

**Company Registration No. 02522419**

**SHINKIN INTERNATIONAL LTD.**

**Annual report and financial statements for the year ended  
31 December 2023**

# SHINKIN INTERNATIONAL LTD

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# SHINKIN INTERNATIONAL LTD

## Officers and professional advisers

### Directors

Mr Hiroshi Sudo  
Mr Takaaki Ando

### Secretary

TMF Corporate Administration Services Limited  
13th Floor  
One Angel Court  
London  
EC2R 7HJ

### Registered office

1<sup>st</sup> Floor  
85 London Wall  
London  
EC2M 7AD

### Bankers

Barclays Bank PLC  
54 Lombard Street  
London  
EC3P 3AH

MUFG Bank, Ltd.  
Ropemaker Place  
25 Ropemaker Street,  
London  
EC2Y 9AN

### Solicitor

TFC Legal  
80 Coleman Street  
London  
EC2R 5BJ

### Auditor

Deloitte LLP  
1 New Street Square  
London  
EC4A 3HQ

# SHINKIN INTERNATIONAL LTD

## Strategic report

The directors present their strategic report on the affairs of Shinkin International Ltd (the “Company”), together with the financial statements and auditor’s report, for the year ended 31 December 2023.

### Principal activities

The Company’s main activity is trading in Eurobonds. It is the directors’ intention that the Company will continue this activity during the forthcoming year.

The Company is regulated by the Financial Conduct Authority.

### Business review

During the year under review, though it was a challenging environment due to the aggressive rate hike in the European Union and United States, coupled with a decreasing investors’ risk appetite due to the rapid inflation, the Company achieved enough trade volume and profit, by capturing customers’ needs and providing competitive products.

The results for the year, set out on page 10, show a profit after taxation of **£528,454** (2022: £587,455). The directors regard the results for the year as satisfactory. The directors are expecting a similar performance in 2024.

The Company does not have any other gains and losses during the year and the prior year. Therefore, the Company has not produced a separate statement of other comprehensive income.

The Shinkin Central Bank manages its European operations on a regional basis. For this reason, the Company’s directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the European region, which includes the Company, is discussed in the Shinkin Central Bank’s Annual Report, which does not form part of this Report.

While the uncertainty around the conflict between Russia and Ukraine is expected to continue throughout next year, tensions across the Middle East has also been growing. The Company has confirmed that its business continuity will not be directly affected by these conflicts, because no customers have relationship with these countries. However, the Company continues to monitor changes in the environment in which it operates and key risks within its business, especially the indirect impact on its business via inflation. The uncertainty around the crisis in the banking industry is expected to be limited because the investments which the Company holds are highly rated bonds issued from the entity with low credit risk.

### Key performance indication

The directors do not use financial or non-financial key performance indicators to analyse the business.

### Future developments

There have not been any significant changes in the Company’s principal activity since the year end and the directors do not envisage any changes in the activities of the Company but expect stable organisation and continued revenue growth in the foreseeable future.

### Principal risks and uncertainties

The Company aims to maintain a low risk profile. The Company’s activities expose it to the following key risks: credit risk, liquidity risk and foreign currency risk. In managing its risk, a distinction is made between credit, liquidity and foreign currency risk.

#### Credit risk

The Company’s financial assets are bank balances, receivables and investments. Cash at bank is placed with reliable financial institutions. Receivables are held with group companies. Quoted investments are acquired after assessing the quality of the relevant investments. The Company’s credit risk arising from cash is limited because the counterparties are reliable banks and financial institutions. Intercompany balances are considered to have low credit risk. The largest exposure to credit risk arises from these financial assets which are measured at amortised cost and there were no financial assets that were past due or impaired.

## Strategic report

### Liquidity risk

In order to maintain liquidity and ensure that sufficient funds are available for ongoing operations, the Company uses a mixture of long-term and short-term investment in liquid assets.

### Foreign currency risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. Foreign currency transactions arise when the Company buys and immediately sells Eurobonds whose prices are denominated in a foreign currency and when the Company receives the arrangement fee in a foreign currency. Foreign currency transactions comprise transactions in Euro, USD and JPY. The risk arising from foreign currency transactions is managed by regular monitoring of the relevant exchange rates and management's reaction to material movements thereto.

Approved by the Board and signed on its behalf by:



Mr Takaaki Ando  
Director

1st Floor  
85 London Wall  
London  
EC2M 7AD  
18 April 2024

# SHINKIN INTERNATIONAL LTD

## Directors' report

The directors present their directors' report on the affairs of Shinkin International Ltd (the "Company"), together with the financial statements and auditor's report, for the year ended 31 December 2023.

### Dividends

The directors do not propose payment of dividend (2022: nil)

### Going Concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of the financial statements. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in Note 1 in the financial statements. The directors consider the recent crisis in the banking industry in the assessment of going concerns.

Details of the Company's financial risk management objectives and policies, its exposures to credit, liquidity and foreign currency risk are set out in the Strategic Report.

### Directors

The directors who served throughout the year, up to the date of this report, were:

Mr Hiroshi Sudo

Mr Takaaki Ando (appointed on 01/04/2023)

Mr Takuya Sakamoto (resigned on 31/03/2023)

Mr Chihiro Kawai (resigned on 31/03/2024)

Director's indemnities:

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- (2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

### Reappointment of auditors

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the Annual General Meeting.

Approved by the Board and signed on its behalf by:



Mr Takaaki Ando  
Director

1st Floor  
85 London Wall  
London  
EC2M 7AD  
18 April 2024

# SHINKIN INTERNATIONAL LTD

## Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# SHINKIN INTERNATIONAL LTD

## Independent auditor's report to the members of Shinkin International Ltd

### Opinion

In our opinion the financial statements of Shinkin International Ltd (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 19.

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).

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' 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 company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors 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



# SHINKIN INTERNATIONAL LTD

## Independent auditor's report to the members of Shinkin International Ltd

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.

### Responsibilities of directors

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

### Auditor's 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 auditor's 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.

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, 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.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. This included the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. This included the Financial Conduct Authority (FCA) regulations.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

# SHINKIN INTERNATIONAL LTD

## Independent auditor's report to the members of Shinkin International Ltd

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with the FCA.

### Report on other legal and regulatory requirements

#### Opinions 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

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

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

# SHINKIN INTERNATIONAL LTD

## Independent auditor's report to the members of Shinkin International Ltd

### Use of our report

This report is made solely to the 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 company's members those matters we are required to state to them in an auditor's 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Rabiya Khalid, FCCA (Senior statutory auditor)**

**For and on behalf of Deloitte LLP**

Statutory Auditor

London, United Kingdom

18 April 2024

# SHINKIN INTERNATIONAL LTD

## Statement of Comprehensive Income For the Year Ended 31 December 2023

	<i>Notes</i>	<b>2023</b> £	2022 £
Net trading gain	2	<b>1,607,967</b>	2,159,432
Other operating income	3	<b>341,437</b>	320,916
Administrative expenses	7	<b>(2,706,623)</b>	(2,560,654)
<b>Operating loss</b>		<b>(757,219)</b>	(80,306)
Interest income	5	<b>1,465,110</b>	803,018
Interest expense	6	<b>(7,250)</b>	(213)
<b>Profit before taxation</b>	7	<b>700,641</b>	722,499
Tax on profit	9	<b>(172,187)</b>	(135,044)
<b>Profit for the year</b>		<b>528,454</b>	587,455
Other comprehensive income for the year		-	-
<b>Profit for the year</b>		<b>528,454</b>	587,455

All results were derived from continuing operations.

The accompanying notes from page 13 to 25 form an integral part of the financial statements.

# SHINKIN INTERNATIONAL LTD

## Balance sheet As at 31 December 2023

	Notes	2023 £	2022 £
<b>FIXED ASSETS</b>			
Tangible fixed assets and software	10	148,079	193,284
Investments	11	39,614,752	39,007,648
		<b>39,762,831</b>	39,200,932
<b>CURRENT ASSETS</b>			
Debtors	12	912,908	2,447,242
Investments	17	8,106,082	5,809,323
Cash at bank and in hand	17	404,557	3,005,431
		<b>9,423,547</b>	11,261,996
<b>CREDITORS: amounts falling due within one year</b>	13	<b>(327,692)</b>	(2,122,884)
<b>NET CURRENT ASSETS</b>		<b>9,095,855</b>	9,139,112
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>48,858,686</b>	48,340,044
Deferred tax liabilities	15	(35,187)	(44,999)
<b>NET ASSETS</b>		<b>48,823,499</b>	48,295,045
<b>Called up share capital and reserves</b>			
Called up share capital	14	30,000,000	30,000,000
Profit and loss account		18,823,499	18,295,045
<b>SHAREHOLDER'S FUNDS</b>		<b>48,823,499</b>	48,295,045

The accompanying notes from page 13 to 25 form an integral part of the financial statements.

The financial statements of Shinkin International Limited (registered number 2522419) were approved by the Board of directors and authorised for issue on 18 April 2024. They were signed on its behalf by:



Mr Takaaki Ando  
Director

# SHINKIN INTERNATIONAL LTD

## Statement of Changes in Equity For the year ended 31 December 2023

	Called up share capital £	Profit and loss account £	Total Equity £
Balance at 1 January 2022	30,000,000	17,707,590	47,707,590
Profit and total comprehensive income for the year	-	587,455	587,455
Balance at 31 December 2022	<u>30,000,000</u>	<u>18,295,045</u>	<u>48,295,045</u>
Balance at 1 January 2023	30,000,000	18,295,045	48,295,045
Profit and total comprehensive income for the year	-	<b>528,454</b>	<b>528,454</b>
Balance at 31 December 2023	<u><b>30,000,000</b></u>	<u><b>18,823,499</b></u>	<u><b>48,823,499</b></u>

The accompanying notes from page 13 to 25 form an integral part of the financial statements.

# SHINKIN INTERNATIONAL LTD

## Notes to the financial statements For the year ended 31 December 2023

### 1. Accounting policies

#### Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

#### General information and basis of accounting

Shinkin International Ltd (“the Company”) is a private company limited by shares, registered in England and incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1.

The financial statements have been prepared under the historic cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Shinkin International Ltd is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

#### Going concern

The Company’s business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors’ Report on page 4. The directors’ report describes the financial position of the Company; its cash flows, liquidity position; the Company’s objectives, policies and processes for managing its capital; its financial risk management objectives; exposure to credit risk, liquidity risk and foreign currency risk.

The Company meets its day-to-day working capital requirements through its normal business and its option to access its parent company (Shinkin Central Bank)’s fundings.

The directors have a reasonable expectation that the Company has adequate resources and method to continue in operational existence for a period of at least twelve months from the date of approval of the financial statements. Also, the Company has sufficient capital and liquidity under reasonably possible stress scenarios. The uncertainty around the crisis in the banking industry is expected to be limited because the investments which the Company holds are highly rated bonds issued from the entity with low credit risk. The impact on the parent company is also limited because it has strong financial resilience with deposits from the cooperative financial institutions. The directors have therefore concluded that the Company will be able to meet all future commitments and continue in operation for at least twelve months from the date of approval of the financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### Disclosure exemptions

In accordance with disclosure exemptions available under FRS 102 set out in paragraph 1.12, the directors have adopted a disclosure exemption. The directors have not prepared a cash flow statement for the year on the grounds that a parent undertaking included the company in its own published consolidated financial statements.

#### Net trading gain

Net trading gain is derived from the aggregate profits less losses of trading bonds in the Eurobond market. Mainly the Company undertakes new bond issuances in the primary market or purchases the existing bond from bond brokers in the secondary market and sells to Japanese financial institutions, such as cooperative banks and regional banks in Japan. Also, Net trading gain is recognised on trade date.

#### Arrangement fees

Arrangement fees include the fees for the services the Company provides with the group company. Arrangement fees are accounted for when the services are rendered.

# SHINKIN INTERNATIONAL LTD

## Notes to the financial statements For the year ended 31 December 2023

### 1. Accounting policies (continued)

#### Leases

##### *The Company as lessee*

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

#### Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange for sterling prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at balance sheet date are reported at the rates of exchange prevailing at that date. The resulting exchange differences arising are included in the profit and loss account.

#### Tangible fixed assets and software

Tangible fixed assets are stated at cost, net of accumulated depreciation and any provision for impairment. Software is included at cost and amortised in equal annual instalments over its estimated useful economic life. Provision is made for any impairment.

Depreciation is provided on all tangible fixed assets and the software is amortised at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold improvements	20% per annum reducing balance
Office equipment (excluding painting)	20% per annum straight-line
Office furniture	10% per annum straight-line
Computer hardware	25% per annum reducing balance
Computer software	20% per annum straight-line

#### Taxation

Current tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets recovered are regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.



# SHINKIN INTERNATIONAL LTD

## Notes to the financial statements For the year ended 31 December 2023

### 1. Accounting policies (continued)

#### Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

#### Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- (b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- (c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- (d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- (f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

# SHINKIN INTERNATIONAL LTD

## Notes to the financial statements For the year ended 31 December 2023

### 1. Accounting policies (continued)

#### Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

#### Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

#### Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

#### Retirement Benefits

For the defined contribution scheme the amount charged to the profit and loss account in respect of pension costs is contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

#### Provisions

The Company recognises a provision for a present obligation resulting from a past event when it is more likely than not that it will be required to transfer economic benefits to settle the obligation and the amount of the obligation can be estimated reliably.

If the Company has a contract that is onerous, it recognises the present obligation under the contract as a provision. An onerous contract is one where the unavoidable costs of meeting the Company's contractual obligations exceed the expected economic benefits. When the Company vacates a leasehold property, a provision is recognised for the costs under the lease less any expected economic benefits (such as rental income).

Contingent liabilities are possible obligations arising from past events, whose existence will be confirmed only by uncertain future events, or present obligations arising from past events that are not recognised because either an outflow of economic benefits is not probable or the amount of the obligation cannot be reliably measured. Contingent liabilities are not recognised but information about them is disclosed unless the possibility of any outflow of economic benefits in settlement is remote.

#### Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements 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. The Company has not identified any significant judgements and estimates at the end of the reporting period and Management do not expect changes in assumptions to lead to a material adjustment in future periods.

# SHINKIN INTERNATIONAL LTD

## Notes to the financial statements For the year ended 31 December 2023

### 2. Net trading gain

An analysis of the Company's net trading gain by geographical customer is set out below.

	2023 £	2022 £
Net trading gain from UK customers	128,494	97,643
Net trading gain from Japan customers	1,452,504	2,032,846
Net trading gain from USA customers	-	11,190
Net trading gain from Australian customers	26,969	17,753
	<u>1,607,967</u>	<u>2,159,432</u>

### 3. Other operating income

	2023 £	2022 £
Arrangement fees	357,930	220,356
Rent receivable	18,515	16,968
Other miscellaneous (expense)/income (includes foreign exchange gains and losses)	(35,008)	83,592
	<u>341,347</u>	<u>320,916</u>

# SHINKIN INTERNATIONAL LTD

## Notes to the financial statements For the year ended 31 December 2023

### 4. Staff numbers and costs

The average number of persons employed by the Company throughout the year, including directors, is as follows:

	Number of employees	
	2023	2022
Dealing	5	5
Settlement	3	3
Administration	4	4
	<u>12</u>	<u>12</u>

The aggregate payroll costs of employees (including executive directors) are as follows:

	2023	2022
	£	£
Wages and salaries	1,289,660	1,139,864
Pension costs	20,131	20,053
Social security costs	35,645	36,073
	<u>1,345,436</u>	<u>1,195,990</u>

The Company operates defined contribution retirement benefit schemes for all qualifying employees. The total expense charged to profit or loss in the year ended 31 December 2023 was £20,131 (2022: £20,053).

### 5. Interest income

	2023	2022
	£	£
Interest income on bank deposits	236,570	107,425
Interest income on investment securities	1,228,540	695,593
	<u>1,465,110</u>	<u>803,018</u>

### 6. Interest expense

	2023	2022
	£	£
Interest expense on temporary funding	7,250	213
	<u>7,250</u>	<u>213</u>

# SHINKIN INTERNATIONAL LTD

## Notes to the financial statements For the year ended 31 December 2023

### 7. Profit before taxation

The profit before taxation is stated after charging/(crediting) the following:

	2023	2022
	£	£
Foreign exchange gain	(10,749)	(50,048)
Foreign exchange loss	45,222	59,106
Administrative expenses:		
- Staff costs (note 4)	1,345,436	1,195,990
- Rent and maintenance	571,460	521,622
- Professional fees	218,302	181,589
- Service fees	170,858	167,589
- Depreciation	47,527	81,924
- Tax other than income tax	141,017	184,020
- Other administrative expenses	212,023	227,920
	<u>2,706,623</u>	<u>2,560,654</u>
	<u>2,741,096</u>	<u>2,569,712</u>

Professional fees include fees payable to the Company's auditor:

	2023	2022
	£	£
Auditor's remuneration:		
- audit of the Company's annual financial statements	52,600	49,600
- audit-related assurance services	41,900	39,500

### 8. Directors' remuneration

The emoluments of directors from all sources in respect of their services to the Company are as follows:

	2023	2022
	£	£
Salaries paid to directors	<u>480,612</u>	<u>440,575</u>

The emoluments of the highest paid director were **£227,022** (2022: £242,110). No directors received pension benefit from the Company in either the current or preceding year.

# SHINKIN INTERNATIONAL LTD

## Notes to the financial statements For the year ended 31 December 2023

### 9. Tax on profit

	2023 £	2022 £
Current tax		
UK corporation tax	<b>181,999</b>	135,061
	<b>181,999</b>	135,061
Deferred tax		
Origination and reversal of timing differences	<b>(9,812)</b>	(17)
	<b>(9,812)</b>	(17)
Total tax on profit	<b>172,187</b>	135,044

UK's main corporation tax rate increased from 19% to 25% on 1 April 2023 and impact the corporation tax provision of the Company from that date.

	2023 £	2022 £
Profit before tax	<b>700,641</b>	722,498
Tax on profit at standard UK corporation tax rate of 19.00% by 31 March 2023 and 25% from 1 April 2023 (2022: 19.00%)	<b>164,651</b>	137,275
Effects of:		
Expenses not deductible for tax purposes	<b>7,973</b>	2,050
Enhanced capital allowances	-	(4,277)
Effect of change in tax rate	<b>(437)</b>	(4)
Total tax charge for year	<b>172,187</b>	135,044

Finance Bill 22-23 which was enacted on 15 March 2023 confirmed that going forward the 19% corporation tax rate would be used on profits below £50,000 with effect from 1 April 2023. Any profits over this amount but less than £250,000 would be subject to a marginal rate of corporation tax and any profits over £250,000 would be subject to a rate of 25% also both in effect from 1 April 2023. Deferred taxes at the balance sheet date have been reflected in the financial statements and further disclosed in the note 15.

# SHINKIN INTERNATIONAL LTD

## Notes to the financial statements For the year ended 31 December 2023

### 10. Tangible fixed assets and software

	Office furniture £	Computer hardware and software £	Leasehold improvements £	Office equipment £	Total £
<b>Cost</b>					
At 1 January 2023	41,545	705,906	184,155	94,766	1,026,372
Additions	-	2,322	-	-	2,322
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2023	41,545	708,228	184,155	94,766	1,028,694
<b>Depreciation</b>					
At 1 January 2023	29,387	553,057	161,498	89,146	833,088
Charge for year	2,578	40,418	4,531	-	47,527
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2023	31,965	593,475	166,029	89,146	880,614
<b>Net book value</b>					
<b>At 31 December 2023</b>	<b>9,580</b>	<b>114,753</b>	<b>18,126</b>	<b>5,620</b>	<b>148,078</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2022	12,158	152,849	22,657	5,620	193,284

### 11. Investments: Fixed assets

	2023 £	2022 £
Golf club debenture (unlisted)	7,000	7,000
Bond investments (listed)	39,607,752	39,000,648
	<hr/>	<hr/>
	<b>39,614,752</b>	<b>39,007,648</b>
	<hr/> <hr/>	<hr/> <hr/>

#### Golf club debenture

The investment in the golf club debenture is in The Oxfordshire Golf Club.

# SHINKIN INTERNATIONAL LTD

## Notes to the financial statements For the year ended 31 December 2023

### 11. Investments: Fixed assets (continued)

<i>Bond investments</i>	2023		2022	
	Balance sheet £	Fair value £	Balance sheet £	Fair value £
<b>Investment securities</b>				
Bond Investment	<b>39,607,752</b>	<b>39,223,000</b>	39,000,648	37,147,894
	<b>39,607,752</b>	<b>39,223,000</b>	39,000,648	37,147,894
<b>Maturities</b>				
Due within one year	<b>8,026,840</b>		10,612,017	
Due one year and over	<b>31,580,912</b>		28,388,631	
	<b>39,607,752</b>		39,000,648	

The fixed asset investments are measured at amortised cost. The fair value of listed investments, which are all traded in active markets, was determined with reference to the quoted market price at the reporting date.

	2023 £	2022 £
Movements on bond investments comprise:		
As at 1 January	<b>39,000,648</b>	33,190,317
Acquisitions	<b>11,187,620</b>	15,973,770
Redemption	<b>(10,600,000)</b>	(9,950,000)
Amortisation of discounts and premiums	<b>19,484</b>	(213,439)
At 31 December	<b>39,607,752</b>	39,000,648



# SHINKIN INTERNATIONAL LTD

## Notes to the financial statements For the year ended 31 December 2023

### 12. Debtors

	2023 £	2022 £
Amounts falling due within one year:		
Trade debtors	-	1,874,795
Prepayments and accrued income	<b>912,908</b>	572,447
	<b>912,908</b>	2,447,242

Trade debtors in 2022 represented settlement amounts due from customer on sale of matched principle bonds, with a corresponding settlement payable recognised in trade creditors in note 13 for that same year.

### 13. Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	-	1,868,471
Other creditors:		
Corporation tax	<b>51,489</b>	65,511
Social Security	<b>7,000</b>	7,000
Accruals and deferred income	<b>269,203</b>	181,902
	<b>327,692</b>	2,122,884

### 14. Called up share capital and reserves

	2023 £	2022 £
<b>Allotted, called-up and fully paid</b>		
30,000,000 Ordinary shares of £1 each	<b>30,000,000</b>	30,000,000
Profit and loss account	<b>18,823,499</b>	18,295,045
Shareholders' funds	<b>48,823,499</b>	48,295,045

# SHINKIN INTERNATIONAL LTD

## Notes to the financial statements For the year ended 31 December 2023

### 15. Deferred tax liabilities

The following are the major deferred tax liabilities recognised by the Company and movements thereon during the current and prior reporting period.

	2023 £	2022 £
At 1 January	(44,999)	(45,016)
Charged to profit and loss account	9,812	17
	<hr/>	<hr/>
At 31 December	<b>(35,187)</b>	<b>(44,999)</b>

As at year-end, the deferred tax liability stands at:

	2023 £	2022 £
Capital allowance in excess of depreciation	<b>35,187</b>	44,999
Provision for deferred tax	<b>35,187</b>	44,999

Finance Bill 22-23 which was enacted on 15 March 2023 confirmed that going forward the 19% corporation tax rate would be used on profits below £50,000 with effect from 1 April 2023. Any profits over this amount but less than £250,000 would be subject to a marginal rate of corporation tax and any profits over £250,000 would be subject to a rate of 25% also both in effect from 1 April 2023. Deferred taxes at the balance sheet date have been reflected in the financial statements using the enacted rate.

# SHINKIN INTERNATIONAL LTD

## Notes to the financial statements For the year ended 31 December 2023

### 16. Leasehold and capital commitments and provisions

There were no capital commitments at the end of the financial year.

The Company is committed to the following total future payments under non-cancellable operating leases.

	2023 £	2022 £
Lease payment within one year	135,975	45,453
Lease payment between one and five years	684,369	-

### 17. Financial instruments

The carrying values of the Company's financial assets and liabilities are summarised by category below:

<b>Financial assets</b>	<b>2023</b> £	<b>2022</b> £
Current asset investments	8,106,082	5,809,323
Cash at bank and in hand	404,557	3,005,431
Debt instruments measured at amortised cost		
Bond investments (note 11)	39,607,752	39,000,648
Trade debtor (note 12)	-	1,874,795
	<u>48,118,391</u>	<u>49,690,197</u>
<b>Financial liabilities</b>	<b>2023</b> £	<b>2022</b> £
Measured at amortised cost		
Trade creditor (note 13)	-	1,868,471

Financial Risk Management is disclosed in the Strategic report.

### 18. Ultimate parent company

The immediate and ultimate parent company and controlling entity is Shinkin Central Bank, which is incorporated in Japan and is the 100% shareholder of the Company. Shinkin Central Bank, being the largest and smallest parent company, prepares the consolidated financial statements combining the financial statements of the Company and the other company of Shinkin Central Bank Group. Copies of the Shinkin Central Bank Group financial statements are available from that company's registered office at 3-7, Yaesu 1-chome, Chuo-ku, Tokyo 103-0028, Japan.

### 19. Events after the end of the reporting period

There were no significant events after the end of the reporting period that would require recognition or disclosure in the financial statements.