

**Company no: 02562565**  
**Charity number:1002647**

# **Shumei Eiko Limited**

**Trustees' report and financial statements**  
**for the year ended 31 March 2023**

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**Reference and administrative details of the Charity, its Trustees and advisers  
for the year ended 31 March 2023**

**Trustees**

Professor J Craven (Chair)  
Professor M Horii  
Professor K Kawashima  
Dr A Manning (appointed 26 May 2023)  
Professor M Sekiguchi  
P A Todd  
Dr K Balchin (resigned 10 October 2022)  
A Moore (resigned 7 December 2022)

**Senior Management Team**

Professor M Horii - Principal (Chief Executive)  
J Archer - Finance Manager  
C Hanson - Programmes Manager  
M Shuttleworth - Operations Manager  
L Mead - HR Manager  
T Wozniak - Business Development Manager

**Company registration number**

02562565

**Charity registered number**

1002647

**Registered office**

Chaucer College Canterbury  
University Road  
Canterbury, Kent  
CT2 7LJ

**Independent auditors**

Kreston Reeves LLP  
Canterbury  
United Kingdom

**Bankers**

HSBC  
Canterbury

**Trustees' report**

for the year ended 31 March 2023

**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 10 and 21 to the financial statements, the Charity does not transact with other related parties.

Professor Mitsutoshi Horii is the Principal of Chaucer College and also the Chair of the Senior Management Team which oversees 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 is dormant. Shumei Eiko Property Ltd donates its 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 prior 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 were only able to resume in March 2022. As a result there were very few such residential courses during the year ended 31 March 2022. The year ended 31 March 2023 saw a graduated return to a more normal level of operation.

**Achievements and performance**

The principal achievement of the year has been to return to full operation after the pandemic. This involved recruiting and training permanent and sessional staff to replace those who had had to be made redundant during the pandemic, restoring links with agents who send international students to the United Kingdom to learn English, reassuring students and their group leaders, especially at times when Coronavirus was making a limited comeback, and re-learning what had previously been second nature to us.

We were pleased that we were able to deliver 4,238 student weeks of training during the year. This is about 30% below the normal number of student weeks before the pandemic, due partly to modest student demand as confidence in international travel took time to resume, and partly since we had to limit student numbers to those we had capacity to serve well while we were still recruiting staff and while maintaining Covid-safe procedures.

**Non-charitable activities**

Our non-charitable activities arise mainly from providing accommodation when it is not needed for our educational charity purposes. This grew once lockdowns had finished and before our courses resumed, and more recently has been very limited.

**Financial review**

During the year, the Group generated income of £2,597,000 (2022: £597,000) and incurred expenditure of £2,840,000 (2022: £1,206,000), resulting in a deficit for the year of £243,000 (2022: £609,000). These figures reflect the gradual resumption of activity after than pandemic.

The Group's unrestricted funds as set out in the balance sheet as at 31 March 2023 were £9,906,000 (2022: £10,149,000).

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 2023 was minus £131,000 (2022: minus £25,000). 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 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.

Demand for our services in summer and autumn 2023 has been reasonable despite the challenges of global inflation, reflecting the desire of many young people to catch up on lost years to improve their English language skills and to travel.

The principal objective for the next year is to return the business to profitability, bedding in a variety of new ways of working. One of the key elements of this will be increasing the numbers of international students outside the summer peak, especially from Latin America who work on a different academic timetable to Europe.

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 specifically agreed, cash can be made to last beyond December 2024. Furthermore, the Foundation has agreed to provide further funding should it be required up to the end of 2024. 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 in the context of rising prices until business has fully recovered from the Coronavirus pandemic. This risk has three principal elements as follows:

- Financial risks - can we return to profitability after the disruption of the pandemic and despite uncertain economic times, rapid increases in the costs of staff and energy, and the potential for further restrictions on travel?
- Product quality risks - can we maintain a quality product in the light of rapid changes in student expectations and challenges in delivering education?
- Staffing risk - in a competitive labour market, can we retain and recruit a sufficient level of staffing 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).

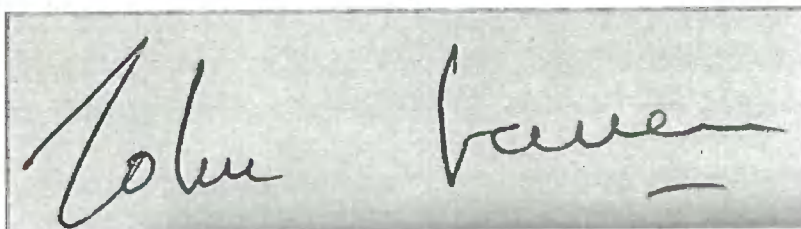
Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable Company and the Group and of the incoming resources and application of resources, including the income and expenditure, of the Group for 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 charitable Company and 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 rectangular box containing a handwritten signature in black ink. The signature is written in a cursive style and appears to read 'John Craven'.

**Professor J Craven**  
Chairman

Date: 27 December 2023

**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 2023, 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 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 2023 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.

**Conclusions relating to going concern**

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.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Parent Charitable Company and its group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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 course of 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 Parent 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 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 Parent 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 Parent 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.

*Kreston Reeves LLP*

Peter Manser FCA DChA, Senior Statutory Auditor

for and on behalf of

**Kreston Reeves LLP**

Statutory Auditors

Canterbury

United Kingdom

Date: 28 December 2023

**Consolidated Statement of Financial Activities**

for the year ended 31 March 2023

(incorporating income and expenditure account)

	Notes	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Total funds 2023 £000	Total funds 2022 £000
<b>Income from:</b>					
Charitable activities	4	2,519	-	2,519	403
Other trading activities	5	77	-	77	84
Other income - furlough grants		-	-	-	110
Investments		1	-	1	-
<b>Total income</b>		<b>2,597</b>	<b>-</b>	<b>2,597</b>	<b>597</b>
<b>Expenditure on:</b>					
Charitable activities		2,713	-	2,713	1,127
Raising funds	7	127	-	127	79
<b>Total expenditure</b>	6	<b>2,840</b>	<b>-</b>	<b>2,840</b>	<b>1,206</b>
<b>Net movement in funds</b>		<b>(243)</b>	<b>-</b>	<b>(243)</b>	<b>(609)</b>
<b>Reconciliation of funds</b>					
Total funds at start of year		10,149	-	10,149	10,758
Net movement in funds		(243)	-	(243)	(609)
<b>Total funds at end of year</b>		<b>9,906</b>	<b>-</b>	<b>9,906</b>	<b>10,149</b>

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

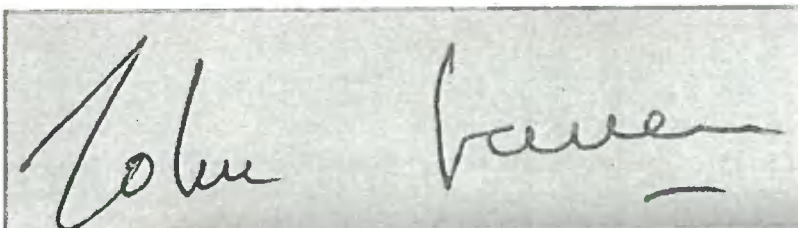
Company no: 02562565

as at 31 March 2023

	Notes	Group 2023 £000	Group 2022 £000	Charity 2023 £000	Charity 2022 £000
<b>Fixed assets</b>					
Tangible assets	11	10,037	10,174	103	37
Investments	12	-	-	10,038	12,934
		<u>10,037</u>	<u>10,174</u>	<u>10,141</u>	<u>12,971</u>
<b>Current assets</b>					
Stocks	13	8	5	8	5
Debtors	14	117	81	86	44
Cash at bank and in hand		222	228	161	67
		<u>347</u>	<u>314</u>	<u>255</u>	<u>116</u>
<b>Creditors: amounts falling due within one year</b>	15	(451)	(283)	(3,163)	(2,882)
<b>Net current assets/(liabilities)</b>		<u>(104)</u>	<u>31</u>	<u>(2,908)</u>	<u>(2,766)</u>
<b>Creditors: amounts falling due after more than one year</b>	16	(27)	(56)	(27)	(56)
<b>Net assets</b>		<u>9,906</u>	<u>10,149</u>	<u>7,206</u>	<u>10,149</u>
<b>Charity funds</b>					
Unrestricted funds		9,906	10,149	7,206	10,149
<b>Total funds</b>		<u>9,906</u>	<u>10,149</u>	<u>7,206</u>	<u>10,149</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: 27 December 2023

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

**Consolidated statement of cash flows**

for the year ended 31 March 2023

	Notes	2023 £000	2022 £000
<b>Cash flows from operating activities</b>	17	<u>98</u>	<u>(341)</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(95)	-
Investment income		<u>1</u>	<u>-</u>
Net cash from investing activities		<u>(94)</u>	<u>-</u>
<b>Cash flows from financing activities</b>			
Bank loan repayments		<u>(10)</u>	<u>(3)</u>
Net cash from financing activities		<u>(10)</u>	<u>(3)</u>
<b>Change in cash and cash equivalents in the year</b>		(6)	(344)
Cash and cash equivalents at the start of the year		<u>228</u>	<u>572</u>
<b>Cash and cash equivalents at the end of the year</b>	18	<u><u>222</u></u>	<u><u>228</u></u>

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

**Notes to the financial statements**

for the year ended 31 March 2023

**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.

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. Although demand for our services has rebounded strongly from the impact of the pandemic, there remains some uncertainty around the reliability and cost of international travel, the risk of legal restrictions being reimposed and/or reluctance of people to travel, and the level of staffing and energy costs. Recent communications from central banks worldwide highlight the risk of recession, indicative of the economic climate in which the Charity is operating.

The Trustees have reviewed the projected cash flows of the Group. The Trustees' cash flow projections show that, on reasonably cautious assumptions about levels of income, and with further support from the Foundation only at the level that they have specifically agreed, cash can be made to last beyond December 2024.

Furthermore, the Foundation has agreed to provide further funding should it be required up to the end of 2024. 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.

**(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 rental 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	20%
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 performance of the charity in an environment of rising global costs (see note 2(b)), and the useful economic life of the Group's assets.

<b>4 Income from charitable activities</b>	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Course fees Shumei Gakuen Foundation	1,493	-
Course fees	597	30
Exam fees	35	46
Centre maintenance grants	300	300
Other ancillary activities	94	27
	<u>2,519</u>	<u>403</u>

Centre maintenance grants have been received from Shumei Gakuen Foundation to ensure that there remains a training centre where they can send their students for English Language tuition.

<b>5 Income from other trading activities</b>	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Rental income	77	83
Other trading income	-	1
	<u>77</u>	<u>84</u>

## 6 Analysis of expenditure by activity

	Staff costs	Depreciation	Other costs	Support costs allocation	2023	2022
	£000	£000	£000	£000	£000	£000
Charitable activities: education	760	-	506	1,447	2,713	1,127
Raising funds (see note 7)	50	-	35	42	127	79
	810	-	541	1,489	2,840	1,206
Support costs (see below)	529	232	728	(1,489)	-	-
	1,339	232	1,269	-	2,840	1,206

	Staff costs	Depreciation	Other costs	Support costs allocation	2022
	£000	£000	£000	£000	£000
<b>Analysis of prior year total</b>					
Charitable activities: education	143	-	39	944	1,127
Raising funds (see note 7)	31	-	22	26	79
	174	-	61	970	1,206
Support costs (see below)	361	232	377	(970)	-
	535	232	438	-	1,206

<b>Analysis of support costs</b>	2023	2022
	£000	£000
Premises costs	680	471
Housekeeping	234	44
Management costs	152	80
Office costs	173	127
Governance costs (see below)	18	16
Depreciation	232	232
	1,489	970

<b>Analysis of governance costs</b>	2023	2022
	£000	£000
Auditors' remuneration	17	16
Trustee expenses	1	-
	18	16

7 Expenditure on raising funds	2023	2022
	£000	£000
Marketing costs	127	79
	127	79

# Shumei Eiko Limited (a company limited by guarantee)

2023

<b>8</b>	<b>Staff costs</b>	<b>2023</b>	2022
		<b>£000</b>	£000
	Wages and salaries	1,227	482
	Social security costs	94	43
	Defined contribution pension costs (see below)	18	10
		<u>1,339</u>	<u>535</u>

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 £4,000 (2022: £2,000) were payable to the fund at the balance sheet date and are included in other creditors.

### Average employee numbers

Total headcount	77	31
Full time equivalents	47	18

All employees of the Group are within the Charity.

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

The total amount of employee benefits received by key management personnel was £197,000 (2022: £141,000). The Charity considers its key management personnel to comprise the members of the Senior Management Team.

<b>9</b>	<b>Auditors' remuneration</b>	<b>2023</b>	2022
		<b>£000</b>	£000
	Audit of the Charity's accounts	13	12
	Audit of subsidiary accounts	4	4
	Tax compliance and advice	1	1
		<u>18</u>	<u>17</u>

### 10 Trustees' remuneration and expenses

During the year, one Trustee has 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:

	Salary	Pension	Total	Salary	Pension	Total
	2023	2023	2023	2022	2022	2022
	£	£	£	£	£	£
M Horii (highest paid)	4,800	1,247	6,047	4,800	1,271	6,071
	<u>4,800</u>	<u>1,247</u>	<u>6,047</u>	<u>4,800</u>	<u>1,271</u>	<u>6,071</u>

The pension benefits above were accruing to 1 Trustee (2022: 1) in respect of defined contribution pension schemes. There were no other payments to Trustees in the current or the previous year.

## 11 Tangible fixed assets

Group	Leasehold property £000	Plant & machinery £000	Fixtures, fittings & equipment £000	Total £000
<b>Cost</b>				
At start of year	13,354	534	120	14,008
Additions	-	-	95	95
Disposals	-	(76)	(33)	(109)
At end of year	13,354	458	182	13,994
<b>Depreciation</b>				
At start of year	3,382	369	83	3,834
Charge for the year	149	54	29	232
Disposals	-	(76)	(33)	(109)
At end of year	3,531	347	79	3,957
<b>Net book value</b>				
At end of year	9,823	111	103	10,037
At start of year	9,972	165	37	10,174

Charity	Fixtures, fittings & equipment £000	Total £000
<b>Cost</b>		
At start of year	120	120
Additions	95	95
Disposals	(33)	(33)
At end of year	182	182
<b>Depreciation</b>		
At start of year	83	83
Charge for the year	29	29
Disposals	(33)	(33)
At end of year	79	79
<b>Net book value</b>		
At end of year	103	103
At start of year	37	37

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

12 Fixed asset investments	Investment in subsidiary companies	
	2023	2022
	£000	£000
Charity		
Cost	15,254	15,254
Less provision for impairment	(5,216)	(2,320)
Net book value	<u>10,038</u>	<u>12,934</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 of properties and accommodation services	Dormant
Income for the year (£000)	477	-
Expenditure for the year (£000)	(3,107)	-
Profit/(loss) for the year (£000)	(2,630)	-
Net assets at end of year (£000)	10,037	1

13 Stocks	Group		Charity	
	2023	2022	2023	2022
	£000	£000	£000	£000
Goods for use and resale	<u>8</u>	<u>5</u>	<u>8</u>	<u>5</u>

14 Debtors	Group		Charity	
	2023	2022	2023	2022
	£000	£000	£000	£000
<b>Due within one year</b>				
Trade debtors	19	2	19	2
Other debtors	-	7	-	-
Prepayments and accrued income	98	72	67	42
	<u>117</u>	<u>81</u>	<u>86</u>	<u>44</u>

15 Creditors: amounts falling due within one year	Group		Charity	
	2023	2022	2023	2022
	£000	£000	£000	£000
Bank loans (see note 16)	10	10	10	10
Trade creditors	273	205	273	205
Amounts owed to group undertakings	-	-	2,737	2,608
Taxation and social security	26	9	26	9
Other creditors	30	11	8	11
Accruals and deferred income	112	48	109	39
	<u>451</u>	<u>283</u>	<u>3,163</u>	<u>2,882</u>

Analysis of deferred income	Group	Group	Charity	Charity
	2023	2022	2023	2022
	£000	£000	£000	£000
Deferred income at start of year	11	17	11	17
Amounts released from previous years	(11)	(17)	(11)	(17)
Amounts deferred in the year	19	11	19	11
Deferred income at end of year	<u>19</u>	<u>11</u>	<u>19</u>	<u>11</u>

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

#### 16 Creditors: amounts falling due after more than one year

	Group	Group	Charity	Charity
	2023	2022	2023	2022
	£000	£000	£000	£000
Trade creditors	-	19	-	19
Bank loans	27	37	27	37
	<u>27</u>	<u>56</u>	<u>27</u>	<u>56</u>

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

The bank loan, including the element under one year in note 15, is a government-guaranteed bounceback loan which is due for repayment by instalments through to November 2026 and incurs interest at 2.5% per annum.

#### 17 Cash flow from operating activities

	Group	Group
	2023	2022
	£000	£000
Net (expenditure)/income for the year	(243)	(609)
Depreciation	232	232
Investment income	(1)	-
Movement in stocks	(3)	(3)
Movement in debtors	(36)	(3)
Movement in creditors	149	42
Cash flow from operating activities	<u>98</u>	<u>(341)</u>

#### 18 Cash and cash equivalents

	Group	Group
	2023	2022
	£000	£000
Cash at bank and in hand	222	228
Cash and cash equivalents	<u>222</u>	<u>228</u>

#### 19 Changes in net debt

	1 April	Cash	31 March
	2022	flows	2023
	£000	£000	£000
Cash at bank and in hand	228	(6)	222
Bank loans	(47)	10	(37)
Net debt	<u>181</u>	<u>4</u>	<u>185</u>

## 20 Commitments

**Operating lease commitments**

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

	Group 2023 £000	Group 2022 £000	Charity 2023 £000	Charity 2022 £000
Within one year - equipment	18	2	18	2
One to five years - equipment	63	2	63	2
Within one year - properties	113	113	400	400
One to five years - properties	452	452	1,600	1,600
Over five years - properties	6,972	7,085	24,700	25,100
	<u>7,618</u>	<u>7,654</u>	<u>26,781</u>	<u>27,104</u>

During the year the Group incurred expenditure in respect of operating leases amounting to £141,000 (2022: £141,000).

**Capital commitments**

The Group and Charity had capital commitments as follows:

	Group 2023 £000	Group 2022 £000	Charity 2023 £000	Charity 2022 £000
Contracted for but not provided in these financial statements	-	30	-	30
	<u>-</u>	<u>30</u>	<u>-</u>	<u>30</u>

## 21 Related party transactions

The group's educational and related fee income includes £1,493,000 (2022: £nil) which was generated by provision of courses of Shumei Gakuen Foundation on an arms' length basis. During the year, the Charity received grant funding of £300,000 (2022: £300,000) from the Foundation to ensure that the Charity is able to keep its facilities available for future courses. At the end of the year, there was a balance of £nil (2022: £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. Courses resumed in autumn 2022 following the pandemic.

Gift Aid donations were made to the Charity during the year totalling £267,000 (2022: £278,000) from its subsidiary company Shumei Eiko Property Ltd.

Rent was paid by the Charity to its subsidiary company Shumei Eiko Property Ltd totalling £400,000 (2022: £400,000) in respect of leases for the properties from which the Charity operates.

A charge of £58,000 (2022: £57,000) was paid to the Charity by its subsidiary company Shumei Eiko Property Ltd for support services.

Amounts owed to subsidiary Companies at the year end amounted to £2,737,000 (2022: £2,608,000). All balances owed to and from other companies within the Group are unsecured and interest-free.