category consists of one-time revenues and expenditures such as asset sales and asset disposals.

#### 【Capital Funds】

To conduct education and research activities, incorporated educational institutions must have capital funds to maintain assets such as buildings, equipment, books and cash-on-hand. According to the standards for incorporated educational institution accounting, the amount of funds

to acquire assets during the fiscal year is included in the capital funds. The Accounting Standards for Incorporated Educational Institutions define four types of capital funds as follows:

- Type 1: Acquisition cost of tangible fixed assets, such as land, buildings, equipment, supplies and books
- Type 2: Amount of deposits or other funds set aside for the purpose of acquiring fixed assets in the future
- Type 3: Amount for scholarship funds, research funds, and other funds
- Type 4: Amount of operating funds required for administration (amount designated by the Minister of MEXT)

#### 【Income/Loss】

- Net ordinary income/loss (net income/loss from educational activities + net income/loss from non-educational activities):  
This shows the balance of ordinary revenues and expenditures for a given academic year.
- Net income/loss for given academic year prior to allocation to capital funds (ordinary net income/loss + special net income/loss):  
This shows the balance of ordinary revenues and expenditures for a given academic year after including one-time revenues and expenditures. The net income/loss amount represents the change in net assets of an incorporated educational institution for a given academic year.
- Net income/loss for the current academic year, net income/loss for the current academic year carried forward from the previous academic year, net income/loss for the current academic year to be carried forward to the next fiscal year:  
This shows the net income/loss after allocation to the capital funds, and reflects the long-term balance of revenues and expenditures.

### Statement of Financial Position

The Statement of Financial Position provides a detailed account of assets, liabilities, and net assets (i.e., capital funds and income/loss carried forward) as well as the balances for each. It aims to provide a clear picture of an incorporated educational institution's financial situation.

#### 【Assets】

This section shows all assets held as of the closing date.

#### 【Liabilities and Net Assets】

These sections show the sources of funds used to acquire assets. The total of the Liabilities and Net Assets sections is equal to the total of the Assets section.

The Liabilities section, which includes loans and the reserve for retirement benefits, reflects funds originating from other persons or organizations outside of the institution, while the Net Assets section (capital funds + carried-forward net income/loss) reflects the institution's own funds.

## 1-4. Asset Inventory (Summary)

Total Assets	¥374,198,586,841
Endowment	¥227,469,714,096
Operating Assets	¥146,728,872,745
<hr/>	
Total Liabilities	¥45,912,788,649
Net Assets	¥328,285,798,192

(as of March 31, 2019)

Type	Amount
<b>Assets</b>	
1 Endowment	
Land	2,300,164.44 m <sup>2</sup> ¥69,950,302,505
Buildings	819,241.23 m <sup>2</sup> ¥119,042,284,000
Books	3,191,550 ¥14,954,517,930
Equipment	17,878 ¥8,753,697,303
Construction in Progress	¥627,810,129
Other	¥14,141,102,229
2 Operating Assets	
Cash and Deposits	¥19,565,706,139
Assets Held for School Trips	¥158,272,412
Reserve Fund	¥124,469,612,157
Securities	¥ 123,999,743
Accounts Receivable	¥1,966,689,903
Advance Payments	¥398,246,971
Other	¥46,345,420
<b>Total Assets</b>	<b>¥374,198,586,841</b>

Type	Amount
<b>Liabilities</b>	
1 Fixed Liabilities	
Long-term Debt and School Bonds	¥13,205,330,000
Long-term Account Payable	¥747,630,917
Reserve for Retirement Benefits	¥12,638,215,899
Guarantee Deposits	¥60,000,000
2 Current Liabilities	
Short-term Debt and School Bonds	¥155,330,000
Account Payable	¥5,445,408,076
Advances Received	¥10,334,959,880
Deposits	¥3,167,641,465
Cash Held for School Trips	¥158,272,412
<b>Total Liabilities</b>	<b>¥45,912,788,649</b>
<b>Net Assets</b>	<b>¥328,285,798,192</b>

## 1-5. Audit Report

## Audit Report

May 17, 2019

To: The Board of Trustees and Trust Council of the Ritsumeikan Trust  
 From: Yoshikazu Sagami, Full-time Auditor of the Ritsumeikan Trust  
 Takanori Ozaki, Auditor of the Ritsumeikan Trust  
 Yasuhiko Watanabe, Auditor of the Ritsumeikan Trust

In accordance with Article 37, Paragraph 3 of the Private School Act and Article 16, Item 3 of the Ritsumeikan Trust Act of Endowment, we, the auditors, hereby report on the operations and status of property of the Ritsumeikan Trust for the 2018 fiscal year commencing on April 1, 2018 and ending on March 31, 2019.

## 1. Method

We, the auditors, examined the operations and status of property of the Ritsumeikan Trust by attending meetings of the Board of Trustees and the Trust Council, receiving reports from the Trustees and other executives on the performance of duties, viewing important management documents, and liaising with Deloitte Touche Tohmatsu LLC—a third-party auditing firm.

We also received an explanation of the auditing report from Deloitte Touche Tohmatsu LLC and a report on the internal audit by the Office of Inspections and Auditing, and we carefully examined the financial statements.

## 2. Results

- (1) We deem the operations of the Ritsumeikan Trust to be appropriate, and we deem the financial statements to be appropriate representations of the status of property as of the end of the fiscal year in question.
- (2) We deem that there exists no misconduct with regard to the operations or property of the Ritsumeikan Trust and no serious acts in violation of the laws of Japan or the Act of Endowment.

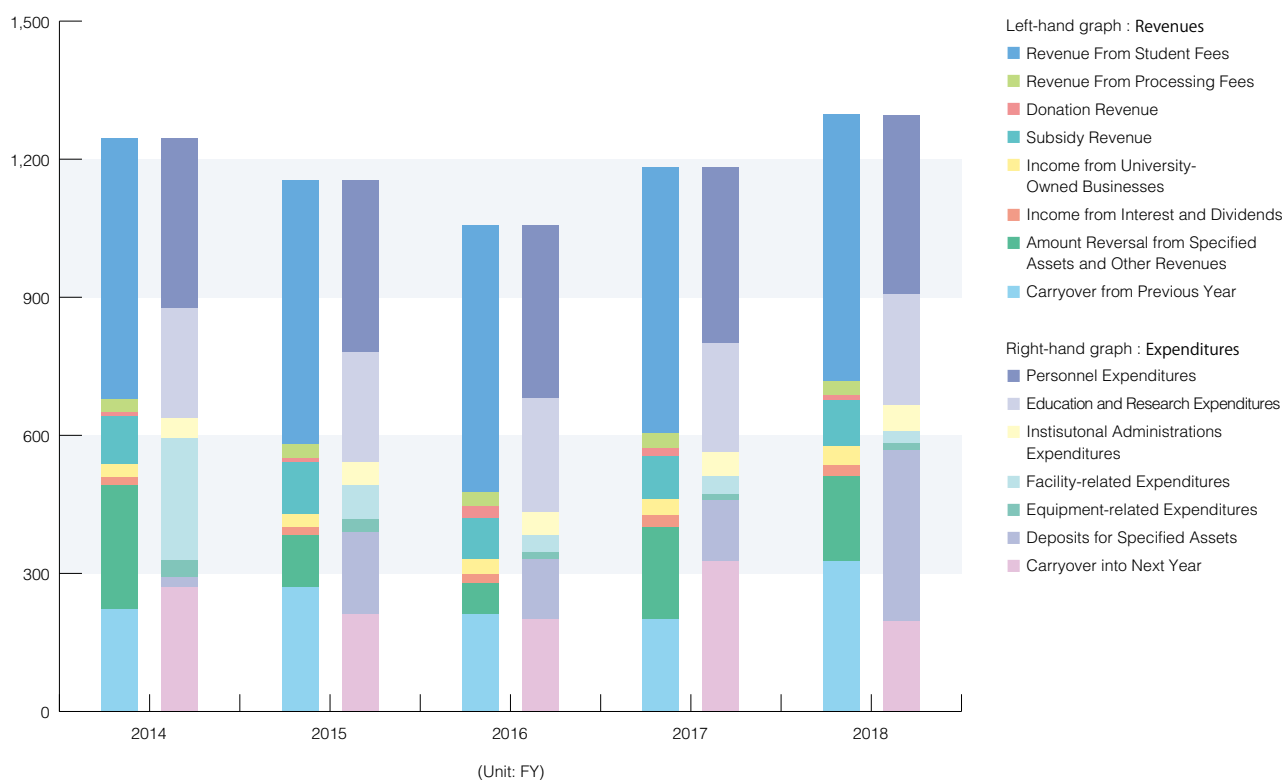
## 2. Year-to-year Changes

### 2-1. Historical Cash Flow (FY2014 ~ 2018)

(in 100 million of JPY)

Item	FY2014	FY2015	FY2016	FY2017	FY2018
<b>Revenues</b>					
Revenue From Student Fees	569	572	580	578	579
Revenue From Processing Fees	28	31	31	33	32
Donation Revenue	8	9	26	17	11
Subsidy Revenue	105	112	90	94	98
Revenue from Sales of Assets	22	-	0	0	0
Income from University-Owned Businesses	29	29	32	34	42
Income from Interest and Dividends	16	18	19	27	25
Miscellaneous Revenue	21	20	17	18	23
Revenue from Borrowings	130	-	0	1	130
Revenue from Advances Received	102	105	105	100	103
Amount Reversal from Specified Assets and Other Revenues	121	101	64	197	47
Revenue Adjustments	Δ127	Δ114	Δ119	Δ117	Δ120
Carryover from Previous Year	223	270	212	201	327
<b>Total: Revenues</b>	<b>1,248</b>	<b>1,154</b>	<b>1,057</b>	<b>1,182</b>	<b>1,297</b>
<b>Expenditures</b>					
Personnel Expenditures	371	375	378	382	391
Education and Research Expenditures	237	237	248	236	241
Instisutonal Administrations Expenditures	45	49	48	53	56
Loan Interest Expenditures	0	0	0	0	0
Loan Repayment Expenditures	10	2	2	2	132
Facility-related Expenditures	264	76	38	39	26
Equipment-related Expenditures	38	27	16	14	15
Deposits for Specified Assets	65	118	130	127	244
Accounts Payable from Previous Fiscal Year and Other Expenditures	58	114	56	56	51
Expenditure Adjustments	Δ112	Δ56	Δ59	Δ54	Δ55
Carryover into Next Year	270	212	201	327	196
<b>Total: Expenditures</b>	<b>1,248</b>	<b>1,154</b>	<b>1,057</b>	<b>1,182</b>	<b>1,297</b>

\* Numerical value 2014 are recalculated based on the revised accounting standards for incorporated educational institution for the reference.  
 \* Due to rounding up, totals may not match the sum of individual items.



2-2. Historical Operating Activities (FY2014 ~ 2018)

(in 100 million of JPY)

Item	FY2014	FY2015	FY2016	FY2017	FY2018
<b>General Account; Educator and Research</b>					
Student Fees	569	572	580	578	579
Processing Fees	28	31	31	33	32
Donations	8	8	6	7	6
Subsidies	90	95	88	93	96
Income from University-Owned Businesses	29	29	32	34	42
Miscellaneous	18	18	18	17	20
<b>Total: Revenues</b>	<b>742</b>	<b>754</b>	<b>755</b>	<b>762</b>	<b>774</b>
Personnel	375	378	377	387	393
Education and Research	297	301	311	299	305
Institutonal Administrations	53	56	54	59	61
Unrecoverable Amount	1	0	0	0	0
<b>Total: Expenditures</b>	<b>726</b>	<b>734</b>	<b>742</b>	<b>746</b>	<b>759</b>
<b>Income/Loss</b>	<b>16</b>	<b>20</b>	<b>13</b>	<b>16</b>	<b>15</b>
<b>General Account; Others</b>					
Income from Interest and Dividends	16	18	19	27	25
Other Revenues	6	3	0	1	3
<b>Total: Revenues</b>	<b>22</b>	<b>21</b>	<b>19</b>	<b>28</b>	<b>28</b>
Interest on Loan	0	0	0	0	0
Other Expenditures	0	0	1	1	1
<b>Total: Expenditures</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>Income/Loss</b>	<b>21</b>	<b>20</b>	<b>18</b>	<b>27</b>	<b>26</b>
<b>Income/Loss of General Account</b>	<b>37</b>	<b>40</b>	<b>31</b>	<b>43</b>	<b>41</b>
<b>Special Account</b>					
Gains from Sales of Assets	0	0	0	0	0
Other Revenues	18	20	24	13	11
<b>Total: Revenues</b>	<b>18</b>	<b>20</b>	<b>24</b>	<b>13</b>	<b>11</b>
Balance of Asset Disposal	51	3	8	8	5
Other Expenditures	0	0	1	0	1
<b>Total: Expenditures</b>	<b>51</b>	<b>3</b>	<b>9</b>	<b>8</b>	<b>6</b>
<b>Income/Loss</b>	<b>Δ 33</b>	<b>17</b>	<b>15</b>	<b>4</b>	<b>5</b>
Net Income/Loss before Allocated Capital Funds	4	57	46	48	47
Total Amount of Allocated Capital Funds	Δ 47	Δ 48	Δ 36	Δ 16	Δ 9
Net Income/Loss for This Fiscal Year	Δ 42	8	10	32	37
Net Income/Loss Brought Forward from Previous Fiscal Year	Δ 208	Δ 250	Δ 242	Δ 229	Δ 191
Amount Reversed from Capital Funds	-	0	3	7	0
Net Income/Loss to be Carried Forward to Next Fiscal Year	Δ 250	Δ 242	Δ 229	Δ 191	Δ 153
<b>Total Revenues of Statement of Operations</b>	<b>782</b>	<b>795</b>	<b>798</b>	<b>803</b>	<b>813</b>
<b>Total Expenditures of Statement of Operations</b>	<b>778</b>	<b>738</b>	<b>752</b>	<b>755</b>	<b>767</b>

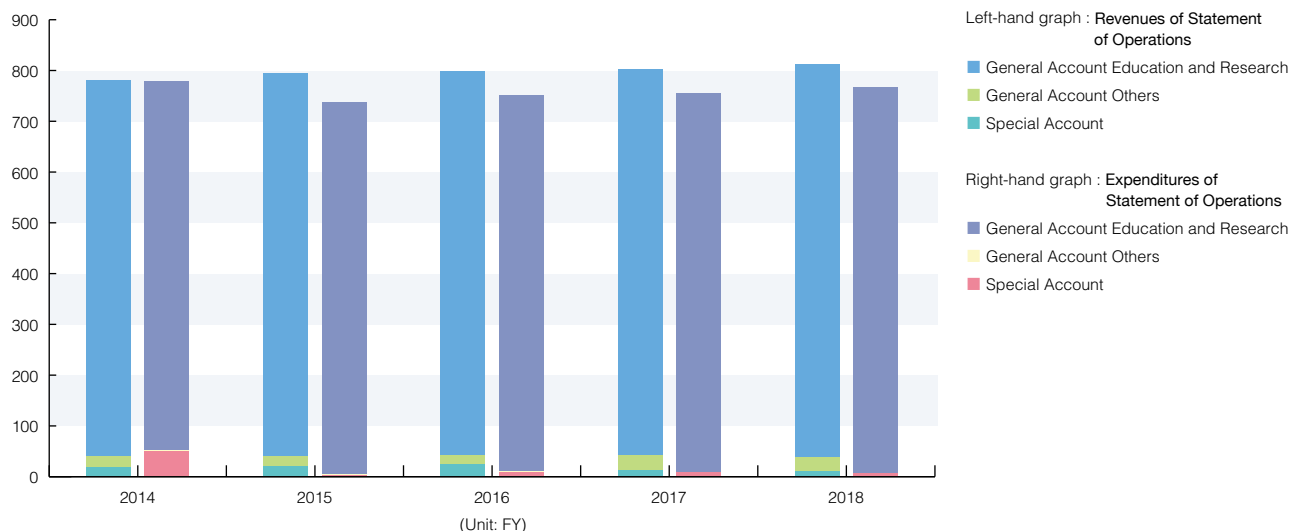
\*Numerical value 2014 are recalculated based on the revised accounting standards for incorporated educational institution for the reference.

\*Due to rounding up, totals may not match the sum of individual items.

\*Total Revenues of Statement of Operations= Revenues from Cureent Account + Revenues from Special Account

\*Total Expenditures of Statement of Operations= Expenditures from Cureent Account + Expenditures from Special Account + Reserve Fund

\*2014 expenditures from special account includes the gain on disposal of fixed assets (5.1 billion Japanese yen) at the Ritsumeikan Junior and Senior High School which was relocated to Nagaokakyo city.

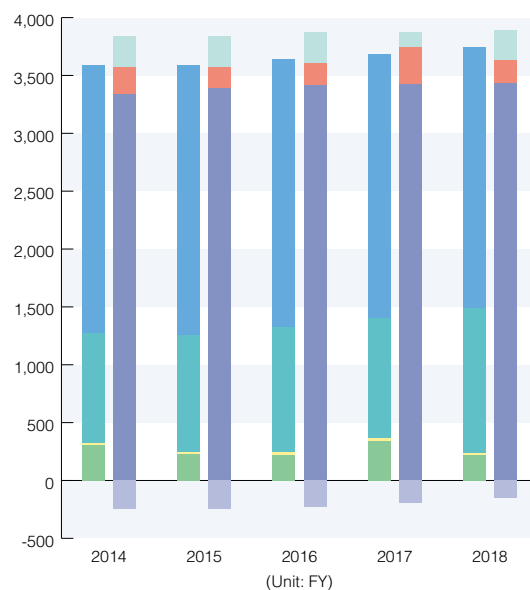




## 2-3. Historical Financial Position (FY2014 ~ 2018)

(in 100 million of JPY)

Item	End of FY2014	End of FY2015	End of FY2016	End of FY2017	End of FY2018
<b>Assets</b>					
Fixed Assets	3,282	3,360	3,419	3,342	3,521
Tangible Fixed Assets	2,312	2,338	2,312	2,288	2,259
Specified Assets	958	1,005	1,088	1,034	1,245
Other Fixed Assets	12	17	20	20	17
Current Assets	305	232	220	345	221
Assets: Total	3,587	3,592	3,639	3,687	3,742
<b>Liabilities</b>					
Fixed Liabilities	266	265	263	138	267
Current Liabilities	235	184	187	313	193
Liabilities: Total	501	449	451	451	459
<b>Net Assets</b>					
Capital Funds	3,336	3,385	3,418	3,427	3,436
Type 1 Capital Fund	3,147	3,194	3,227	3,235	3,245
Type 2 Capital Fund	—	—	—	—	—
Type 3 Capital Fund	137	137	137	137	137
Type 4 Capital Fund	52	53	54	55	55
Net Income/Loss	Δ 250	Δ 242	Δ 229	Δ 191	Δ 153
Net Assets: Total	3,086	3,143	3,189	3,236	3,283
Liabilities and Net Assets: Total	3,587	3,592	3,639	3,687	3,742



Left-hand graph : Assets      Right-hand graph : Liabilities and Net Assets

■ Tangible Fixed Assets      ■ Fixed Liabilities

■ Specified Assets            ■ Current Liabilities

■ Other Fixed Assets         ■ Capital Funds

■ Current Assets              ■ Net Income/Loss

\* Numerical value 2014 are recalculated based on the revised accounting standards for incorporated educational institution for the reference.

\* Due to rounding up, totals may not match the sum of individual items.

## 3. Financial Ratios

## Financial Ratios for the Statement of Operating Activities

(Unit:%)

Ratio	Calculation	Evaluation	FY2014	FY2015	FY2016	FY2017	FY2018	National average
Personnel ratio	Personnel Expenditures ÷ General Revenues	▼	49.1	48.7	48.7	49.1	49.0	53.8
Education and Research Ratio	Education and Research Expenditures ÷ General Revenues	△	38.9	38.8	40.2	37.9	38.0	33.3
Balance of Payments in General Accounts; Education and Research	Income/Loss of General Accounts; Education and Research ÷ Revenues in General Accounts; Education and Research	△	2.2	2.6	1.7	2.1	1.9	2.4
Balance of Payments in General Accounts	Income/Loss of General Accounts ÷ General Revenues	△	4.9	5.2	4.0	5.5	5.2	3.9
Operating Activities Balance Ratio	Net income/loss for given academic year prior to allocation to capital funds ÷ revenue from operating activities	△	0.6	7.1	5.8	5.9	5.7	4.9

\* Numerical value 2014 are recalculated based on the revised accounting standards for incorporated educational institution for the reference.

\* General Revenues = Revenues from General accounts

\* Scale: △: Higher values are better    ▼: Lower values are better. National averages are the figures from FY2017 for incorporated universities, excluding medical and dental schools, taken from "Private University Finance Today" published by the Promotion and Mutual Aid Corporation for Private Schools.

\* The definitions of ratios can be found in the section entitled "Incorporated Educational Institutions and Accounting Standards for Incorporated Educational Institutions" (p. 46).

## Financial Ratios for the Statement of Financial Position

(Unit:%)

Ratio	Calculation	Evaluation	FY2014	FY2015	FY2016	FY2017	FY2018	National average
Ratio of Net Assets to Total Assets	Net Assets ÷ Total Assets	△	86.0	87.5	87.6	87.8	87.7	87.8
Ratio of Total Liabilities to Total Assets	Total Liabilities ÷ Total Assets	▼	14.0	12.5	12.4	12.2	12.3	12.2

\* Numerical value 2014 are recalculated based on the revised accounting standards for incorporated educational institution for the reference.

\* Scale: △: Higher values are better    ▼: Lower values are better. National averages are the figures from FY2017 for incorporated universities, excluding medical and dental schools, taken from "Private University Finance Today" published by the Promotion and Mutual Aid Corporation for Private Schools.

\* The definitions of ratios can be found in the section entitled "Incorporated Educational Institutions and Accounting Standards for Incorporated Educational Institutions" (p. 46).