

Charity Registration No. 1000091 (England and Wales)

Company Registration No. 02259457 (England and Wales)

TEIKYO UNIVERSITY OF JAPAN IN DURHAM LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

TEIKYO UNIVERSITY OF JAPAN IN DURHAM LIMITED

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Mr Y Okinaga Dr H Okinaga Mr Y Yoshida Dr T Oda Mr Y Kono Mr A Ishihara	(Appointed 1 April 2022)
Secretary	Y Kono	
Charity number	1000091	
Company number	02259457	
Registered office	Teikyo Foundation (UK) Framewood Road Wexham Slough Buckinghamshire United Kingdom SL2 4QS	
Auditor	Azets Audit Services Suites B & D Burnham Yard Beaconsfield Bucks HP9 2JH	

TEIKYO UNIVERSITY OF JAPAN IN DURHAM LIMITED

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TEIKYO UNIVERSITY OF JAPAN IN DURHAM LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2022

The trustees, who are also directors of the charitable company for the purposes of the Companies Act 2006, present their annual report and financial statements for the year ended 31 March 2022.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the financial statements and comply with the charitable company's governing document, the Companies Act 2006 and "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 (FRS 102) (effective 1 January 2019)".

Teikyo University of Japan in Durham Limited is a charitable company that was incorporated on the 18 May 1988 with the liability of its members limited by guarantee. The registered office and principal address of the charitable company is at Teikyo Foundation (UK), Framewood Road, Wexham, Buckinghamshire, SL2 4QS.

Objectives and activities

The charitable company's aims and objectives are to advance the education and training of students and members of Teikyo University and Teikyo Heisei University of Japan in Tokyo, in the United Kingdom at Durham University and other persons in Durham and elsewhere.

In setting the charitable company's objectives and planning its activities, the trustees have given careful consideration to the Charity Commission's general guidance on public benefit charitable purposes, and in particular to its supplementary public benefit guidance on advancing education and on fee-charging.

The charitable company has arrangements with Teikyo University of Japan which has guaranteed payment of its expenses. Teikyo University of Japan has acquired, at its own expense, leases, buildings and services at Durham University and has agreed on a certain usage by the charitable company of the facilities at Wadham College, Oxford.

The trustees main aims and objectives in the year under review continued to be to pursue the opportunities available to the students at both Durham and Oxford Universities, so that each student can develop and fulfil his or her potential to the highest level and also contribute to the wider communities in Durham and Oxford.

Significant activities

(a) Teikyo University of Japan in Durham

Teikyo University of Japan in Durham is located within the grounds of Durham University and has the potential to host up to 200 undergraduate students for 3 to 7 months of their four-year course. The aim is to give the students a taste of the academia offered by universities in the United Kingdom. The students attend their own English and faculty lectures during the day. The programme also provides various opportunities to travel extensively throughout the United Kingdom and Europe.

(b) Teikyo University of Japan at Oxford

The charitable company, together with Teikyo University of Japan and Teikyo Foundation (UK), has a 60-year agreement with Wadham College, University of Oxford. A division of the charity, known as Teikyo University of Japan at Oxford, is allowed to hold an induction course at Wadham College, at a time of mutual convenience outside the Oxford University academic full term, for up to 50 students and teachers from Teikyo University and Teikyo Heisei University. In addition, the agreement provides for Okinaga Junior Research Fellowship - postgraduate fellows selected from open competition at Wadham College- to study in the field of Japanese studies at the University of Oxford.

(c) Structure Relationships

The bedrock on which the success of the two divisions of the Company depends are the relationships with Durham University and its Officers, and the Colleges and their Heads, and similarly at Wadham College, with the Warden and the Fellows.

TEIKYO UNIVERSITY OF JAPAN IN DURHAM LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Achievements and performance

Teikyo University of Japan in Durham

Due to the COVID-19 pandemic, in the academic year 2021/22 as well as in 2020/21, Teikyo University of Japan in Durham did not accept any students throughout the year. After the normal Spring and Autumn courses being cancelled for the two straight years, students returned and the programme resumed in April 2022.

During the closure of the campus due to the COVID-19 pandemic, Teikyo University of Japan in Durham introduced an online English Learning Programme for 2 to 4 weeks toward the undergraduate students at Teikyo University and Teikyo Heisei University in Japan in the academic year 2020/21, which has since grown in momentum (over 200 students have participated to date). This programme has continued even after the campus resumed in 2022.

A total of 19 staff (2021: 19 staff), which includes 9 part-time employees (2020: 9 part-time employees), were employed to teach and administer the programme as of 31 March 2022. Every opportunity to collaborate with Durham University to benefit their students was pursued. Moreover, a very close relationship between Teikyo University of Japan in Durham and the County and City Councils has been established; in particular, the Mayor of Durham City Council is particularly supportive and generous in helping Teikyo University of Japan in Durham.

Teikyo University of Japan in Durham holds an annual 'Japanese Festival' on campus which attracts many staff and students at Durham University together with a high percentage of local people from the city and wider community. Normally the money generated from the festival is donated to local charities, but due to the COVID-19 pandemic, there were no festivals in 2020 and 2021. However, after the re-opening of the campus in 2022, the festival was held in October for the first time in these three years.

The Japanese Library is open on a part time basis to Durham University staff and students and again is open to members of the local community.

There has been a well-established local 'Schools Liaison Programme' which involves the Japanese undergraduates visiting local primary schools in Durham to hold 'mini Japanese culture awareness days'. This programme was discontinued in 2020 because of the campus closure due to the COVID-19. As the campus has been re-opened in 2022, the programme is expected to resume in the near future. This programme has the full backing of the local Education Authority.

Wadham College

In the academic year 2021/2022 as well as in 2020/2021, due to the COVID-19 pandemic, there were no student admissions for the Oxford Induction at Wadham College as no programme took place at Teikyo University of Japan in Durham. After the re-opening of the campus in 2022, the induction course took place in April for the first time in these three years.

An Okinaga Junior Research Fellowship scholar who was nominated in 2019 for a three-year period (until summer 2022) in Japanese Studies continued her research in the 2021/22 academic year. In December 2021, upon a request from Wadham College, the scholarship period has been extended by one year until summer 2023.

Statement of risk management

The trustees have a duty to identify and review the risks to which the charitable company is exposed to. The trustees and management of the charitable company continue to keep its activities under review, particularly with regard to any major risks that may arise as well as the systems and procedures established to manage them. It is the responsibility of management to monitor the effectiveness of internal controls and other viable means by which risks identified can be mitigated.

TEIKYO UNIVERSITY OF JAPAN IN DURHAM LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Financial review

The financial performance of the charitable company is shown in the Statement of Financial Activities. The charitable company's total income for the year ended 31 March 2022 was £361,546 (2021: £259,434). The charitable company's income was increased due mainly to the increase of the rental income from flats and dormitories, although the amount was significantly lower than those in the previous years before the COVID-19 pandemic as the restrictions meant no students could attend the programmes run by the charitable company.

This resulted in the charitable company having Net Expenditure of £325,918 for the year ended 31 March 2022 (2021: Net Expenditure of £330,182). At the 31 March 2022, the charitable company had negative Unrestricted Funds of £1,455,080 (2021: £1,129,162).

Reserves policy

As a result of the Net Expenditure in 2021 and 2022, the charitable company has negative Unrestricted Funds of £1,455,080 at the 31 March 2022 (2021: £1,129,162). Despite this, the charitable company aims to hold sufficient liquid funds to meet its day-to-day expenditure requirements. The charitable company had 'Cash at Bank and In Hand' of £441,980 at the 31 March 2022 (2021: £799,684).

The charitable company has ongoing financial support from Teikyo University of Japan and day-to-day working capital funding from a connected charity, Teikyo Foundation (UK). The charitable company's main liability is the intercompany balance owed to Teikyo Foundation (UK) of £1,430,320 at the 31 March 2022 (2021: £1,423,186).

The trustees therefore consider that no significant reserves are required due to the status and financial standing of Teikyo University of Japan and Teikyo Foundation (UK).

Investment policy and objectives

The charitable company has absolute powers of investment over its available funds. The Board of Trustees continue to keep under review the risks and rewards of the investments and the current state of the market.

The investment policy for the year ended 31 March 2022 was to place all available funds, other than those required for day-to-day operations of the charitable company, with National Westminster Bank Plc. In addition, professional advice is available from Mitsubishi UFJ Financial Group through the charitable company's connected charity, Teikyo Foundation (UK).

Principal risks and uncertainties

The principal risks and uncertainties facing the charitable company is the maintenance of student numbers at a level to generate sufficient tuition and accommodation income in excess of the operating costs.

In mitigation of this risk, the charitable company works closely with Teikyo University and Teikyo Heisei University of Japan to promote its courses and maximise student numbers each academic year. The charitable company generates additional income through the letting of surplus student rooms at the halls to other students at Durham University, and the letting of the surplus flats at the staff flats to other people at Durham University.

As already mentioned, Teikyo University of Japan also provide financial support to the charitable company.

COVID-19 pandemic

In the spring of 2020, it was becoming evident that COVID-19 was having a severe disruption on many countries and on 11 March 2020 the World Health Organisation declared it was a pandemic.

The ongoing impact of the COVID-19 pandemic has continued to result in a material impact on the financial performance and position of the charitable company for the year ended 31 March 2022. After the normal Spring and Autumn courses being cancelled for the two straight years of 2020/21 and 2021/22, students returned and the programme resumed in April 2022.

In order to continue operating as a going concern, the charitable company has and will continue to rely on the ongoing financial support from Teikyo University of Japan and Teikyo Foundation (UK).

TEIKYO UNIVERSITY OF JAPAN IN DURHAM LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Going concern

Teikyo University of Japan has agreed to provide financial support to the charitable company to enable it to continue its operations as a going concern for the foreseeable future. In addition, Teikyo Foundation (UK) provides funding so that the charitable company can meet its day-to-day working capital requirements.

Future plans

The charitable company's future plans remain the same as reported above. This is because the trustees are confident that the student numbers will recover in the near future when the COVID-19 pandemic has passed and the lifting of travel restrictions and development of vaccines have been achieved.

Structure, governance and management

The charitable company is a registered charity, governed by its Memorandum and Articles of Association, and is engaged in providing educational facilities to Japanese and other nationals. The charitable company's Memorandum and Articles of Association dated 4 April 1988, were last amended on 14 February 2002.

Recruitment and appointment of new trustees

Teikyo University of Japan may, by written notice, appoint or remove a trustee, and the trustees are also able to appoint new Trustees.

Organisational management

The Board of Trustees meet at least once a year to determine the 'general policy' of the charitable company and review its overall management and control, for which they are legally responsible. The work of implementing most of the Board of Trustees policies is delegated to the Principal and Bursar of Teikyo University of Japan in Durham.

Induction and training of new trustees

New trustees who are also the directors are inducted into the workings of the company as a registered charity.

Connected charities

Mr Y Okinaga is a guarantor of Teikyo Foundation (UK) whose main activity is also the provision of educational facilities to Japanese nationals and is located at Teikyo Foundation (UK) Framewood Road, Wexham, Buckinghamshire, SL2 4QS.

Trustees and directors

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

Mr Y Okinaga

Dr H Okinaga

Mr Y Yoshida

Dr T Oda

Mr K Nakajima

(Resigned 1 April 2022)

Mr Y Kono

Mr A Ishihara

(Appointed 1 April 2022)

Teikyo University of Japan in Durham is a charitable company limited by guarantee.

The charitable company does receive financial support from Teikyo University of Japan. Mr Y Okinaga is considered to be a key individual continuing the vision of Dr S Okinaga, the founder of Teikyo University of Japan in Durham.

Auditor

In accordance with the company's articles, a resolution proposing that Azets Audit Services be reappointed as auditor of the company has been put at a General Meeting.

TEIKYO UNIVERSITY OF JAPAN IN DURHAM LIMITED

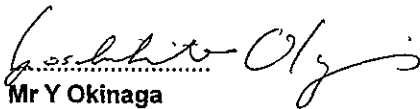
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Disclosure of information to auditor

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The trustees' report was approved by the Board of Trustees.



Mr Y Okinaga
Trustee

Dated: 23rd Dec 2022

TEIKYO UNIVERSITY OF JAPAN IN DURHAM LIMITED

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2022

The trustees, who are also the directors of Teikyo University of Japan In Durham Limited for the purpose of company law, are responsible for preparing the Trustees' 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 year.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 will continue in operation.

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.

TEIKYO UNIVERSITY OF JAPAN IN DURHAM LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF TEIKYO UNIVERSITY OF JAPAN IN DURHAM LIMITED

Opinion

We have audited the financial statements of Teikyo University of Japan In Durham Limited (the 'charitable company') for the year ended 31 March 2022 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including 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 charitable company's affairs as at 31 March 2022 and of its incoming resources and application of resources, 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 *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these 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 charitable company'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 auditor's 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report for the financial year for which the financial statements are prepared, which includes the directors' report prepared for the purposes of company law, is consistent with the financial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

TEIKYO UNIVERSITY OF JAPAN IN DURHAM LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF TEIKYO UNIVERSITY OF JAPAN IN DURHAM LIMITED

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 directors' report included within the trustees' report.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' 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:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charitable company for the purpose 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

TEIKYO UNIVERSITY OF JAPAN IN DURHAM LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF TEIKYO UNIVERSITY OF JAPAN IN DURHAM LIMITED

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

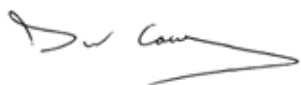
In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and 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 indicators of potential bias.

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 of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



David Cary LLB FCA (Senior Statutory Auditor)
for and on behalf of Azets Audit Services

3 January 2023
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Chartered Accountants
Statutory Auditor

Suites B & D
Burnham Yard
Beaconsfield
Bucks
HP9 2JH

TEIKYO UNIVERSITY OF JAPAN IN DURHAM LIMITED

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Unrestricted funds 2022 £	Total 2021 £
<u>Income and endowments from:</u>			
Donations and legacies	3	91,250	66,800
Charitable activities	4	270,237	178,959
Investments	5	59	221
Other income	6	-	13,454
Total income		361,546	259,434
<u>Expenditure on:</u>			
Charitable activities	7	687,464	589,616
Net expenditure for the year/ Net movement in funds		(325,918)	(330,182)
Fund balances at 1 April 2021		(1,129,162)	(798,980)
Fund balances at 31 March 2022		(1,455,080)	(1,129,162)

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

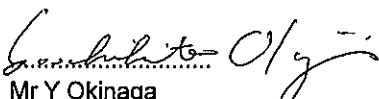
TEIKYO UNIVERSITY OF JAPAN IN DURHAM LIMITED

BALANCE SHEET

AS AT 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	10		13,909		15,404
Current assets					
Debtors	11	108,212		15,031	
Cash at bank and in hand		441,980		799,684	
		<u>550,192</u>		<u>814,715</u>	
Creditors: amounts falling due within one year	13	<u>(1,557,181)</u>		<u>(1,497,281)</u>	
Net current liabilities			(1,006,989)		(682,566)
Total assets less current liabilities			(993,080)		(667,162)
Creditors: amounts falling due after more than one year	14		(462,000)		(462,000)
Net liabilities			<u>(1,455,080)</u>		<u>(1,129,162)</u>
Income funds					
Unrestricted funds			(1,455,080)		(1,129,162)
			<u>(1,455,080)</u>		<u>(1,129,162)</u>

The financial statements were approved by the Trustees on 23 December 2022


Mr Y Okinaga
Trustee

Company registration number 02259457

TEIKYO UNIVERSITY OF JAPAN IN DURHAM LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash absorbed by operations	22		(357,763)		(247,037)
Investing activities					
Purchase of tangible fixed assets		-		(12,451)	
Interest received		59		221	
Net cash generated from/(used in) investing activities			59		(12,230)
Financing activities					
Increase of borrowings		-		462,000	
Net cash (used in)/generated from financing activities			-		462,000
Net (decrease)/increase in cash and cash equivalents			(357,704)		202,733
Cash and cash equivalents at beginning of year			799,684		596,952
Cash and cash equivalents at end of year			441,980		799,684

TEIKYO UNIVERSITY OF JAPAN IN DURHAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

Charity information

Teikyo University of Japan In Durham Limited is a private company limited by guarantee incorporated in England and Wales. The registered office is Teikyo Foundation (UK), Framewood Road, Wexham, Slough, Buckinghamshire, SL2 4QS, United Kingdom.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charitable company's governing document, the Companies Act 2006 and "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 (FRS 102) (effective 1 January 2019)". The charitable company is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charitable company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

At the year ended 31 March 2022, the charitable company had Net Expenditure of £325,918 (2021: £330,182) and had Net Current Liabilities of £1,006,989 (2021: £682,566) and Net Liabilities of £1,455,080 (2021: £1,129,162) at the 31 March 2022. Whilst there is uncertainty over the ongoing impact of the COVID-19 pandemic, following the easing of restrictions, it is expected that income will be received from tuition and accommodation fees as students return for the 2022/2023 academic year. This is expected to have a material benefit on the financial position of the charitable company.

The financial statements have been prepared under the going concern basis because Teikyo University has undertaken to support the charitable company and has agreed not to recall the amounts advanced until all other liabilities have been met. In addition, Teikyo Foundation (UK) provides day-to-day working capital funding and support. Having considered the information available to them, the directors and trustees have concluded that the going concern basis of preparation is appropriate.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charitable company.

1.4 Income

Income is recognised when the charitable company is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

TEIKYO UNIVERSITY OF JAPAN IN DURHAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Cash donations are recognised on receipt. Other donations are recognised once the charitable company has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charitable company has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

1.5 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 classified 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.

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, 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 accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	25% on cost
Motor vehicles	25% on cost

1.7 Impairment of fixed assets

At each reporting end date, the charitable company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

TEIKYO UNIVERSITY OF JAPAN IN DURHAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.9 Financial instruments

The charitable company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charitable company's balance sheet when the charitable company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in net income/(expenditure), except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through income and expenditure, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in net income/(expenditure) for the year.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in net income/(expenditure) for the year.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the charitable company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

TEIKYO UNIVERSITY OF JAPAN IN DURHAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in or in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charitable company's contractual obligations expire or are discharged or cancelled.

1.10 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charitable company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

2 Critical accounting estimates and judgements

In the application of the charitable company's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

TEIKYO UNIVERSITY OF JAPAN IN DURHAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

3 Donations and legacies

	Unrestricted funds	Unrestricted funds
	2022	2021
	£	£
Donations and gifts	91,250	66,800

4 Charitable activities

	2022	2021
	£	£
Student tuition and accommodation fees	2,400	1,849
Rental income from flats and dormitories	267,065	174,796
Other income	772	2,314
	270,237	178,959

5 Investments

	Unrestricted funds	Unrestricted funds
	2022	2021
	£	£
Investment income	59	221

6 Other income

	Total	Unrestricted funds
	2022	2021
	£	£
Other income	-	13,454

Other income represents the money received from the UK Government under the Coronavirus Job Retention Scheme.

TEIKYO UNIVERSITY OF JAPAN IN DURHAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

7 Charitable activities

	Charitable Expenditure 2022 £	Charitable Expenditure 2021 £
Staff costs	468,889	441,841
Depreciation and impairment	1,495	2,174
Insurance	27,330	27,609
Light and heat	102,547	79,315
Equipment	6,293	8,705
Stationery	1,348	558
Staff subsistence and student	3,354	2,005
Induction and field trip	849	(730)
Student activities	16,554	7,377
College service charge	205	(13,595)
Maintenance costs	39,081	24,500
Transport and air travel	7,881	3,672
Other teaching and lecture cos	215	(182)
Bank charges	183	367
Audit and non audit services	11,240	6,000
	<u>687,464</u>	<u>589,616</u>
	<u>687,464</u>	<u>589,616</u>

8 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charitable company during the year ended 31 March 2022 (2021: £nil).

9 Employees

The average monthly number of employees during the year was:

	2022 Number	2021 Number
Support	8	8
Domestic	6	6
Teaching	4	4
	<u>18</u>	<u>18</u>
Total	<u>18</u>	<u>18</u>

TEIKYO UNIVERSITY OF JAPAN IN DURHAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

9 Employees (Continued)

Employment costs	2022 £	2021 £
Wages and salaries	413,997	392,455
Social security costs	26,035	25,241
Other pension costs	28,857	24,145
	<u>468,889</u>	<u>441,841</u>

There were no employees whose annual remuneration was £60,000 or more.

10 Tangible fixed assets

	Fixtures and fittings £	Motor vehicles £	Total £
Cost			
At 1 April 2021	572,247	73,109	645,356
At 31 March 2022	<u>572,247</u>	<u>73,109</u>	<u>645,356</u>
Depreciation and impairment			
At 1 April 2021	556,843	73,109	629,952
Depreciation charged in the year	1,495	-	1,495
At 31 March 2022	<u>558,338</u>	<u>73,109</u>	<u>631,447</u>
Carrying amount			
At 31 March 2022	<u>13,909</u>	<u>-</u>	<u>13,909</u>
At 31 March 2021	<u>15,404</u>	<u>-</u>	<u>15,404</u>

11 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	91,217	1,236
Prepayments and accrued income	16,995	13,795
	<u>108,212</u>	<u>15,031</u>

TEIKYO UNIVERSITY OF JAPAN IN DURHAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

12 Loans and overdrafts

	2022 £	2021 £
Loan from Teikyo University	462,000	462,000
Payable within one year	-	-
Payable after one year	462,000	462,000

13 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	24,627	17,486
Amount due to Teikyo University	50,609	50,609
Other creditors	1,430,320	1,423,186
Accruals and deferred income	51,625	6,000
	1,557,181	1,497,281

14 Creditors: amounts falling due after more than one year

	2022 £	2021 £
Borrowings	462,000	462,000

15 Pension contributions

The charitable company operates a defined contribution pension scheme. Contributions are charged to the Statement of Financial Activities in the period in which they relate. During the year ended 31 March 2022, the company made contributions of £28,857 (2021: £24,145). No contributions were outstanding at the 31 March 2022 (2021: £nil).

16 Members' Liability

The charitable company is a company limited by guarantee with no share capital. The liability of each member under guarantee does not exceed £2. The number of members at 31 March 2022 was 2 (31 March 2021: 2).

17 Teikyo University

Teikyo University has undertaken to support the charitable company and to provide such facilities as the company may require to meet any operational deficits and to continue trading.

TEIKYO UNIVERSITY OF JAPAN IN DURHAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

18 Related party transactions

During the year ended 31 March 2022, Teikyo Foundation (UK), a charity under common control which provides a centralised accounting and payroll service for the charitable company, incurred payroll costs of £357,601 (2021: £381,442) and other expenses of £27,330 (2021: £27,609) on behalf of Teikyo University of Japan In Durham Limited. These amounts were recharged at cost and repayments totalling £377,797 (2021: £171,932) were made by Teikyo University of Japan In Durham Limited during the year.

At the 31 March 2022, Teikyo University of Japan In Durham Limited owed Teikyo Foundation (UK) an amount of £1,430,320 (2021: £1,423,186).

Teikyo University provided donated services in respect of salary costs amounting to £91,250 (2021: £66,800). An amount of £50,609 (2021: £50,609) is owed to Teikyo University at the 31 March 2022. In addition, a loan of £462,000 (2021: £462,000) was due to Teikyo University at the 31 March 2022.

Key management compensation was £118,906 for the year ended 31 March 2022 (2021: £64,723).

19 Connected charities

Mr Y Okinaga is a guarantor of Teikyo Foundation (UK), a registered charity whose main activity is also the provision of educational facilities to Japanese nationals. Teikyo Foundation (UK) is based in Wexham, Buckinghamshire.

20 Property held in trust

The charitable company uses four buildings owned by Teikyo University for its principal activities. These buildings are used rent free subject to the charity meeting the full cost of maintenance.

21 Analysis of changes in net debt

	At 1 April 2021 £	Cash flows £	At 31 March 2022 £
Cash at bank and in hand	799,684	(357,704)	441,980
Loans falling due after more than one year	(462,000)	-	(462,000)
	<u>337,684</u>	<u>(357,704)</u>	<u>(20,020)</u>

TEIKYO UNIVERSITY OF JAPAN IN DURHAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

22	Cash generated from operations	2022 £	2021 £
	Deficit for the year	(325,918)	(330,182)
	Adjustments for:		
	Investment income recognised in statement of financial activities	(59)	(221)
	Depreciation and impairment of tangible fixed assets	1,495	2,174
	Movements in working capital:		
	(Increase)/decrease in debtors	(93,181)	3,205
	Increase in creditors	59,900	77,987
	Cash absorbed by operations	<u>(357,763)</u>	<u>(247,037)</u>