

THE GREAT BRITAIN SASAKAWA FOUNDATION

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

for the year ended 31 DECEMBER 2020

Registered Charity No. 290766
Registered Company No. 1867362

Registered Office:
24 Bedford Row
London WC1R 4TQ

THE GREAT BRITAIN SASAKAWA FOUNDATION
TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The Trustees, who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 December 2020. The Trustees have adopted the provisions of the 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 issued in July 2014.

1. Reference and Administrative Information

Reference and administrative information is set out on page 15 of this Report.

2. Structure, Governance and Management

2.1 Background and Constitution

The Great Britain Sasakawa Foundation was established in 1985 to develop and maintain good relations between the United Kingdom and Japan by advancing the education of the people of both nations in each other's culture, society and achievements.

It is registered as a charity with the Charity Commissioners for England and Wales (registration number 290766).

It was incorporated on 20 November 1984 in England and Wales under the Companies Act as a company limited by guarantee and not having a share capital (company number 1867362).

2.2 Initial Fund

The Foundation was financed by a donation of Yen 3 billion received upon its establishment in 1985 from the Japan Shipbuilding Industry Foundation (now The Nippon Foundation), under the Chairmanship of the late Mr. Ryoichi Sasakawa. This original donation may be applied to any of the objectives of the Foundation.

2.3 Trustees

Trustees listed below are, for the purposes of charity law, trustees of the Foundation and, for the purpose of company law, directors of the Foundation.

All Trustees, unless otherwise stated, served throughout the year and at the date of signing this report are:

The Earl of St Andrews (Chairman)
Joanna Pitman (Vice Chair)
Jeremy Scott FCA (Treasurer)
Professor David Cope
Ambassador Hiroaki Fujii
Professor Janet Hunter
Professor Yuichi Hosoya
Professor Izumi Kadono
Professor Yoriko Kawaguchi
Tatsuya Tanami
Professor Ryuichi Teshima

THE GREAT BRITAIN SASAKAWA FOUNDATION
TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020
(continued)

2.4 Appointment and Re-appointment of Trustees

Trustees are elected by the Foundation at the Annual General Meeting and one third of them retire by rotation each year. Potential new trustees are identified by existing trustees and/or by recommendations. Candidates will be distinguished people who have personal or professional connections with UK-Japan relations and whose background and experience provide the balance of skills needed to guide and manage the affairs of the Foundation.

2.5 Induction and Training of Trustees

Induction for new trustees is organised by the Foundation's Chief Executive. In addition to knowledge gained through attendance at meetings, trustees are provided with initial briefing material on their legal obligations under charity and company law and on the content of the Articles of Association. They are also given guidance from the Foundation's advisors on the aims of the Foundation and on their statutory duties.

2.6 Organisation and Management Personnel

The Foundation operates through its main office in London and its liaison office in Tokyo. The day-to-day management of the Foundation is under the sole control of the Chief Executive (CEO), based in London. The CEO supervises the work of two administrative members of staff - one in London and one in Tokyo. Remuneration of all three staff is determined by the Trustees on advice from the Treasurer and CEO. The CEO carries out the Foundation's policies, as determined by trustees at Board meetings and at the Annual General Meeting, subject to the constraints of Standing Orders. Trustees meet at least three times a year, in addition to committee meetings, in order to review policy, to monitor investments and to determine the recipients of awards.

2.7 Grants

Applications for awards are received in both the UK and Japan for projects that meet the Foundation's objectives. Awards committees meet in each country two or three times each year. In assessing applications trustees take into account any unique or innovative aspects of the project and the extent to which they will have a wide or lasting impact and are consistent with the objectives of the Foundation.

An application form and further details of the application process are on the Foundation's website, www.gbsf.org.uk.

2.8 Risk Management

Trustees assess the risks facing the Foundation and review the effectiveness of the controls to monitor and to mitigate them. A Risk Management Register is maintained and reviewed annually at Board meetings.

The key controls used by the Foundation include:

- Formal agendas for all Board meetings
- Strategic planning, budgeting and management accounting
- Formal written policies, including Standing Orders
- Clear authorisation and approval levels

THE GREAT BRITAIN SASAKAWA FOUNDATION
TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020
(continued)

The principal risk for the Foundation lies in maintaining and protecting the value in real terms of its endowed funds in order to generate, on a long-term basis, a consistently high overall return on its original endowment. This risk is mitigated by the appointment of experienced fund managers; by internal controls that allow close and regular monitoring of fund managers' performance against benchmarks; by the Foundation's requirement of its fund managers to re-tender on a competitive basis periodically for appointment, and by twice-yearly Finance and Investment meetings that formally review investment performance and policy and include one-to-one presentations by the fund managers.

3. Statutory Objects

The statutory objects of the Foundation, as defined in its Articles of Association, are 'to advance the education of the citizens of the United Kingdom and the citizens of Japan in each other's institutions, people, history, language, culture and sport, in science and technology, medicine and health and also in each other's intellectual, artistic and economic life'.

The main vehicle through which the Foundation aims to pursue these objects is by providing financial support in the form of grants towards a wide range of activities and projects that serve to enhance mutual understanding between the people of the United Kingdom and Japan. Typically, these activities include exhibitions, performances, exchanges, conferences, research, educational and cultural events, and publications in the following fields: -

- Arts and Culture
- Humanities and Social Issues (including Japanese Studies)
- Science, Technology and Environment
- Japanese Language
- Youth and Education
- Medicine and Health
- Sport

4. Achievements and Impact

The Foundation requires post-project reports from each of its grantees so that it can evaluate the overall impact of all projects that it funds and the extent to which they contribute to the Foundation's grant-making objectives. The objectives for the year under review are set out below in paras 4.1 to 4.9 with specific examples.

In 2020 the Foundation encouraged projects that:

4.1 Reached a wide audience and had a broad impact

#5805 Support to the publication of a catalogue to support the exhibition 'E. A. Hornel: From Camera to Canvas', featuring works collected in or inspired by Japan, with scholarly articles on Japan-related themes.

IMPACT: Although the exhibition was forced to close due to lockdown restrictions, it had been on display for seven weeks before Christmas, with very positive feedback from attendees. The publication was completed and available to purchase in venues and online, ensuring the legacy of the exhibition and to share the work with those unable to attend. In addition, an online events programme, including Japanese dance and music performances and cultural demonstrations of tea ceremony and kimono, furthered its reach while the physical space remained closed. <https://www.nts.org.uk/stories/e-a-hornel-exhibition-from-camera-to-canvas>.

THE GREAT BRITAIN SASAKAWA FOUNDATION
TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020
(continued)

#5855 Support for travel for three Japanese graffiti artists to create a mural in Peckham for the first London Mural Festival.

IMPACT: As the first ever London Mural Festival, the event received extensive press and social media coverage and the work was shown online www.londonmurfestival.com/artists-at-london-mural-festival. With murals painted on buildings across the city on public display (and not in a gallery or museum subject to potential closures during the pandemic), the artworks in Peckham could be seen by anyone passing by, engaging audiences who may not have otherwise encountered work by Japanese artists before, let alone on such a scale.

4.2 Worked in partnership and created new relationships

#J823 A grant to All Nippon ID Sports Association (ANiSA) for travel to the UK to visit and interview organisations regarding sports for people with learning disabilities.

IMPACT: With the Paralympic Games in Tokyo, the image of para sports in Japan is dominated by athletes with physical disabilities, with relatively lesser social interest in sports for people with learning disabilities, resulting in less support available to them. Representatives from ANiSA are meeting organisations in the UK such as MENCAP, Stoke Mandeville Hospital and the Department for Education to learn about their work and the legacy of the 2012 London Games. Their findings will then be shared with supporters in Japan, with plans to invite UK specialists to Japan and build a sustainable network between both countries in future.

#5892 A grant to Belfast Photo Festival to produce an exhibition of newly commissioned work by Kensuke Koike at Ulster Museum, in collaboration with British artist Daniel Martin.

IMPACT: As well as bringing together two artists from Japan and Britain, local students from Belfast School of Art will also assist with the project, the major commission and centrepiece of the festival, with further events including artist talks, a book launch, portfolio reviews and panel discussion widening its reach. Launched in 2011, this biennial photographic event has been described as one of the "top ten photography festivals in the world" (Capture Magazine). This is also the first collaboration between Kyotographie / Tokyographie with any British arts organisation, laying the foundations for a new partnership and potential for future exchanges between these photography festivals.

4.3 Involved the younger generation

#5842 Support towards a Japan-themed year-long project for Year 7 students at Wilmington Academy, involving cooking, woodwork, and garden design.

IMPACT: For a full academic year, 240 students participated in a Japanese culture project, with modules focused on Japanese cuisine, and woodwork, leading to sushi making and creating a wooden sushi serving board. Using architectural computer aided design, the students also submitted proposals for a Japanese garden, with one design selected by a panel of professionals to be built on the school grounds, ensuring a lasting legacy to be enjoyed by the whole school. Despite school closures due to government guidance, the school have been able to continue the project, and its success means it has been confirmed for the next two years, with hope that it will continue for the foreseeable future

#J817 Support to the English-Speaking Union of Japan for a team of Japanese high school students to take part in a debate summer school in the UK.

IMPACT: The 9th High School Parliamentary Debate Union Cup Competition was held in March 2020, with 44 teams (a total of 132 students) from across Japan taking part. A team

THE GREAT BRITAIN SASAKAWA FOUNDATION
TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020
(continued)

from Komaba High School, University of Tsukuba, won the competition and a grant was awarded to allow three team members to attend the Debate Academy summer school in the UK, where they will receive tuition from experienced debate mentors and meet other young debaters from the UK and other countries. Though now delayed, the chance for Japanese students and UK students to meet and engage with one another through shared interests at a young age will broaden their horizons and potentially establish relationships on a personal and wider level for years to come.

4.4 Took place outside the major cities and in regional locations

#5851 Support to the Ditchling Museum of Art + Craft for exhibition ‘Shoji Hamada: A Japanese Potter in Ditchling’

IMPACT: An exhibition and associated educational programme marking the centenary of Shoji Hamada’s first visit to Ditchling in 1921 with fellow potter Bernard Leach. The visit influenced him to leave Tokyo and establish a studio in Mashiko, and this exhibition maintains that link through research with the Mashiko Museum of Ceramic Art. The exhibition will bring this historical connection to a wide audience (with 8,000 visitors expected, a further 500+ through learning and events programme, and an online audience of over 1 million), showcasing the global influences of small villages through the international significant craftspeople based there and the two-way influence between UK and Japanese culture.

#5899 Support to Mugen Taiko Dojo for ‘Wadaiko for Health & Wellbeing’ workshops for children and adults around Central Scotland.

IMPACT: Taiko drumming courses with a focus of mental and physical health, particularly important during the pandemic, though still adhering to Covid-secure measures and precautions. Holding introductory lessons in easily accessed local community centres across South Lanarkshire and outside of major cities, offering places for 50 adults and 50 children to participate and enjoy a new skill combining music and exercise, while also learning the historical and cultural background. Future goal will be to build significant interest through these courses for regular sessions at the dojo and engage new performers for the group.

4.5 Promoted contemporary life and culture in both countries

#5846 A grant to Artes Mundi for the participation of video artist Meiro Koizumi in the Artes Mundi 9 biennial exhibition and prize, held in Cardiff.

IMPACT: A significant contemporary art event, which has established the reputation of many now well-known artists, Artes Mundi invites six international artists to exhibit their works, often their first significance presence in the UK. Alongside the exhibition and prize is a range of education, learning and public programming events and activities, to be delivered digitally online while physical exhibition spaces remain closed. As a shortlisted artist this year, Meiro Koizumi’s thought-provoking video installation on national histories, personal and collective consciousness and the trauma of war will be shared extensively through online platforms, a catalogue of his work and with in-person audiences when possible. Artes Mundi 8 reached a global TV and radio audience of over 152 million and it is hoped similar levels of interest will be generated by Artes Mundi 9.

#5873 A grant to Walks of Life Films for a documentary feature film ‘SUWO’, focused on gender empowerment in Japan through the lens of sumo wrestling.

IMPACT: Following an award-winning short film, released on Netflix and available in 190 countries worldwide to 139 million subscribers, this feature length documentary aims to be

THE GREAT BRITAIN SASAKAWA FOUNDATION
TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020
(continued)

submitted to key festivals with the hope for similar distribution, as well as a website to bring further updates on the subjects beyond the finished film. Focused on a female sumo wrestler and a female mayor who are both fighting for equality and recognition in the sport and lifting the female ban within the sumo ring, the film will provide global audiences with an insight into a range of issues in contemporary Japanese culture and society, as well as sport, history, and tradition.

4.6 Addressed topics of common interest and of priority to both countries

#5817 Support to School of Social Sciences and Humanities at Loughborough University for research and interviews on impact of post-Brexit UK amongst Japanese policy makers and businesses.

IMPACT: With the UK having now left the EU, this research project studies the extent to which Japanese businesses and policy makers are concerned about the implications of Brexit and how this might impact their images of the UK politically and economically. The research addresses a gap in the literature into how the more contemporary Japanese images of Europe and particularly Britain are constructed. Through interviews and documentary analysis conducted in Japan, the research will be disseminated through academic papers and journals, with the intention to use the material gathered to engage with a wider audience exploring what Brexit means for non-European countries.

#J822 Support to the Institute of Disaster Mitigation for Urban Cultural Heritage at Ritsumeikan University for a study on spatial planning and policy for provincial and rural revitalization in the UK with a comparative view to Japan.

IMPACT: 70% of Japanese cities, towns and villages are expected to experience population decline by more than 20% until 2045, with most of these located in already declining rural areas. A research visit to the UK will explore recent trends, examine the success or failure of the 2011 Localism Act, and what the implications may be for Japan. The research will be in collaboration with the Urban and Regional Planning Department at UCL, with plans for a network between the two countries to share knowledge and discuss the topic of regional revitalization.

4.7 Were in traditionally under-represented subject areas such as science & technology, medicine & health, social issues and the environment

#5879 A grant to the Department of Geography and Environmental Sciences at University of Southampton for a workshop at University of Tokyo to identify research priorities for sustainable forestry in Japan.

IMPACT: Research priority-setting exercises are workshops that foster communication between policy makers and scientists to ensure scientists are doing relevant research that will feed directly into policy. This workshop at University of Tokyo involves around 50 attendees with up to 100 forestry experts completing a questionnaire in advance, thereby identifying a definitive list of priority research questions in this field. As the future management of Japan's forests are currently under active discussion with a new 'Forest Environment Tax' introduced in 2019, the workshop findings will be valuable to academics as well as a wider audience of research organisations, policy makers and media. A similar exercise in Britain is also planned, with potential for comparison between both countries and opportunities to learn more from each other.

THE GREAT BRITAIN SASAKAWA FOUNDATION
TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020
(continued)

#5826 A grant to the Cardiff School of Sport and Health Science at Cardiff Metropolitan University for a collaboration with the University of Electro-Communications, Japan on improving diagnosis of childhood ear disorders.

IMPACT: Integrating audiology, bioengineering and computer science, the project uses cutting-edge technology and research into its clinical application to improve diagnosis of childhood middle ear disorders. The sharing of models, techniques, and systems between the two institutions will have direct impact on the clinical diagnostic concept and understanding of the condition in academic and professional communities, as well as developing further long-term collaboration with opportunities for staff and student exchange programmes in the future.

4.8 Involved expanded activity in the areas of Japanese studies and the Japanese language

A special grant programme to assist the study of Japan in the UK at postgraduate level – the Sasakawa Japanese Studies Postgraduate Studentship Programme (seventh of a ten-year Programme)

IMPACT: See paragraph 5

#5822 A grant was awarded to support the Nihongo Cup Japanese Speech Contest for secondary school students in the UK.

IMPACT: An important highlight in the calendar for young learners of Japanese, this year's contest had to take place online, but still managed to be a success. 72 students applied from 19 different schools around the country, with contestants submitting video speeches in advance. A final event was held remotely, with family members also able to join. As well as the results and entertainment introducing elements of Japanese culture, the event was introduced by a former prize winner who highlighted the long-lasting impact that being part of the contest had on him and many others who are now working in Japan-related fields.

#5820 - A travel grant to the School of Languages, Cultures and Societies at University of Leeds for a research visit to Japan on 'Spectacular Subjects: Modernism, Gender and Visuality in Interwar Japan'.

IMPACT: This research visit, to use sources and obtain images from libraries and museums in Tokyo, will provide necessary materials towards a monograph to be submitted for publication by Stanford University Press. With its focus on a key moment in interwar Japanese culture, the consumer spectacle of Tokyo's Ginza area and its department stores, the project illuminates this period and in so doing will make an impact on Japanese studies, as well as interdisciplinary debates on gender, media history and visuality.

4.9 Further Impact

Our grants for research visits often lead to research agreements, formal collaborations, and publications further down the line. The following are two examples of those which came to fruition in 2020:

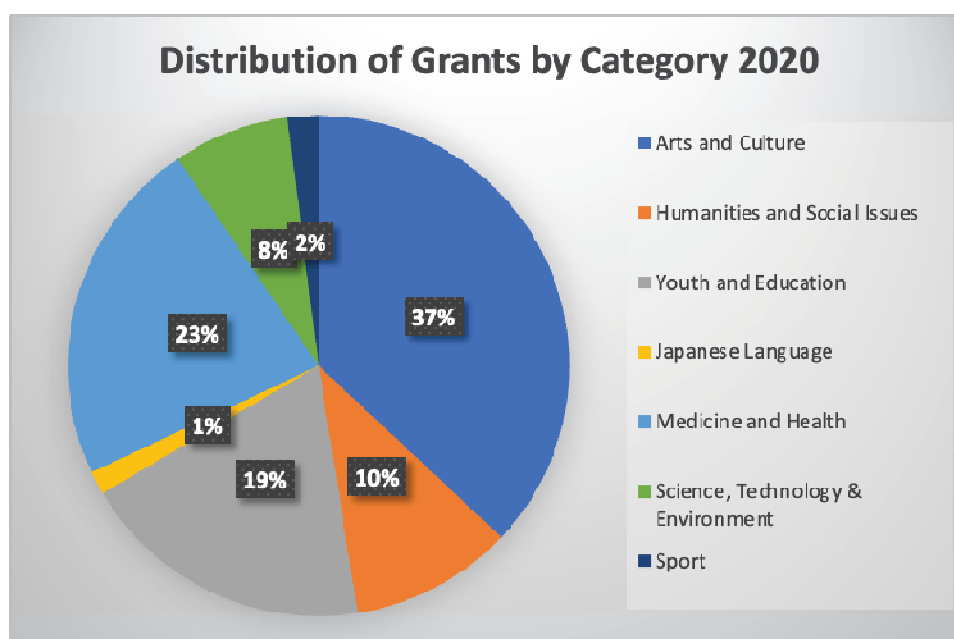
- The results from research into continuous manufacturing of biopharmaceuticals funded by a 2018 grant (#5467) awarded to University of Edinburgh in collaboration with University of Tokyo have been disseminated to the UK and Japan pharmaceutical industries through eight journal publications and five conference presentations, as well as incorporated into PhD theses for two students. The research has similarly benefited members of the research groups involved, with further joint research proposals planned to be submitted to JSPS and EPSRC to continue research into an area which can

THE GREAT BRITAIN SASAKAWA FOUNDATION
TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020
(continued)

rapidly revolutionise the industry and enable access to affordable healthcare for millions of patients.

- A grant awarded to University of Central Lancashire in 2019 (#5683) supported a project focusing on onomatopoeic expressions in formal speech situations from a cross-cultural perspective. Our grant supported a research trip to Japan and the data gathered will inform a conference presentation and journal paper. One researcher on the project is a previous Sasakawa Studentship recipient who is now setting up a Japanese studies centre at the University to launch in 2021, showing how support at early stages of a researcher's career can lead to a wider impact and benefit students at different levels in future.

The range of activity during 2020 (% of amounts awarded) with comparison to 2019 was as follows:



CATEGORY	2020	2019
Arts and Culture	37%	36.50%
Humanities and Social Issues	10.50%	14%
Youth and Education	19%	14.50%
Japanese Language	1.50%	5%
Medicine and Health	22.50%	21%
Science, Technology & Environment	7.50%	5%
Sport	2%	4%

The figures above exclude the activities in respect of the Sasakawa Japanese Studies Postgraduate Studentship Programme, see Section 5 below.

THE GREAT BRITAIN SASAKAWA FOUNDATION
TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020
(continued)

The strategies employed by the Foundation during the year to meet the objectives of the Foundation were to:

- maintain as far as possible a proactive approach in its grants policy
- target potential applicants in under-represented subject areas through visits, mail shots and the website
- heighten awareness of the Foundation's work by increased networking with specialist groups/organisations, with former grant recipients and with other Japan-related organisations; and by visiting institutions, particularly outside London
- monitor closely reports from grant recipients in order to follow-up and encourage the potential for sustainability and for new activity
- liaise closely with other funding bodies to ensure partnership funding of priority activity where appropriate

5. The Sasakawa Japanese Studies Postgraduate Studentship Programme

In 2013 the Board of Trustees approved plans for a five-year Japanese Studies Programme designed to build on The Nippon Foundation-funded Sasakawa Lectureship Programme (that had run between 2008 and 2012). One of the successful outcomes of this Programme had been the establishment by many UK universities of new postgraduate courses in Japanese, some run by the Sasakawa lecturers.

But following changes to university fee structures and trenchant cuts in their core funding, the crisis within UK universities had become even more acute than it had been five years previously. As a result, Japanese as a subject of study had once more become vulnerable, especially at postgraduate level. The objective of the Studentship Programme, therefore, is to encourage the study of Japan at UK universities at masters and at PhD level through the provision of studentships to help the brightest and most promising students - the future Japan specialists.

In order to do this, The Nippon Foundation agreed to award a grant to the Great Britain Sasakawa Foundation of up to £1,530,000 over the 5-year period (2014-2018) so that it might provide UK universities with up to 30 postgraduate studentships per year (each worth £10,000) on the study of Japan. In 2019 the Nippon Foundation confirmed its intention to renew the programme for a further five years and for the sixth year (2019) a grant of £310,000 was awarded to the Foundation by The Nippon Foundation in January 2019. Due to a change in dates in the Nippon Foundation's accounting year, the 2020 grant of £330,000 was received earlier than in previous years, in October 2019, for year seven of the programme (academic year 2020).

IMPACT

The Project's seventh-year impact has not been formally assessed following the end of the academic year 2020/2021 but to date it has been as follows: a rigorous internal selection process undertaken by universities; 44 studentship nominations (including reserves) received from 17 universities, comprising 15 students working at masters' level (10 in 2019) and 29 (26 in 2019) at PhD level; 30 studentships were awarded to those with academic potential, financial need and appropriate subject speciality; there was a good geographical spread of universities engaged with Japan teaching/research and a good range of research areas within Japanese studies. Year 7 studentship payments have been audited by request of the Nippon Foundation at the end of 2020 and a report provided to the Nippon Foundation.

THE GREAT BRITAIN SASAKAWA FOUNDATION
TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020
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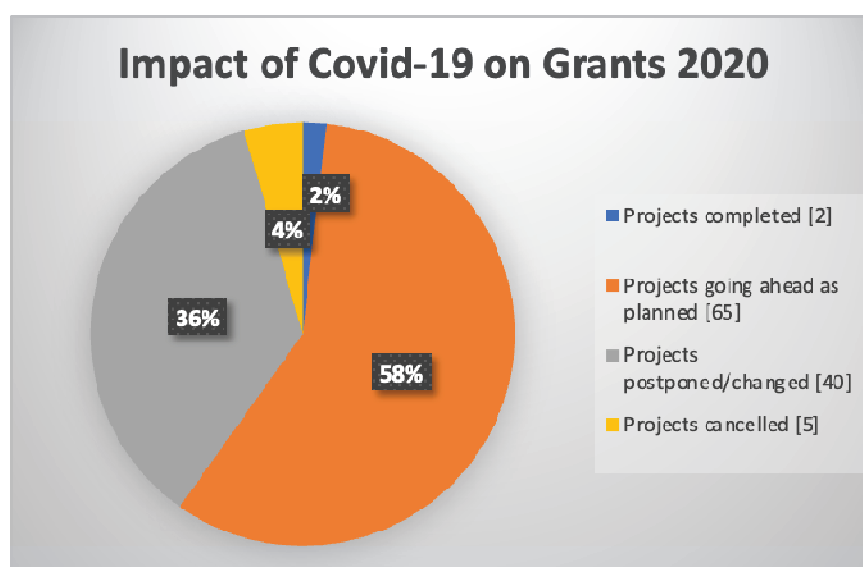
6. Impact of Covid 19 Pandemic

The Covid19 pandemic impacted significantly on the grant programme in 2020.

The first round (Dec 2019 deadline/awarded at Board meeting March 2020) saw the most change as projects had been devised pre pandemic and involved travel and meetings.

For the second round (March 2020 deadline/awarded at Board Meeting May 2020), the impact of the pandemic was beginning to be realised and we began to see projects amended, postponed and redesigned with a shift to online in the case of arts projects. This was seen in the third grant round in September and then again in December for consideration in 2021.

Nonetheless, of the total number of grants awarded in 2020, including 13 grants made via our Japan office, and 6 Butterfield Awards, two thirds of projects are going ahead as planned (65 projects and 2 completed) with a third (40 projects) postponed and a relatively low amount, 5 cancelled.



7. Public Benefit

In so far as the statutory objects, aims and activities of the Great Britain Sasakawa Foundation (as a wholly grant-giving charity) are to advance the education of the people of both the United Kingdom and Japan, as set out in paragraph 3 above, the trustees are satisfied that they fully comply with the duty in section 17 of the Charities Act 2011, namely to have due regard to the public benefit guidance published by the Charities Commission. This includes the guidance “public benefit: running a charity (PB2)”. This is regularly reviewed by the Board of Trustees.

The public benefit of the Foundation’s grant making activities is clearly identifiable in the examples given in the Foundation’s achievements for the year, as outlined in paragraphs 4, 5 & 6 of this Report. The Foundation therefore benefits the public, or a sector of it, without imposing any restrictions. Applications, whether from institutions or from individuals, are accepted only when demonstrably consistent with the charitable objectives of the Foundation.

The trustees work on a voluntary basis and receive no benefits from the Foundation. Expenses reclaimed from the Foundation are set out in note 7 to the Financial Statements. The Foundation's Public Benefit Policy Statement is reviewed annually by the Board of Trustees.

THE GREAT BRITAIN SASAKAWA FOUNDATION
TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020
(continued)

8. Plans for the Future

The Foundation's future policy is to continue to pursue its current objectives and priorities, as outlined in paragraphs 3- 6 above. In particular, it is committed to the continued support of Japanese studies in the UK through its Sasakawa Japanese Studies Postgraduate Studentship Programme, described in paragraph 5 above.

The Foundation will continue to maintain a high public profile, enhanced by its website and social media, making use of the ongoing Japan-UK Season of Culture 2019-20, now extended until the end of 2021 because of the pandemic, to do so. It will adopt a proactive stance in initiating a greater number of applications in under-represented subject areas, such as in science and technology, the environment, social issues and the Japanese language; from first-time applicants; in new fields of UK-Japan activity; and in areas of common challenge to both countries.

It will achieve this by continuing to work in close cooperation with its principal partners, e.g. with other Sasakawa Foundations in Japan in shared areas of activity; with the Embassy of Japan in matters of cultural and education policy; with the Japan Foundation in its support of the Japanese language, Japanese studies and the arts; with the Japan Society for the Promotion of Science in scientific research; with NGOs and community organisations in issues affecting civil society; and with the Japan Society and the British Council in encouraging the younger generation to become better informed about Japan and the United Kingdom.

It will continue its policy of awarding grants annually to approximately 2.5% of its total fund, as valued over an average rolling three-year period, and to encourage a consistently high overall return on its original endowment, maximising that generated by its fund managers whilst protecting, as far as possible, the value in real terms of the initial endowment.

9. Financial Review

The results for the year are set out in the Statement of Financial Activities on page 21.

9.1 Investment Powers and Reserves Policy

The Foundation's investment powers are drawn from the Articles of Association which permit investment as allowed by current law.

The Foundation has opted to divide its investment portfolio into two approximately equal halves and to appoint separate Investment Managers to handle each half. They are currently Cazenove Capital Management and CCLA. They handle the day-to-day management of the portfolio with discretionary powers within appropriate limits set by the Foundation. The Trustees meet with the investment managers on a regular basis to review their performance.

To finance its activities the Foundation relies on the income and capital gains generated by its investments, and these are regarded as its long-term assets. Their purpose is to generate income and capital gains on a long-term basis that will maintain real value for funding the Foundation's charitable expenditure in perpetuity. Its investment portfolio is managed, therefore, on a long-term and on a total return basis. No annual income target is set for the Investment Managers. The Investment Managers are reviewed on a 5-year basis and in 2020 it was decided to replace Heartwood with CCLA from 2021.

THE GREAT BRITAIN SASAKAWA FOUNDATION
TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020
(continued)

The Foundation maintains an Investment Policy Statement that documents its investment aims and the policies that guide its investment decision-making, following advice received from the Investment Managers. The Trustees review this document on an annual basis and approve changes, as needed.

In 2020, The Foundation received an Additional Endowment of £11.12 million. This is invested between the two Investment Managers and is for the Unrestricted funds grant programme.

The Foundation's Reserves Policy, as set out in the Investment Policy Statement, is to preserve and if possible, enhance the purchasing power of its portfolio assets, net of costs and approved withdrawals, over rolling five-year periods. This goal is synonymous with the pursuit of a time-weighted net return on portfolio assets that equals and if possible, exceeds cost inflation, as measured by the UK Consumer Price Index, plus the Foundation's long-term spending rate which Trustees have set at a maximum of 4.0%. It, therefore, sets its Investment Managers a net return target of CPI + 4% as measured over rolling five-year periods.

In order to achieve both reasonable stability in budgeting and a sound balance between short-term and longer-term spending priorities, the Trustees have accordingly adopted a long-term spending rule: the expendable amount in any given fiscal year is limited to 4.0% of the average Unrestricted Fund value measured on a three-year rolling basis (at the end of 2020 the Unrestricted Fund stood at £30.00 million) and aim to spend approximately 2.5% on the grants programme. In view of the uncertain financial markets in recent times the Foundation has adopted, and is continuing to adopt, a flexible approach, when thought necessary.

9.2 Allocation of resources and grants

In October 2020 £315,000 was received in respect of the eighth year (2021/2022) of the Sasakawa Japanese Studies Postgraduate Studentship Programme. These grants from The Nippon Foundation are considered to be a related party transaction – see note 16 to the Financial Statements. As the application of the funds is restricted to this programme, it is separately identified in the accounts as Restricted Funds.

From its Unrestricted Fund, the Foundation aims to provide some financial assistance for a minimum of 75% of appropriate projects put forward by applicants. This year, 112 awards were made from the Unrestricted Fund totalling £339,104 representing around 65% of the applications received. This included 13 awards totalling £41,879 made in Japan and 6 Butterfield Awards in medicine and health totalling £40,760.

The Foundation publishes and distributes an Annual Report, which gives details of all awards made in the year. It can be found on its website: www.gbsf.org.uk Hard copies are available from the Foundation's office upon request.

THE GREAT BRITAIN SASAKAWA FOUNDATION
TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020
(continued)

9.3 Investment Performance

By End December 2020, we had conducted a review of our Investment Managers and as a result, moved our investment with Heartwood Wealth Management to CCLA.

The investment performance of the managers during the year (2020) was:

	<u>Total Return</u>
Heartwood Wealth Management (up to end Q3 Sep 20)	0.7%
Cazenove Capital Management (up to end Q4 Dec 20)	5.7%

This compares with the Foundation's target of CPI+4% that, over the same period, was 5.5%.

Over the five years to 31 December 2020 the annualised total return achieved was:

	<u>Total Return</u>
Heartwood Wealth Management (Up to end Q3 20)	5.5%
Cazenove Capital Management	6.6%

This compares with the Foundation's target of CPI+4% that, over the same period, was 5.8%.

Performance figures are shown net of investment management charges, which have been offset against capital.

10. Statement of Responsibilities of Trustees

Trustees (who are also directors of the Foundation for the purposes of company law) are responsible for preparing the 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 preparation of financial statements for each financial year that give a true and fair view of the state of affairs of the Foundation and of its incoming resources and application of resources including the income and expenditure for that period. In preparing those financial statements, Trustees are required to: -

- select suitable accounting policies and then 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; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

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

~~THE GREAT BRITAIN CANNING & CO. FOUNDATION~~
TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020
(continued)

In so far as Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- Trustees have taken all the 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.

11. Auditors

Moore Kingston Smith LLP have indicated their willingness to continue in office and in accordance with the provisions of the Companies Act it is proposed that they be re-appointed auditors for the ensuing year.

BY ORDER OF THE BOARD



EARL OF ST ANDREWS, Chairman

3 August 2021

THE GREAT BRITAIN SASAKAWA FOUNDATION

REFERENCE INFORMATION

Charity Number	290766
Company Number	1867362
Chairman:	The Earl of St Andrews
Vice-Chairman:	Joanna Pitman
Treasurer:	J L Scott FCA
Chief Executive and Company Secretary:	Jenny L White
Accountants:	Moore Kingston Smith LLP Devonshire House, 60 Goswell Road, London EC1M 7AD
Auditor:	Moore Kingston Smith LLP Devonshire House, 60 Goswell Road, London EC1M 7AD
Bankers:	C Hoare & Co 37 Fleet Street London EC4P 4DQ
Investment Managers:	CCLA Senator House 85 Queen Victoria Street London EC4V 4ET Cazenove Capital Management Limited 12 Moorgate London EC2R 6DA
Solicitors:	Farrer & Co 65-66 Lincoln Inn Fields, London WC2A 3LH
Administration and Registered Office:	24 Bedford Row London WC1R 4TQ
Tokyo Liaison Office:	Sasakawa Peace Foundation Building 1-15-16 Toranomon Minato-ku Tokyo 105-0001 Japan

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GREAT BRITAIN SASAKAWA FOUNDATION

Opinion

We have audited the financial statements of The Great Britain Sasakawa Foundation ('the company') for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the 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 FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the 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 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GREAT BRITAIN SASAKAWA FOUNDATION (*continued*)

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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' annual report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Annual Report and from preparing a Strategic Report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on pages 13 and 14, 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 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 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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GREAT BRITAIN SASAKAWA FOUNDATION *(continued)*

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 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charitable company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charitable company and considered that the most significant are the Companies Act 2006, the Charities Act 2011, the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council.
- We obtained an understanding of how the charitable company complies with these requirements by discussions with management.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GREAT BRITAIN SASAKAWA FOUNDATION *(continued)*

risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GREAT BRITAIN
SASAKAWA FOUNDATION (*continued*)**

Use of our report

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

Moore Kingston Smith LLP

Luke Holt (Senior Statutory Auditor)

for and on behalf of Moore Kingston Smith LLP, Statutory Auditor

Devonshire House
60 Goswell Road
London
EC1M 7AD

Date: 6 August 2021

THE GREAT BRITAIN SASAKAWA FOUNDATION

**STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED
31 DECEMBER 2020**

					2020	2019
INCOME FROM:	Notes	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds	Total Funds
Endowment received		-	-	11,120,996	11,120,996	-
Investments	2	312,121	-	-	312,121	659,774
Charitable activities	12	-	370,352	-	370,352	310,000
Total		312,121	370,352	11,120,996	11,803,469	969,774
EXPENDITURE ON:						
Raising funds						
Investment management	5	158,500	-	-	158,500	165,130
Charitable activities						
Grant making	3	565,426	457,267	-	1,022,693	1,102,882
Total		723,926	457,267	-	1,181,193	1,268,012
Net gains on investments	9	1,717,274	-	-	1,717,274	2,602,188
Net income/(expenditure) for the year		1,305,469	(86,915)	11,120,996	12,339,550	2,303,950
OTHER RECOGNISED LOSSES						
Foreign exchange losses		(4,140)	-	-	(4,140)	(246)
NET MOVEMENT IN FUNDS		1,301,329	(86,915)	11,120,996	12,335,410	2,303,704
RECONCILIATION OF FUNDS						
TOTAL FUNDS BROUGHT FORWARD		28,699,456	107,086	-	28,806,542	26,502,838
TOTAL FUNDS CARRIED FORWARD	12 & 13	30,000,785	20,171	11,120,996	41,141,952	28,806,542

The Statement of Financial Activities discloses the same information as would be contained in the income and expenditure account other than the capital receipt of £11,120,996 for the Endowment. There are no recognised gains or losses for the current financial year and the preceding financial year other than as stated in the income and expenditure account. All of the above incoming resources are derived from continuing activities.

The Notes on Pages 24 to 35 form part of these financial statements.

BALANCE SHEET AS AT 31 DECEMBER 2020

Registered Company No: 01867362

THE GREAT BRITAIN SASAKAWA FOUNDATION

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED
31 DECEMBER 2020**

	2020	2019
	£	£
Cash flow/(outflow) from operating activities		
Net cash provided by/(used in) operating activities	10,447,399	(558,060)
	<u>10,447,399</u>	<u>(558,060)</u>
Cash flows from investing activities		
Investment income and interest received	312,121	659,774
Proceeds from disposal of fixed asset investments	22,404,119	30,485,478
Acquisition of fixed asset investments	(22,080,661)	(30,345,527)
	<u>635,579</u>	<u>799,725</u>
	<u>635,579</u>	<u>799,725</u>
Net increase in cash and cash equivalents	11,082,978	241,665
Cash and cash equivalents at beginning of year	1,002,098	760,433
	<u>12,085,076</u>	<u>1,002,098</u>
Cash and cash equivalents at end of year	<u>12,085,076</u>	<u>1,002,098</u>

Reconciliation of net income/ (expenditure) to net cash flow from operating activities

	2020	2019
	£	£
Net income	12,335,410	2,303,704
Adjustments for:		
Depreciation charges	247	371
Net gains on investments	(1,717,274)	(2,602,188)
Investment income	(312,121)	(659,774)
Decrease in debtors	8,714	59,331
Increase in creditors	132,423	340,496
	<u>10,447,399</u>	<u>(558,060)</u>
Net cash provided by/(used in) operating activities	<u>10,447,399</u>	<u>(558,060)</u>

THE GREAT BRITAIN SASAKAWA FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(a) Scope of the financial statements

The financial statements present the Statement of Financial Activities (SOFA), the Balance Sheet and the Statement of Cash Flows.

(b) Accounting convention

The Foundation's financial statements have been prepared in accordance with United Kingdom Accounting Standards, in particular 'FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102).

The Foundation is a public benefit entity for the purposes of FRS 102 and a registered charity. The Foundation has therefore also prepared its financial statements in accordance with 'The Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with FRS 102' (The Charities SORP (FRS 102)).

The financial statements have been prepared on a going concern basis and on the historical cost basis, except for the investments, which are stated at middle market value, with movements in value reported within the Statement of Financial Activities (SOFA). The principal accounting policies adopted are set out below and have been applied consistently throughout the year.

(c) Going concern

The Trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the Foundation to continue as a going concern. The trustees have made this assessment for a period of at least one year from the date of approval of the financial statements. In particular the trustees have considered the Foundation's forecasts and projections and have taken account of pressures on grants, donation and investment income. After making enquiries the trustees have concluded that there are no material uncertainties with respect to the Foundation's ability to continue as a going concern and there is a reasonable expectation that the Foundation has adequate resources to continue in operational existence for the foreseeable future. The Foundation therefore continues to adopt the going concern basis in preparing its financial statements.

The Covid19 pandemic impacted significantly on the grant programme in 2020.

The first round (Dec 2019 deadline/awarded at Board meeting March 2020) saw the most change as projects had been devised pre pandemic and involved travel and meetings.

For the second round (March 2020 deadline/awarded at Board Meeting May 2020), the impact of the pandemic was beginning to be realised and we began to see projects amended, postponed and redesigned with a shift to online in the case of arts projects. This was seen in the third grant round in September and then again in December for consideration in 2021.

Nonetheless, of the total number of grants awarded in 2020, including 13 grants made via our Japan office, and 6 Butterfield Awards, two thirds of projects are going ahead as planned (65 projects and 2 completed) with a third (40 projects) postponed and a relatively low amount, 5 cancelled.

THE GREAT BRITAIN SASAKAWA FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2020 – (continued)

1. Accounting policies (continued)

(d) Accounting judgements and estimation uncertainty

In preparing financial statements it is necessary to make certain judgements, estimates and assumptions that affect the amounts recognised in the financial statements. The following judgements and estimates are considered by the Trustees to have the most significant effects on amounts recognised in the financial statements:

Useful Economic Lives - The annual depreciation charge for office furniture, fittings and equipment is sensitive to change in the estimated useful economic lives and residual value of assets. These are reassessed annually and amended where necessary to reflect current circumstances.

(e) Tangible fixed assets

All tangible fixed assets are capitalised at cost, which is their purchase cost together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets on:

Office furniture, fittings and equipment - 20% straight line.

(f) Fixed asset investments

Investments are stated in the accounts at market value.

(g) United Kingdom interest and investment income receivable

All income is recognised once the Foundation has entitlement to the income, the economic benefit is probable, and the amount can be reliably measured.

Income from investments and interest, inclusive of any UK tax deducted, which is recoverable, is included in the statement of financial activities in the accounting period in which it is receivable.

(h) Foreign interest and investment income

Income from investments and interest is included in the statement of financial activities in the accounting period in which it is receivable in the United Kingdom. Where relevant this is net of any foreign withholding taxes, which are not recoverable.

(i) Charitable activities income

Income from grants is recognised when the Foundation has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

(j) Foreign currencies

The functional and presentational currency of the Foundation is the pound sterling.

Transactions denominated in foreign currencies during the year are translated into pounds sterling using the spot exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into pounds sterling at the rates applying at the reporting date.

THE GREAT BRITAIN SASAKAWA FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2020 – (continued)

1. Accounting policies (continued)

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rates at the reporting date are recognised in the income and expenditure section of the SOFA and form part of the Unrestricted Fund.

(k) Taxation

No provision for taxation is made in the accounts, as the Foundation is a charity, as defined by section 519 of the Income Tax Act 2007.

(l) Resources expended

Liabilities are recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that category. The costs in respect of investment management are those in relation to the Foundation's investment portfolios, whilst charitable support are those related to administering the award process and governance relate to compliance with constitutional and statutory requirements. Costs common to the three categories are apportioned in accordance with the estimated amount of staff time spent in each area.

Grants awarded that are not performance-related are charged as an expense as soon as a legal or constructive obligation for their payment arises. Grants subject to performance-related conditions are expensed as the specified conditions of the grant are met.

(m) Fund Accounting

The Unrestricted Fund represents all funds held by the Foundation, other than the Restricted Fund, which may be used at the discretion of the Board of Trustees in furtherance of the charitable objects of the Foundation.

Additionally, in September 2020 the Foundation received an additional endowment from The Nippon Foundation in the amount of £11,120,996. The endowment will be used to generate returns to further the purposes of the Foundation.

The Restricted Funds relate to the Programme for the Support of Japanese Studies at UK Universities and to the Chatham House Conference Programme and can only be expended in furtherance of these two projects (including their management and administration). However, as agreed with the Nippon Foundation, income derived from these funds form part of the Unrestricted Fund.

(n) Operating leases

Rentals applicable to operating leases are charged to the SOFA over the period in which the cost is incurred.

THE GREAT BRITAIN SASAKAWA FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2020 – (continued)

1. Accounting policies (continued)

(o) Financial instruments

The Foundation has elected to apply the provisions of Section 11 ‘Basic Financial Instruments’ and Section 12 ‘Other Financial Instruments Issues’ of FRS 102 to all of its financial instruments. Financial instruments are recognised in the Foundation’s balance sheet when the Foundation becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements, 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.

2. Investment income

The contributions of the various activities of the Foundation to income are set out below: -

	<u>2020</u>	<u>2019</u>
	£	£
Interest on bank deposit accounts	86	750
Dividends from equities and other securities	312,035	654,011
Other Income (Book Launch)	-	531
Interest from fixed interest/index linked securities	-	4,482
	<u>312,121</u>	<u>659,774</u>

The Foundation has changed its investment approach over the last 18 months, moving from direct investment in OIECs and other funds as recommended by our Investment Advisors to investing in Umbrella Funds managed by the Investment Advisors. One of the consequences of this is a reduction in the Dividends from equities and other securities and Interest from fixed interest/ income linked securities as such income is a component of the change in price of the units in the Umbrella Funds and will, going forward therefore be recognised in Net gains/(losses) on investments (Note 9)

3. Grant making

This comprises the following: -

Year to 31 December 2020

	<u>Unrestricted</u>	<u>Restricted</u>	<u>2020</u>
	Fund	Funds	£
	£	£	
Awards payable (see note 4 below)	339,104	432,070	771,174
Support costs (see note 5 below)	226,322	25,197	251,519
	<u>565,426</u>	<u>457,267</u>	<u>1,022,693</u>

THE GREAT BRITAIN SASAKAWA FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2020 – (continued)

3. Grant making (continued)

Year to 31 December 2019

	Unrestricted <u>Fund</u> £	Restricted <u>Funds</u> £	<u>2019</u> £
Awards payable (see note 4 below)	552,411	300,000	852,411
Support costs (see note 5 below)	214,931	35,540	250,471
	<hr/>	<hr/>	<hr/>
	767,342	335,540	1,102,882
	<hr/>	<hr/>	<hr/>

4. Awards payable

The awards payable were for charitable purposes in pursuance of the Foundation's objects. The awards payable for the year comprise: -

Year to 31 December 2020

	Unrestricted <u>Fund</u> £	Restricted <u>Funds</u> £	<u>2020</u> £
Awards granted during the year	348,125	297,363	645,488
Adjustments in respect of awards granted in prior years	(9,021)	-	(9,021)
Refund to Nippon Foundation	-	134,707	134,707
	<hr/>	<hr/>	<hr/>
Awards payable	339,104	432,070	771,174
	<hr/>	<hr/>	<hr/>

Year to 31 December 2019

	Unrestricted <u>Fund</u> £	Restricted <u>Funds</u> £	<u>2019</u> £
Awards granted during the year	559,482	300,000	859,482
Adjustments in respect of awards granted in prior years	(7,071)	-	(7,071)
	<hr/>	<hr/>	<hr/>
Awards payable	552,411	300,000	852,411
	<hr/>	<hr/>	<hr/>

THE GREAT BRITAIN SASAKAWA FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2020 – (continued)

5. Analysis of charitable expenditure

Other resources expended are made up as follows: -

Year to 31 December 2020	<u>Investment Management</u>	<u>Charitable Support Costs</u>	<u>Governance</u>	<u>Total 2020</u>
	£	£	£	£
Investment management fees	135,288	-	-	135,288
Staff costs (see note 6(b) below)	6,584	100,655	54,564	161,803
Legal and professional fees	1,998	11,011	12,390	25,399
Costs of Management Council Meetings	81	412	611	1,104
Other administrative expenses	2,018	32,773	12,024	46,814
Office rents and services	869	21,443	8,321	30,633
Depreciation	12	173	62	247
	<u>146,850</u>	<u>166,467</u>	<u>87,972</u>	<u>401,289</u>
Direct governance costs				
-Auditors' remuneration: Current year	-	-	8,340	8,340
-Auditors' remuneration: Other services	-	-	390	390
	<u>146,850</u>	<u>166,467</u>	<u>96,702</u>	<u>410,019</u>
Allocation of governance support cost	11,650	85,052	(96,702)	-
	<u>158,500</u>	<u>251,519</u>	<u>-</u>	<u>410,019</u>

Year to 31 December 2019	<u>Investment Management</u>	<u>Charitable Support Costs</u>	<u>Governance</u>	<u>Total 2019</u>
	£	£	£	£
Investment management fees	139,815	-	-	139,815
Staff costs (see note 6(b) below)	5,564	90,144	51,194	146,902
Legal and professional fees	1,528	4,830	10,006	16,364
Costs of Management Council Meetings	2,179	12,634	20,040	34,853
Other administrative expenses	1,159	19,992	7,410	28,561
Office rents and services	1,358	28,130	10,697	40,185
Depreciation	19	260	92	371
	<u>151,622</u>	<u>155,990</u>	<u>99,439</u>	<u>407,051</u>
Direct governance costs				
-Auditors' remuneration: Current year	-	-	8,220	8,220
-Auditors' remuneration: Other services	-	-	330	330
	<u>151,622</u>	<u>155,990</u>	<u>107,989</u>	<u>415,601</u>
Allocation of governance support costs	13,508	94,481	(107,989)	-
	<u>165,130</u>	<u>250,471</u>	<u>-</u>	<u>415,601</u>

THE GREAT BRITAIN SASAKAWA FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2020 – (continued)

5. Analysis of charitable expenditure (continued)

As explained in Note 2 the Foundation has decided to move all its investments into Umbrella Funds managed by our two Investment Advisors. As a consequence, this reduces the explicit investment management charges levied on the Foundation as the investment charges are embedded within the unit price of the units in the Umbrella Funds. Where possible we have obtained details of the embedded investment charges and have included these in the Investment management fees line above, and added them to the Net gains/(losses) on investments (Note 9)

In addition to the Audit Fee referred to above, there is £11,280 included in Legal and Professional fees that relates to bookkeeping and accountancy work carried out by the audit firm (2019 - £11,040).

6. Employee information

- (a) The average number of persons employed by the Foundation during the year was 3.2 (2019 - 3).
- (b) Employment costs - all employees

	<u>2020</u>	<u>2019</u>
	£	£
Aggregate gross wages and salaries paid to the Foundation's employees	130,863	118,561
Employer's national insurance contributions, or foreign equivalents	22,647	21,975
Provision for retirement allowance for a member of staff	3,545	1,914
Staff pension	4,748	4,452
	<hr/>	<hr/>
	161,803	146,902
	<hr/>	<hr/>

- (c) There was no employee who received emoluments above £60,000 in the year (2019 – None).
- (d) The Foundation considers its key management personnel comprise the trustees and the Chief Executive Officer. The total employment benefits including employer pension contributions of the key management personnel were £76,578 (2019 - £64,919).
- (e) The Foundation began a workplace pension scheme in April 2017.

7. Council Members' Expenses

- (a) No remuneration was paid to any trustee (2019 - nil).
- (b) Expenses totalling £93 (2019 - £4,470) was reimbursed to 1 (2019 - 2) UK trustees in respect of travel and other expenses incurred by them.
- (c) Travel allowances totalling £0 (2019 - £486) were paid to 0 (2019 – 4) Japan trustee members in respect of their attendance at meetings

THE GREAT BRITAIN SASAKAWA FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2020 – (continued)

8. <u>Tangible fixed assets</u>	<u>Office Furniture, Fittings and Equipment</u>
<u>Cost</u>	<u>£</u>
At 1 January 2020 and 31 December 2020	7,606
<u>Accumulated Depreciation</u>	
At 1 January 2020	7,359
Charge for year	247
	<hr/>
At 31 December 2020	7,606
	<hr/>
Net book value at 31 December 2020	-
	<hr/>
Net book value at 31 December 2019	247
	<hr/>
 9. <u>Fixed asset investments</u>	
	<u>2020</u>
	<u>£</u>
(a) The movements during the year were as follows:-	
Middle market value at 1 January	28,385,581
Additions at cost	22,080,661
Disposals at open market value	(21,655,982)
(Proceeds £22,404,119 realised gain £748,137)	
Net gains on revaluation at 31 December	969,137
	<hr/>
Middle market value at 31 December	29,779,397
	<hr/>
Cost at 31 December (see note 9(d) below)	28,396,241
	<hr/>
 (b) Analysis of listed investments	
	<u>2020</u>
	<u>£</u>
Equities, Unit Trusts/OEICs	29,779,397
	<hr/>
	29,779,397
	<hr/>

THE GREAT BRITAIN SASAKAWA FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 DECEMBER 2020 – (continued)

9. Fixed asset investments (continued)

- (c) As at 31 December, the following investment represented more than 5% of the total investments as follows:-

Year to 31 December 2020	<u>Holding</u> <u>2020</u>	<u>Market Value</u> <u>2020</u>
		£
Unit Trusts/OEICs		
Cazenove Charity Respons M-A Fund	5,911,468	3,185,690
CCLA COIF Charity Funds	898,713	16,187,085

Year to 31 December 2019	<u>Holding</u> <u>2019</u>	<u>Market Value</u> <u>2019</u>
		£
Unit Trusts/OEICs		
LF Hwd Balanced Multi Asset Fund D Acc	7,722,901	10,252,151
LF Hwd Balanced Sustainable MAF D Acc	3,725,782	3,820,790
Cazenove Charity Response M-A Fund	5,911,468	3,047,953

- (d) The cost shown above represents the original cost as adjusted to take account of subsequent investment transactions.
- (e) As explained in Note 2 the Foundation has decided to move all its investments into Umbrella Funds managed by our Investment Advisors. This process started in 2019 and continued through 2020 and is now complete. The impact on Investment income is explained in Note 2 and on Investment Management fees in Note 5, with a corresponding impact on Net gains/(losses) on investments.

10. <u>Debtors</u>	<u>2019</u> <u>£</u>	<u>2019</u> <u>£</u>
Dividends receivable	22,632	43,936
Prepayments	3,244	9,707
Other debtors	49,268	30,215
	<hr/>	<hr/>
	75,144	83,858
	<hr/>	<hr/>

In both 2020 and 2019, all debtors at the year end were included in the unrestricted fund.

THE GREAT BRITAIN SASAKAWA FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 DECEMBER 2020 – (continued)

11. Creditors - amounts falling due within one year

	<u>2020</u> £	<u>2019</u> £
Awards payable	383,234	237,023
Other creditors	64,811	78,959
Accruals	349,620	349,260
	<hr/>	<hr/>
	797,665	665,242
	<hr/>	<hr/>

At 31 December 2020 there was a taxation and social security creditor of £741 (2019 - £2,861) and a pension creditor of £982 (2019 - £601).

In both 2020 and 2019, all creditors at the year end were included in the Unrestricted Fund, other than £330,000 of deferred income from the Nippon Foundation.

12. Reserves

Restricted Funds

There have been two Restricted Fund Programmes from the Nippon Foundation. One for the Chatham House Conference, now closed, (2019: £nil). The Chatham House Conference Surplus Funds of £134,707 were returned to The Nippon Foundation June 2020. The Nippon Foundation also awarded a restricted grant of £315,000 (2019: £310,000) for the Sasakawa Japanese Studies Postgraduate Studentship Programme. The Studentship programme is the only Restricted fund that is still active.

Year to 31 December 2020	<u>Balance</u> <u>01.01 2020</u> £	<u>Funds</u> <u>Received</u> £	<u>Funds</u> <u>Expended</u> £	<u>Balance</u> <u>31.12 2020</u> £
Chatham House Conference Programme	92,723	55,352	134,747	13,328
Sasakawa Japanese Studies Postgraduate Studentship Programme	14,363	315,000	322,520	6,843
	<hr/>	<hr/>	<hr/>	<hr/>
	107,086	370,352	457,267	20,171
	<hr/>	<hr/>	<hr/>	<hr/>
Year to 31 December 2019	<u>Balance</u> <u>01.01 2019</u> £	<u>Funds</u> <u>Received</u> £	<u>Funds</u> <u>Expended</u> £	<u>Balance</u> <u>31.12 2019</u> £
Chatham House Conference Programme	117,824	-	25,101	92,723
Sasakawa Japanese Studies Postgraduate Studentship Programme	14,802	310,000	310,439	14,363
	<hr/>	<hr/>	<hr/>	<hr/>
	132,626	310,000	335,540	107,086
	<hr/>	<hr/>	<hr/>	<hr/>

THE GREAT BRITAIN SASAKAWA FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 DECEMBER 2020 – (continued)

13. Allocation of Net Assets between Funds

Year to 31 December 2020	Unrestricted Fund £	Endowment Fund £	Restricted Funds £	Total Funds £
Fixed Assets				
Tangible assets	-	-	-	-
Investments	18,658,401	11,120,996	-	29,779,397
Current assets	11,810,049	-	350,171	12,160,220
Current liabilities	(467,665)	-	(330,000)	(797,665)
	<hr/>	<hr/>	<hr/>	<hr/>
	30,000,785	11,120,996	20,171	41,141,952
	<hr/>	<hr/>	<hr/>	<hr/>
Year to 31 December 2019	Unrestricted Fund £	Endowment Fund £	Restricted Funds £	Total Funds
Fixed Assets				
Tangible assets	247	-	-	247
Investments	28,385,581	-	-	28,385,581
Current assets	648,870	-	437,086	1,085,956
Current liabilities	(335,242)	-	(330,000)	(665,242)
	<hr/>	<hr/>	<hr/>	<hr/>
	28,699,456	-	107,086	28,806,542
	<hr/>	<hr/>	<hr/>	<hr/>

14. Members' Guarantee

The guarantee given by the members of the Foundation is £1 per member in the event of there being a deficiency of assets should the Foundation be wound up, 2020 - 11 members (2019 - 11 members).

15. Commitments under Operating Leases

The Foundation has annual commitments of £16,500 per annum that expires in June 2025 in respect of an operating lease for premises. An operating lease for a printer was entered into for five years commencing in July 2015 at a rental of £1,068 per annum. Upon expiry this reverted to a rolling short term contract

THE GREAT BRITAIN SASAKAWA FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 DECEMBER 2020 – (continued)

16. Related Party Transactions

In 2020 the Foundation received a further £370,352 (2019 - £310,000) from The Nippon Foundation for the support of the Japanese Studies and Chatham House Conference programmes, as joint initiative with the Nippon Foundation. In addition, the Foundation received £11,120,996 from the Nippon Foundation as an additional endowment (2019 - £nil). The endowment will be used to generate returns to further the purposes of the Foundation.

In 2020, the Foundation paid £350 to The Japan Society in relation to an annual corporate membership. One of the Trustees of the Foundation is also a director of The Japan Society.

One member of the Board of Trustees is a Special Advisor to, and one is a Trustee of The Nippon Foundation.