

THE HATTORI FOUNDATION
ANNUAL REPORT AND FINANCIAL STATEMENTS
31 AUGUST 2020

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REPORT AND FINANCIAL STATEMENTS
31 AUGUST 2020

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THE HATTORI FOUNDATION**CHARITY INFORMATION**

Charity Name	The Hattori Foundation
Charity No	1014709
Principal Address	7 Exton Street London SE1 8UE
Governing Instrument	Trust Deed dated 5 October 1982
Trustee	Hattori Trust Company Limited (Company number 2749030)
Directors of the Trustee Company (Also referred to as 'Trustees')	Andrew Marriner (Chairman) Joji Hattori John V Hughes Piers Lane AM Lady Gomersall Paul Watkins Imogen Cooper CBE David Whelton OBE Krzysztof Chorzelski Richard Morrison Raphael Wallfisch
Honorary Patrons	Erich Gruenberg OBE (died 8 August 2020) Mrs Toyoko Hattori Dr Martin Lovett OBE (died 29 April 2020)
Music Advisor	Gordon Back
Administrator	Esme Lees (appointed 18 September 2019, resigned 30 September 2020)
General Manager	Glenn Kesby
Solicitors	Charles Russell Speechlys LLP 5 Fleet Place London EC4M 7RD
Independent Examiner	Phillip Roberts FCA Roberts & Co 136 Kensington Church Street London W8 4BH
Bankers	Lloyds Bank PLC 3 St George's Street Wimbledon London SW19 9DR
Investment Managers	Cazenove Capital Management Limited 12 Moorgate London EC2R 6DA
Investment Powers	Wide discretionary powers

THE HATTORI FOUNDATION

REPORT OF THE TRUSTEE

The Trustee presents its annual report and financial statements of the Settlement for the year ended 31 August 2020. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's trust deed, the Charities Act 2011 the Statement of Recommended Practice (second edition) and Accounting Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102).

STRUCTURE, GOVERNANCE, MANAGEMENT AND RISK MANAGEMENT

The foundation is constituted under a Trust Deed dated 5 October 1992.

Individual Directors of the Trustee Company are invited to propose names of suitable potential Directors for approval by the Board. Any approved individual would be approached informally and if interested, formally invited to join the Board by the Chairman.

The Trustee has considered the question of risk generally and believes that the major risk to the assets of the Foundation (and to its activities in general) to be fluctuations in the stock market. The Trustee has sought to mitigate this risk by engaging the services of a well-respected firm of investment managers and by keeping the performance of that firm under review.

OBJECTIVES AND ACTIVITIES

The Foundation is established for:

- 1) The advancement and promotion of charitable objectives generally;
- 2) The advancement and promotion in particular of music and musical composition, the musical education, training and advancement of young people and students of music; the advancement of education in and appreciation and understanding of the visual arts; the education, training and advancement of young persons and students of the visual arts.

During the year, the Foundation conducted auditions and made awards to young musicians to assist with projects which they had submitted to the trustees, as indicated below.

Since 2015, The Hattori Foundation has run the building known as 1901 Arts Club, offering subsidised spaces for performances, rehearsals, meetings and events to other charities and emerging artists.

Grants are made at the discretion of the Trustee and usually follow an audition. Details of grants made during the year are set out below.

ACHIEVEMENTS AND PERFORMANCE

During the year the Foundation received 11 Junior applications. Awards ranging between £500 and £750 were made to 3 applicants totalling £2,000.

The auditions for senior awards were necessarily delayed due to Covid-19 from June to September 2020. 72 Senior applications were received from which 15 were invited to audition. Senior Awards of between £3,000 and £4,500 were made to 8 applicants totalling £30,500.

THE HATTORI FOUNDATION

REPORT OF THE TRUSTEE

ACHIEVEMENTS AND PERFORMANCE (continued)

In this exceptional year, in addition to the Senior Awards, a further 7 finalists were paid assistance grants of between £2,000 and £3,000 totalling £15,000. 2 further senior grants were paid without audition, totalling £1,500.

1 special project was awarded a grant of £1,000. No Concerto Debut prize was awarded this year.

FINANCIAL REVIEW

Reserves policy

The balance of unrestricted funds is represented by (a) sums invested with Cazenove Capital Management Limited classified on the balance sheet as fixed asset investments and (b) current assets which the Trustee regards as free reserves. The Trustee expects grant commitments to be funded as they fall due from future income; failing this, the Foundation has recourse to sums invested.

INVESTMENT POLICY AND PERFORMANCE

The Trustee's investment policy is to preserve capital in line with inflation as a minimum and to maintain a sustained annual income above £80,000 per annum to enable the Foundation to continue its annual grant giving in music. During the year investment income has shown a decrease of £2,033 (2019 – increase of £9,047). Net realised and unrealised losses on investments mounted to £194,909 (2019 – losses of £111,526).

PUBLIC BENEFIT

The Trustee has had regard to the guidance issued by the Charity Commission concerning public benefit. The Trustee is satisfied that the information given in this report, particularly regarding the activities undertaken and the achievements during the year, when read in conjunction with the objectives of the Foundation, demonstrates that the requirement to identify public benefit have been met.

PLANS FOR FUTURE

The Foundation will continue making awards to young musicians, ensembles and organisations and to provide extra support with performing opportunities at its premises, the licensed venue known as 1901 Arts Club.

STATEMENT OF TRUSTEE RESPONSIBILITIES

The Trustee is responsible for preparing the Report of the Trustee and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

THE HATTORI FOUNDATION**REPORT OF THE TRUSTEE****STATEMENT OF TRUSTEE RESPONSIBILITIES (continued)**

The law applicable to charities in England & Wales requires the Trustee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Trustee is required to:

- Select suitable accounting policies and apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is appropriate to presume that the charity will continue in business.

The Trustee is responsible for keeping proper accounting records that disclose with reasonable accuracy at the time the financial position of the charity and enable the Trustee to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the charity's Trust Deed. The Trustee is also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved on behalf of the Trustee on 11 June 2021 and signed on its behalf



Andrew Marriner

Chairman

THE HATTORI FOUNDATION**INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEE OF****THE HATTORI FOUNDATION**

I report to the Trustee on my examination of the financial statements of The Hattori Foundation ('the charity') for the year ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance Sheet and related notes.

This report is made solely to the charity's Trustee, as a body, in accordance with section 145 of the Charities Act 2011. My work has been undertaken so that I might state to the charity's Trustee those matters I am required to state to them in this report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the charity and the charity's Trustee as a body, for my work, for this report, or for the opinions I have formed.

Responsibilities and basis of report

As the Trustee of the charity you are responsible for the preparation of the financial statements in accordance with the requirements of the Charities Act 2011 ('the Act').

I report in respect of my examination of the charity's financial statements carried out under section 145 of the Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

An independent examination does not involve gathering all the evidence that would be required in an audit and consequently does not cover all the matters that an auditor considers in giving their opinion on the financial statements. The planning and conduct of an audit goes beyond the limited assurance that an independent examination can provide. Consequently I express no opinion as to whether the financial statements present a 'true and fair' view and my report is limited to those specific matters set out in the independent examiner's statement.

Independent examiner's statement

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

- accounting records were not kept in respect of the charity as required by section 130 of the Act; or
- the financial statements do not accord with those records; or
- the financial statements do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination.

THE HATTORI FOUNDATION**INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEE OF****THE HATTORI FOUNDATION**

(continued)

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the financial statements to be reached.

A handwritten signature in black ink, appearing to read 'Phillip Roberts', with a horizontal line drawn underneath the signature.

Phillip Roberts, FCA

Roberts & Co.,
Chartered Accountants,
136 Kensington Church Street,
London,
W8 4BH.

11 June 2021

THE HATTORI FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020	2019
INCOME AND EXPENDITURE			
Investment income			
Dividends and related income	1	109,059	111,092
Deposit interest		69	121
		<hr/>	<hr/>
		109,128	111,213
		<hr/>	<hr/>
Resources expended			
Investment management fees		14,310	14,580
		<hr/>	<hr/>
Charitable activities			
Grants	1 & 2	49,500	44,950
Consultancy		10,000	10,000
Auditions		-	257
		<hr/>	<hr/>
		59,500	55,207
		<hr/>	<hr/>
Net incoming resources from investment and grants		35,318	41,426
		<hr/>	<hr/>
Turnover			
Event income		67,649	88,902
Other income		7,824	10,649
Donations received		100	55
Government grants received		33,502	-
		<hr/>	<hr/>
		109,075	99,606
		<hr/>	<hr/>
Less: Cost of goods sold			
Bar consumables		6,057	8,544
Catering		5,785	6,527
Agency staff		4,530	5,887
Artists and performances		3,650	3,280
		<hr/>	<hr/>
		20,022	24,238
		<hr/>	<hr/>
Gross profit – carried forward		89,053	75,368
		<hr/>	<hr/>

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

THE HATTORI FOUNDATION**STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2020**

(continued)

	Note	2020	2019
Gross profit – brought forward		89,053	75,368
		<hr/>	<hr/>
Total gross income		124,371	116,794
Overhead expenditure	3	101,963	119,023
		<hr/>	<hr/>
Net incoming/(outgoing) resources from other operations		22,408	(2,229)
		<hr/>	<hr/>
Other recognised gains and losses			
Unrealised losses on investment assets	5	(194,909)	(111,526)
		<hr/>	<hr/>
Net expenditure for the year		(172,501)	(113,755)
Fund balances brought forward – unrestricted funds		3,004,182	3,117,937
		<hr/>	<hr/>
Fund balances carried forward – unrestricted funds		£2,831,681	£3,004,182
		<hr/>	<hr/>

All amounts relate to continuing activities.

All recognised surpluses and deficits are included in the statement of financial activities which shows the total net movement in funds for the year.

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

THE HATTORI FOUNDATION**BALANCE SHEET - 31ST AUGUST, 2020**

	Note	2020	2019
FIXED ASSETS			
Tangible assets	4	1,175	814
Investments	5	2,764,029	2,958,938
		<hr/>	<hr/>
		2,765,204	2,959,752
CURRENT ASSETS			
Debtors and prepayments	6	3,098	7,342
Cash held by investment managers on income account		90,162	59,560
Cash at bank and in hand		26,166	16,954
		<hr/>	<hr/>
		119,426	83,856
		<hr/>	<hr/>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Creditors	7	7,949	13,126
Provision for grants not yet paid	2	45,000	26,300
		<hr/>	<hr/>
		52,949	39,426
		<hr/>	<hr/>
NET CURRENT ASSETS		66,477	44,430
		<hr/>	<hr/>
NET ASSETS		£2,831,681	£3,004,182
		<hr/>	<hr/>
REPRESENTED BY			
Unrestricted funds		£2,831,681	£3,004,182
		<hr/>	<hr/>


Andrew Marriner - Chairman

Approved by the Trustee of The Hattori Foundation and signed on its behalf on 11 June 2021.

THE HATTORI FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2020

1. ACCOUNTING POLICIES

a. Basis of preparation of accounts

The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. The financial statements have been prepared in accordance with the second edition of the Charities Statement of Recommended Practice issued in October 2019, the Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102) and the Charities Act 2011. The charity constitutes a public benefit entity as defined by FRS 102.

The Trustee considers that there are no material uncertainties about the Trust's ability to continue as a going concern.

b. Income recognition

All income is recognised once the Trust has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Donations are recognised once received or once the Trustee considers that receipt is highly probable. In the event that a donation is subject to conditions that require a level of performance before the Trust is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the Trust and it is probable that those conditions will be fulfilled in the reporting period.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Trust; this is normally upon notification of the interest paid or payable by the bank.

c. Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Trust to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated or apportioned to the applicable expenditure headings.

Grants payable are payments made to third parties in the furtherance of the charitable objectives of the Trust. In the case of an unconditional grant offer this is accrued once the recipient has been notified of the grant award. The notification gives the recipient a reasonable expectation that they will receive the one-year or multi-year grant. Grants awards that are subject to the recipient fulfilling performance conditions are only accrued when the recipient has been notified of the grant and any remaining unfulfilled condition attached to that grant is outside of the control of the Trust.

d. Irrecoverable VAT

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

THE HATTORI FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2020

1. ACCOUNTING POLICIES (continued)

e. Governance costs

Governance costs comprise all costs involving the public accountability of the Trust and its compliance with regulation and good practice. These costs include costs related to the independent examiner's fee together with other overhead costs. Details of these costs are set out in note 3 to the financial statements.

f. Charitable activities

Costs of charitable activities include prize awards and grants made.

g. Tangible fixed assets and depreciation

Tangible fixed assets consist of fixtures, fittings and equipment. Depreciation at a rate of 25% per annum has been charged to write down the value of these assets to their carrying values.

h. Financial instruments

The Trust has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Short term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of Financial Activities in 'administrative expenses'.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand.

Offsetting

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

i. Fund structure

The Trust has a single permanent fund. The terms of the trust deed allow the income to be accumulated and the capital to be spent if the Trustees so determine.

Unrestricted funds comprise those funds which the Trustees are free to use for any purpose in furtherance of the charitable objects. Unrestricted funds include designated funds where the Trustees, at their discretion, wish to create a fund for a specific purpose.

THE HATTORI FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2020

1. ACCOUNTING POLICIES (continued)

j. Investments

Investments are stated at market value at the balance sheet date, which gives rise to unrealised gains and losses which are included in the Statement of Financial Activities. Realised gains and losses arising on the disposal of investments during the year are separately disclosed in the Statement of Financial Activities.

2. GRANTS PAYABLE

	2020	2019
Grants payable brought forward	(26,300)	(47,486)
Net payments during year	30,800	66,136
	<hr/>	<hr/>
	4,500	18,650
Grants payable carried forward	45,000	26,300
	<hr/>	<hr/>
Charge for the year	£49,500	£44,950
	<hr/>	<hr/>

3. OVERHEAD EXPENDITURE

	2020	2019
Rent, rates and services	4,843	12,263
Printing, postage and stationery	86	538
Telephone and communications	4,569	4,805
Computer expenses	1,640	1,749
Photocopier expenses	1,994	3,986
Repairs, security and cleaning	8,162	13,202
Advertising and promotion	1,546	2,507
Legal and professional fees	2,477	3,630
Independent examination	1,350	1,350
Accountancy	1,350	1,750
Bank charges	555	491
Travel and transport expenses	277	323
Sundry expenses	780	732
Wages and salaries	54,966	56,500
Social security costs	4,315	2,333
Pension contributions	11,847	12,050
Depreciation	1,206	814
	<hr/>	<hr/>
	£101,963	£119,023
	<hr/>	<hr/>

THE HATTORI FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2020

4. TANGIBLE ASSETS

	Fixtures, fittings and equipment
Cost	
At 31 August 2019	3,256
Additions	1,567
	<hr/>
At 31 August 2020	4,823
	<hr/>
Depreciation	
At 31 August 2019	2,442
Charge for the year	1,206
	<hr/>
At 31 August 2020	3,648
	<hr/>
Carrying values	
At 31 August 2020	£1,175
	<hr/>
At 31 August 2019	£814
	<hr/>

5. INVESTMENTS

	2020	2019
Market value at 1 September 2019 (excluding cash)	2,958,938	3,070,464
Additions	627,147	-
Disposals	(627,147)	-
Unrealised loss arising on revaluations in the year	(194,909)	(111,526)
	<hr/>	<hr/>
Market value at 31 August 2020 (excluding cash)	£2,764,029	£2,958,938
	<hr/>	<hr/>
Historic cost at 31 August 2020 and 2019	£2,089,057	£2,089,057
	<hr/>	<hr/>

THE HATTORI FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2020

6. DEBTORS

	2020	2019
Trade debtors	179	3,638
Prepayments and accrued income	1,389	2,174
Sundry debtors	1,530	1,530
	<hr/>	<hr/>
	£3,098	£7,342
	<hr/>	<hr/>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
Trade creditors	918	5,937
Other taxation	3,931	3,791
Accruals	3,100	3,200
Other creditors	-	198
	<hr/>	<hr/>
	£7,949	£13,126
	<hr/>	<hr/>

8. REMUNERATION AND EXPENSES PAYABLE TO DIRECTORS OF THE TRUSTEE COMPANY

The Trustee received no remuneration during the year (2019 - nil). No expenses were reimbursed to the Trustee during the year (2019 - nil).

9. FEES PAID TO THE INDEPENDENT EXAMINER

	2020	2019
Accountancy	£1,350	£1,750
Independent examination	£1,350	£1,350
	<hr/>	<hr/>

10. STAFF

	2020	2019
The average number of staff during the year	<u>3</u>	<u>3</u>

There were no employees with emoluments in excess of £60,000 during the year (2019 nil).

THE HATTORI FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2020

11. LEASE COMMITMENTS

The Foundation's commitments for rental payments under operating leases during the year to 31 August 2020 are as follows:

	2020	2019
Photocopier rental	£1,994	£3,986
	<hr/>	<hr/>

12. RELATED PARTY TRANSACTIONS

During the year Joji Hattori, a Director of the Trustee Company, donated £4,707 (2019 - £2,565) as part of the agreement for the Foundation to take over the running of 1901 Arts Club Limited.

13. POST BALANCE SHEET EVENT – IMPACT OF THE OUTBREAK OF COVID-19

The Trustee considers the impact of Covid-19 to be a non-adjusting post balance sheet event.

Accordingly the financial position at 31 August 2020 and the result for the year then ended have not been adjusted.

The duration and impact of the Covid-19 pandemic, as well as the effectiveness of the ongoing measures to combat its continuing threat, remain unclear. It is not possible to estimate the duration and severity of these consequences reliably, nor their impact on financial position and results of the charity for future accounting periods.

The Trustee considers that the amount of the cash balances held is sufficient to fund anticipated cash flow requirements.