

Registered number: 11491073
Charity number: 1179626

JAPAN HOUSE LONDON TRUST

(A company limited by guarantee)

ANNUAL TRUSTEES' REPORT

AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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ANNUAL TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

The Trustees, who are also directors for the purposes of company law, present their report together with the audited consolidated financial statements of Japan House London Trust ("JHLT" or "the Parent Company" or "the Trust" or "the Charitable Company") and its subsidiaries undertaking, Japan H.L. Limited ("JHLL") and Japan H.L. Enterprises Limited ("JHLE") (collectively "the Group") for the year ended 31 March 2021. Where comparatives are presented, these are for the period 30 June 2019 to 31 March 2020.

The Trustees confirm that the Annual Trustees' Report and Consolidated Financial Statements of the Group and the Parent Company comply with the Charities Act 2011, the Companies Act 2006, the Trust's Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) ("Charities SORP FRS 102").

REFERENCE AND ADMINISTRATIVE DETAILS FOR THE CHARITABLE COMPANY, ITS TRUSTEES AND ADVISERS

Governing Instrument

Memorandum and Articles of Association

Members

His Excellency Hajime Hayashi (Appointed 26 February 2021)
Sir Alexander David Warren
Rt Hon. Lord Christopher Francis Patten of Barnes
Ms Keshini Navaratnam
Sir Michael Roger Gifford (Resigned 25 May 2021)
Mrs Phillida A Purvis
His Excellency Yasumasa Nagamine (Resigned 4 January 2021)

Trustees (also the statutory Directors of the Charitable Company)

His Excellency Hajime Hayashi (Appointed 26 February 2021)
His Excellency Yasumasa Nagamine (Resigned 4 January 2021)
Rt Hon. Lord Christopher Francis Patten of Barnes
Ms Keshini Navaratnam
Mrs Phillida A Purvis
Sir Alexander David Warren
Mr Takanori Sazaki (Resigned on 10 December 2020)
Mr Satoru Yoshida
Mr Yoshinori Katayama (Appointed on 20 October 2020)
Mr Hirohiko Miyata (Appointed on 4 June 2020, resigned on 15 October 2020 and reappointed on 14 December 2020)
Sir Michael Roger Gifford (Resigned 25 May 2021)

Executive Chairman

His Excellency Hajime Hayashi (Appointed 26 February 2021)
His Excellency Yasumasa Nagamine (Resigned 4 January 2021)

ANNUAL TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE CHARITABLE COMPANY, ITS TRUSTEES AND ADVISERS (continued)

**Objects of Charitable
Company**

The Objects of the Trust are for the public benefit: a) to advance the culture (both traditional and modern), institutions, people, history, and language of Japan, and also of Japan's intellectual, artistic, scientific and economic life; b) to promote cultural relationships between people in Japan and people in the United Kingdom; c) to promote learning and advance all forms of education relating to Japan; d) to promote research in any of the above; e) to publish the useful results of such research and f) the furtherance of such other exclusively charitable objects as the Trustees in their absolute discretion may determine.

Solicitors

Farrer & Co LLP
66 Lincoln's Inn Fields
London WC2A 3LH

Bankers

HSBC UK Bank Plc
94 Kensington High Street
London W8 4SH

Auditor

Rawlinson & Hunter Audit LLP
Statutory Auditor
Chartered Accountants
Eighth Floor, 6 New Street Square,
New Fetter Lane, London EC4A 3AQ

**Charitable Company
Address & Registered office**

Japan House London
101 – 111 Kensington High Street
London W8 5SA

Charity Registration Number

1179626

Company Registration Number

11491073

ANNUAL TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Charitable Company is a registered charity (charity number 1179626) limited by guarantee, whose principal object is to support charitable purposes in whatever manner the Trustees, in their absolute discretion, think fit.

The Trustees' overriding aim is: a) to advance the culture (both traditional and modern), institutions, people, history, and language of Japan, and also of Japan's intellectual, artistic, scientific and economic life; b) to promote cultural relationships between people in Japan and people in the United Kingdom; c) to promote learning and advance all forms of education relating to Japan; d) to promote research in any of the above; e) to publish the useful results of such research and f) the furtherance of such other exclusively charitable objects as the Trustees in their absolute discretion may determine.

On 17 June 2020, the subsidiary, Japan H.L. Limited ("JHLL"), acquired a 100% shareholding in a newly incorporated company, Japan H.L. Enterprises Limited ("JHLEL"), and on 30 September 2020, JHLEL acquired the business, assets and operations of The Shop at Japan House London from Salt and Welcome UK Limited. Salt and Welcome UK Limited was a tenant of JHLL.

JHLL is the principal service provider to the Japan House London Project on behalf of the Japanese Ministry of Foreign Affairs ("MOFA") for which it receives a handling fee. These services included, and continue to be:

- operating a safe and welcoming public venue; and
- enhancing the project through promotional activities and events.

Prior to the acquisition of JHLL by the Trust on 30 June 2019, the provision of the Japan House London Project on behalf of the Japanese Ministry of Foreign Affairs was through its previous parent company, Jones Lang LaSalle KK. Since 30 June 2019, JHLL has entered into a direct contract with MOFA for the operation of Japan House London Project.

Organisation

The Trustees of the Charitable Company meet to discuss overall strategy and to determine how best to direct its resources to meet its objectives. Japan House London Trust has an Executive Chairman who oversees the overall strategy and the charitable activities. The responsibilities of the Executive Chairman and the Trustees have been agreed and documented.

Appointment of Trustees

The appointment of Trustees is governed by the Articles of Association of the Charitable Company.

Trustee induction and training

New Trustees meet with the Executive Chairman and are made aware of their legal obligations under Charity Law and Company Law, the decision-making processes at the Charitable Company, its strategic aims and recent performance. On appointment the Trustees are asked to adopt the Code of Good Governance.

Trustees are involved in specific pieces of work in their areas of expertise and undertake visits to relevant events and activities organised by the Trust.

Related parties

Related parties' transactions are disclosed in the Note 22 in the Financial Statements.

ANNUAL TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Pay policy for senior staff

The Trustees comprise the key management personnel of the Trust who are in charge of directing, controlling, running and operating the Trust.

The Trustees give their time freely and received no remuneration during the year ended 31 March 2021 nor previous period. There are no staff other than the Trustees in the Trust. The number of staff in the Group is disclosed in Note 8.

Internal Controls

The Trustees have overall responsibility for ensuring that the Trust has appropriate systems of internal controls. They are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charitable Company. The Trustees are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps towards the prevention and detection of fraud.

The system of internal controls is designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

Governance and Risk Management

A risk assessment has been undertaken which comprises:

- an annual review of the risks the Trust may face;
- the establishment of systems and procedures to mitigate those risks; and
- the implementation of procedures designed to minimise any potential impact on the Trust should those risks materialise.

This continuing process will identify risk areas to which the Group is vulnerable and highlight any necessary safeguards that will need to be put in place.

The Trustees are of the opinion that an adequate risk management process is in place at the Group, whereby key risks facing the business are documented and reviewed. The Trustees, along with the Board of Directors in JHLL, monitor the progress of the Group by reference to certain financial and non-financial key performance indicators, for example, number of visitors to Japan House London.

Key risks for JHLL and hence for the Group are visitor numbers and exhibitions. The success of JHLL and the Group is largely dependent on visitor numbers and a strong public programme. The Group liaises closely with the Japanese Government regarding expectations of forthcoming events and exhibitions. The level of visitors may also be affected by major events in London, such as security issues or disruption to international travel. The impact of BREXIT is also closely monitored, as is the current performance environment of "high street" retail.

Covid-19

The Covid-19 pandemic that has taken hold in the UK has undoubtedly had an effect on all UK companies in a wide ranging manner, potentially affecting their operational capability, liquidity and financial position.

The lockdown during 2020 & 2021 to fight Covid-19 has forced cancellation of many planned activities and virtual activities have replaced physical attendance of these activities.

The Trustees have considered the implications and have put in place business continuity plans that should allow the Charitable Company and the Group to continue in operation.

ANNUAL TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

In addition, the Trustees have taken due consideration of Good Governance – A Code for the Voluntary and Community Sector, ensuring that the six main principles of this Code are adhered to. These are:

- Understanding the Trustees' role.
- Doing what the organisation was set up to do.
- Working effectively.
- Control.
- Behaving with integrity.
- Openness and accessibility.

The Trustees recognise that good governance plays an essential part in securing the future of the Trust and confirm that the said main principles of this Code are followed by them in leading, directing and managing the Trust.

Financial key performance indicators

The results of the Group show total net income for the year of £1,165,536 (*9 months ended 31 March 2020: £1,712,127*) and total funds carried forward of £3,046,709 (*9 months ended 31 March 2020: £1,881,173*).

OBJECTIVES, ACTIVITIES, FINANCIAL REVIEW AND FUTURE PLANS

The objectives of the Trust are such exclusively charitable purposes as the Trustees may in their absolute discretion determine but not limited to advancing the culture of Japan for the public benefit by making grants to organisations and charitable projects.

The Trustees may use the income and the capital of the Charitable Company in promoting the objectives of the Trust.

Group Activities

The Trust did not carry out any charitable activity during the year ended 31 March 2021 nor previous period.

Governance costs of £26,200 (*9 months ended 31 March 2020: £28,693*) were incurred during the year and are detailed in Analysis of Governance Cost (Note 4).

The results of the Group activities for the year are detailed on page 12.

Fundraising

The Trustees have referred to the Code of Fundraising Practice ("the Code") which was developed by the fundraising community through the work of the Institute of Fundraising and Public Fundraising Association, and the Guidance on Charities and Fundraising issued by the Charity Commission ("CC20") and the Charities (Protection and Social Investment) Act 2016 ("the Act"). They confirm that the Code, CC20 and the Act have no impact on the Charitable Company as it does not engage in any public fundraising activities.

Policy on Reserves

The policy set by the Trustees is to have sufficient reserves to meet the Trust's ongoing charitable commitments.

The Trustees have examined the Trust's requirements for resources in light of the main risks to the organisation and have no outstanding commitments or cash demands that are not adequately covered by existing resources. The net assets of the Trust are regarded as free reserves and the available funds at 31 March 2021 will be spent in future periods in accordance with the Trust's charitable objects.

The balance held as unrestricted funds as at 31 March 2021 was £3,046,709 (*9 months ended 31 March 2020: £1,881,173*). In future years, a specific reserves policy will be adopted by Trustees.

ANNUAL TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

OBJECTIVES, ACTIVITIES, FINANCIAL REVIEW AND FUTURE PLANS (continued)

Plans for Future Periods

The Trustees do not propose to deviate from the current objectives and activities of the Trust but will further develop and refine their strategies, policies and procedures in future.

STATEMENT OF PUBLIC BENEFIT

The Trustees are aware of the Charity Commission guidance on Public Benefit and confirm that they have complied with the duty in Section 4 of the Charities Act 2011 to have due regard to it. They consider the information which follows in this annual report, about the Trust's aims, activities and achievements in the areas of interest that the Trust supports, demonstrates the benefit to its beneficiaries and through them to the public, which arise from those activities.

TRUSTEES' RESPONSIBILITIES STATEMENT

The Trustees (who are also directors of Japan House London Trust for the purposes of company law) are responsible for preparing the Annual Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charitable Company and the Group and of the incoming resources and application of resources, including the income and expenditure, of the Group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company and the Group will continue in operation.

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

In so far as the Trustees are aware:

- there is no relevant audit information of which the Charitable Company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

JAPAN HOUSE LONDON TRUST

ANNUAL TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

AUDITOR

A resolution will be proposed at the next Trustees' meeting that Rawlinson & Hunter Audit LLP be re-appointed as auditor to the Charitable Company for the ensuing year.

Approved by the Trustees and signed on their behalf by

DocuSigned by:

B6257EE081BB403...
Mr Satoru Yoshida
Trustee

Date: 29/3/2022 | 13:14 BST

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS AND TRUSTEES OF JAPAN HOUSE LONDON TRUST

OPINION

We have audited the financial statements of Japan House London Trust ("the Charitable Company") and its subsidiaries ("the Group") for the year ended 31 March 2021 which comprise the Consolidated Statement of Financial Activities (incorporating Income and Expenditure Account), the Consolidated and Parent Company Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the Charitable Company's affairs as at 31 March 2021 and of the Group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

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

CONCLUSIONS RELATING TO GOING CONCERN

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Charitable Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Trustees' Report and the Consolidated Financial Statements, other than the Consolidated Financial Statements and our Auditor's report thereon. 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.

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

We have nothing to report in this regard.

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2021**

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Annual Trustees' report (incorporating the Directors' Report) for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Annual Trustees' Report (incorporating the Directors' Report) have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the Annual Trustees' Report (incorporating the Directors' Report).

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

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Trustees' Responsibilities Statement on page 6, the Trustees (who are also the directors of the Charitable Company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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.

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.

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2021**

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Our assessment of the susceptibility of the Charitable Company's and the Group's financial statements to material misstatement, including how fraud might occur, is considered to be low. This conclusion was reached after the consideration of the following:

- due to the relatively low volume of transactions we have high visibility to all the material transactions and adjustments;
- due to the relatively simple operational model of the Charitable Company there are comparatively few unexpected fluctuations in the reported results and balances and any such unexpected items would be specifically enquired into by us; and
- there are a number of individuals which comprise "management" and therefore there is no single individual who is likely to be able to override controls to effect a fraud.

We designed our audit procedures to respond to identified audit risks, including non-compliance with laws and regulations (irregularities) that are material to the financial statements. Some of the specific procedures performed to detect irregularities, including fraud, are detailed below:

- the review of control accounts and journal entries for large, unusual or unauthorised entries;
- discussions with management involved in the risk and compliance functions including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- analytical review of the detailed Statement of Financial Activities for variances that are either unexpected or considered not to be in accordance with our understanding of the Charitable Company during the year;
- obtaining and reviewing for completeness a list of entities and persons considered to be related parties (as defined by Financial Reporting Standard 102) and reviewing the ledgers of the Group for previously unreported related party transactions;
- reviewing correspondence and agreements between the Group and other parties, and discussion with the management in relation to their compliance with the Charities SORP FRS 102;
- review of the Trustees' meeting minutes to identify unrecorded transactions;
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- review of transactions and journals for any indication of fraud or management override; and
- assessing the appropriateness of the going concern basis with reference to the Charitable Company's and the Group's current performance and expectations for future periods.

Because of the inherent limitations of an audit and the audit procedures described above, there is an unavoidable risk that we will not have detected all irregularities, including some leading to material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2021**

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remains a higher risk of non-detection of irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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

USE OF OUR REPORT

This report is made solely to the Charitable Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the Charitable Company's Trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulation 2008. Our audit work has been undertaken so that we might state to the Charitable Company's members and Trustees 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 Charitable Company and its members and the Charitable Company's Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.


Kulwarn Nagra (Senior statutory auditor)

for and on behalf of

Rawlinson & Hunter Audit LLP

Statutory Auditor

Chartered Accountants

Eighth Floor
6 New Street Square
New Fetter Lane
London EC4A 3AQ

Date: *29 March 2022*

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2021**

| | | Unrestricted Funds | Total Funds | Total Funds (All unrestricted) 30.06.2019 to 31.03.2020 £ |
|--|------|-----------------------|-------------------------------|---|
| | Note | £ | Year ended 31.03.2021 £ | |
| INCOME FROM: | | | | |
| Other trading activities | 3.1 | 10,383,940 | 10,383,940 | 7,702,856 |
| Bank and other interest receivable | 3.2 | 557 | 557 | 26,349 |
| TOTAL INCOME | | <u>10,384,497</u> | <u>10,384,497</u> | <u>7,729,205</u> |
| EXPENDITURE ON: | | | | |
| Cost of other trading activities | 6 | 9,538,104 | 9,538,104 | 6,874,664 |
| Charitable activities | 4 | 26,200 | 26,200 | 28,693 |
| TOTAL EXPENDITURE | 6 | <u>9,564,304</u> | <u>9,564,304</u> | <u>6,903,357</u> |
| Net Income before Taxation | | 820,193 | 820,193 | 825,848 |
| TAX | 9 | <u>345,343</u> | <u>345,343</u> | <u>886,279</u> |
| NET INCOME BEFORE OTHER RECOGNISED GAINS AND LOSSES | | <u>1,165,536</u> | <u>1,165,536</u> | <u>1,712,127</u> |
| NET MOVEMENT IN FUNDS | | <u>1,165,536</u> | <u>1,165,536</u> | <u>1,712,127</u> |
| RECONCILIATION OF FUNDS: | | | | |
| Total funds brought forward | | 1,881,173 | 1,881,173 | 169,046 |
| TOTAL FUNDS CARRIED FORWARD | | <u>3,046,709</u> | <u>3,046,709</u> | <u>1,881,173</u> |

The Consolidated Statement of Financial Activities include all gains and losses recognized in the period.

All income and expenditure derived from continuing activities.

JAPAN HOUSE LONDON TRUST

CONSOLIDATED BALANCE SHEET AT 31 MARCH 2021

Registered number: 11491073
Charity number: 1179626

| | | | 31 March 2021 | | 31 March 2020 |
|--|------|--------------------|--------------------|--------------------|--------------------|
| | Note | £ | £ | £ | £ |
| FIXED ASSETS | | | | | |
| Intangible assets | 10 | 326,215 | | 426,589 | |
| Tangible assets | 11 | <u>2,320,810</u> | <u>2,647,025</u> | <u>4,559,984</u> | <u>4,986,573</u> |
| CURRENT ASSETS | | | | | |
| Stock | 12 | 283,519 | | - | |
| Debtors | 13 | 5,050,686 | | 6,708,893 | |
| Cash at bank and in hand | 14 | <u>4,665,777</u> | | <u>1,898,898</u> | |
| | | <u>9,999,982</u> | | <u>8,607,791</u> | |
| CREDITORS: amounts falling due within one year | 15 | <u>(7,098,259)</u> | | <u>(4,964,090)</u> | |
| NET CURRENT ASSETS | | | <u>2,901,723</u> | | <u>3,643,701</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>5,548,748</u> | | <u>8,630,274</u> |
| CREDITORS: amounts falling due after more than one year | 16 | | <u>(1,625,924)</u> | | <u>(5,906,871)</u> |
| PROVISIONS FOR LIABILITIES | | | | | |
| Other provisions | 19 | | <u>(876,115)</u> | | <u>(842,230)</u> |
| NET ASSETS | | | <u>3,046,709</u> | | <u>1,881,173</u> |
| CHARITY FUNDS | | | | | |
| Unrestricted funds | | | <u>3,046,709</u> | | <u>1,881,173</u> |
| SHAREHOLDERS' AND CHARITY'S FUNDS | | | <u>3,046,709</u> | | <u>1,881,173</u> |

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

DocuSigned by:

 B6257EE0818B403.....

Mr Satoru Yoshida

Trustee

Date: 29/3/2022 | 13:14 BST

JAPAN HOUSE LONDON TRUST

COMPANY BALANCE SHEET
AT 31 MARCH 2021Registered number: 11491073
Charity number: 1179626

| | Note | £ | 31 March 2021 £ | £ | 31 March 2020 £ |
|---|------|-----------------|-----------------------|-----------------|-----------------------|
| FIXED ASSETS | | | | | |
| Investments | 23 | | <u>1</u> | | <u>1</u> |
| | | | 1 | | 1 |
| CURRENT ASSETS | | | | | |
| Debtors | 13 | 13,350 | | - | |
| Cash at bank and in hand | 14 | <u>546,750</u> | | <u>413,494</u> | |
| | | 560,100 | | 413,494 | |
| CURRENT LIABILITIES | | | | | |
| Creditors - amounts falling due within one year | 15 | <u>(54,175)</u> | | <u>(34,194)</u> | |
| NET CURRENT ASSETS | | | <u>505,926</u> | | <u>379,300</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 505,926 | | 379,301 |
| TOTAL NET ASSETS | | | <u>505,926</u> | | <u>379,301</u> |
| THE FUNDS OF THE CHARITABLE COMPANY | | | | | |
| Unrestricted income fund | | | 505,926 | | 379,301 |
| TOTAL CHARITABLE COMPANY FUNDS | | | <u>505,926</u> | | <u>379,301</u> |

The Parent Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Financial Activities in these financial statements.

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

DocuSigned by:

由田 聡

B6267EE081BB492A.....

Mr Satoru Yoshida

Trustee

Date: 29/3/2022 | 13:14 BST

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021**

| | Note | Year ended 31 March 2021 £ | 30.06.2019 to 31.03.2020 £ |
|--|------|----------------------------------|----------------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES: | | | |
| Profit for the year before tax | | 1,165,536 | 825,848 |
| ADJUSTMENT FOR: | | | |
| Depreciation of tangible assets | 11 | 2,285,002 | 1,709,995 |
| Amortisation of goodwill | 10 | 100,374 | 75,280 |
| Interest receivable | 3.2 | (557) | (26,349) |
| (Increase) in stock | 12 | (283,519) | - |
| Decrease in debtors | | 1,863,109 | 2,021,385 |
| (Decrease) in creditors | | (1,611,257) | (2,844,281) |
| Increase in provisions | 19 | 33,885 | 25,413 |
| Tax credit (net) | | (345,343) | (886,279) |
| NET CASH GENERATED FROM OPERATING ACTIVITIES | | 3,207,230 | 901,012 |
| CASH FLOW FROM INVESTING ACTIVITIES: | | | |
| Fixed assets acquired through acquisition of subsidiaries undertaking | | - | 6,269,979 |
| Net liabilities acquired through acquisition of subsidiaries undertaking | | - | (6,771,848) |
| Purchases of fixed assets | 11 | (45,828) | - |
| Interest receivable | 3.2 | 557 | 26,349 |
| Non cash adjustments | | - | 501,868 |
| NET CASH (USED IN)/ GENERATED FROM INVESTING ACTIVITIES | | (45,271) | 26,348 |
| CASH FLOW FROM FINANCING ACTIVITIES: | | | |
| (Decrease) / Increase in other loan | 16 | (395,080) | 774,700 |
| NET CASH (USED IN)/ GENERATED FROM FINANCING ACTIVITIES | | (395,080) | 774,700 |
| CHANGE IN CASH AND CASH EQUIVALANTS IN THE YEAR | | 2,766,879 | 1,702,060 |
| Cash and cash equivalents brought forward | | 1,898,898 | 196,838 |
| CASH AND CASH EQUIVALENT CARRIED FORWARD | 14 | 4,665,777 | 1,898,898 |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

1. GENERAL INFORMATION

Japan House London Trust ("the Trust" or "the Parent Company" or "the Charitable Company") is a registered charity (charity number 1179626) limited by guarantee, whose principal object is to support charitable purposes in whatever manner the Trustees, in their absolute discretion, think fit. The address of the registered office is 101 – 111 Kensington High Street, London W8 4SH.

The Trustees' overriding aim is: a) to advance the culture (both traditional and modern), institutions, people, history, and language of Japan, and also of Japan's intellectual, artistic, scientific and economic life; b) to promote cultural relationships between people in Japan and people in the United Kingdom; c) to promote learning and advance all forms of education relating to Japan; d) to promote research in any of the above; e) to publish the useful results of such research and f) the furtherance of such other exclusively charitable objects as the Trustees in their absolute discretion may determine.

In the event of the Trust being wound up, the liability in respect of the guarantee is limited to £1 per member of the Charitable Company.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), The Charities Act 2011, and the Companies Act 2006.

The Trust meets the definition of a public benefit entity under FRS 102.

The Consolidated Statement of Financial Activities (SOFA) and the Consolidated Balance Sheet consolidate the financial statements of the Trust and its subsidiary undertakings ("the Group"). The results of the subsidiaries, Japan H.L. Limited ("JHLL") and Japan H.L. Enterprises Limited ("JHLE"), are consolidated on a line by line basis.

No separate SOFA has been presented for the Trust alone as permitted by section 408 of the Companies Act 2006.

The net income and expenditure for the year dealt with in the accounts of the Parent Company was net income of £126,625 (9 months ended 31 March 2020: £210,255).

The financial statements are prepared in Sterling GBP which is the functional currency of the Charitable Company & its subsidiaries, JHLL and JHLE.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Group's accounting policies (see Note 2.22 below)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

2. ACCOUNTING POLICIES (continued)

Basis of consolidation

The consolidated financial statements present the results of the Trust and its own subsidiaries as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full. The consolidated financial statements incorporate the results of business combinations relating to the subsidiaries using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Financial Activities from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.2 *Going concern*

At the Balance Sheet date the Group had net assets of £3,046,709 and the Parent Company £505,926 and cash balances of £4,665,777 and £546,750 respectively.

The Covid-19 pandemic that has taken hold in the UK has undoubtedly had an effect on all UK companies in a wide ranging manner, and it has affected the Group's operational capability and activity levels. The directors have considered the implications and have put in place business continuity plans that have allowed the Group to continue in operation.

The directors have also reviewed the Group's current and expected liabilities and cash outflows arising from its activity over the next twelve months. The directors are confident that the Group will be able to meet its liabilities as they fall due for a year of at least twelve months from the date of signature of the financial statements.

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

2.3 *Income from trading activities*

Revenue earned includes service revenue earned by charging a margin on costs reimbursed from the Japanese Ministry of Foreign Affairs ("MOFA"), recognition of income from MOFA for reimbursement of the rental expenses during the period, recognition of grant income received MOFA for capital assets. In addition, JHLL has earned rent revenue related to concession agreements to use certain areas of the Japan House London premises. The Group has adopted the accounting policies below to account for this rent revenue:

- the area of the Japan House London premises occupied by tenants is distinguished into two categories, principal and agency, based on activities they conduct;
- rent revenue derived from the area acting as principal is recognised gross; and
- rent revenue derived from the area acting as agency is recognised net.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Grant income relating to assets is recognised as income over the expected useful life of the assets.

The following criteria must also be met before revenue is recognised:

Revenue from sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

ACCOUNTING POLICIES (continued)**2.3 Income from trading activities (continued)****Revenue from sale of goods (continued)**

- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the year in which the services are provided in accordance with the stage of completion of the contract, when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting year can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Donation Income

Income is recognised by the Trust once it has entitlement to the funds and it is probable that the funds will be received by the Trust and the monetary value of incoming resources can be measured with sufficient reliability.

Donated services and facilities are included at the value to the Trust where this can be quantified.

Donation income in the Trust is deferred when the donations are received in advance and specified by the donor as relating to specific accounting periods; or alternatively which are subject to conditions which are still to be met and which are outside the control of the Trust; or when it is uncertain whether the conditions can or will be met. These are deferred to the year to which they relate and released to incoming resources in that period.

2.5 Investment income

Investment income represents interest receivable from bank deposits.

2.6 Cost of trading and charitable activities

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

2.7 Status of funds

Unrestricted funds are funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charitable Company.

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax for the subsidiaries trading company. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

2. ACCOUNTING POLICIES (continued)**2.8 Current and deferred taxation (continued)**

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The Trust is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a Trust for UK corporation tax purposes.

2.9 Foreign currencies

The Parent Company's and Group's functional and presentational currency is Sterling GBP. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the Balance sheet date.

Transactions in foreign currencies are translated into Sterling GBP at the rate ruling on the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Financial Activities.

2.10 Pensions

The Group operates a defined contribution pension scheme for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Statement of Financial Activities when they fall due. Amounts not paid are shown in accruals as a liability in the Consolidated Balance Sheet. The assets to the plan are held separately from the Group in independently administered funds.

2.11 Operating leases: JHLL as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.12 Government grants

Grants are accounted for under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

2. ACCOUNTING POLICIES (continued)**2.12 Government grants (continued)**

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same year as the related expenditure.

2.13 Intangible assets – goodwill

Goodwill represents the difference between amounts paid for the cost of a business combination and the acquirer's interest in the fair value of the group's share of the identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Financial Activities over its useful economic life.

2.14 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment in the Parent Company's accounts.

2.15 Tangible fixed assets and depreciation

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

However, capitalisation is determined by what services are provided in each location. Where JHLL acts in a principal activity, fixed assets will be capitalised. In certain instances where leasehold improvements are reimbursed ultimately by MOFA and there is no economic benefit to the JHLL and the Group, these assets are not capitalised on the balance sheet of JHLL and the Group.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

| | |
|----------------------------------|--|
| Short-term leasehold improvement | - straight line basis over the term of the lease |
| Fixture and fittings | - 10% reducing balance method |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.16 Stock

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.17 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

2. ACCOUNTING POLICIES (continued)**2.18 Cash and cash equivalent**

Cash represents cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.19 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.20 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.21 Financial instruments

The Group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting year for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Financial Activities.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

2. ACCOUNTING POLICIES (continued)

2.21 Financial instruments (continued)

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Consolidated and Parent Company Balance Sheet when there is an 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.

2.22 Judgements in applying accounting policies and key sources of estimate uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the Balance Sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means the actual outcomes could differ from those estimates. The following judgements have the most significant effect on the amounts recognised in the financial statements:

Carrying value of intangible assets

The Group reviews the carrying value of its intangible assets, which comprise goodwill, at each reporting date to determine if there is any indication of impairment. Where an indication of impairment is identified the Group estimates the recoverable amount of the asset. This requires judgement by management with respect to certain external factors, including, but not limited, to technological and economic feasibility, and estimated economic life. See Note 10 for the carrying value of the Group's intangible assets.

Carrying value of stock

The Group reviews the carrying value of its stock, at each reporting date to determine if there is any indication of impairment. Where an indication of impairment is identified the Group estimates the recoverable amount of the stock. This requires judgement by management with respect to certain external factors, including conditions of stock to determine whether any impairment provision is necessary. See Note 12 for the carrying value of the Group's stock.

3. INCOME

3.1 Income from trading activities

Income from trading activities is principally attributable to an agreement with the Japanese Ministry of Foreign Affairs ("MOFA") and rental income from concession agreements executed with restaurant and retail operators and all arose in the United Kingdom.

An analysis of turnover by class of business is as follows:

| | Year ended 31 March 2021 | 30.06.2019 to 31.03.2020 |
|---|-----------------------------|-----------------------------|
| | £ | £ |
| Rental income on concession agreements | 124,001 | 142,531 |
| Release of deferred income – rent received in advance | 1,849,827 | 1,014,402 |
| Release of fixed asset grant income (refer below) | 2,076,486 | 1,709,995 |
| Japan House membership income | 182,938 | 20,082 |
| Income from arrangement with MOFA | 5,913,662 | 4,427,135 |
| Other Income | 88,494 | 388,711 |
| Income from sales in the shop | 148,532 | - |
| | <u>10,383,940</u> | <u>7,702,856</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

3.1 Income from trading activities (continued)

Funding received indirectly from MOFA in 2017 covered the cost of the principal fixed assets and is therefore treated as a grant. As a result, the income is deferred (see Notes 15 and 16) and is recognised over the expected life of the related fixed assets.

3.2 Investment Income

| | Unrestricted funds | Total funds Year ended 31 March 2021 | <i>Total funds 30.06.2019 to 31.03.2020</i> |
|------------------------------------|-------------------------------|---|---|
| | £ | £ | £ |
| Bank and other interest receivable | <u>557</u> | <u>557</u> | <u>26,349</u> |

4. CHARITABLE ACTIVITIES

Parent Company

| | Unrestricted funds 2021 | Total funds Year ended 31 March 2021 | <i>Total funds 30.06.2019 to 31.03.2020</i> |
|---|------------------------------------|---|---|
| | £ | £ | £ |
| Support costs – governance (Note 5 below) | <u>26,200</u> | <u>26,200</u> | <u>28,693</u> |

5. SUPPORT COSTS

Parent Company

| | Total funds Year ended 31 March 2021 | <i>Total funds 30.06.2019 to 31.03.2020</i> |
|--------------------------------------|---|---|
| | £ | £ |
| Bank charges | 63 | - |
| Legal and professional related costs | 11,995 | 18,001 |
| Audit fee | 14,142 | 10,692 |
| Total (Note 5 above) | <u>26,200</u> | <u>28,693</u> |

6. ANALYSIS OF EXPENDITURE BY EXPENDITURE TYPE

Group

| | Other costs Year ended 31 March 2021 | <i>Other costs 30.06.2019 to 31.03.2020</i> |
|--------------------------|---|---|
| | £ | £ |
| Other trading activities | <u>9,538,104</u> | <u>6,874,664</u> |
| | <u>9,538,104</u> | <u>6,874,664</u> |
| General support costs | 26,200 | 28,693 |
| Charitable Activities | 26,200 | 28,693 |
| Total Expenditure | <u>9,564,304</u> | <u>6,903,357</u> |

Other trading activities relate to costs of goods sold, office rent & rates, depreciation and amortisation charges, staff costs, exhibition costs & other trading costs incurred by JHLL and JHLE.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

7. AUDITORS' REMUNERATION

| | Year ended 31 March 2021 | <i>30.06.2019 to 31.03.2020</i> |
|--|-------------------------------------|-------------------------------------|
| | £ | £ |
| Fees payable to the Charitable Company's auditor and its subsidiaries in respect of Audit-related assurance services | <u>27,500</u> | <u>27,500</u> |
| | <u>27,500</u> | <u>27,500</u> |

8. EMPLOYEES

The average monthly number of employees, including the directors, during the year was as follows:

| | Year ended 31 March 2021 | <i>30.06.2019 to 31.03.2020</i> |
|---|-------------------------------------|-------------------------------------|
| | 55 | 41 |
| Employees including directors who have employment contracts | <u>55</u> | <u>41</u> |

Staff costs, including key management personnel, were as follows:

| | Year ended 31 March 2021 | <i>30.06.2019 to 31.03.2020</i> |
|---|-------------------------------------|-------------------------------------|
| | £ | £ |
| Wages and salaries | 1,601,165 | 914,063 |
| Social security costs | 195,725 | 104,718 |
| Cost of defined contribution scheme (Note 20) | 28,461 | 15,558 |
| | <u>1,825,351</u> | <u>1,034,339</u> |

Included above is the remuneration of £404,343 (2020: £218,794) for the Group's key management.

No Trustees received any remuneration during either reporting period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

9. TAXATION

| | Group Year ended 31.03.2021 £ | Group 30.06.2019 to 31.03.2020 £ |
|---|--|---|
| Corporation tax | | |
| Current tax charge on profits for the year | - | 140,441 |
| Adjustments in respect of previous periods | <u>(140,441)</u> | <u>-</u> |
| Total current tax | <u>-</u> | <u>140,441</u> |
| Deferred tax asset | | |
| Originated and reversal of timing differences (Note 18) | <u>(204,902)</u> | <u>(1,026,720)</u> |
| Total deferred tax asset | <u>(204,902)</u> | <u>(1,026,720)</u> |
| Tax credit on profit on ordinary activities | <u>(345,343)</u> | <u>(886,279)</u> |

Factors affecting tax credit for the year/period

The tax assessed for the year is lower than (2020: *lower than*) the standard rate of corporation tax in the UK of 19% (2020: 19%) as set out below:

| | Group Year ended 31.03.2021 £ | Group 30.06.2019 to 31.03.2020 £ |
|---|--|---|
| Profit on ordinary activities before tax | <u>820,193</u> | <u>825,848</u> |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% | 155,837 | 156,911 |
| Effects of: | 166,279 | 146,233 |
| Fixed asset differences | 18,105 | 34,230 |
| Expenses not deductible for tax purposes | (399,520) | (394,532) |
| Non-taxable income | 8,949 | 36,337 |
| Other adjustments | - | (865,458) |
| Recognition of deferred tax asset not previously recognised | (154,552) | - |
| Adjustment to tax charge in respect of previous period – deferred tax | (140,441) | - |
| Adjustment to tax charge in respect of previous period – current tax | <u>(345,343)</u> | <u>(886,279)</u> |
| Total tax credit for the year/period | <u>(345,343)</u> | <u>(886,279)</u> |

Factors that may affect future tax charges

There were no factors that may affect future tax charges other than the deferred tax asset of £1,231,622 (2020: £1,026,720) (Note 18).

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase from 19% to 25%. As the legislation was not substantively enacted at the reporting date, deferred tax balances continue to be recognised at 19%. This change is expected to affect the Group favourably.

The Trust is a tax exempt charity.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

10. INTANGIBLE FIXED ASSETS – GOODWILL**Group**

During the prior period to 31 March 2020, the Trust acquired 100% of Japan H.L. Limited resulting in goodwill of £501,869 which is amortised on a straight line basis over its useful economic life to March 2024. The amortisation is charged to the Group's Statement of Financial Activities.

| | £ |
|-----------------------|----------------|
| Cost | |
| At 1 April 2020 | 501,869 |
| At 31 March 2021 | <u>501,869</u> |
| Amortisation | |
| At 1 April 2020 | 75,280 |
| Charge for the period | 100,374 |
| At 31 March 2021 | <u>175,654</u> |
| Net Book Value | |
| At 31 March 2021 | <u>326,215</u> |
| At 31 March 2020 | <u>426,589</u> |

11. TANGIBLE FIXED ASSETS**Group**

| | Short-term leasehold improvements | Fixture and fittings | Total |
|--------------------------|--------------------------------------|-------------------------|------------------|
| | £ | £ | £ |
| Cost or valuation | | | |
| At 1 April 2020 | 8,739,970 | - | 8,739,970 |
| Additions | - | 45,828 | 45,828 |
| At 31 March 2021 | <u>8,739,970</u> | <u>45,828</u> | <u>8,785,798</u> |
| Depreciation | | | |
| At 1 April 2020 | 4,179,986 | - | 4,179,986 |
| Charge for the year | 2,279,992 | 5,010 | 2,285,002 |
| At 31 March 2021 | <u>6,459,978</u> | <u>5,010</u> | <u>6,464,988</u> |
| Net book value | | | |
| At 31 March 2021 | <u>2,279,992</u> | <u>40,818</u> | <u>2,320,810</u> |
| At 31 March 2020 | <u>4,559,984</u> | <u>-</u> | <u>4,559,984</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

12. STOCK

| | Group | | Parent Company | |
|-------------------------------------|----------------|-------------|-----------------------|-------------|
| | 2021 | 2020 | 2021 | 2020 |
| | £ | £ | £ | £ |
| Finished goods and goods for resale | 283,519 | - | - | - |
| | 283,519 | - | - | - |

13. DEBTORS

Due after more than one year:

| | Group | | Parent Company | |
|--------------------------------------|------------------|-------------|-----------------------|-------------|
| | 2021 | 2020 | 2021 | 2020 |
| | £ | £ | £ | £ |
| Rent deposit (Note 21) | 1,550,000 | 1,550,000 | - | - |
| Prepayments - prepaid rent (Note 21) | - | 1,438,138 | - | - |
| | 1,550,000 | 2,988,138 | - | - |

Due within one year:

| | Group | | Parent Company | |
|---|------------------|-------------|-----------------------|-------------|
| | 2021 | 2020 | 2021 | 2020 |
| | £ | £ | £ | £ |
| Trade debtors | 212,237 | 144,356 | - | - |
| Other debtors | 755 | 47,147 | 13,350 | - |
| Prepayments - prepaid rent & others (Note 21) | 1,298,891 | 1,849,827 | - | - |
| Other prepayments | 500,105 | 460,645 | - | - |
| VAT repayable | 257,076 | 192,060 | - | - |
| Deferred tax asset (Note 9 & Note 18) | 1,231,622 | 1,026,720 | - | - |
| | 3,500,686 | 3,720,755 | 13,350 | - |
| Total Debtors | 5,050,686 | 6,708,893 | 13,350 | - |

14. CASH AND CASH EQUIVALENTS

| | Group | | Parent Company | |
|--------------|------------------|-------------|-----------------------|-------------|
| | 2021 | 2020 | 2021 | 2020 |
| | £ | £ | £ | £ |
| Cash at bank | 4,665,777 | 1,898,898 | 546,750 | 413,494 |
| | 4,665,777 | 1,898,898 | 546,750 | 413,494 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | Group | | Parent Company | |
|-----------------|------------------|------------------|-----------------------|---------------|
| | 2021 | 2020 | 2021 | 2020 |
| | £ | £ | £ | £ |
| Other loans | 303,696 | 344,142 | - | - |
| Trade creditors | 297,947 | 30,108 | 14,114 | - |
| Corporation tax | - | 140,441 | - | - |
| Other creditors | 2,380,628 | 134,024 | 21,026 | 18,250 |
| Accruals | 88,114 | 346,563 | 19,035 | 15,944 |
| Deferred Income | 4,027,874 | 3,968,812 | - | - |
| | 7,098,259 | 4,964,090 | 54,175 | 34,194 |

Other creditors include £2,292,789 due to MOFA.

Deferred income relates to the following:

- Grants received in 2017, via Jones Lang LaSalle K.K from MOFA, to cover the cost of the principal fixed assets; and
- Rent received in advance in 2017, via Jones Lang LaSalle K.K, from MOFA, for the entire lease term.

This grant deferred income is being released over the expected life of those fixed assets to 31 March 2022. The rent received in advance is also released as income over the term of the lease to 31 March 2022.

16. CREDITORS: AMOUNTS FALLING AFTER MORE THAN ONE YEAR

| | Group | | Parent Company | |
|-----------------|------------------|------------------|-----------------------|-------------|
| | 2021 | 2020 | 2021 | 2020 |
| | £ | £ | £ | £ |
| Other loans | 75,924 | 430,558 | - | - |
| Other creditors | 1,550,000 | 1,550,000 | - | - |
| Deferred Income | - | 3,926,313 | - | - |
| | 1,625,924 | 5,906,871 | - | - |

Deferred income relates to the following:

- Grants received in 2017, via Jones Lang LaSalle K.K from MOFA, to cover the cost of the principal fixed assets; and
- Rent received in advance in 2017, via Jones Lang LaSalle K.K, from MOFA, for the entire lease term.

The grant deferred income is being released as income over the expected life of those fixed assets to 31 March 2022. The rent received in advance is also released as income over the term of the lease to 31 March 2022.

Other creditors of £1,550,000 relate to amounts repayable to MOFA.

On 30 June 2019 JHLL borrowed the loan of ¥136,663,067 from Jones Lang LaSalle K.K. The loan attracts 1% interest per annum. The loan is payable over three years from the start date and is included as other loans in Note 15 and Note 16.

The following liabilities were secured:

| | 2021 | 2020 |
|--|----------------|----------------|
| | £ | £ |
| Other loans due within 1 year (Note 15) | 303,696 | 344,142 |
| Other loans due after 1 year but less than 5 years (Note 16) | 75,924 | 430,558 |
| | 379,620 | 774,700 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

16. CREDITORS: AMOUNTS FALLING AFTER MORE THAN ONE YEAR (continued)

Details of security provided:

As the security of the loan of ¥136,663,067 provided by Jones Lang LaSalle K.K. the Group has entered into a debenture in respect of the subsidiary's assets in favor of the lender in a form satisfactory to the lender.

17. FINANCIAL INSTRUMENTS

| | Group | | Parent Company | |
|--|------------------|------------------|-----------------------|----------------|
| | 2021 | 2020 | 2021 | 2020 |
| | £ | £ | £ | £ |
| Financial assets | | | | |
| Financial assets measured at fair value through income and expenditure | 4,665,777 | 1,898,898 | 546,750 | 413,494 |
| Financial assets measured at amortised cost | 1,762,992 | 1,789,207 | 100 | - |
| | <u>6,428,769</u> | <u>3,688,105</u> | <u>546,850</u> | <u>413,494</u> |
| Financial liabilities | | | | |
| Financial liabilities measured at amortised cost | 4,696,309 | 2,835,395 | 36,641 | 34,194 |

Financial assets measured at fair value through income and expenditure comprise of cash and cash equivalents.

Financial assets measured at amortised cost comprise of trade debtors, rent deposits and other debtors.

Financial liabilities measured at cost less impairment comprise of trade creditors, other creditors, other loans and accruals.

18. DEFERRED TAXATION

| | Group | Group |
|---|------------------|------------------|
| | 2021 | 2020 |
| | £ | £ |
| At start of the year/period | 1,026,720 | - |
| Credited to the Consolidated Statement of Financial Activities (Note 9) | 204,902 | 1,026,720 |
| At end of year/period (Note 13) | <u>1,231,622</u> | <u>1,026,720</u> |

The deferred tax asset is made up as follows:

| | 2021 | 2021 |
|--|------------------|------------------|
| | £ | £ |
| Fixed Assets | | |
| Timing differences – excess of capital allowances over depreciation (Note 9) | 1,213,253 | 1,026,720 |
| Other timing differences | 18,369 | - |
| | <u>1,231,622</u> | <u>1,026,720</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

19. PROVISIONS

| Group | Provision for dilapidation £ |
|---|------------------------------------|
| At 1 April 2020 | 842,230 |
| Charged to Consolidated Statement of Financial Activities | 33,885 |
| At 31 March 2021 | 876,115 |

As part of its property leasing arrangements, the Group has an obligation to return some properties to their original condition (when the Group conducted significant leasehold improvements) or repair damages which occur during the life of the lease. Based on a formal dilapidation report dated 25 June 2020, the directors have recorded a dilapidation provision. The provision is expected to be utilised in March 2022.

20. PENSION COMMITMENTS

JHLL, the 100% owned subsidiary, operates a defined contribution pension scheme. The pension costs charge for the year to 31 March 2021 represents contributions payable by JHLL to the scheme and amounted to £28,461 (9 months period to 31 March 2020: £15,558) (Note 8). Contributions totalling £2,664 (2020: £4,270) were payable to the fund at the reporting date and are included in creditors.

21. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2021 the Group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

| | Group | | Parent Company | |
|--|-------------------|------------------|----------------|----------|
| | 2021 | 2020 | 2021 | 2020 |
| | £ | £ | £ | £ |
| Not later than 1 year | 1,700,628 | 1,849,827 | - | - |
| Later than 1 year but not later than 5 years | 8,503,140 | 1,849,827 | - | - |
| | 10,203,768 | 3,699,654 | - | - |

JHLL paid a deposit of £1,550,000 to the landlord on 1 April 2017 in accordance with the terms of the lease. JHLL is paying the remainder of the rent to the landlord on escrow account over a 60 months term beginning 1 April 2017 for which it was previously reimbursed by MOFA via its previous owner, Jones Lang LaSalle.

The increase in the commitment in the current year has arisen as the Group has not exercised a break in the lease such that the lease now expires on 30 March 2027.

22. RELATED PARTY TRANSACTIONS

No Trustees received any remuneration for the current or prior period.

The Trust and the Group are exempt from disclosing other material related party transactions with companies that are wholly owned within the Group.

During the year Group received £5,913,662 (9 months period to 31 March 2020: £4,427,135) as income directly from MOFA. The Group owed £3,842,789 (2020: £1,550,000) to MOFA at the year end (Note 15 & Note 16).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

23. SUBSIDIARIES

| Company Name | Country of incorporation | Class of shares | Holdings | Aggregate of share capital and reserves | Profit / (loss) for the year/ period ended 31.03.21 |
|--------------------------------|---------------------------------|------------------------|-----------------|--|--|
| Japan H.L. Limited | UK (England & Wales) | Ordinary | 100% | £2,261,892 | £1,186,608 |
| Japan H.L. Enterprises Limited | UK (England & Wales) | Ordinary | 100% | £(47,223) | £(47,323) |

24. ULTIMATE CONTROLLING PARTY

The ultimate controlling party are the Trustees.