'Amending'

Company Registration No. 02422889

ZENKYOREN EUROPE LIMITED

Annual Report and Financial Statements

for the year ended 31 December 2022

ZENKYOREN EUROPE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

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ZENKYOREN EUROPE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr Y Nagashima
Mr Y Hidaka
Mr M Ishikawa

COMPANY SECRETARY

Mr Y Omori

REGISTERED OFFICE

62 Cornhill
London
EC3V 3NH

BANKERS

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

AUDITOR

Deloitte LLP
2 New Street Square
London
EC4A 3BZ
United Kingdom

STRATEGIC REPORT

Review of the business
Zenkyoren Europe Limited ("the company") is authorised and regulated in the UK by the Financial Conduct Authority ("FCA") and a BIPRU firm (BIPRU 50k Limited License Firm) subject to CRD III rules. The company does not have permission to hold client money. The company was granted permission to conduct the following regulated activities by the Financial Services Authority ("FSA") (now the FCA) in May 2008.

(a) advising on investments;
(b) arranging deals in investments;
(c) dealing in investments as agent;
(d) making arrangements with a view to transactions in investments; and
(e) managing investments

The principal activity of the company is investment management.

The company managed the assets for three sub-funds (the "Sub-Funds") of the Nouvelle Epoque Umbrella Fund, namely the European Bond Income Fund, the European Equity Active Fund and the European Corporate Bond Active Fund in 2022. The European Bond Income Fund was fully redeemed in July 2022. The Nouvelle Epoque Umbrella Fund is managed by Japan Fund Management (Luxembourg) S.A.(Manager). The company has entered into an investment management agreement with the Luxembourg manager to provide investment advice.

The company generates revenue from investment management services to the Sub-Funds. The strategic objective is to organically grow the Sub-Funds in line with their target returns in an orderly way. However, the priority remains to achieve a stable performance in all economic conditions.

The company is owned by its shareholder, National Mutual Insurance Federation of Agricultural Co-operatives (the "Parent").

Turnover, Net profit and Total Shareholder's Funds are key controls in the company operations and key reporting items to FCA. AUM stands for "Assets Under Management," which is a metric used to measure the total value of assets for which the company provides investment advice. AUM is an indicator that has been directly linked to the Turnover. The headcount has a significant effect for the company's expenses.

The key financial and other performance indicators during the year were as follows:

	2022 £,000	2021 £,000	change
Turnover	2,774	2,771	0%
Net profit	758	851	-11%
Total Shareholder's Funds	3,459	3,552	-3%
AUM (€,000)	855,910	1,158,959	-26%
The headcount	6	6	-

The value of AUM as at 31 December 2022 was Euros 855,909,824 (2021: Euros 1,158,959,389). Financial market decline and the redemption of the European Bond Income Fund caused the AUM decrease, while the European Equity Active Fund and the European Corporate Bond Active fund got additional investment.

Turnover which solely constitutes management fees increased slightly. Fee increase of the additional investment in the European Equity Active Fund and the European Corporate Bond Active Fund offset the influence of the redemption of the European Bond Income Fund.

Net Profit decreased by 11%, with the impact of a rise in expenses which had resulted predominantly from an increase in business information services.

Total shareholders' funds decreased by 3% at year-end due primarily to a dividend payment and decrease of Net Profit from last year.

The total number of employees in 2022 was the same as in 2021.

Principal risks and uncertainties

The Directors consider that the due to the ongoing global events, including the Russian and Ukraine war, resulting in increased economic uncertainty, any volatility in the market may lead to an adverse impact on management fee income as this is based on AUMs.

There is currently high inflation due to war between Russia and Ukraine and global supply chain issues. The Directors have built increased costs into the budget and cash flow forecasts.

Central banks are tightening their monetary policy such as rate hike. There are, however, speculations that the central banks may change their monetary policy due to the expectation for the peak out of inflation and if some central banks change their policy, the risk from FX fluctuations may increase. The Company monitors FX movements on an ongoing basis in order to respond to FX risks. The company executes the forward exchange contracts for the fee income quarterly to mitigate the risk of foreign exchange rate movement.

Regulatory risks

The company is authorised and regulated by the FCA in the UK and is exposed to regulatory risks as it may fail to meet existing and new regulatory requirements. Regulatory risks could increase due to poor understanding and commitment to regulatory requirements which could result in warnings from the regulators or in the worst case, a loss of authorisation. The company has close contacts with various compliance consultants and legal counsels to keep track of ever-changing regulatory environments.

To mitigate the risks, all important compliance matters are discussed at the board level and the company has regular compliance reviews to ensure all regulatory requirements are being met.

The company does not hold client money and the strategies and products the company is committed to promoting are primarily long only bond and equity products. The company's client base is professional only.

The company believes that it has an appropriate compliance structure, both resources and procedures including the use of a third party compliance consultancy firm, to sufficiently mitigate regulatory risks surrounding the company.

Climate change

The company has identified the preliminary risks that it might face as a result of climate change to be physical and regulatory based on its own assessment. A detailed analysis has not yet been carried out.

Physical risks are expected to be minimal given the low fixed asset base requirements of the company and low physical resource needs.

Conversely, as governments take steps to mitigate climate change, small companies may face increased regulation, such as emissions reduction targets or carbon taxes. To manage these risks, the company may take steps such as introducing energy-efficient technologies, and engage with its parent company and third parties to reduce its carbon footprint and understand future challenges.

Management remains vigilant to developing environmental regulations to ensure compliance of the investment funds and are increasing knowledge and research methods to better understand and incorporate ESG risks into investment decisions.

Future developments

The Directors believe that there will be continued economic uncertainty that may impact the valuations of the underlying assets and the fund AUMs upon which management fee income is calculated. The Directors will continue to monitor the performance of the underlying investee companies and cash flows of the business.

In addition, the company will adopt the application of the Sustainable Finance Disclosure Regulation (SFDR) Article 8 to the European Equity Active Fund.

ZENKYOREN EUROPE LIMITED

STRATEGIC REPORT (CONTINUED)

Business activities will continue, aiming to select stocks by focusing on the sustainable profit growth of investees, while improving the ability to analyse sustainability risk for stable fund management over the medium to long term.

Approved by the Board on 3 March 2023 and signed on its behalf by:

Y Hidaka

Mr Yasuhiro Hidaka
Managing Director
Date: 06 March 2023

DIRECTOR'S REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 December 2022. The company has made qualifying third party indemnity provisions for the benefit of its officers which were made during the year and remain in force at the date of this report.

ACTIVITIES

The company's principal business is investment management. Additionally, the company conducts UK insurance business presentations to Japanese visitors and performs general research on behalf of its parent company.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounts to £758,157 (2021 - £851,409) which has been transferred to reserves. It was determined by the Directors on 15 December 2022 that a dividend equal to 100% of the profits for the financial year ended on 31 December 2022 would be paid to the shareholder (2021 - 100% of profits for the financial year ended 31 December 2021).

In accordance with the company's financial policy, a dividend of £758,157 will be proposed at the AGM in April 2023 (2021 - A dividend of £851,409 was declared and paid in April 2022).

The value of AUM as at 31 Dec 2022 was Euros 855,909,824 (2021: Euros 1,158,959,389). Financial market decline and the redemption of the European Bond Income Fund caused the AUM decrease, while the European Equity Active Fund and the European Corporate Bond Active fund got additional investment.

The Profit for the year decreased with total expenses increase due principally to the impact of increased business information services.

GOING CONCERN

During the financial year, the soaring energy prices triggered by war between Russia and Ukraine and re-opening economy after the pandemic caused high inflation and put downward pressure on economic growth. Under such circumstances, the financial markets were volatile as the central banks implemented monetary policy tightening to manage high inflation.

However, the company generated a steady performance despite the economic and market conditions due to managing the fund based on continuous investment needs from the main client. The Directors therefore consider that there was no significant financial impact on the business.

The directors also recognise that a loss of revenue due to a sharp drop in the market is a risk that might have a significant impact on the company's business. Nevertheless, even in our stress scenario of a 65% reduction in revenue, the directors believe that the company will be able to continue its business for a period of at least twelve months from the date of approval of the financial statements based on sufficient cash at hand that the company holds and the possibilities of support from the parent company.

Current inflation levels observed in the economy pose a risk of increased service costs. However, with a stable source of AUM and sufficient liquidity, the directors believe that the company has enough resources to meet these additional costs. The directors also recognize that the company may continue to be affected by the tightening of related investment management regulations and have put in place appropriate compliance structures to manage this risk on an ongoing basis.

The company is expected to trade profitably and adequate finance is available to take advantage of business opportunities as they arise. 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. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts. See Note 1 of the financial statements for further disclosures on going concern.

DIRECTOR'S REPORT (CONTINUED)

FUTURE DEVELOPMENTS

Details of future developments can be found in the Strategic Report on page 3.

SUBSEQUENT EVENTS

There have been no subsequent events to report.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's activities expose it to a number of financial risks including reputational risk, market risk, interest risk, credit risk and operational risk. The company has identified the material risks below:

Reputational risk
The major risk to the company is reputational risk that leads to a run on redemptions in the Sub Funds that the company manages, leading to reduced management fees. Our investment strategy is to invest in highly liquid assets primarily, and there are no complicated trades. In addition, the risks are limited due to the large investment in the funds by the parent company.

Market risk
The company invests its surplus funds only in time deposits therefore the risk of loss to principal or interest of the investment is limited to the insolvency of the deposit bank.

The company receives fee income in EUR every three months from the Sub Funds and pays expenses in GBP and is therefore exposed to movements in the EUR/GBP exchange rate. The company executes the forward exchange contracts for the fee income quarterly to mitigate the risk of foreign exchange rate movement.

Interest rate risk
The company has exposure with its time deposits to interest rate risk. This is greatly mitigated by undertaking three-month term rolling deposits to adjust for interest rate changes.

Credit risk
The main credit risk applicable to the company is with term deposits held with their selected banks, MUFG Bank Ltd (Moody's: A1, Standard and Poor's: A (Long-term rating)), and Mizuho Bank Ltd (Moody's: A1, Standard and Poor's: A (Long-term rating)).

An indirect risk is the counterparty risk between the Sub-Funds and the execution broker with any losses due to default by the execution broker affecting the net asset value of the Sub-Funds with consequential losses through reduced fees to the company. The company keeps the execution broker under review and maintains a good trading relationship.

Liquidity risk
The company manages cash generation from our operations in order to mitigate liquidity risk. The company does not rely on any form of debt funding and has a level of liquidity to meet regulatory capital requirements.

Operational risk
Operational risk is limited for the company, with it taking no exposure on the buying and selling of securities or any settlement risk. Issues considered were the direct cost resulting from fraud or theft, and direct costs from claims from customers and legal action as set out in BIPRU 2.2.64. These risks are heavily mitigated by having the Parent as a significant investor in the Sub-Funds and most staff being secondees of the Parent with return dates to Japan.

Remuneration Disclosures (Unaudited)

Remuneration disclosures can be accessed through the annual report which is filed with the Companies House.

DIRECTOR'S REPORT (CONTINUED)

DIRECTORS

The following served as Directors during the year and to the date of this report:

Mr Y Nagashima
Mr Y Hidaka
Mr M Ishikawa

AUDITOR

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

(1) so far as the Directors are aware, there is no relevant audit information of which the company's auditor is unaware; and

(2) the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves 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.

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

Approved by the Board of Directors on 3 March 2023 and signed on behalf of the Board

Y Omori

Mr Y Omori
Company Secretary
06 March 2023

ZENKYOREN EUROPE LIMITED

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; 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZENKYOREN EUROPE LIMITED

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of Zenkyoren Europe Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 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 profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement;
- 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 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. 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 about their own identification and assessment of the risks of irregularities.

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. These included 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.

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.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- In accordance with the International Standard of Auditing (ISA) 240, we presumed a fraud risk in Revenue (management fees) recognition as management fees are the key driver of performance - there is a risk that management fees have been recorded at inappropriate amounts that do not agree to the underlying investment management agreements. We obtained an understanding of the design and implementation of relevant controls around management fee recognition. We recalculated management fees using the fee base (asset under management) confirmed externally with the fund administrator and using the applicable fee percentages obtained from the underlying investment management agreements. We also agreed management fees to invoice and traced payment to bank statements.

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 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.

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.

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.

Atif Yusuf FCA (senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
06 March 2023

ZENKYOREN EUROPE LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2022

	Notes	2022 £	2021 £
TURNOVER	2	2,773,670	2,771,246
Administrative expenses		(1,829,697)	(1,706,362)
OPERATING PROFIT		943,973	1,064,884
Interest receivable	3	16,251	-
Other (charges)	3	(23,317)	(13,004)
PROFIT BEFORE TAXATION	4	936,907	1,051,880
Tax on profit	5	(178,750)	(200,471)
PROFIT FOR THE FINANCIAL YEAR		758,157	851,409

All income/profits are from continuing operations. There are no recognised gains or losses in either the current or previous financial years other than the profits disclosed in the profit and loss account. Accordingly, no Statement of Comprehensive Income is required.

The accompanying notes form an integral part of the financial statements.

ZENKYOREN EUROPE LIMITED

BALANCE SHEET
as at 31 December 2022

	Notes	2022 £	2021 £
FIXED ASSETS			
Intangible assets	9	869	2,718
Tangible assets	10	3,498	6,305
		4,367	9,023
CURRENT ASSETS			
Debtors	11	805,851	982,719
Cash at bank and in hand		200,805	2,707,194
Other investments (under current asset)		2,650,000	-
		3,656,656	3,689,913
CREDITORS: *amounts falling due within* one year	12	(202,301)	(146,962)
NET CURRENT ASSETS		3,454,355	3,542,951
TOTAL ASSETS LESS CURRENT LIABILITIES		3,458,722	3,551,974
NET ASSETS		3,458,722	3,551,974
CAPITAL AND RESERVES			
Called up share capital	13	200,000	200,000
Profit and loss account		3,258,722	3,351,974
TOTAL SHAREHOLDER'S FUNDS		3,458,722	3,551,974

The accompanying notes form an integral part of the financial statements.

Approved by the Board of Directors on 3 March 2023 and signed on their behalf.

Y Hida

Mr Y Hidaka
Director
06 March 2023
Company Registration No. 02422889

ZENKYOREN EUROPE LIMITED

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2022

	Notes	2022 £	2021 £
OPENING SHAREHOLDER'S FUNDS		3,551,974	3,209,799
PROFIT FOR THE FINANCIAL YEAR		758,157	851,409
Dividends paid on equity shares	8	(851,409)	(509,234)
Net movement in shareholder's funds		(93,252)	342,175
CLOSING SHAREHOLDER'S FUNDS		3,458,722	3,551,974

The accompanying notes form an integral part of the financial statements.

ZENKYOREN EUROPE LIMITED

CASH FLOW STATEMENT
for the year ended 31 December 2022

	Notes	2022 £	2021 £
NET CASH FROM OPERATING ACTIVITIES	14	1,004,204	510,132
CASH FLOWS USED IN INVESTING ACTIVITIES			
Purchase of fixed asset		(2,118)	(2,108)
Interest received		16,251	-
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		14,133	(2,108)
CASH FLOWS USED IN FINANCING ACTIVITIES			
Dividends paid		(851,409)	(509,234)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(851,409)	(509,234)
NET Increase/(Decrease) IN CASH AND CASH EQUIVALENTS		166,928	(1,210)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		2,707,194	2,721,408
Effect of foreign exchange rate changes		(23,317)	(13,004)
CASH AND CASH EQUIVALENTS AT END OF YEAR		2,850,805	2,707,194
RECONCILIATION TO CASH AT BANK AND IN HAND:			
Cash at bank and in hand		200,805	2,707,194
Other investments (under current asset)		2,650,000	-
Cash at bank and cash equivalents		2,850,805	2,707,194

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements
For the year ended 31 December 2022

1. 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

Zenkyoren Europe Limited is a private company limited by and incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the registered office is on page 1. The nature of the company's operations and its principal activities are set out in the Strategic Report on page 2.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

As a qualifying entity under FRS 102, the company has taken advantage of the exemptions allowed under Section 11 and 12 relating to financial instruments.

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

Going Concern

No material uncertainties that may cast significant doubt about the ability of the company to continue as a going concern have been identified by the Directors. 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 pages 2 and 3. The company has considerable financial resources and is not dependent on external borrowings. As a consequence, the Directors believe that the company is well placed to manage its business risks successfully despite the uncertainties in the economic outlook.

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 of accounting in preparing the annual financial statements.

Turnover

Management fees are recognised on an accruals basis.

Management fees relate to investment advice based on an Investment Management Agreement with the management company of the Fund, with the fees recognised when the company calculating the billing amount quarterly.

Accrued Management fees are valued by the exchange rate as of year-end and are recorded in the balance sheet. The difference between the valued amount and the received amount is recorded as an exchange profit or loss in Q4 2022. The exchange rate is as published in the Financial Times.

Service fees are recognised on an accruals basis.

Service jobs are ad hoc outsourcing services based on client requests, and the contract has been made every fiscal year by renewing the Memorandum of Agreement between the client and the company. The fees are recognised when the company calculates those after the job .

Interest receivable

Interest receivable is recorded on an accruals basis.

Financial assets and liabilities

Financial assets and financial liabilities are recognised when the Company become as party to the contractual provisions of the instrument.
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. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a

1. ACCOUNTING POLICIES (CONTINUED)

Financial assets and liabilities (Continued)

similar debt instrument. 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.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Debtors

Debtors, comprising amounts due from group companies and other debtors are regarded as debt instruments that are receivable within one year and are measured at the undiscounted amount of the cash or other consideration expected to be paid or received net of impairment. The impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and provision for any impairment.

Depreciation is charged on all tangible assets on cost in equal annual instalments over the estimated lives of the assets. The rates of depreciation are as follows:

Office equipment	25% per annum
Computers	33 1/3% per annum

Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated depreciation and provision for any impairment. The only intangible fixed asset held is computer software.

Amortisation is provided for on all intangible assets on cost in equal annual instalments over the estimated lives of the assets. The rates of amortisation are as follows:

Software	33 1/3% per annum

Taxation

The tax currently payable is based on taxable profit for the year and is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on the 'timing difference plus' approach that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included within the financial statements.

Deferred tax assets are recognised to the extent that it is regarded more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Dividends

Equity dividends are recognised as a dividend payable in liabilities in the period in which they are declared.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated at the rates ruling at that date. Translation differences arising are dealt with in the profit and loss account.

Operating Leases

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.

Critical accounting judgements and key sources of estimation uncertainty

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

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

Management have noted that there are no critical accounting judgements or key sources of estimation uncertainty.

ZENKYOREN EUROPE LIMITED

Notes to the Financial Statements
For the year ended 31 December 2022

2. TURNOVER

An analysis of the Company's turnover is presented below:

	2022 £	2021 £
Management fee income	2,773,670	2,771,246
	2,773,670	2,771,246

A geographical analysis of turnover is presented below:

	2022 £	2021 £
Luxembourg	2,773,670	2,771,246
	2,773,670	2,771,246

Accrued & Deferred Income

Management fee and service fee income that have been earned but not yet billed as at the year end date are recognised as accrued income. Income received in advance of the services being provided is recognised as deferred income on the balance sheet as at the year end date.

3. INTEREST RECEIVABLE AND OTHER GAINS / (CHARGES)

	2022 £	2021 £
Interest receivable		
Bank interest receivable	16,251	-
	16,251	-
Other charges		
Foreign exchange loss	(23,317)	(13,004)
	(23,317)	(13,004)

4. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging:

	2022 £	2021 £
Depreciation of tangible fixed assets	4,282	4,686
Amortisation of intangible assets	2,492	3,056
Operating lease rentals	117,704	119,788
Foreign exchange loss	23,317	13,004

Amortisation of intangible assets is included in administrative expenses.

The analysis of the auditor's remuneration is as follows:

	2022 £	2021 £
Total audit fees		
- Statutory audit	32,880	29,900
- CASS audit	8,020	7,300
	40,900	37,200
Total non-audit fees		
- Tax services (non-audit)	27,687	51,665
- Other non-audit services	1,650	1,363
	29,337	53,028

The non-audit fees incorporate tax services for assistance in the calculation and handling of expatriate staff tax affairs and statutory corporate tax matters.

5. TAX ON PROFIT

The tax charge comprises:

	2022 £	2021 £
Current tax on profit on ordinary activities		
UK Corporation Tax charge at 19.00% (2021:19.00%)	179,859	201,022
Adjustment in respect of previous periods		
UK corporation tax	-	-
Foreign tax	-	-
Total current tax	179,859	201,022
Deferred tax		
Timing differences, origination and reversal	(843)	(1,019)
Adjustment in respect of previous periods	-	-
Effect of changes in tax rates	(266)	468
	(1,109)	(551)
Total tax on profit	178,750	200,471

The charge for the year can be reconciled to the profit before tax as follows:

	2022 £	2021 £
Profit for the year	936,907	1,051,880
Tax on profit at standard UK tax rate of 19.00% (2021: 19.00%)	178,012	199,857
Effects of:		
Expenses not deductible	1,125	266
Superdeduction	(121)	(120)
Tax rate changes	(266)	468
Tax charge for the year	178,750	200,471

The standard rate of tax applied to reported profit on ordinary activities is 19.00 per cent (2021: 19.00 per cent).

There is no expiry date on timing differences, unused tax losses or tax credits.

Finance Act 2021 increased the UK tax rate to 25.00 per cent from 1 April 2023. This was substantially enacted at the balance sheet date and has been used to calculate year end deferred tax balances.

6. STAFF NUMBERS AND COSTS

The average monthly number of persons employed by the company (including executive directors) in the financial year was:

	2022 Number	2021 Number
Administration	6	6

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	904,830	887,426
Social security costs	48,704	49,842
	953,534	937,268

7. DIRECTOR'S REMUNERATION AND TRANSACTIONS

	2022 £	2021 £
Directors' remuneration:		
Emoluments	544,160	554,405

	2022 £	2021 £
Remuneration of the highest paid director:		
Emoluments	290,504	290,291
	290,504	290,291

No Directors are members of a defined benefit pension scheme or members of a money purchase pension scheme. They have not exercised options over shares in the company, nor had awards receivable in the form of shares under a long-term incentive scheme in 2021 and 2022. There are no other key management personnel other than the directors.

8. DIVIDENDS ON EQUITY SHARES

Amounts recognised as distributions to equity holders in the year:

	2022 £	2021 £
Final dividend for the year end 31 December 2021 of 4.257 pounds (2020:2.546 pounds) per ordinary share	851,409	509,234
Proposed final dividend for the year end 31 December 2022 of 3.791 pounds (2021:4.257 pounds) per ordinary share	758,157	851,409

The proposed final dividend is subject to approval by the shareholders and has not been included as a liability in these financial statements.

9. INTANGIBLE FIXED ASSETS

	Software £	Total £
Cost		
At 1 January 2022	12,542	12,542
Addition	643	643
Disposal	(365)	(365)
At 31 December 2022	12,820	12,820
Accumulated amortisation		
At 1 January 2022	9,824	9,824
Charge for the year	2,492	2,492
Disposal	(365)	(365)
At 31 December 2022	11,951	11,951
Net book value		
At 31 December 2022	869	869
At 31 December 2021	2,718	2,718

10. TANGIBLE FIXED ASSETS

	Computers £	Office equipment £	Total £
Cost			
At 1 January 2022	38,890	30,212	69,102
Additions	1,303	172	1,475
Disposal	(10,390)	(2,203)	(12,593)
At 31 December 2022	29,803	28,181	57,984
Accumulated depreciation			
At 1 January 2022	33,267	29,530	62,797
Charge for the year	4,077	205	4,282
Disposal	(10,390)	(2,203)	(12,593)
At 31 December 2022	26,954	27,532	54,486
Net book value			
At 31 December 2022	2,849	649	3,498
At 31 December 2021	5,623	682	6,305

11. DEBTORS

	2022 £	2021 £
Amounts falling due within one year:		
Due from group companies (repayable on demand, non-interest bearing and unsecured)	1,516	14,081
Other debtors	46,617	44,810
Corporation tax recoverable	20,048	2,841
Prepayments	60,719	50,103
Accrued income	676,951	870,884
	805,851	982,719

Accrued and Prepaid expenses

Expenses are recognized when they are incurred. Expenses incurred but not yet paid as at the year end date are recognised as accrued expenses. Advance payments for goods and services not yet received by the Company by the year end date are recognised as prepayments on the balance sheet.

12. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Taxation and social security Accruals	45,855	34,872
Other Accruals	155,606	108,761
Deferred Tax	840	1,949
Accounts payable	-	1,380
	202,301	146,962

Movement on deferred taxation balance in the year:

	2022	2021
	£	£
Opening balance	(1,949)	(2,500)
Credit to the profit and loss account (Note 5)	1,109	551
Closing balance	(840)	(1,949)
Analysis of deferred tax balance		
Capital allowances in excess of depreciation	(840)	(1,949)
Closing balance	(840)	(1,949)

13. BASIC FINANCIAL INSTRUMENTS AND OTHER FINANCIAL INSTRUMENTS ISSUES

As a qualifying entity under FRS 102, the company has taken advantage of the exemptions allowed under Section 11 and 12 relating to financial instruments.

14. CALLED UP SHARE CAPITAL

	2022	2021
	£	£
Called up, allotted and fully paid:		
200,000 ordinary shares of £1 each	200,000	200,000

15. CASH FLOW STATEMENT

Reconciliation of operating profit to cash generated by operations:

	2022 £	2021 £
Profit Before Taxation	936,907	1,051,880
Adjustments for:		
Depreciation and amortisation	6,774	7,742
Interest received	(16,251)	-
Foreign exchange loss	23,317	13,004
Operating cash flow before movement in working capital	950,747	1,072,626
Decrease/(Increase) in debtors	176,867	(301,678)
Increase/(Decrease) in creditors	55,340	(60,345)
Tax paid	(178,750)	(200,471)
Cash generated by operations	1,004,204	510,132

16. ULTIMATE AND IMMEDIATE PARENT COMPANY

The immediate and ultimate parent company and controlling entity of Zenkyoren Europe Limited is the National Mutual Insurance Federation of Agricultural Co-operatives, incorporated in Japan, of which Zenkyoren Europe Limited is a 100% wholly-owned subsidiary.

National Mutual Insurance Federation of Agricultural Co-operatives is head of the largest and smallest group of undertakings of which the company is a member and for which group accounts are prepared.

Copies of the Group accounts of National Mutual Insurance Federation of Agricultural Co-operatives, which include the results of the company, are available from National Mutual Insurance Federation of Agricultural Co-operatives at the company's registered address 2-7-9, Hirakawa-cho, Chiyoda-ku, Tokyo, Japan.

17. RELATED PARTY TRANSACTIONS

Under FRS 102 section 33, the company is exempt from the requirement to disclose related party transactions within the group on the grounds that 100% of voting rights are controlled within the group and the consolidated financial statements of the ultimate parent company are publicly available.

18. OPERATING LEASE COMMITMENTS

Total future minimum lease payments under operating leases are as follows:

	Land and buildings 2022 £	Land and buildings 2021 £
Within one year	104,188	104,188
Between two and five years	338,609	338,609

Key terms of the lease:-

10 year lease term with a tenant only break clause after 5 years and an additional rent free period if the break option is not served.

19. SUBSEQUENT EVENTS

No subsequent events have occurred in between the balance sheet date and the date of approval of these financial statements.

Company Registration No. 02422889

ZENKYOREN EUROPE LIMITED

Remuneration Disclosure (Unaudited)

for the year ended 31 December 2022

Remuneration Disclosure (Unaudited)

ZEL – Remuneration Code Status

ZEL is a MIFIDPRU Remuneration Code - SNI Firm. On the grounds of proportionality it has not established a remuneration committee. Such functions are performed by the board of directors.

Decision-making process for remuneration policy

The long term interests of the shareholders and stakeholders is for the firm to run a low risk business tightly governed by the board. The business model of the firm means that there is a low risk culture and staff are remunerated accordingly for the undertaking of business in a professional manner rather than taking on more risk for the firm. The Executive Directors are responsible for day to day human resource issues connected to terms and conditions of employment, remuneration (fixed and variable) and benefits which has been delegated from the Board of Directors who hold ultimate responsibility for Remuneration Policy.

ZEL receives advice from the head office of National Mutual Insurance Federation of Agricultural Co-operatives, its shareholder, in order to harmonise human resource policies across the shareholder's group of companies while taking into account domestic laws and regulations as well as determining the remuneration of the Executive Directors.

Remuneration disclosures for the year ended 31 December 2022

The Board of Directors determine remuneration policy taking full account of the firm's goal of achieving stable growth and the long-term success of the firm with the retention and training of its staff to operate the business in a prudent and safe manner.

Code Staff

The Remuneration Code applies to all staff of ZEL. In particular, Code Staff are those staff with performance linked variable pay and comprise staff that hold significant influence functions, are senior management, risk takers, staff who undertake controlled functions and employees receiving remuneration on a par with senior management.

Pay-performance link

The pay performance link for Code Staff is made up of fixed pay of salary and benefits and performance related pay which is determined by a set of criteria for each Code Staff member. The performance component of the remuneration relates to a percentage of a Code Staff member's salary and the quality of the work undertaken in accordance with the level of responsibility that they hold and other non-financial targets set for them annually. These targets are linked to the overriding aim of operating the business in a prudent and safe fashion.

Non-Financial Performance Criteria:

- Job knowledge
- Quality of work
- Quantity of work
- Professional conduct
- Compliance with regulations
- Building relationships
- Reporting and resolution of problems

Financial Performance Criteria:
Nil

Code Staff remuneration

Fixed Remuneration consists of base salaries for senior managers. Variable remuneration consists of semi-annual and annual bonuses.

For all Code Staff total fixed remuneration was £891,255 and total variable remuneration was £62,280.
Please note that certain Code Staff are secondees from the Shareholder and have a different performance review period from local staff and runs from April – March financial year. The above remuneration includes secondee staff remuneration for a full performance review period of one year using the last performance review period. For local staff the remuneration and performance review period runs from September to August.