

SHUMEI EIKO LIMITED

England & Wales · Charity number 1002647

Details

Other names CHAUCER COLLEGE CANTERBURY

Status Registered

Legal form Charitable company

Company number [02562565](#)

Registered 1991-04-24

Register [View on the Charity Commission register](#)

Contact

Address Chaucer College Canterbury
University Road
Canterbury
CT2 7LJ

Phone 0122787800

Email j.archer@chaucercollege.co.uk

Website <https://www.chaucercollege.co.uk/>

Activities

Objects: (A)ADVANCE THE EDUCATION OF YOUNG PERSONS AND MATURE STUDENTS AND IN PARTICULAR BUT WITHOUT PREJUDICE TO PERSONS OF JAPANESE ORIGIN. (B)ADVANCE THE EDUCATION OF THE PUBLIC IN ALL ASPECTS OF JAPANESE CULTURE.

Activities: The principal objects and activities of the charity, as set out in the Memorandum and Articles of Association, are to advance the education of young persons and mature students and in particular, but without prejudice to, persons of Japanese origin and to advance the education of the public in all aspects of Japanese culture.

Classification

- **How:** Provides Human Resources, Provides Buildings/facilities/open Space, Provides Services
- **What:** Education/training
- **Who:** Children/young People, People Of A Particular Ethnic Or Racial Origin

Geography

- Kent

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£3,470,000	£3,179,000	£9,527,000	82
2024-03-31	£2,807,000	£3,477,000	£9,236,000	93
2023-03-31	£2,597,000	£2,840,000	£9,906,000	77
2022-03-31	£597,000	£1,206,000	£10,149,000	31
2021-03-31	£676,000	£1,915,000	£10,758,000	63

Trustees

Name	Role	Appointed
DR MITSU HORII		2011-04-01
KOKI KAWASHIMA		
PROFESSOR JOHN ANTHONY GEORGE CRAVEN		2015-04-16
Patrick Anthony Todd		2012-04-12
Professor Atsuo Kawashima		2025-06-10

SHUMEI EIKO LIMITED

England & Wales - Charity number 1002647

Accounts

Company no: 02562565
Charity number:1002647

Shumei Eiko Limited

Trustees' report and financial statements
for the year ended 31 March 2025

Contents

	Page
Reference and administrative details	1
Trustees' report including Trustees' responsibility statement	2-5
Independent auditors' report on the financial statements	6-9
Consolidated statement of financial activities	10
Consolidated and charity balance sheets	11
Consolidated statement of cash flows	12
Notes to the financial statements	13-21

**Reference and administrative details of the Charity, its Trustees and advisers
for the year ended 31 March 2025**

Trustees	Professor J Craven (Chair) Professor M Horii Professor K Kawashima P A Todd Professor A Kawashima (appointed 10 June 2025) Dr A Manning (resigned 10 June 2025) J Norwood (appointed 18 April 2024, resigned 10 June 2025) Mr Y Oshiro (appointed 14 November 2024, resigned 10 June 2025) Professor M Sekiguchi (resigned 27 September 2024)
Senior Management Team	Professor M Horii - Principal (Chief Executive) J Archer - Finance Manager C Hanson - Programmes Manager M Shuttleworth - Operations Manager S Lake - HR Manager
Company registration number	02562565
Charity registered number	1002647
Registered office	Chaucer College Canterbury University Road Canterbury, Kent CT2 7LJ
Independent auditors	Kreston Reeves Audit LLP Canterbury United Kingdom
Bankers	HSBC Canterbury

Trustees' report

for the year ended 31 March 2025

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 one wholly-owned subsidiary. 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 Property Ltd donates its taxable profits to the Charity by way of Gift Aid each year. A second wholly-owned subsidiary, Shumei Eiko Services Ltd, which has been dormant for several years, was struck off during the

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.

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

Strategic report**Charitable activities**

Residential courses to teach English to international students, which are the principal means by which the Charity carried out its charitable activities, have been gradually building up since resumption of activity after the coronavirus pandemic in March 2022.

Achievements and performance

The College continues to recover from the effects of the pandemic which meant no students on site from late March 2020 to late March 2022. The number of student weeks for students from the Foundation in Japan dropped by 20% from 2,952 to 2,366, but student weeks for other international students rose strongly by 52% from 1,806 to 2,745. Confidence in international travel has recovered, but the global cost of living crisis and demographic trends continue to impact on student numbers.

Non-charitable activities

Our non-charitable activities arise mainly from providing accommodation when it is not needed for our educational charity purposes. Now that courses have fully resumed this has become very limited.

Financial review

During the year, the Group generated income of £3,470,000 (2024: £2,807,000) and incurred expenditure of £3,179,000 (2024: £3,477,000), resulting in a surplus for the year of £291,000 (2024: deficit £670,000). The change is mainly due to £700,000 of centre maintenance income received from the Foundation and the fruit of strenuous efforts to control costs which have saved around £300,000.

The Group's unrestricted funds as set out in the balance sheet as at 31 March 2025 were £9,527,000 (2024: £9,236,000).

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 £800,000. The actual level of free reserves as at 31 March 2025 was minus £98,000 (2024: minus £594,000). 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.

The centre maintenance fees of £700,000 received from the Foundation during the year has helped to rebuild the Group's reserves and to repay amounts owed to the Foundation at the previous balance sheet date.

Going concern and plans for future periods

The financial statements have been prepared on the going concern basis of accounting.

Since the balance sheet date, we have seen weak demand from international agencies but strong demand from the Foundation, and provisional bookings for 2026 are encouraging.

The principal objective for the next year is to return the business to underlying profitability. One of the key elements of this will be increasing the numbers of international students outside the summer peak, especially from Latin America and East Asia 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 having agreed further support from the Foundation if needed through to at least December 2026, cash can be made to last beyond December 2026. 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 prices both for costs and income.

This risk has three principal elements as follows:

- Financial risks - can we return to profitability despite uncertain economic times and increases in the costs of staff?
- 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.

Auditors

The audit registration of Kreston Reeves LLP was transferred to Kreston Reeves Audit LLP on 6 October 2025.

Kreston Reeves Audit LLP were formally appointed to the company on 6 October 2025.

The auditors, Kreston Reeves Audit LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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 appears to read 'John Craven'.

Professor J Craven

Chairman

Date: 13 November 2025

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 2025, 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 2025 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 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 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:

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the charitable company and its sector, and through discussion with the Trustees and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to health and safety, anti-bribery and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, Statement of Recommended Practice, taxation and pension legislation. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, management bias in accounting estimates and judgemental areas of the financial statements. Audit procedures performed by the engagement team included:

- 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;
- Confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business;
- Performing analytical procedures with automated data analytics tools to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- 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. 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.

- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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

Kreston Reeves Audit LLP

Peter Manser FCA DChA, Senior Statutory Auditor

for and on behalf of

Kreston Reeves Audit LLP

Statutory Auditors

Canterbury

United Kingdom

Date: 14 November 2025

Consolidated Statement of Financial Activities

for the year ended 31 March 2025

(incorporating income and expenditure account)

	Notes	Unrestricted funds 2025 £000	Restricted funds 2025 £000	Total funds 2025 £000	Total funds 2024 £000
Income from:					
Charitable activities	4	3,447	-	3,447	2,789
Other trading activities	5	20	-	20	16
Investments		3	-	3	2
Total income		<u>3,470</u>	<u>-</u>	<u>3,470</u>	<u>2,807</u>
Expenditure on:					
Charitable activities		3,007	-	3,007	3,375
Raising funds	7	172	-	172	102
Total expenditure	6	<u>3,179</u>	<u>-</u>	<u>3,179</u>	<u>3,477</u>
Net movement in funds		<u>291</u>	<u>-</u>	<u>291</u>	<u>(670)</u>
Reconciliation of funds					
Total funds at start of year		9,236	-	9,236	9,906
Net movement in funds		291	-	291	(670)
Total funds at end of year		<u>9,527</u>	<u>-</u>	<u>9,527</u>	<u>9,236</u>

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

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

The notes of pages 13 to 21 form part of these financial statements.

Consolidated and Charity balance sheets

Company no: 02562565

as at 31 March 2025

	Notes	Group 2025 £000	Group 2024 £000	Charity 2025 £000	Charity 2024 £000
Fixed assets					
Tangible assets	11	9,624	9,830	65	91
Investments	12	-	-	9,670	9,847
		<u>9,624</u>	<u>9,830</u>	<u>9,735</u>	<u>9,938</u>
Current assets					
Stocks	13	21	13	21	13
Debtors	14	72	103	41	72
Cash at bank and in hand		133	71	129	70
		<u>226</u>	<u>187</u>	<u>191</u>	<u>155</u>
Creditors: amounts falling due within one year	15	(316)	(764)	(3,092)	(3,539)
Net current (liabilities)		<u>(90)</u>	<u>(577)</u>	<u>(2,901)</u>	<u>(3,384)</u>
Creditors: amounts falling due after more than one year	16	(7)	(17)	(7)	(17)
Net assets		<u><u>9,527</u></u>	<u><u>9,236</u></u>	<u><u>6,827</u></u>	<u><u>6,537</u></u>
Charity funds					
Unrestricted funds		<u>9,527</u>	<u>9,236</u>	<u>6,827</u>	<u>6,537</u>
Total funds		<u><u>9,527</u></u>	<u><u>9,236</u></u>	<u><u>6,827</u></u>	<u><u>6,537</u></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: 13 November 2025

The notes of pages 13 to 21 form part of these financial statements.

Consolidated statement of cash flows

for the year ended 31 March 2025

	Notes	2025 £000	2024 £000
Cash flows from operating activities	17	<u>69</u>	<u>(123)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		-	(20)
Investment income		<u>3</u>	<u>2</u>
Net cash from investing activities		<u>3</u>	<u>(18)</u>
Cash flows from financing activities			
Bank loan repayments		<u>(10)</u>	<u>(10)</u>
Net cash from financing activities		<u>(10)</u>	<u>(10)</u>
Change in cash and cash equivalents in the year		62	(151)
Cash and cash equivalents at the start of the year		<u>71</u>	<u>222</u>
Cash and cash equivalents at the end of the year	18	<u><u>133</u></u>	<u><u>71</u></u>

The notes of pages 13 to 21 form part of these financial statements.

Notes to the financial statements

for the year ended 31 March 2025

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, this demand is volatile, with concerns especially in our three largest markets (Japan, Italy and Spain) around affordability combining with reduced population numbers in the age brackets who come to us, leading to ongoing uncertainties in the market.

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 having agreed further support from the Foundation through to at least December 2026, cash can be made to last beyond December 2026.

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, and the useful economic life of the Group's assets.

4 Income from charitable activities	2025	2024
	£000	£000
Course fees Shumei Gakuen Foundation	1,198	1,536
Course fees other	1,420	1,072
Exam fees	-	28
Centre maintenance grants	700	-
Other ancillary activities	129	153
	<u>3,447</u>	<u>2,789</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.

5 Income from other trading activities	2025	2024
	£000	£000
Rental income	20	16
	<u>20</u>	<u>16</u>

6 Analysis of expenditure by activity

	Staff costs	Depreciation	Other costs	Support costs allocation	2025	2024
	£000	£000	£000	£000	£000	£000
Charitable activities: education	921	-	689	1,397	3,007	3,375
Raising funds (see note 7)	63	-	52	57	172	102
	984	-	741	1,454	3,179	3,477
Support costs (see below)	606	206	642	(1,454)	-	-
	1,590	206	1,383	-	3,179	3,477

	Staff costs	Depreciation	Other costs	Support costs allocation	2024
	£000	£000	£000	£000	£000
<i>Analysis of prior year total</i>					
Charitable activities: education	942	-	775	1,658	3,375
Raising funds (see note 7)	40	-	28	34	102
	982	-	803	1,692	3,477
Support costs (see below)	633	227	832	(1,692)	-
	1,615	227	1,635	-	3,477

Analysis of support costs

	2025	2024
	£000	£000
Premises costs	680	810
Housekeeping	247	273
Management costs	136	150
Office costs	165	213
Governance costs (see below)	20	19
Depreciation	206	227
	1,454	1,692

Analysis of governance costs

	2025	2024
	£000	£000
Auditors' remuneration	19	19
Trustee expenses	1	-
	20	19

7 Expenditure on raising funds

	2025	2024
	£000	£000
Marketing costs	172	102
	172	102

Shumei Eiko Limited (a company limited by guarantee)**2025**

8	Staff costs	2025	2024
		£000	£000
	Wages and salaries	1,447	1,474
	Social security costs	118	116
	Defined contribution pension costs (see below)	25	25
		<u>1,590</u>	<u>1,615</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 £6,000 (2024: £5,000) were payable to the fund at the balance sheet date and are included in other creditors.

Average employee numbers

Total headcount	82	93
Full time equivalents	54	54

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 £166,000 (2024: £195,000). The Charity considers its key management personnel to comprise the members of the Senior Management Team.

9	Auditors' remuneration	2025	2024
		£000	£000
	Audit of the Charity's accounts	14	14
	Audit of subsidiary accounts	5	5
	Tax compliance and advice	-	1
		<u>19</u>	<u>20</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
	2025	2025	2025	2024	2024	2024
	£	£	£	£	£	£
M Horii (highest paid)	-	1,321	1,321	-	1,321	1,321
	<u>-</u>	<u>1,321</u>	<u>1,321</u>	<u>-</u>	<u>1,321</u>	<u>1,321</u>

The pension benefits above were accruing to 1 Trustee (2024: 1) in respect of defined contribution pension schemes. Payments to Trustees for travelling expenses to Board meetings totalled £325 (2024: £357).

11 Tangible fixed assets

	Leasehold property £000	Plant & machinery £000	Fixtures, fittings & equipment £000	Total £000
Group				
Cost				
At start of year	13,354	313	149	13,816
Additions	-	-	-	-
Disposals	-	-	(32)	(32)
At end of year	<u>13,354</u>	<u>313</u>	<u>117</u>	<u>13,784</u>
Depreciation				
At start of year	3,680	248	58	3,986
Charge for the year	149	31	26	206
Disposals	-	-	(32)	(32)
At end of year	<u>3,829</u>	<u>279</u>	<u>52</u>	<u>4,160</u>
Net book value				
At end of year	<u>9,525</u>	<u>34</u>	<u>65</u>	<u>9,624</u>
At start of year	<u>9,674</u>	<u>65</u>	<u>91</u>	<u>9,830</u>

	Fixtures, fittings & equipment £000	Total £000
Charity		
Cost		
At start of year	149	149
Additions	-	-
Disposals	(32)	(32)
At end of year	<u>117</u>	<u>117</u>
Depreciation		
At start of year	58	58
Charge for the year	26	26
Disposals	(32)	(32)
At end of year	<u>52</u>	<u>52</u>
Net book value		
At end of year	<u>65</u>	<u>65</u>
At start of year	<u>91</u>	<u>91</u>

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

12 Fixed asset investments	Investment in subsidiary company	
	2025	2024
Charity	£000	£000
Cost	15,253	15,254
Less provision for impairment	(5,583)	(5,407)
Net book value	<u>9,670</u>	<u>9,847</u>

The subsidiary company, which is owned 100% by the Charity and is registered in England and Wales, is as follows:

	Shumei Eiko Property Ltd
Company no	02388648
Principal activity	Leasing of properties and accommodation services
Income for the year (£000)	420
Expenditure for the year (£000)	(336)
Profit/(loss) for the year (£000)	84
Net assets at end of year (£000)	9,670

Another subsidiary, Shumei Eiko Services Ltd, which had net assets of £1,000, was struck off during the year.

13 Stocks	Group		Charity	
	2025	2024	2025	2024
	£000	£000	£000	£000
Goods for use and resale	<u>21</u>	<u>13</u>	<u>21</u>	<u>13</u>

14 Debtors	Group		Charity	
	2025	2024	2025	2024
Due within one year	£000	£000	£000	£000
Trade debtors	3	23	3	23
Prepayments and accrued income	69	80	38	49
	<u>72</u>	<u>103</u>	<u>41</u>	<u>72</u>

15 Creditors: amounts falling due within one year	Group		Charity	
	2025	2024	2025	2024
	£000	£000	£000	£000
Bank loans (see note 16)	10	10	10	10
Trade creditors	179	607	179	607
Amounts owed to group undertakings	-	-	2,791	2,782
Taxation and social security	32	26	32	26
Other creditors	12	11	9	9
Accruals and deferred income	83	110	71	105
	<u>316</u>	<u>764</u>	<u>3,092</u>	<u>3,539</u>

Trade creditors include £nil (2024: £243,000) owed to the Foundation which was repaid out of centre maintenance grants for the year ending 31 March 2025.

Analysis of deferred income	Group	Group	Charity	Charity
	2025	2024	2025	2024
	£000	£000	£000	£000
Deferred income at start of year	19	-	19	-
Amounts released from previous years	(19)	-	(19)	-
Amounts deferred in the year	18	19	18	19
Deferred income at end of year	<u>18</u>	<u>19</u>	<u>18</u>	<u>19</u>

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

16 Creditors: amounts falling due after more than one year

	Group	Group	Charity	Charity
	2025	2024	2025	2024
	£000	£000	£000	£000
Bank loans	7	17	7	17
	<u>7</u>	<u>17</u>	<u>7</u>	<u>17</u>

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
	2025	2024
	£000	£000
Net (expenditure)/income for the year	291	(670)
Depreciation	206	227
Investment income	(3)	(2)
Movement in stocks	(8)	(5)
Movement in debtors	31	14
Movement in creditors	(448)	313
Cash flow from operating activities	<u>69</u>	<u>(123)</u>

18 Cash and cash equivalents

	Group	Group
	2025	2024
	£000	£000
Cash at bank and in hand	133	71
Cash and cash equivalents	<u>133</u>	<u>71</u>

19 Changes in net debt

	1 April	Cash	31 March
	2024	flows	2025
	£000	£000	£000
Cash at bank and in hand	71	62	133
Bank loans	(27)	10	(17)
Net debt	<u>44</u>	<u>72</u>	<u>116</u>

20 Commitments***Operating lease commitments***

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

	Group	Group	Charity	Charity
	2025	2024	2025	2024
	£000	£000	£000	£000
Within one year - equipment	31	16	31	16
One to five years - equipment	68	47	68	47
Within one year - properties	113	113	400	400
One to five years - properties	452	452	1,600	1,600
Over five years - properties	6,746	6,859	23,900	24,300
	<u>7,410</u>	<u>7,487</u>	<u>25,999</u>	<u>26,363</u>

During the year the Group incurred expenditure in respect of operating leases amounting to £161,000 (2024: £160,000).

21 Related party transactions

The group's educational and related fee income includes £1,198,000 (2024: £1,536,000) 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 £700,000 (2024: £nil) 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 (2024: £243,000) owing by the Charity to the Foundation. The Foundation in Japan employs K Kawashima, Y Oshiro, M Horii and M Sekiguchi who are or have been Trustees and Directors of the Charity.

Gift Aid donations were made to the Charity during the year totalling £261,000 (2024: £259,000) 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 (2024: £400,000) in respect of leases for the properties from which the Charity operates.

A charge of £15,000 (2024: £12,000) 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 £2,791,000 (2024: £2,782,000). All balances owed to and from other companies within the Group are unsecured and interest-free.

SHUMEI EIKO LIMITED

England & Wales - Charity number 1002647

Accounts

Company no: 02562565
Charity number:1002647

Shumei Eiko Limited

Trustees' report and financial statements
for the year ended 31 March 2024

Contents

	Page
Reference and administrative details	1
Trustees' report including Trustees' responsibility statement	2-5
Independent auditors' report on the financial statements	6-9
Consolidated statement of financial activities	10
Consolidated and charity balance sheets	11
Consolidated statement of cash flows	12
Notes to the financial statements	13-21

**Reference and administrative details of the Charity, its Trustees and advisers
for the year ended 31 March 2024**

Trustees	Professor J Craven (Chair) Professor M Horii Professor K Kawashima Dr A Manning (appointed 26 May 2023) J Norwood (appointed 18 April 2024) Professor M Sekiguchi (resigned 27 September 2024) P A Todd
Senior Management Team	Professor M Horii - Principal (Chief Executive) J Archer - Finance Manager C Hanson - Programmes Manager M Shuttleworth - Operations Manager S Lake - HR 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 2024****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.

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

Strategic report**Charitable activities**

Residential courses to teach English to international students, which are the principal means by which the Charity carried out its charitable activities, have been gradually building up since resumption of activity after the coronavirus pandemic in March 2022.

Achievements and performance

The College continues to recover from the effects of the pandemic which meant no students on site from late March 2020 to late March 2022. The number of student weeks for students from the Foundation in Japan dropped slightly from 3,057 to 2,952, but student weeks for other international students rose strongly by 53% from 1,182 to 1,806. Confidence in international travel has recovered, but the global cost of living crisis and demographic trends continue to impact on student numbers.

Non-charitable activities

Our non-charitable activities arise mainly from providing accommodation when it is not needed for our educational charity purposes. Now that courses have fully resumed this has become very limited.

Financial review

During the year, the Group generated income of £2,807,000 (2023: £2,597,000) and incurred expenditure of £3,477,000 (2023: £2,840,000), resulting in a deficit for the year of £670,000 (2023: £243,000).

The Group's unrestricted funds as set out in the balance sheet as at 31 March 2024 were £9,236,000 (2023: £9,906,000).

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 £850,000. The actual level of free reserves as at 31 March 2024 was minus £594,000 (2023: minus £131,000). 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.

The Foundation has agreed to provide £700,000 of centre maintenance grants in the year ending 31 March 2025 which will help to rebuild the Group's reserves and to repay amounts owed to the Foundation at the balance sheet date.

Going concern and plans for future periods

The financial statements have been prepared on the going concern basis of accounting.

Demand for our services since the balance sheet date has been reasonable but patchy, reflecting the challenges of global inflation and demography, despite 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 and East Asia 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 2025. Furthermore, the Foundation has agreed to provide further funding should it be required up to the end of 2025. 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 prices both for costs and income. This risk has three principal elements as follows:

- Financial risks - can we return to profitability despite uncertain economic times and increases in the costs of staff?
- 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).

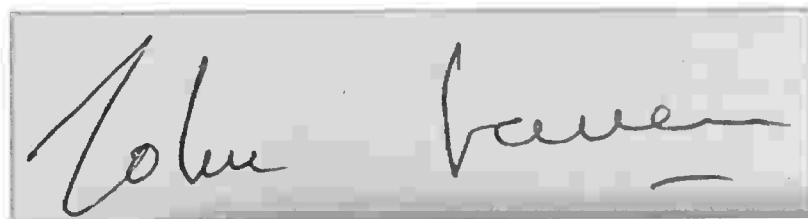
Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable Company and the Group and of the incoming resources and application of resources, including the income and expenditure, of the Group for 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 appears to be 'John Craven' written in a cursive style.

Professor J Craven

Chairman

Date: 14 November 2024

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 2024, 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 2024 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 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 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:

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the charitable company and its sector, and through discussion with the Trustees and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to health and safety, anti-bribery and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, Statement of Recommended Practice, taxation and pension legislation. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, management bias in accounting estimates and judgemental areas of the financial statements. Audit procedures performed by the engagement team included:

- 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- 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. 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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



Peter Manser FCA DChA, Senior Statutory Auditor

for and on behalf of

Kreston Reeves LLP

Statutory Auditors

Canterbury

United Kingdom

Date: 14 November 2024

Consolidated Statement of Financial Activities

for the year ended 31 March 2024

(incorporating income and expenditure account)

	Notes	Unrestricted funds 2024 £000	Restricted funds 2024 £000	Total funds 2024 £000	Total funds 2023 £000
Income from:					
Charitable activities	4	2,789	-	2,789	2,519
Other trading activities	5	16	-	16	77
Other income - furlough grants		-	-	-	-
Investments		2	-	2	1
Total income		<u>2,807</u>	<u>-</u>	<u>2,807</u>	<u>2,597</u>
Expenditure on:					
Charitable activities		3,375	-	3,375	2,713
Raising funds	7	102	-	102	127
Total expenditure	6	<u>3,477</u>	<u>-</u>	<u>3,477</u>	<u>2,840</u>
Net movement in funds		<u>(670)</u>	<u>-</u>	<u>(670)</u>	<u>(243)</u>
Reconciliation of funds					
Total funds at start of year		9,906	-	9,906	10,149
Net movement in funds		<u>(670)</u>	<u>-</u>	<u>(670)</u>	<u>(243)</u>
Total funds at end of year		<u>9,236</u>	<u>-</u>	<u>9,236</u>	<u>9,906</u>

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

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

The notes of pages 13 to 21 form part of these financial statements.

Consolidated and Charity balance sheets

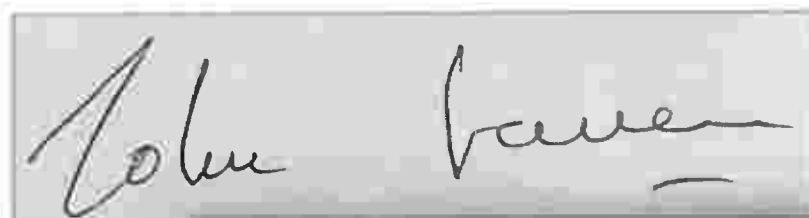
Company no: 02562565

as at 31 March 2024

	Notes	Group 2024 £000	Group 2023 £000	Charity 2024 £000	Charity 2023 £000
Fixed assets					
Tangible assets	11	9,830	10,037	91	103
Investments	12	-	-	9,847	10,038
		<u>9,830</u>	<u>10,037</u>	<u>9,938</u>	<u>10,141</u>
Current assets					
Stocks	13	13	8	13	8
Debtors	14	103	117	72	86
Cash at bank and in hand		71	222	70	161
		<u>187</u>	<u>347</u>	<u>155</u>	<u>255</u>
Creditors: amounts falling due within one year	15	(764)	(451)	(3,539)	(3,163)
Net current assets/(liabilities)		<u>(577)</u>	<u>(104)</u>	<u>(3,384)</u>	<u>(2,908)</u>
Creditors: amounts falling due after more than one year	16	(17)	(27)	(17)	(27)
Net assets		<u>9,236</u>	<u>9,906</u>	<u>6,537</u>	<u>7,206</u>
Charity funds					
Unrestricted funds		9,236	9,906	6,537	7,206
Total funds		<u>9,236</u>	<u>9,906</u>	<u>6,537</u>	<u>7,206</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: 14 November 2024

The notes of pages 13 to 21 form part of these financial statements.

Consolidated statement of cash flows

for the year ended 31 March 2024

	Notes	2024 £000	2023 £000
Cash flows from operating activities	17	<u>(123)</u>	<u>98</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(20)	(95)
Investment income		2	1
Net cash from investing activities		<u>(18)</u>	<u>(94)</u>
Cash flows from financing activities			
Bank loan repayments		<u>(10)</u>	<u>(10)</u>
Net cash from financing activities		<u>(10)</u>	<u>(10)</u>
Change in cash and cash equivalents in the year		(151)	(6)
Cash and cash equivalents at the start of the year		<u>222</u>	<u>228</u>
Cash and cash equivalents at the end of the year	18	<u><u>71</u></u>	<u><u>222</u></u>

The notes of pages 13 to 21 form part of these financial statements.

Notes to the financial statements

for the year ended 31 March 2024

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, this demand is volatile, with concerns especially in our three largest markets (Japan, Italy and Spain) around affordability combining with reduced population numbers in the age brackets who come to us, leading to ongoing uncertainties in the market.

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 2025.

Furthermore, the Foundation has agreed to provide further funding should it be required up to the end of 2025. 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, and the useful economic life of the Group's assets.

4 Income from charitable activities	2024	2023
	£000	£000
Course fees Shumei Gakuen Foundation	1,536	1,493
Course fees other	1,072	597
Exam fees	28	35
Centre maintenance grants	-	300
Other ancillary activities	153	94
	<u>2,789</u>	<u>2,519</u>

Centre maintenance grants in the prior year 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.

5 Income from other trading activities	2024	2023
	£000	£000
Rental income	16	77
	<u>16</u>	<u>77</u>

6 Analysis of expenditure by activity

	Staff costs	Depreciation	Other costs	Support costs allocation	2024	2023
	£000	£000	£000	£000	£000	£000
Charitable activities: education	942	-	775	1,658	3,375	2,713
Raising funds (see note 7)	40	-	28	34	102	127
	982	-	803	1,692	3,477	2,840
Support costs (see below)	633	227	832	(1,692)	-	-
	1,615	227	1,635	-	3,477	2,840

	Staff costs	Depreciation	Other costs	Support costs allocation	2023
	£000	£000	£000	£000	£000
<i>Analysis of prior year total</i>					
Charitable activities: education	760	-	506	1,447	2,713
Raising funds (see note 7)	50	-	35	42	127
	810	-	541	1,489	2,840
Support costs (see below)	529	232	728	(1,489)	-
	1,339	232	1,269	-	2,840

	2024	2023
	£000	£000
Analysis of support costs		
Premises costs	810	680
Housekeeping	273	234
Management costs	150	152
Office costs	213	173
Governance costs (see below)	19	18
Depreciation	227	232
	1,692	1,489

	2024	2023
	£000	£000
Analysis of governance costs		
Auditors' remuneration	19	17
Trustee expenses	-	1
	19	18

	2024	2023
	£000	£000
7 Expenditure on raising funds		
Marketing costs	102	127
	102	127

Shumei Eiko Limited (a company limited by guarantee)**2024**

8 Staff costs	2024	2023
	£000	£000
Wages and salaries	1,474	1,227
Social security costs	116	94
Defined contribution pension costs (see below)	25	18
	<u>1,615</u>	<u>1,339</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 £5,000 (2023: £4,000) were payable to the fund at the balance sheet date and are included in other creditors.

Average employee numbers

Total headcount	93	77
Full time equivalents	54	47

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 £195,000 (2023: £197,000). The Charity considers its key management personnel to comprise the members of the Senior Management Team.

9 Auditors' remuneration	2024	2023
	£000	£000
Audit of the Charity's accounts	14	13
Audit of subsidiary accounts	5	4
Tax compliance and advice	1	1
	<u>20</u>	<u>18</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
	2024	2024	2024	2023	2023	2023
	£	£	£	£	£	£
M Horii (highest paid)	-	1,321	1,321	4,800	1,247	6,047
	-	<u>1,321</u>	<u>1,321</u>	<u>4,800</u>	<u>1,247</u>	<u>6,047</u>

The pension benefits above were accruing to 1 Trustee (2023: 1) in respect of defined contribution pension schemes. Payments to Trustees for travelling expenses to Board meetings totalled £357 (2023: £nil).

11 Tangible fixed assets

Group	Leasehold property £000	Plant & machinery £000	Fixtures, fittings & equipment £000	Total £000
Cost				
At start of year	13,354	458	182	13,994
Additions	-	-	20	20
Disposals	-	(145)	(53)	(198)
At end of year	13,354	313	149	13,816
Depreciation				
At start of year	3,531	347	79	3,957
Charge for the year	149	46	32	227
Disposals	-	(145)	(53)	(198)
At end of year	3,680	248	58	3,986
Net book value				
At end of year	9,674	65	91	9,830
At start of year	9,823	111	103	10,037

Charity	Fixtures, fittings & equipment £000	Total £000
Cost		
At start of year	182	182
Additions	20	20
Disposals	(53)	(53)
At end of year	149	149
Depreciation		
At start of year	79	79
Charge for the year	32	32
Disposals	(53)	(53)
At end of year	58	58
Net book value		
At end of year	91	91
At start of year	103	103

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

12	Fixed asset investments	Investment in subsidiary companies	
		2024	2023
		£000	£000
	Charity		
	Cost	15,254	15,254
	Less provision for impairment	(5,407)	(5,216)
	Net book value	<u>9,847</u>	<u>10,038</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)	417	-
Expenditure for the year (£000)	(348)	-
Profit/(loss) for the year (£000)	69	-
Net assets at end of year (£000)	9,847	1

13	Stocks	Group		Charity	
		2024	2023	2024	2023
		£000	£000	£000	£000
	Goods for use and resale	<u>13</u>	<u>8</u>	<u>13</u>	<u>8</u>
14	Debtors	Group	Group	Charity	Charity
		2024	2023	2024	2023
		£000	£000	£000	£000
	Due within one year				
	Trade debtors	23	19	23	19
	Other debtors	-	-	-	-
	Prepayments and accrued income	80	98	49	67
		<u>103</u>	<u>117</u>	<u>72</u>	<u>86</u>
15	Creditors: amounts falling due within one year	Group	Group	Charity	Charity
		2024	2023	2024	2023
		£000	£000	£000	£000
	Bank loans (see note 16)	10	10	10	10
	Trade creditors	607	273	607	273
	Amounts owed to group undertakings	-	-	2,782	2,737
	Taxation and social security	26	26	26	26
	Other creditors	11	30	9	8
	Accruals and deferred income	110	112	105	109
		<u>764</u>	<u>451</u>	<u>3,539</u>	<u>3,163</u>

Trade creditors include £243,000 (2023: £nil) owed to the Foundation which is being repaid after the balance sheet date out of centre maintenance grants for the year ending 31 March 2025.

Analysis of deferred income	Group	Group	Charity	Charity
	2024	2023	2024	2023
	£000	£000	£000	£000
Deferred income at start of year	19	11	19	11
Amounts released from previous years	(19)	(11)	(19)	(11)
Amounts deferred in the year	19	19	19	19
Deferred income at end of year	<u>19</u>	<u>19</u>	<u>19</u>	<u>19</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
	2024	2023	2024	2023
	£000	£000	£000	£000
Bank loans	17	27	17	27
	<u>17</u>	<u>27</u>	<u>17</u>	<u>27</u>

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
	2024	2023
	£000	£000
Net (expenditure)/income for the year	(670)	(243)
Depreciation	227	232
Investment income	(2)	(1)
Movement in stocks	(5)	(3)
Movement in debtors	14	(36)
Movement in creditors	313	149
Cash flow from operating activities	<u>(123)</u>	<u>98</u>

18 Cash and cash equivalents

	Group	Group
	2024	2023
	£000	£000
Cash at bank and in hand	71	222
Cash and cash equivalents	<u>71</u>	<u>222</u>

19 Changes in net debt

	1 April	Cash	31 March
	2023	flows	2024
	£000	£000	£000
Cash at bank and in hand	222	(151)	71
Bank loans	(37)	10	(27)
Net debt	<u>185</u>	<u>(141)</u>	<u>44</u>

20 Commitments***Operating lease commitments***

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

	Group	Group	Charity	Charity
	2024	2023	2024	2023
	£000	£000	£000	£000
Within one year - equipment	27	18	27	18
One to five years - equipment	100	63	100	63
Within one year - properties	113	113	400	400
One to five years - properties	452	452	1,600	1,600
Over five years - properties	6,859	6,972	24,300	24,700
	<u>7,551</u>	<u>7,618</u>	<u>26,427</u>	<u>26,781</u>

During the year the Group incurred expenditure in respect of operating leases amounting to £141,000 (2023: £141,000).

21 Related party transactions

The group's educational and related fee income includes £1,536,000 (2023: £1,493,000) 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 £nil (2023: £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 £243,000 (2023: £nil) owing by the Charity to the Foundation. The Foundation in Japan employs M Sekiguchi, K Kawashima and M Horii who are Trustees and Directors of the Charity.

Gift Aid donations were made to the Charity during the year totalling £259,000 (2023: £267,000) 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 (2023: £400,000) in respect of leases for the properties from which the Charity operates.

A charge of £12,000 (2023: £58,000) 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 £2,782,000 (2023: £2,737,000). All balances owed to and from other companies within the Group are unsecured and interest-free.

SHUMEI EIKO LIMITED

England & Wales - Charity number 1002647

Accounts

Company no: 02562565
Charity number:1002647

Shumei Eiko Limited

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

Contents

	Page
Reference and administrative details	1
Trustees' report including Trustees' responsibility statement	2-5
Independent auditors' report on the financial statements	6-8
Consolidated statement of financial activities	9
Consolidated and charity balance sheets	10
Consolidated statement of cash flows	11
Notes to the financial statements	12-20

**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).

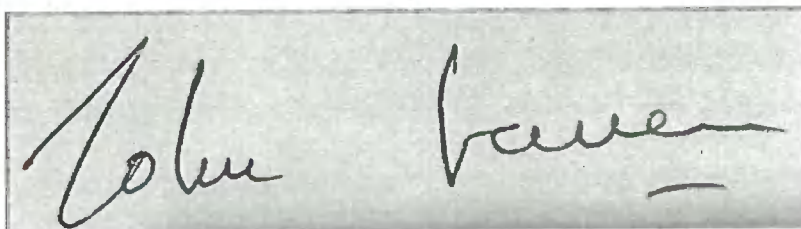
Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable Company and the Group and of the incoming resources and application of resources, including the income and expenditure, of the Group for 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. 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
Income from:					
Charitable activities	4	2,519	-	2,519	403
Other trading activities	5	77	-	77	84
Other income - furlough grants		-	-	-	110
Investments		1	-	1	-
Total income		2,597	-	2,597	597
Expenditure on:					
Charitable activities		2,713	-	2,713	1,127
Raising funds	7	127	-	127	79
Total expenditure	6	2,840	-	2,840	1,206
Net movement in funds		(243)	-	(243)	(609)
Reconciliation of funds					
Total funds at start of year		10,149	-	10,149	10,758
Net movement in funds		(243)	-	(243)	(609)
Total funds at end of year		9,906	-	9,906	10,149

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

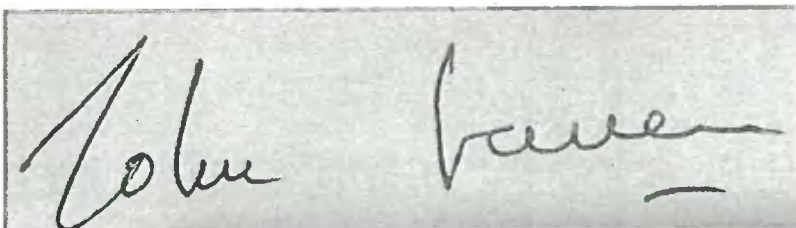
Company no: 02562565

as at 31 March 2023

	Notes	Group 2023 £000	Group 2022 £000	Charity 2023 £000	Charity 2022 £000
Fixed assets					
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>
Current assets					
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>
Creditors: amounts falling due within one year	15	(451)	(283)	(3,163)	(2,882)
Net current assets/(liabilities)		<u>(104)</u>	<u>31</u>	<u>(2,908)</u>	<u>(2,766)</u>
Creditors: amounts falling due after more than one year	16	(27)	(56)	(27)	(56)
Net assets		<u>9,906</u>	<u>10,149</u>	<u>7,206</u>	<u>10,149</u>
Charity funds					
Unrestricted funds		9,906	10,149	7,206	10,149
Total funds		<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
Cash flows from operating activities	17	<u>98</u>	<u>(341)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(95)	-
Investment income		<u>1</u>	<u>-</u>
Net cash from investing activities		<u>(94)</u>	<u>-</u>
Cash flows from financing activities			
Bank loan repayments		<u>(10)</u>	<u>(3)</u>
Net cash from financing activities		<u>(10)</u>	<u>(3)</u>
Change in cash and cash equivalents in the year		(6)	(344)
Cash and cash equivalents at the start of the year		<u>228</u>	<u>572</u>
Cash and cash equivalents at the end of the year	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.

4 Income from charitable activities	2023	2022
	£000	£000
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.

5 Income from other trading activities	2023	2022
	£000	£000
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
Analysis of prior year total					
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

Analysis of support costs

	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

Analysis of governance costs

	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**

8	Staff costs	2023	2022
		£000	£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.

9	Auditors' remuneration	2023	2022
		£000	£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
Cost				
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
Depreciation				
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
Net book value				
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
Cost		
At start of year	120	120
Additions	95	95
Disposals	(33)	(33)
At end of year	182	182
Depreciation		
At start of year	83	83
Charge for the year	29	29
Disposals	(33)	(33)
At end of year	79	79
Net book value		
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
Due within one year				
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.

SHUMEI EIKO LIMITED

England & Wales - Charity number 1002647

Accounts

Company no: 02562565
Charity number:1002647

Shumei Eiko Limited

**Trustees' report and financial statements
for the year ended 31 March 2022**

Contents

	Page
Reference and administrative details	1
Trustees' report including Trustees' responsibility statement	2-5
Independent auditors' report on the financial statements	6-8
Consolidated statement of financial activities	9
Consolidated and charity balance sheets	10
Consolidated statement of cash flows	11
Notes to the financial statements	12-20

**Reference and administrative details of the Charity, its Trustees and advisers
for the year ended 31 March 2022**

Trustees	Professor J Craven (Chair) Dr K Balchin (resigned 10 October 2022) Professor M Horii Professor K Kawashima A Moore Professor M Sekiguchi P A Todd
Senior Management Team	Professor M Horii - Principal (Chief Executive) J Archer - Finance Manager H Goodwin - Student Services Manager D Hutton - Operations Manager L Mead - HR Manager T Wozniak - Academic Business Manager
Company registration number	02562565
Charity registered number	1002647
Registered office	Chaucer College Canterbury University Road Canterbury, Kent CT2 7LJ
Independent auditors	MHA MacIntyre Hudson Maidstone United Kingdom
Bankers	HSBC Canterbury

Trustees' report**for the year ended 31 March 2022****Structure, governance and management****Governing document**

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

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

Recruitment and appointment of new trustees

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

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

Organisational structure

The Charity operates from its principal address in Canterbury. The Charity has an arm's length relationship with Shumei Gakuen Foundation (The 'Foundation'), which is based in Japan and which is its principal funder. Students from the Foundation are enrolled at the Charity's college in the United Kingdom for part of their studies.

Transactions with the Foundation are considered to be related party transactions. Except as set out in notes 11 and 22 to the financial statements, the Charity does not transact with other related parties.

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 operated the Group's non-charitable trading, which is principally the letting out of surplus rooms to students from the University of Kent and the external hiring of classrooms when they are not in use by the College, until 31 December 2020 when its business, assets and liabilities were transferred to Shumei Eiko Property Ltd and it became dormant. Both companies donate their taxable profits to the Charity by way of Gift Aid each year.

Remuneration of key management personnel and Trustees

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

Objectives and aims

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

Public benefit

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

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

Strategic report**Charitable activities**

All residential courses to teach English to international students, which were the principal means by which the Charity carried out its charitable activities, were suspended in March 2020 due to the Coronavirus lockdown and subsequent restrictions on international travel, and 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. There was a small level of non-residential charitable activity during the year.

Achievements and performance

As well as being unable to run residential courses for most of the year, letting of surplus space to University of Kent students has been severely affected. Since July 2021 the College has been taking short-term guests through airbnb to generate as much as income as possible to sustain the College until full resumption of activities. We are further developing non-residential training both online and for local students, but student numbers during the year have been small. The normal key performance indicators are numbers of student weeks and cash generated from operations compared to budget, and these will return to being meaningful for 2022/23 as business resumes - for 21/22, there were no student weeks until the final part of the year, and cash flow was close to budget.

Community contribution

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

Non-charitable activities

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

Financial review

During the year, the Group generated income of £597,000 (2021: £676,000) and incurred expenditure of £1,206,000 (2021: £1,915,000), resulting in a deficit for the year of £609,000 (2021: £1,239,000). These figures remain far below those of a normal year.

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

The Group's unrestricted funds as set out in the balance sheet as at 31 March 2022 were £10,149,000 (2021: £10,758,000).

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 2022 was minus £25,000 (2021: plus £352,000), the drop in the year reflecting the impact of the pandemic. The Trustees keep the position under review regularly, and aim to rebuild reserves over the coming years through annual operating surpluses and careful management of the Group's resources.

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

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

Going concern and plans for future periods

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

Demand for our services in summer and autumn 2022 has been strong despite continuing concerns around international travel disruption and the risk of the return of legal restrictions and/or public reluctance to travel.

The principal objective for the next year is to rebuild the business, including new business which does not depend on international travel, and to bed in a variety of new ways of working. All of this will need to be done whilst preserving cash so as to ensure that we are secure to handle future fluctuations and uncertainty. Further action and/or support from the Foundation will be necessary to ensure that the Charity has sufficient cash until income returns to a commercially viable level.

The Trustees' cash flow projections show that, on reasonably cautious assumptions about levels of income, without recourse to additional funding from borrowing or government grants, and with further support from the Foundation only at the level that they have agreed, cash can be made to last beyond December 2023. 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).

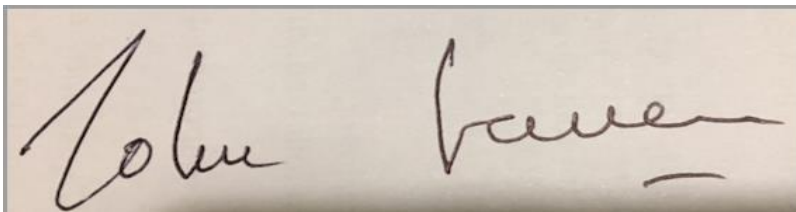
Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable Company and the Group and of the incoming resources and application of resources, including the income and expenditure, of the Group for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

Professor J Craven

Chairman

Date: 17 November 2022

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 2022, 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 2022 and of the Group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 2(b) in the financial statements, which indicates, in the context that the Group incurred a net deficit of £609,000 during the year ended 31 March 2022, that due to uncertainties with respect of the economic climate and worldwide price increases, there is uncertainty over whether the future cashflows will be sufficient to cover the Group's liabilities as they fall due. As stated in note 2(b), these events or conditions, along with other matters as set forth in note 2(b), indicate that a material uncertainty exists that may cast significant doubt on the Group and Charity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditors' report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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 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 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. This description forms part of our Auditors' report.

Use of our report

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



Duncan Cochrane-Dyett BSc BFP FCA, Senior Statutory Auditor

for and on behalf of

MHA MacIntyre Hudson

Statutory Auditors

Maidstone

United Kingdom

Date: 12 December 2022.....

Consolidated Statement of Financial Activities

for the year ended 31 March 2022

(incorporating income and expenditure account)

	Notes	Unrestricted funds 2022 £000	Restricted funds 2022 £000	Total funds 2022 £000	Total funds 2021 £000
Income from:					
Charitable activities	4	403	-	403	35
Other trading activities	5	84	-	84	31
Other income - furlough grants	6	110	-	110	610
Total income		<u>597</u>	<u>-</u>	<u>597</u>	<u>676</u>
Expenditure on:					
Charitable activities		1,127	-	1,127	1,843
Raising funds	8	79	-	79	72
Total expenditure	7	<u>1,206</u>	<u>-</u>	<u>1,206</u>	<u>1,915</u>
Net movement in funds		<u>(609)</u>	<u>-</u>	<u>(609)</u>	<u>(1,239)</u>
Reconciliation of funds					
Total funds at start of year		10,758	-	10,758	11,997
Net movement in funds		<u>(609)</u>	<u>-</u>	<u>(609)</u>	<u>(1,239)</u>
Total funds at end of year		<u><u>10,149</u></u>	<u><u>-</u></u>	<u><u>10,149</u></u>	<u><u>10,758</u></u>

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

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

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

Consolidated and Charity balance sheets

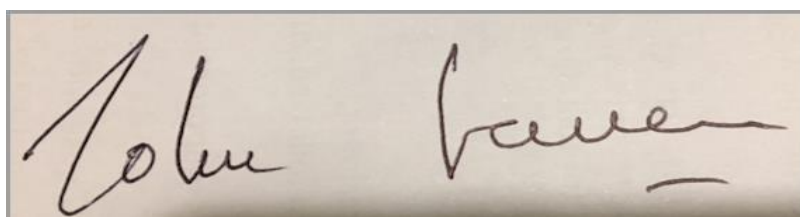
Company no: 02562565

as at 31 March 2022

	Notes	Group 2022 £000	Group 2021 £000	Charity 2022 £000	Charity 2021 £000
Fixed assets					
Tangible assets	12	10,174	10,406	37	63
Investments	13	-	-	12,934	13,133
		<u>10,174</u>	<u>10,406</u>	<u>12,971</u>	<u>13,196</u>
Current assets					
Stocks	14	5	2	5	2
Debtors	15	81	78	44	40
Cash at bank and in hand		228	572	67	75
		<u>314</u>	<u>652</u>	<u>116</u>	<u>117</u>
Creditors: amounts falling due within one year	16	(283)	(150)	(2,882)	(2,405)
Net current assets/(liabilities)		<u>31</u>	<u>502</u>	<u>(2,766)</u>	<u>(2,288)</u>
Creditors: amounts falling due after more than one year	17	(56)	(150)	(56)	(150)
Net assets		<u>10,149</u>	<u>10,758</u>	<u>10,149</u>	<u>10,758</u>
Charity funds					
Unrestricted funds		<u>10,149</u>	<u>10,758</u>	<u>10,149</u>	<u>10,758</u>
Total funds		<u>10,149</u>	<u>10,758</u>	<u>10,149</u>	<u>10,758</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: 17 November 2022

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

Consolidated statement of cash flows

for the year ended 31 March 2022

	Notes	2022 £000	2021 £000
Cash flows from operating activities	18	<u>(341)</u>	<u>(1,121)</u>
Cash flows from investing activities			
Sale of tangible fixed assets		<u>-</u>	<u>11</u>
Net cash from investing activities		<u>-</u>	<u>11</u>
Cash flows from financing activities			
Bank loan taken out		-	50
Bank loan repayments		<u>(3)</u>	<u>-</u>
Net cash from financing activities		<u>(3)</u>	<u>50</u>
Change in cash and cash equivalents in the year		(344)	(1,060)
Cash and cash equivalents at the start of the year		<u>572</u>	<u>1,632</u>
Cash and cash equivalents at the end of the year	19	<u><u>228</u></u>	<u><u>572</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 2022

1 General information

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

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

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

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

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

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

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

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

(b) Going concern basis of accounting

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

The Charity's business relies on students from overseas travelling to the Charity's premises for in-culture learning of English as a foreign language. Although demand for our services has rebounded strongly from the impact of the pandemic, there remains significant 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 Charity has taken all necessary steps to protect itself until income levels fully resume, including obtaining government support, reducing staff costs, renegotiating contracts with lessors and other suppliers, and seeking alternative sources of income. Further action and/or support from the Shumei Gakuen Foundation will be necessary to ensure that the Charity has sufficient cash until income returns to a commercially viable level. A letter has been issued by the Shumei Gakuen Foundation to the Charity, confirming financial support will be provided to the Group as and when needed up to 31 December 2023.

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

(c) Income

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

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

Income is deferred where it relates to a future period.

Income from 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	33%
Other equipment	15%

(h) Investments

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

(i) Stocks

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

(j) Debtors

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

(k) Cash at bank and in hand

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

(l) Liabilities

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

(m) Financial instruments

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

(n) Fund accounting

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

3 Critical accounting estimates and areas of judgment

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

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

4 Income from charitable activities	2022	2021
	£000	£000
Course fees	30	6
Exam fees	46	13
Centre maintenance grants	300	-
Other ancillary activities	27	16
	403	35

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.

5 Income from other trading activities	2022	2021
	£000	£000
Rental income	83	29
Other trading income	1	2
	84	31

6 Other income - furlough grants

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

7 Analysis of expenditure by activity

	Staff costs	Deprec- iation	Other costs	Support costs allocation	2022 £000	2021 £000
Charitable activities: education	143	-	40	944	1,127	1,843
Raising funds (see note 8)	31	-	22	26	79	72
	174	-	62	970	1,206	1,915
Support costs (see below)	361	232	377	(970)	-	-
	535	232	439	-	1,206	1,915

	Staff costs	Deprec- iation	Other costs	Support costs allocation	2021 £000
<i>Analysis of prior year total</i>					
Charitable activities: education	666	-	48	1,129	1,843
Raising funds (see note 8)	38	1	2	31	72
	704	1	50	1,160	1,915
Support costs (see below)	556	243	361	(1,160)	-
	1,260	244	411	-	1,915

Analysis of support costs

	2022 £000	2021 £000
Premises costs	471	438
Housekeeping	44	115
Management costs	80	210
Office costs	127	135
Governance costs (see below)	16	19
Depreciation	232	243
	970	1,160

Analysis of governance costs

	2022 £000	2021 £000
Auditors' remuneration	16	19
	16	19

8 Expenditure on raising funds

	2022 £000	2021 £000
Marketing costs	79	57
Trading expenditure	-	15
	79	72

Shumei Eiko Limited (a company limited by guarantee)**2022**

9	Staff costs	2022	2021
		£000	£000
	Wages and salaries	482	1,158
	Social security costs	43	83
	Defined contribution pension costs (see below)	10	19
		535	1,260

The Charity operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Charity in an independently administered fund. The pension cost shown above represents contributions payable by the Charity to the fund. Contributions totalling £2,000 (2021: £2,000) were payable to the fund at the balance sheet date and are included in other creditors.

Average employee numbers

Total headcount	31	63
Full time equivalents	18	44

All employees of the Group are within the Charity.

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

During the previous year termination payments of £110,000 were made to 36 members of staff. There were no terminations in the current year.

The total amount of employee benefits received by key management personnel was £125,000 (2021: £137,000). The Charity considers its key management personnel to comprise the members of the Senior Management Team.

10	Auditors' remuneration	2022	2021
		£000	£000
	Audit of the Charity's accounts	12	13
	Audit of subsidiary accounts	4	6
	Tax compliance and advice	1	3
		17	22

11 Trustees' remuneration and expenses

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

	Salary	Pension	Total	Salary	Pension	Total
	2022	2022	2022	2021	2021	2021
	£	£	£	£	£	£
C Vines (highest paid in 2021)	-	-	-	18,908	96	19,004
M Horii (highest paid in 2022)	4,800	1,271	6,071	4,800	1,302	6,102
	4,800	1,271	6,071	23,708	1,398	25,106

The pension benefits above were accruing to 1 Trustee (2021: 2) in respect of defined contribution pension schemes. During the previous year, travelling and compliance expenses totalling £13 were reimbursed to or paid directly on behalf of 1 Trustee; there were no such payments in the current year.

12 Tangible fixed assets

Group	Leasehold property £000	Plant & machinery £000	Fixtures, fittings & equipment £000	Total £000
Cost				
At start of year	13,354	563	156	14,073
Disposals	-	(29)	(36)	(65)
At end of year	<u>13,354</u>	<u>534</u>	<u>120</u>	<u>14,008</u>
Depreciation				
At start of year	3,233	341	93	3,667
Charge for the year	149	57	26	232
Disposals	-	(29)	(36)	(65)
At end of year	<u>3,382</u>	<u>369</u>	<u>83</u>	<u>3,834</u>
Net book value				
At end of year	<u>9,972</u>	<u>165</u>	<u>37</u>	<u>10,174</u>
At start of year	<u>10,121</u>	<u>222</u>	<u>63</u>	<u>10,406</u>
			Fixtures, fittings & equipment £000	Total £000
Charity				
Cost				
At start of year			156	156
Disposals			(36)	(36)
At end of year			<u>120</u>	<u>120</u>
Depreciation				
At start of year			93	93
Charge for the year			26	26
Disposals			(36)	(36)
At end of year			<u>83</u>	<u>83</u>
Net book value				
At end of year			<u>37</u>	<u>37</u>
At start of year			<u>63</u>	<u>63</u>

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

13	Fixed asset investments	Investment in subsidiary companies	
		2022	2021
	Charity	£000	£000
	Cost	15,254	15,254
	Less provision for impairment	(2,320)	(2,121)
	Net book value	<u>12,934</u>	<u>13,133</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)	484	-
Expenditure for the year (£000)	(404)	-
Profit/(loss) for the year (£000)	80	-
Net assets at end of year (£000)	12,934	1

14	Stocks	Group		Charity	
		2022	2021	2022	2021
		£000	£000	£000	£000
	Goods for use and resale	<u>5</u>	<u>2</u>	<u>5</u>	<u>2</u>

15	Debtors	Group		Charity	
		2022	2021	2022	2021
	Due within one year	£000	£000	£000	£000
	Trade debtors	2	6	2	6
	Other debtors	7	17	-	10
	Prepayments and accrued income	72	55	42	24
		<u>81</u>	<u>78</u>	<u>44</u>	<u>40</u>

16	Creditors: amounts falling due within one year	Group		Charity	
		2022	2021	2022	2021
		£000	£000	£000	£000
	Bank loans (see note 17)	10	-	10	-
	Trade creditors	205	52	205	52
	Amounts owed to group undertakings	-	-	2,608	2,262
	Taxation and social security	9	11	9	11
	Other creditors	11	34	11	34
	Accruals and deferred income	48	53	39	46
		<u>283</u>	<u>150</u>	<u>2,882</u>	<u>2,405</u>

Analysis of deferred income	Group	Group	Charity	Charity
	2022	2021	2022	2021
	£000	£000	£000	£000
Deferred income at start of year	17	30	17	30
Amounts released from previous years	(17)	(30)	(17)	(30)
Amounts deferred in the year	11	17	11	17
Deferred income at end of year	<u>11</u>	<u>17</u>	<u>11</u>	<u>17</u>

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

17 Creditors: amounts falling due after more than one year

	Group	Group	Charity	Charity
	2022	2021	2022	2021
	£000	£000	£000	£000
Trade creditors	19	100	19	100
Bank loans	37	50	37	50
	<u>56</u>	<u>150</u>	<u>56</u>	<u>150</u>

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

The bank loan, including the element under one year in note 16, 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.

18 Cash flow from operating activities

	Group	Group
	2022	2021
	£000	£000
Net (expenditure)/income for the year	(609)	(1,239)
Depreciation	232	244
Profits on disposal of fixed assets	-	(9)
Movement in stocks	(3)	1
Movement in debtors	(3)	15
Movement in creditors	42	(133)
Cash flow from operating activities	<u>(341)</u>	<u>(1,121)</u>

19 Cash and cash equivalents

	Group	Group
	2022	2021
	£000	£000
Cash at bank and in hand	228	572
Cash and cash equivalents	<u>228</u>	<u>572</u>

20 Changes in net debt

	1 April	Cash	31 March
	2021	flows	2022
	£000	£000	£000
Cash at bank and in hand	572	(344)	228
Bank loans	(50)	3	(47)
Net debt	<u>522</u>	<u>(341)</u>	<u>181</u>

21 Commitments***Operating lease commitments***

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

	Group	Group	Charity	Charity
	2022	2021	2022	2021
	£000	£000	£000	£000
Within one year - equipment and vehicles	2	22	2	22
One to five years - equipment and vehicles	2	23	2	23
Within one year - properties	113	113	400	400
One to five years - properties	452	452	1,600	1,599
Over five years - properties	7,085	7,211	25,100	25,887
	<u>7,654</u>	<u>7,821</u>	<u>27,104</u>	<u>27,931</u>

During the year the Group incurred expenditure in respect of operating leases amounting to £141,000 (2021: £170,000).

Capital commitments

The Group and Charity had capital commitments as follows:

	Group	Group	Charity	Charity
	2022	2021	2022	2021
	£000	£000	£000	£000
Contracted for but not provided in these financial statements	30	-	30	-
	<u>30</u>	<u>-</u>	<u>30</u>	<u>-</u>

22 Related party transactions

The group's educational and related fee income includes £nil (2021: £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 (2021: £nil) 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 £16,000 (2021: £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 £278,000 (2021: £274,000) from its subsidiary companies Shumei Eiko Property Ltd and Shumei Eiko Services Ltd.

Rent was paid by the Charity to its subsidiary company Shumei Eiko Property Ltd totalling £400,000 (2021: £400,000) in respect of leases for the properties from which the Charity operates.

A charge of £57,000 (2021: £15,000) was paid to the Charity by its subsidiary companies Shumei Eiko Services Ltd and Shumei Eiko Property Ltd for hire of facilities.

Amounts owed to subsidiary Companies at the year end amounted to £2,608,000 (2021: £2,262,000). All balances owed to and from other companies within the Group are unsecured and interest-free.

SHUMEI EIKO LIMITED

England & Wales - Charity number 1002647

Accounts

Company no: 02562565
Charity number:1002647

Shumei Eiko Limited

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

Contents

	Page
Reference and administrative details	1
Trustees' report including Trustees' responsibility statement	2-5
Independent auditors' report on the financial statements	6-8
Consolidated statement of financial activities	9
Consolidated and charity balance sheets	10
Consolidated statement of cash flows	11
Notes to the financial statements	12-20

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

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

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

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

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

Recruitment and appointment of new trustees

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

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

Organisational structure

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

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

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

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

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

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

Remuneration of key management personnel and Trustees

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

Objectives and aims

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

Public benefit

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

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

Strategic report**Charitable activities**

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

Achievements and performance

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

Community contribution

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

Non-charitable activities

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

Financial review

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

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

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

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

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

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

Going concern and plans for future periods

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

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

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

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

Principal risks and uncertainties

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

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

Disclosure of information to auditors

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

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

Statement of Trustees' responsibilities

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

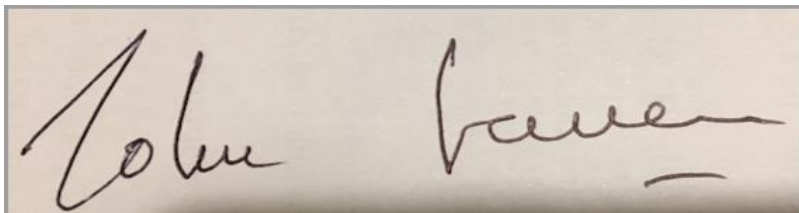
Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable Company and of the incoming resources and application of resources, including the income and expenditure, of the charitable Company for that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

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

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

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

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

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

Professor J Craven

Chairman

Date: 2 December 2021

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

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

In our opinion the financial statements:

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

Basis for opinion

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

Material uncertainty related to going concern

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

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

Use of our report

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



Duncan Cochrane-Dyett BSc BFP FCA, Senior Statutory Auditor

for and on behalf of

MHA MacIntyre Hudson

Statutory Auditors

Maidstone

United Kingdom

Date: 10 December 2021

Consolidated Statement of Financial Activities

for the year ended 31 March 2021

(incorporating income and expenditure account)

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

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

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

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

Consolidated and Charity balance sheets

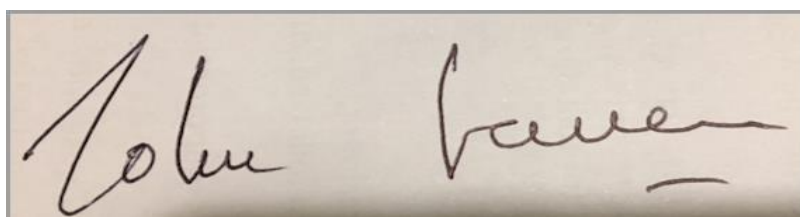
Company no: 02562565

as at 31 March 2021

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

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

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



Professor J Craven

Chairman

Date: 2 December 2021

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

Consolidated statement of cash flows

for the year ended 31 March 2021

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

1 General information

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

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

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

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

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

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

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

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

(b) Going concern basis of accounting

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

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

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

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

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

(c) Income

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

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

Income is deferred where it relates to a future period.

Income from student accommodation is recognised when entitlement has accrued.

(d) Expenditure

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

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

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

All expenditure is inclusive of irrecoverable VAT.

(e) Operating leases

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

(f) Employee benefits

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

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

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

(g) Tangible fixed assets

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

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

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

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

(h) Investments

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

(i) Stocks

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

(j) Debtors

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

(k) Cash at bank and in hand

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

(l) Liabilities

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

(m) Financial instruments

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

(n) Fund accounting

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

3 Critical accounting estimates and areas of judgment

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

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

4 Income from charitable activities

	2021	2020
	£000	£000
Course fees Shumei Gakuen Foundation	-	1,572
Other course fees	6	916
Exam fees	13	80
Other ancillary activities	16	344
	35	2,912

Shumei Eiko Limited (a company limited by guarantee)
2021

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

6 Other income - furlough grants

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

7 Analysis of expenditure by activity

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

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

Analysis of support costs

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

Analysis of governance costs

	2021	2020
	£000	£000
Auditors' remuneration	19	17
Trustee expenses	-	1
	19	18

8 Expenditure on raising funds

	2021	2020
	£000	£000
Marketing costs	57	142
Trading expenditure	15	91
	72	233

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

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

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

Average employee numbers

Total headcount	63	121
Full time equivalents	44	82

All employees of the Group are within the Charity.

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

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

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

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

11 Trustees' remuneration and expenses

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

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

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

12 Tangible fixed assets

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

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

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

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

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

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

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

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

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

14	Stocks	Group		Charity	
		2021	2020	2021	2020
		£000	£000	£000	£000
	Goods for use and resale	<u>2</u>	<u>3</u>	<u>2</u>	<u>3</u>
15	Debtors	Group	Group	Charity	Charity
		2021	2020	2021	2020
	Due within one year	£000	£000	£000	£000
	Trade debtors	6	10	6	10
	Other debtors	17	25	10	25
	Prepayments and accrued income	55	58	24	31
		<u>78</u>	<u>93</u>	<u>40</u>	<u>66</u>
16	Creditors: amounts falling due within one year	Group	Group	Charity	Charity
		2021	2020	2021	2020
		£000	£000	£000	£000
	Trade creditors	52	133	52	124
	Amounts owed to group undertakings	-	-	2,262	1,232
	Taxation and social security	11	42	11	42
	Other creditors	34	145	34	139
	Accruals and deferred income	53	63	46	55
		<u>150</u>	<u>383</u>	<u>2,405</u>	<u>1,592</u>

Shumei Eiko Limited (a company limited by guarantee)
2021

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

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

17 Creditors: amounts falling due after more than one year

	Group	Group	Charity	Charity
	2021	2020	2021	2020
	£000	£000	£000	£000
Trade creditors	100	-	100	-
Bank loans	50	-	50	-
	150	-	150	-

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

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

18 Cash flow from operating activities

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

19 Cash and cash equivalents

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

20 Changes in net debt

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

21 Operating lease commitments

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

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

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

22 Related party transactions

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

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

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

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

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