

Company no: 02562565  
Charity number:1002647

# **Shumei Eiko Limited**

**Trustees' report and financial statements  
for the year ended 31 March 2021**

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**Reference and administrative details of the Charity, its Trustees and advisers  
for the year ended 31 March 2021**

<b>Trustees</b>	Professor J Craven (Chair) Dr K Balchin (appointed 17 July 2020) D Gowland (resigned 10 September 2020) Professor M Horii Professor K Kawashima A Moore Professor M Sekiguchi P A Todd C Vines (College Principal)(resigned 20 August 2020)
<b>Senior Management Team</b>	Professor M Horii - Principal (Chief Executive) J Archer - Finance Manager D Hutton - Operations Manager L Mead - HR Manager R Venner - Academic Business Manager
<b>Company registration number</b>	02562565
<b>Charity registered number</b>	1002647
<b>Registered office</b>	Chaucer College Canterbury University Road Canterbury, Kent CT2 7LJ
<b>Independent auditors</b>	MHA MacIntyre Hudson Maidstone United Kingdom
<b>Bankers</b>	HSBC Canterbury

**Trustees' report****for the year ended 31 March 2021****Structure, governance and management****Governing document**

The Charity was formed as a company limited by guarantee on 27 November 1990. It is governed by a Memorandum and Articles of Association dated 27 November 1990.

The Company became a registered charity on 24 April 1991. Its Charity Commission registration number is 1002647.

**Recruitment and appointment of new trustees**

The appointment of trustees/directors is by the recommendation of the existing directors as laid down in the Memorandum and Articles of Association.

Training is provided by way of discussions with outgoing trustees and with senior managers within the organisation as well as being provided with a trustee pack which documents all the key internal information and statutory duties of taking up such a position. These discussions are for incoming trustees to be briefed on the operations and controls within the college.

**Organisational structure**

The Charity operates from its principal address in Canterbury. The Charity has an arm's length relationship with Shumei Gakuen Foundation (The 'Foundation'), which is based in Japan and which is its principal funder. Students from the Foundation are enrolled at the Charity's college in the United Kingdom for part of their studies. Transactions with the Foundation are considered to be related party transactions. Except as set out in notes 11 and 22 to the financial statements, the Charity does not transact with other related parties.

Catherine Vines was the Principal of Chaucer College Canterbury and also the Chair of the Senior Management Team which oversees day-to-day operations of the College until her resignation in August 2020. Mitsutoshi Horii has become Principal.

Senior managers control the day-to-day operations of the College via delegated powers from the Trustees, who meet quarterly to ascertain performance of the College and to approve policies as required.

Any decisions regarding major purchases or policy changes in the operation of the College are discussed with the Foundation and decisions are agreed with the Board of Trustees in the UK and passed down to the Senior Management Team. Under English charity law, the Charity Trustees are responsible for the governance of the Charity in accordance with its charitable objects.

The day-to-day operations and normal decisions to maintain the continuity of the College are taken by the Senior Management Team.

The Charity has two wholly-owned subsidiaries. Shumei Eiko Property Ltd holds the College premises and leases them to the Charity. It commissioned the construction of Chaucer College which was completed in 1992. The land on which the College is built is leased from the University of Kent at a rent which is reviewed every five years. Shumei Eiko Services Ltd operated the Group's non-charitable trading, which is principally the letting out of surplus rooms to students from the University of Kent and the external hiring of classrooms when they are not in use by the College, until 31 December 2020 when its business, assets and liabilities were transferred to Shumei Eiko Property Ltd. Both companies donate their taxable profits to the Charity by way of Gift Aid each year.

**Remuneration of key management personnel and Trustees**

Key management personnel are paid a salary within an agreed band which is based on local market rates. There are no performance-related elements within their remuneration package, and pensions are on the same basis as for all other employees. Trustees are not remunerated in their role as Trustees; the only Trustees who have received remuneration have received it in their capacity as employees and key management personnel on the same basis as other key management personnel.

**Objectives and aims**

The principal objectives and activities of the Charity, as set out in the Memorandum of Association, are to advance the education of young people and mature students through the learning of English and in particular, but without prejudice to, people of Japanese origin and to advance the education of the public in all aspects of Japanese culture. The Charity aims to achieve its objectives by exceptional educational standards via its excellent teaching personnel and ancillary staff.

**Public benefit**

The Trustees confirm that they have complied with the duty in section 4 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission in determining the activities undertaken by the Charity. In particular, the planned activities of the Charity contribute to the aims and objectives, delivering services valued by the users in advancing education of young people and mature people as well as educating the public in all aspects of Japanese culture. During the year the charitable activities and delivery of public benefit were severely limited by the Coronavirus pandemic.

Further information on the activities undertaken for the public benefit are given in the Charitable Activities section of this report.

**Strategic report****Charitable activities**

All residential courses to teach English to international students, which were the principal means by which the Charity carried out its charitable activities, were suspended in March 2020 due to the Coronavirus lockdown and subsequent restrictions on international travel, and have not yet been able to resume. As a result there were no such residential courses during the year ended 31 March 2021. There was a small level of non-residential charitable activity during the year.

**Achievements and performance**

As well as being unable to run residential courses during the year, IELTS English language exams have had to be suspended for seven months of the year but were able to run for the other five, and letting of surplus space to University of Kent students has been severely affected. We are further developing non-residential training both online and for local students, but student numbers during the year have been small. The Charity regrettably made many staff redundant, and also cut other expenditure wherever possible, in order to sustain the cash reserves until normal business is able to resume.

**Community contribution**

Because of Coronavirus restrictions the Charity's capacity to contribute to the community has been severely limited.

**Non-charitable activities**

Our non-charitable activities relate closely to our educational charity purposes. We continue to supply accommodation in our accommodation blocks to University of Kent students.

**Financial review**

During the year, the Group generated income of £676,000 (2020: £3,048,000) excluding exceptional profit on disposal in the previous year and incurred expenditure of £1,915,000 (2020: £4,213,000), resulting in a deficit before the exceptional profit on disposal of £1,239,000 (2020: £1,165,000). The vast majority of the income for the year arose from the Government's furlough scheme and other forms of Coronavirus business support.

The proceeds from the sale of the Kingsgate campus in 2019 have given the Charity sufficient cash balances to enable it to withstand the impact of the Coronavirus pandemic when combined with government support and significant action taken by the Trustees to minimise costs until the full resumption of business.

The Group's unrestricted funds as set out in the balance sheet as at 31 March 2021 were £10,758,000 (2020: 11,997,000).

The Board would like the level of free reserves which are not invested in tangible fixed assets to be at least equivalent to three months' expenditure and therefore, in normal circumstances, around £1,000,000. The actual level of free reserves as at 31 March 2021 was £352,000 (2020: £1,345,000), the drop in the year reflecting the impact of the pandemic. The Trustees keep the position under review regularly, and aim to rebuild reserves over the coming years through annual operating surpluses and careful management of the Group's resources.

Tangible fixed assets are held for the charitable use of the College.

Funding is normally received mainly via fees received from the Foundation in Japan and from other educational establishments which send their students to the College. The expenditure incurred reflects the costs of running the College to educate the students to the required standard.

### **Going concern and plans for future periods**

The financial statements have been prepared on the going concern basis of accounting. As a result of the Coronavirus pandemic, there is uncertainty over whether the future cashflows will be sufficient to cover the Charity's liabilities that fall due. This indicates that a material uncertainty exists that may cast significant doubt on the Charity's ability to continue as a going concern.

Due to ongoing travel restrictions imposed both in the United Kingdom and in the source countries of the students and the loss of confidence of customers in international travel, the Trustees expect a severe ongoing impact on the level of activity through into 2022, with an ongoing risk of restrictions being reimposed at short notice. However, the Trustees are optimistic based on reports from our customers that demand for our services is high, that business will bounce back, and that we can operate effectively and safely despite ongoing Covid-safe procedures.

The principal objective for the next year is to rebuild the business, including new business which does not depend on international travel. This will involve rerecruiting some of the staff who have had to be made redundant during the pandemic and recruiting others, whilst ensuring that our workforce is sufficiently flexible to cope with seasonal variation. We have taken the opportunity of the closure to review our cost structure from first principles, and therefore we will need to bed in a variety of new ways of working. All of this will need to be done whilst preserving cash so as to ensure that we are secure to handle future fluctuations and uncertainty. Further action and/or support from the Foundation will be necessary to ensure that the Charity has sufficient cash until income returns to a commercially viable level.

The Trustees' cash flow projections show that, on reasonably cautious assumptions about levels of income, without recourse to additional funding from borrowing or government grants, and with further support from the Foundation only at the level that they have agreed, cash can be made to last until the end of 2022. On this basis, which the Trustees believe to be reasonable in the circumstances, the Trustees have a reasonable expectation that the Group will continue to exist for at least 12 months from the date of this report, and have therefore prepared the financial statements on a going concern basis.

### **Principal risks and uncertainties**

The principal risk relates to the ability of the Group to continue until business has fully recovered from the Coronavirus pandemic. This risk has three principal elements as follows:

- Financial risks - can we return to profitability despite a likely reduced level of business and increased costs due to social distancing requirements?
- Product quality risks - can we maintain a quality product in the light of rapid changes in student expectations and challenges in delivering education through any ongoing restrictions?
- Staffing risk - can we recruit a sufficient level of staffing to replace those lost through redundancy during the pandemic to deliver our courses successfully?

**Disclosure of information to auditors**

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable Company's auditors are unaware; and
- that Trustee has taken all the steps that ought to have been taken as a trustee in order to be aware of any relevant audit information and to establish that the charitable Company's auditors are aware of that information.

**Statement of Trustees' responsibilities**

The Trustees (who are also the directors of the Charity for the purpose of company law) are responsible for preparing the Trustees' report including the Strategic report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

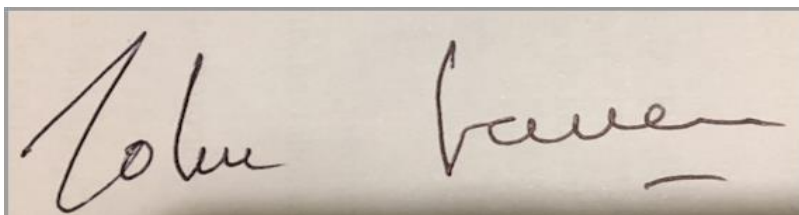
Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable Company and of the incoming resources and application of resources, including the income and expenditure, of the charitable Company for that period.

In preparing those financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS102);
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by order of the members of the Board of Trustees and signed on its behalf by:

A photograph of a handwritten signature in black ink on a light-colored background. The signature is written in a cursive style and appears to read 'John Craven'.

**Professor J Craven**

Chairman

Date: 2 December 2021

**Independent auditors' report to the members of Shumei Eiko Limited****Opinion**

We have audited the financial statements of Shumei Eiko Limited (the 'Parent Charitable Company') and its subsidiaries (the 'Group') for the year ended 31 March 2021, which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Statement of Cash Flows and the related notes, including a summary of the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the Parent Charitable Company's affairs as at 31 March 2021 and of the Group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Material uncertainty related to going concern**

We draw attention to note 2(b) in the financial statements, which indicates that as a result of the coronavirus pandemic there is uncertainty over whether the future cashflows will be sufficient to cover the Group's liabilities as they fall due. As stated in note 2(b), these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Material uncertainty related to going concern has arisen from implications caused by the COVID-19 pandemic. There is weak international demand for the activities the Charity is offering, because of uncertainty over future travel restrictions and other government policies. Since the balance sheet date, despite successful global vaccinations programmes and the easing of restrictions in some countries, the uncertainty for the year ahead still remains. Further action and/or support from the Shumei Gakuen Foundation will be necessary to ensure that the Charity has sufficient cash until income returns to a commercially viable level.

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

**Other information**

The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. The Trustees are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' report including the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' report and the Strategic report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charitable Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Strategic report.

We have nothing to report in respect of the the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- the Parent Charitable Company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Charitable Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of trustees**

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Group's and the Parent Charitable Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or the Parent Charitable Company or to cease operations, or have no realistic alternative but to do so.

**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Reviewing minutes of meetings of those charged with governance;
- Enquiry of entity's management to identify any instances of non compliance with laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' report.

**Use of our report**

This report is made solely to the Charitable Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Charitable Company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charitable Company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Duncan Cochrane-Dyett BSc BFP FCA, Senior Statutory Auditor

for and on behalf of

**MHA MacIntyre Hudson**

Statutory Auditors

Maidstone

United Kingdom

Date: 10 December 2021

**Consolidated Statement of Financial Activities**

for the year ended 31 March 2021

(incorporating income and expenditure account)

		Unrestricted funds	Restricted funds	<b>Total funds</b>	Total funds
	<b>Notes</b>	2021	2021	<b>2021</b>	2020
		£000	£000	<b>£000</b>	£000
<b>Income from:</b>					
Charitable activities	4	35	-	<b>35</b>	2,912
Other trading activities	5	31	-	<b>31</b>	107
Exceptional gain on disposal of fixed asset	12	-	-	-	2,001
Other income - furlough grants	6	610	-	<b>610</b>	25
Investments		-	-	-	4
Total income		<u>676</u>	<u>-</u>	<u><b>676</b></u>	<u>5,049</u>
<b>Expenditure on:</b>					
Charitable activities		1,843	-	<b>1,843</b>	3,980
Raising funds	8	<u>72</u>	<u>-</u>	<u><b>72</b></u>	<u>233</u>
Total expenditure	7	<u>1,915</u>	<u>-</u>	<u><b>1,915</b></u>	<u>4,213</u>
<b>Net movement in funds</b>		<u>(1,239)</u>	<u>-</u>	<u><b>(1,239)</b></u>	<u>836</u>
<b>Reconciliation of funds</b>					
Total funds at start of year		11,997	-	<b>11,997</b>	11,161
Net movement in funds		<u>(1,239)</u>	<u>-</u>	<u><b>(1,239)</b></u>	<u>836</u>
Total funds at end of year		<u>10,758</u>	<u>-</u>	<u><b>10,758</b></u>	<u>11,997</u>

The consolidated Statement of Financial Activities includes all gains and losses recognised in the year.

All income and expenditure in both financial years relate to unrestricted funds.

The notes of pages 12 to 20 form part of these financial statements.

## Consolidated and Charity balance sheets

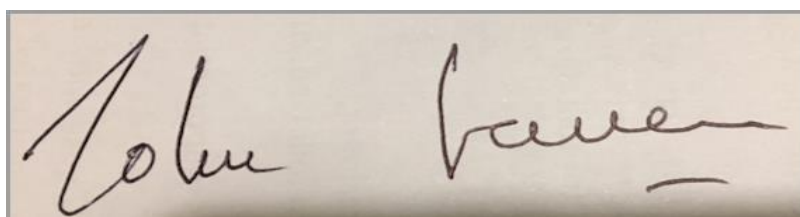
Company no: 02562565

as at 31 March 2021

	Notes	Group 2021 £000	Group 2020 £000	Charity 2021 £000	Charity 2020 £000
<b>Fixed assets</b>					
Tangible assets	12	10,406	10,652	63	103
Investments	13	-	-	13,133	13,331
		<u>10,406</u>	<u>10,652</u>	<u>13,196</u>	<u>13,434</u>
<b>Current assets</b>					
Stocks	14	2	3	2	3
Debtors	15	78	93	40	66
Cash at bank and in hand		572	1,632	75	86
		<u>652</u>	<u>1,728</u>	<u>117</u>	<u>155</u>
<b>Creditors: amounts falling due within one year</b>	16	(150)	(383)	(2,405)	(1,592)
<b>Net current assets/(liabilities)</b>		<u>502</u>	<u>1,345</u>	<u>(2,288)</u>	<u>(1,437)</u>
<b>Creditors: amounts falling due after more than one year</b>	17	(150)	-	(150)	-
<b>Net assets</b>		<u>10,758</u>	<u>11,997</u>	<u>10,758</u>	<u>11,997</u>
<b>Charity funds</b>					
Unrestricted funds		10,758	11,997	10,758	11,997
<b>Total funds</b>		<u>10,758</u>	<u>11,997</u>	<u>10,758</u>	<u>11,997</u>

The Trustees acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:



Professor J Craven

Chairman

Date: 2 December 2021

The notes of pages 12 to 20 form part of these financial statements.

**Consolidated statement of cash flows**

for the year ended 31 March 2021

	Notes	2021 £000	2020 £000
<b>Cash flows from operating activities</b>	18	<b><u>(1,121)</u></b>	<b><u>(1,017)</u></b>
<b>Cash flows from investing activities</b>			
Sale of tangible fixed assets		11	2,461
Purchase of tangible fixed assets		-	(37)
Investment income		-	4
Net cash from investing activities		<b><u>11</u></b>	<b><u>2,428</u></b>
<b>Cash flows from financing activities</b>			
Bank loan taken out		50	-
Net cash from financing activities		<b><u>50</u></b>	<b><u>-</u></b>
<b>Change in cash and cash equivalents in the year</b>		<b>(1,060)</b>	1,411
Cash and cash equivalents at the start of the year		<b><u>1,632</u></b>	<u>221</u>
<b>Cash and cash equivalents at the end of the year</b>	19	<b><u><u>572</u></u></b>	<b><u><u>1,632</u></u></b>

The notes of pages 12 to 20 form part of these financial statements.

**Notes to the financial statements**

for the year ended 31 March 2021

**1 General information**

Shumei Eiko Limited is a private company limited by guarantee incorporated in England and Wales in the United Kingdom. The address of the registered office is Chaucer College Canterbury, University Road, Canterbury, Kent, CT2 7LJ. The company no is 02562565 and the charity number is 1002647.

The financial statements are presented in sterling which is the functional currency of the Group and rounded to the nearest £000.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years unless otherwise stated.

**2 Accounting policies****(a) Basis of preparation of financial statements**

The financial statements have been prepared in accordance with the Charities SORP (FRS102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019) and the Companies Act 2006.

Shumei Eiko Limited meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical or transaction value unless otherwise stated in the relevant accounting policy.

The consolidated statement of financial activities, balance sheet and statement of cash flows include the financial statements of the Charity and its subsidiaries. Figures are consolidated on a line by line basis.

The Charity has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of financial activities in these financial statements.

**(b) Going concern basis of accounting**

The financial statements have been prepared on the going concern basis of accounting. As a result of the Coronavirus pandemic there is uncertainty over whether the future cashflows will be sufficient to cover the Charity's liabilities that fall due. This indicates that a material uncertainty exists that may cast significant doubt on the Charity's ability to continue as a going concern.

The Charity's business relies on students from overseas travelling to the Charity's premises for in-culture learning of English as a foreign language. In common with all similar educational establishments, the operations were suspended during the period of the Coronavirus lockdowns, and it is expected to be some time before foreign schools and students are ready to resume international travel to the extent of before the pandemic, and therefore the level of the Charity's income is likely to be affected until at least spring 2022.

Specifically, there is weak international demand for the activities the Charity is offering, due to uncertainty over future travel restrictions and other government policies (such as quarantine requirements). Since the balance sheet date, despite successful global vaccinations programmes and the easing of restrictions in some countries, the uncertainty for the year ahead still remains.

The Charity has taken all necessary steps to protect itself until income levels fully resume, including obtaining government support, reducing staff costs, renegotiating contracts with lessors and other suppliers, and seeking alternative sources of income. Further action and/or support from the Shumei Gakuen Foundation will be necessary to ensure that the Charity has sufficient cash until income returns to a commercially viable level.

The Trustees have reviewed the projected cash flows of the Group and the potential sources of additional funding under various scenarios for recovery from the Coronavirus pandemic, and are satisfied on the basis of those projections that it is appropriate to continue to prepare financial statements on a going concern basis. However, there is uncertainty over whether these future cash flows will be sufficient to cover the Group's liabilities as they fall due, and this indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

**(c) Income**

All income, including income from charitable activities and trading income, is recognised once the Charity has entitlement to the income, it is probable that the income will be received and the amount of the income can be measured reliably.

Income from government and other grants is recognised at fair value when the Charity is entitled to it after any performance conditions have been met, when it is probable that the income will be received, and when the amount can be measured reliably. If entitlement is not met, these amounts are deferred.

Income is deferred where it relates to a future period.

Income from student accommodation is recognised when entitlement has accrued.

**(d) Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Expenditure is classed by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

Expenditure on raising funds includes all expenditure incurred by the Group includes costs of non-charitable trading.

All expenditure is inclusive of irrecoverable VAT.

**(e) Operating leases**

Rentals paid under operating leases are charged as expenditure on a straight line basis over the lease term.

**(f) Employee benefits**

When employees have rendered service to the Charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid for that service.

Termination benefits are recognised as an expense when there is a detailed formal plan for termination and the Charity cannot realistically withdraw from the plan.

The Group uses a defined contribution pension arrangement, and the pension charge represents the amounts payable to the scheme by the Group in respect of the year.

**(g) Tangible fixed assets**

Tangible fixed assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost, including cost of bringing them into their intended working condition. Thereafter they are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to allocated the cost of tangible fixed assets less their residual value over their estimated useful lives using the straight-line method. Depreciation is provided at the following annual rates:

Long-term leasehold property	over lease term
Plant and machinery	10%
Motor vehicles	25%
Fixtures and fittings	20%
Computer equipment	33%
Other equipment	15%

**(h) Investments**

Investments in subsidiaries are stated at cost less provision for impairment.

**(i) Stocks**

Stocks are stated at the lower of cost and net realisable value.

**(j) Debtors**

Trade and other debtors are recognised at the settlement amount. Prepayments are stated at the proportion of the expense which relates to future periods.

**(k) Cash at bank and in hand**

Cash at bank and in hand includes cash and short-term highly liquid investments with a maturity period of three months or less from the time of investment.

**(l) Liabilities**

Liabilities are recognised when there is an obligation as a result of a past event, it is probable that a transfer of an economic benefit will be required in settlement, and the amount of the settlement can be measured reliably.

**(m) Financial instruments**

The Group only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

**(n) Fund accounting**

General funds are unrestricted funds which are available for use at the discretion of the Directors in furtherance of the general objectives of the Group and which have not been designated for other purposes. All funds are general funds.

**3 Critical accounting estimates and areas of judgment**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Accounting estimates and judgments will, by definition, seldom equal the actual outcomes. The most significant estimates and judgments which could have a material impact on the carrying values of assets and liabilities relate to the expected degree and speed of recovery of the Group's economic activity following the disruption arising from the Coronavirus pandemic (see note 2(b)), and the useful economic life of the Group's assets.

<b>4</b>	<b>Income from charitable activities</b>	<b>2021</b>	<b>2020</b>
		<b>£000</b>	<b>£000</b>
	Course fees Shumei Gakuen Foundation	-	1,572
	Other course fees	6	916
	Exam fees	13	80
	Other ancillary activities	16	344
		<b>35</b>	<b>2,912</b>

**Shumei Eiko Limited (a company limited by guarantee)**
**2021**

<b>5</b>	<b>Income from other trading activities</b>	<b>2021</b>	2020
		<b>£000</b>	£000
	Rental income	<b>19</b>	101
	Other trading income	<b>12</b>	6
		<b>31</b>	107

**6 Other income - furlough grants**

Furlough grant income consists entirely of Coronavirus Job Retention Scheme grants. At the balance sheet date there were no unfulfilled conditions attached to these grants.

**7 Analysis of expenditure by activity**

	Staff costs	Deprec- iation	Other costs	Support costs allocation	<b>2021</b>	2020
	£000	£000	£000	£000	<b>£000</b>	£000
Charitable activities: education	666	-	48	1,129	<b>1,843</b>	3,980
Raising funds (see note 8)	38	1	2	31	<b>72</b>	233
	704	1	50	1,160	<b>1,915</b>	4,213
Support costs (see below)	556	243	361	(1,160)	-	-
	<b>1,260</b>	<b>244</b>	<b>411</b>	-	<b>1,915</b>	<b>4,213</b>

	Staff costs	Deprec- iation	Other costs	Support costs allocation		2020
	£000	£000	£000	£000		£000
<b><i>Analysis of prior year total</i></b>						
Charitable activities: education	1,364	1	895	1,720		3,980
Raising funds (see note 8)	39	2	60	132		233
	1,403	3	955	1,852		4,213
Support costs (see below)	810	286	756	(1,852)		-
	<b>2,213</b>	<b>289</b>	<b>1,711</b>	-		<b>4,213</b>

**Analysis of support costs**

	<b>2021</b>	2020
	<b>£000</b>	£000
Premises costs	<b>438</b>	870
Housekeeping	<b>115</b>	223
Management costs	<b>179</b>	301
Office costs	<b>166</b>	154
Governance costs (see below)	<b>19</b>	18
Depreciation	<b>243</b>	286
	<b>1,160</b>	<b>1,852</b>

**Analysis of governance costs**

	<b>2021</b>	2020
	<b>£000</b>	£000
Auditors' remuneration	<b>19</b>	17
Trustee expenses	-	1
	<b>19</b>	<b>18</b>

**8 Expenditure on raising funds**

	<b>2021</b>	2020
	<b>£000</b>	£000
Marketing costs	<b>57</b>	142
Trading expenditure	<b>15</b>	91
	<b>72</b>	<b>233</b>

**Shumei Eiko Limited (a company limited by guarantee)****2021**

<b>9 Staff costs</b>	<b>2021</b>	2020
	<b>£000</b>	£000
Wages and salaries	<b>1,158</b>	2,025
Social security costs	<b>83</b>	154
Defined contribution pension costs (see below)	<b>19</b>	34
	<b>1,260</b>	<b>2,213</b>

The Charity operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Charity in an independently administered fund. The pension cost shown above represents contributions payable by the Charity to the fund. Contributions totalling £2,000 (2020: £4,000) were payable to the fund at the balance sheet date and are included in other creditors.

**Average employee numbers**

Total headcount	<b>63</b>	121
Full time equivalents	<b>44</b>	82

All employees of the Group are within the Charity.

No employee received remuneration amounting to more than £60,000 in either year.

During the year termination payments of £110,000 (2020: £64,000) were made to 36 (2020: 6) members of staff.

The total amount of employee benefits received by key management personnel was £137,000 (2020: £138,000). The Charity considers its key management personnel to comprise the members of the Senior Management Team.

<b>10 Auditors' remuneration</b>	<b>2021</b>	2020
	<b>£000</b>	£000
Audit of the Charity's accounts	<b>13</b>	10
Audit of subsidiary accounts	<b>6</b>	7
Assistance with management accounting and budgeting	<b>-</b>	8
Tax compliance and advice	<b>3</b>	4
	<b>22</b>	<b>29</b>

**11 Trustees' remuneration and expenses**

During the year, some Trustees have been paid remuneration from an employment within the Charity. The role of Trustee in each case is unpaid. The value of Trustees' remuneration and other benefits was as follows:

	<b>Salary</b>	<b>Pension</b>	<b>Total</b>	Salary	Pension	Total
	<b>2021</b>	<b>2021</b>	<b>2021</b>	2020	2020	2020
	<b>£</b>	<b>£</b>	<b>£</b>	£	£	£
C Vines (highest paid)	<b>18,908</b>	<b>96</b>	<b>19,004</b>	48,919	1,199	50,118
M Horii	<b>4,800</b>	<b>1,302</b>	<b>6,102</b>	4,800	1,313	6,113
	<b>23,708</b>	<b>1,398</b>	<b>25,106</b>	53,719	2,512	56,231

The pension benefits above were accruing to 2 Trustees (2020: 2) in respect of defined contribution pension schemes. During the year, travelling and compliance expenses totalling £13 (2020: £621) were reimbursed to or paid directly on behalf of 1 (2020: 3) Trustee.

## 12 Tangible fixed assets

<b>Group</b>	Leasehold property £000	Motor vehicles £000	Plant & machinery £000	Fixtures, fittings & equipment £000	<b>Total £000</b>
<b>Cost</b>					
At start of year	13,354	70	563	638	<b>14,625</b>
Disposals	-	(70)	-	(482)	<b>(552)</b>
At end of year	<u>13,354</u>	<u>-</u>	<u>563</u>	<u>156</u>	<u><b>14,073</b></u>
<b>Depreciation</b>					
At start of year	3,084	68	285	536	<b>3,973</b>
Charge for the year	149	-	56	39	<b>244</b>
Disposals	-	(68)	-	(482)	<b>(550)</b>
At end of year	<u>3,233</u>	<u>-</u>	<u>341</u>	<u>93</u>	<u><b>3,667</b></u>
<b>Net book value</b>					
<b>At end of year</b>	<u><b>10,121</b></u>	<u><b>-</b></u>	<u><b>222</b></u>	<u><b>63</b></u>	<u><b>10,406</b></u>
At start of year	<u>10,270</u>	<u>2</u>	<u>278</u>	<u>102</u>	<u>10,652</u>

<b>Charity</b>	Motor vehicles £000	Fixtures, fittings & equipment £000	<b>Total £000</b>
<b>Cost</b>			
At start of year	70	626	<b>696</b>
Disposals	(70)	(470)	<b>(540)</b>
At end of year	<u>-</u>	<u>156</u>	<u><b>156</b></u>
<b>Depreciation</b>			
At start of year	68	525	<b>593</b>
Charge for the year	-	38	<b>38</b>
Disposals	(68)	(470)	<b>(538)</b>
At end of year	<u>-</u>	<u>93</u>	<u><b>93</b></u>
<b>Net book value</b>			
<b>At end of year</b>	<u><b>-</b></u>	<u><b>63</b></u>	<u><b>63</b></u>
At start of year	<u>2</u>	<u>101</u>	<u>103</u>

The lease to which the leasehold property relates expires in 2089.

During the previous year, the Group sold its Ramsgate site and concentrated all operations on the Canterbury site. The exceptional profit on disposal was as follows:

	£000
Gross sales proceeds	2,548
Costs of disposal	(87)
Net proceeds received	<u>2,461</u>
Book value of site	(460)
Exceptional profit on disposal	<u><u>2,001</u></u>

13	Fixed asset investments	Investment in subsidiary companies	
		2021	2020
	Charity	£000	£000
	Cost	15,254	15,254
	Less provision for impairment	(2,121)	(1,923)
	Net book value	<u>13,133</u>	<u>13,331</u>

The subsidiary companies, both of which are owned 100% by the Charity and are registered in England and Wales, are as follows:

	Shumei Eiko Property Ltd	Shumei Eiko Services Ltd
Company no	02388648	08958406
Principal activity	Leasing and management of properties	Accommodation, facilities and other services
Income for the year (£000)	410	21
Expenditure for the year (£000)	(340)	(15)
Profit/(loss) for the year (£000)	70	6
Net assets at end of year (£000)	13,132	1

The business, assets and liabilities of Shumei Eiko Services Ltd were transferred to Shumei Eiko Property Ltd on 31 December 2020 and at the same date Shumei Eiko Services Ltd became dormant.

14	Stocks	Group		Charity	
		2021	2020	2021	2020
		£000	£000	£000	£000
	Goods for use and resale	<u>2</u>	<u>3</u>	<u>2</u>	<u>3</u>

15	Debtors	Group		Charity	
		2021	2020	2021	2020
	Due within one year	£000	£000	£000	£000
	Trade debtors	6	10	6	10
	Other debtors	17	25	10	25
	Prepayments and accrued income	55	58	24	31
		<u>78</u>	<u>93</u>	<u>40</u>	<u>66</u>

16	Creditors: amounts falling due within one year	Group		Charity	
		2021	2020	2021	2020
		£000	£000	£000	£000
	Trade creditors	52	133	52	124
	Amounts owed to group undertakings	-	-	2,262	1,232
	Taxation and social security	11	42	11	42
	Other creditors	34	145	34	139
	Accruals and deferred income	53	63	46	55
		<u>150</u>	<u>383</u>	<u>2,405</u>	<u>1,592</u>

**Shumei Eiko Limited (a company limited by guarantee)**
**2021**

<b>Analysis of deferred income</b>	<b>Group</b>	Group	<b>Charity</b>	Charity
	<b>2021</b>	2020	<b>2021</b>	2020
	<b>£000</b>	£000	<b>£000</b>	£000
Deferred income at start of year	<b>30</b>	152	<b>30</b>	152
Amounts released from previous years	<b>(30)</b>	(152)	<b>(30)</b>	(152)
Amounts deferred in the year	<b>17</b>	30	<b>17</b>	30
Deferred income at end of year	<b>17</b>	30	<b>17</b>	30

Deferred income relates to course and exam fees invoiced in advance.

**17 Creditors: amounts falling due after more than one year**

	<b>Group</b>	Group	<b>Charity</b>	Charity
	<b>2021</b>	2020	<b>2021</b>	2020
	<b>£000</b>	£000	<b>£000</b>	£000
Trade creditors	<b>100</b>	-	<b>100</b>	-
Bank loans	<b>50</b>	-	<b>50</b>	-
	<b>150</b>	-	<b>150</b>	-

Trade creditors represent an agreed schedule for deferred rent which is payable by instalments through to May 2023, on which no interest is charged.

The bank loan is a government-guaranteed bounceback loan which is due for repayment by instalments through to November 2026 and incurs interest at 2% per annum.

**18 Cash flow from operating activities**

	<b>Group</b>	Group
	<b>2021</b>	2020
	<b>£000</b>	£000
<b>Net (expenditure)/income for the year</b>	<b>(1,239)</b>	836
Depreciation	<b>244</b>	289
Profits on disposal of fixed assets	<b>(9)</b>	(2,001)
Investment income	-	(4)
Movement in stocks	<b>1</b>	6
Movement in debtors	<b>15</b>	41
Movement in creditors	<b>(133)</b>	(184)
<b>Cash flow from operating activities</b>	<b>(1,121)</b>	(1,017)

**19 Cash and cash equivalents**

	<b>Group</b>	Group
	<b>2021</b>	2020
	<b>£000</b>	£000
Cash at bank and in hand	<b>572</b>	1,632
<b>Cash and cash equivalents</b>	<b>572</b>	1,632

**20 Changes in net debt**

	<b>1 April</b>	<b>Cash</b>	<b>31 March</b>
	<b>2020</b>	<b>flows</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Cash at bank and in hand	1,632	(1,060)	572
Bank loans	-	(50)	(50)
<b>Net debt</b>	<b>1,632</b>	<b>(1,110)</b>	<b>522</b>

**21 Operating lease commitments**

The commitments to make future minimum lease payments under non-cancellable operating leases were as follows:

	<b>Group</b>	Group	<b>Charity</b>	Charity
	<b>2021</b>	2020	<b>2021</b>	2020
	<b>£000</b>	£000	<b>£000</b>	£000
Within one year - equipment and vehicles	<b>2</b>	23	<b>2</b>	23
One to five years - equipment and vehicles	<b>6</b>	25	<b>6</b>	25
Within one year - properties	<b>113</b>	113	<b>400</b>	400
One to five years - properties	<b>452</b>	452	<b>1,600</b>	1,599
Over five years - properties	<b>7,211</b>	7,324	<b>25,500</b>	25,887
	<b><u>7,784</u></b>	<u>7,937</u>	<b><u>27,508</u></b>	<u>27,934</u>

During the year the Group incurred expenditure in respect of operating leases amounting to £170,000 (£169,000).

**22 Related party transactions**

The group's educational and related fee income includes £nil (2020: £1,791,000) which was generated by provision of courses of Shumei Gakuen Foundation on an arms' length basis. At the end of the year, there was a balance of £16,000 (2020: £16,000) owing by the Charity to the Foundation. The Foundation in Japan employs M Sekiguchi, K Kawashima and M Horii who are Trustees and Directors of the Charity.

Gift Aid donations were made to the Charity during the year totalling £274,000 (2020: £1,308,000) from its subsidiary companies Shumei Eiko Property Ltd and Shumei Eiko Services Ltd.

Rent was paid by the Charity to its subsidiary company Shumei Eiko Property Ltd totalling £400,000 (2020: £449,000) in respect of leases for the properties from which the Charity operates.

A charge of £15,000 (2020: £84,000) was paid to the Charity by its subsidiary companies Shumei Eiko Services Ltd and Shumei Eiko Property Ltd for hire of facilities.

All balances owed to and from other companies within the Group are unsecured and interest-free.