

THE GREAT BRITAIN SASAKAWA FOUNDATION

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

for the year ended 31 DECEMBER 2021

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 2021

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 2021. 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

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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

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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 2021 the Foundation encouraged and supported projects that:

4.1 Reached a wide audience and had a broad impact

#5953 the British Museum for publication of the catalogue for the exhibition 'Hokusai: The Great Picture Book of Everything'

IMPACT: On public display for the first time in the world, an exhibition of over 100 rare drawings by the artist Katsushika Hokusai received extensive press coverage and high numbers of attendance, with 70,000 visitors and tickets sold out to the end of its run. The drawings produced in the 1820s – 1840s were originally intended for an illustrated encyclopedia that was never made, and support from the Foundation allowed for an accompanying exhibition book to be produced, publishing these works for the first time. The interest in the works resulted in a second print run of the book to be made before the exhibition even opened and allowed for the beautiful drawings to be enjoyed by audiences beyond the exhibition itself.

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#5951 an exhibition of work by Japanese American artist Isamu Noguchi at the Barbican Centre

IMPACT: An extensive retrospective featured over 150 works by the artist covering a range of disciplines, including sculptures, furniture, and lighting, offering a full portrait of his career. A grant was awarded towards transportation of some of these pieces, so they could be appreciated by visitors in person and further demonstrated the broad reach of his work. While the exhibition itself garnered five-star reviews, an events programme and online short films ensured an even wider audience. The success of the exhibition saw its run extended by two weeks, allowing more people a chance to enjoy the artworks.

4.2 Worked in partnership and created new relationships

#5955 dance workshops hosted by Fabula Collective for early career Japanese dancers

IMPACT: Coinciding with the production of their dance show 'HUMAN.' at New National Theatre, Tokyo, co-produced with HiWood, a grant was awarded to Fabula Collective to develop a creative network of Japanese artists through dance workshops. They were introduced to 20 dancers in Japan they had not met before, allowing them to grow their creative ambitions and audiences and create links with artists for future UK-Japan projects whilst also developing the dancers' skills. The organisers hope to use this model going forward to expand their networks, including workshops with a venue in Kansai and collaborating again with HiWood for a new production involving UK and Japanese dancers with performances in both countries.

#6001 an international conference exploring cultural connections between the visual and material cultures of Scotland and Japan

IMPACT: The Scottish Society for Art History in partnership with the National Museum of Japanese History worked together to host a two-day conference, bringing together academics, researchers, curators and artists from Scotland and Japan. Building upon increasing interest in and awareness of Japanese collections in Scotland, a grant supporting this hybrid event allowed over 160 participants to join in-person at National Museums Scotland in Edinburgh or online, with topics covering the history of Japanese arts and craft practices, the influence of Japanese art and design on Scotland, and past and present collaborations and exchange between them both. A selection of papers will be published in the Journal of the Scottish Society for Art History, with a launch event in early 2023 an opportunity for contributors to come together again, share new research and engage in further discussion.

4.3 Involved the younger generation

#5948 Online architecture and design workshops between spudYOUTH and Daikanyama Teens, with support towards exchange visits and exhibitions

IMPACT: An online exchange programme between spudYOUTH based in Sway, New Forest, and Daikanyama Teens in Tokyo has engaged young people in both countries to develop new design skills, try out architectural model-making and learn more about each other's cultures. Over the past year, students have been given the freedom to redesign their own arts centres, explaining ideas and sharing plans, before completing scale models of each other's buildings, to then be exhibited in the UK and Japan. Support from the Foundation will be used to allow the UK students the opportunity to visit their counterparts in Japan to spend time with their online collaborators in person and reflect on their achievements.

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#5980 Clifton Scientific Trust for the 2021 UK-Japan Young Scientist Workshop, held online for the first time

IMPACT: The annual UK-Japan Young Scientist Workshop was cancelled in 2020 due to the pandemic, but in 2021, the workshop was held online, with 46 British and Japanese students participating. Despite the time zone difference, students were able to collaborate together over four days in July, working with scientists and facilitators from Cambridge, Kyoto and Tohoku Universities, Imperial College London and the Naked Scientist Team. Their projects covered a range of scientific areas, from climate change and nuclear energy, to emergency planning for future earthquakes and tsunamis. Although it is hoped that in-person workshops can resume in 2022, the online format, with breakout rooms, presentations and introductory sessions for both students and teachers, proved to be a success, breaking new ground and delivering beyond expectations.

#J824 Kanazawa Art Promotion and Development Foundation (21st Century Museum of Contemporary Art, Kanazawa): Project: "LOOK OUT / Kanazawa"

IMPACT: Artists from UK and 10 local children (4th to 6th grade, age 9 to 12 years) participated in a live performance, "RADIO Lookout". This project was held online due to the pandemic of COVID-19. The artists (Andy Field and Beckie Darlington) and the children worked together for two weeks through workshops, where they discussed social issues and created a 45 minute radio programme. (Workshops were held from 6 -16 December 2021)

10 children became a radio DJs and broadcasted a live streaming programme from a specially designed satellite radio station in the Museum for 2 days. (18 – 19 December 2021) This live performance through the radio enabled the children to think, discuss and work together to envisage the future of their city, and the society they live in, in 30 years, 60 years and 90 years' time. The project invited adult listeners to join an exchange conversation with the children to reflect on their relationship to the city. The show was broadcast 3 times a day, and 50 people participated as the audience for each show.

The children who took part in the programme are now looking forward to making an online-exchange with children all over the world including the UK, to discuss their future together. (The project LOOK OUT has been presented in more than 10 countries since 2015.)

4.4 Took place outside the major cities and in regional locations

#5926 Lakeland Arts for their exhibition 'The Lure of the Floating World' at Blackwell, The Arts and Crafts House

IMPACT: The exhibition explored connections between traditional Japanese design and the British arts and crafts movement, as part of a wider programme of activity entitled 'House of the Setting Sun'. Support from the Foundation focused on mounting and installation costs, including woodblock prints by the likes of Kuniyoshi and Hokusai, as well as its centrepiece, an exquisitely embroidered Edo period kimono and obi. Despite Covid restrictions, the exhibition welcomed 11,000 visitors, with a Yokai monster trail created for younger visitors, a weekly arts club for children, and a collaboration with Kendal College art students on work inspired by the kimono. As a result of the exhibition, Lakeland Arts' Japanese collection is now better researched, conserved, and catalogued than before, allowing for them to display the pieces more easily in future and make them available to researchers.

#5977 South Derbyshire District Council for forest bathing sessions and a Japanese Trail at Rosliston Forestry Centre

IMPACT: With the pandemic forcing the public to stay at home during lockdown, the benefits of engaging with nature and experiencing the outdoors has become increasingly recognised. A grant was awarded to support training and sessions in 'shinrin-yoku', the Japanese practice of forest bathing, at Rosliston Forestry Centre, which would work in

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conjunction with guided walks of their Japanese trail. The sessions offered a chance for participants to learn more about local links with Toyota City, to engage with aspects of Japanese culture, and to improve their mental health and wellbeing. With the team now trained to deliver these sessions, the project is ongoing and the links with Japan can continue in the future.

4.5 Promoted contemporary life and culture in both countries

#5960 Queer East film festival with Japanese film screenings in London, and other UK cities

IMPACT: Cinema remains a key way for audiences to learn about and experience other countries, societies, and cultures. A grant was awarded to Queer East, an LGBTQ+ film festival, for their Focus Japan strand, featuring screenings of Japanese films which provided a reflection of the country's queer cinema. The broad range of films included a UK premiere, a documentary, anime, shorts, and modern classics, while filmmakers and experts joined panel discussions discussing women in film, queer film festivals and fighting for LGBTQ+ rights. Following the success of its London edition, highlights of the programme toured other UK venues, including Birmingham, Manchester, Reading, Edinburgh, and Sheffield, ensuring an even wider audience could enjoy these films.

#5989 FACT in Liverpool for presentation of the artwork 'Zoe' by Miku Aoki as part of exhibition 'Future Ages Will Wonder'

IMPACT: FACT in Liverpool held an international exhibition 'Future Ages Will Wonder', presenting artworks that use science and technology to question our past and offer new ways of understanding who we are and where we belong. A grant was awarded to include the installation 'Zoe' by Miku Aoki, using tapestry, embroidery, and sculpture to explore the world of John Hunter, an 18th Century scientist and pioneer of artificial insemination, and the wider narrative around Aoki's personal experience of discovering that she was conceived through IVF. Not only was this the first time her work has been featured in the UK, but its prominent display in the Foyer Gallery also ensured every visitor to the FACT building would engage with her work, and by extension contemporary Japanese art.

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

#5943 University of East Anglia to support a collaboration with Osaka University on technology in dementia care research

IMPACT: With support from the Foundation, a team of researchers from University of East Anglia are collaborating with a group from Osaka University to share opportunities and lessons regarding technology in dementia care research. The area of research is significant to both the UK and Japan due to the numbers of people affected by dementia, including their family members, and the impact of dementia care issues on service providers and the wider community. The week of intensive collaboration marks the start of a series of collaborative visits and a project to collect standardised data in both Osaka and Norwich and includes an open event to the wider community for an additional 50 delegates in-person, as well as online attendees.

#5981 Collaborative Lesson Research, UK for a visit by Japanese teachers to showcase Japanese lesson study

IMPACT: There is much to be gained from sharing teaching practices between different education systems, but there are few opportunities for teachers to meet counterparts in other countries. A project initiated by Collaborative Lesson Research, UK, and supported by the Foundation, has invited teachers from Tsukuba University Primary School to meet with

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educators in the UK to discuss their innovative lesson design and their role in professional development of Japanese primary teachers. As well as a workshop and discussion for UK teachers, the visit includes a mathematics research lesson in a UK school for UK students, allowing for Japanese lesson study to be observed in a UK context, and with participants invited from across a network of UK educators, the impact of the project will reach a range of schools and pupils.

J826 Japan Historic House Owners' Society:

Project: "Japan-UK Exchange Project by Women Managing Historic Houses"

IMPACT: An online seminar between Japan and the UK was held on 8 August 2021. The seminar was hosted by the Japan Historic Houses Owners' Society, with 4 guest speakers from Japan and UK, (the women owners of the historic houses in UK and Japan).

The seminar's topic was on the importance of women's roles in the preservation of the Historic Houses.

The essential role of women in heritage conservation tends to be ignored, especially in Japan, and the seminar discussion focused on how to upkeep and hand over family-owned historic houses from the women's perspective.

An audience of 50 participated the online seminar, and the seminar concluded with an exchange of opinions by the guest speakers and the audience.

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

#5999 Newcastle University for workshops and interviews on environmental activism through graphic narrative creation at Kyoto Seika University

IMPACT: A visit to Kyoto Seika University by a researcher from Newcastle University, supported by the Foundation, will contribute to research into ecological graphic narratives using manga through student workshops and interviews regarding its impact on a younger generation seeking to address issues of climate change and global environmental uncertainty. Through an interdisciplinary approach taking in science, architecture and ecological theory, the hope is to create an Anglo-Japanese research network of artists, designers and scientists that collectively explores methods of environmental activism through graphic narrative creation. The workshops and interviews themselves will also further inform a book publication and a journal article, ensuring a wider audience for the project.

#J829 Tohoku University Graduate School of Medicine for a collaboration with University College London on young carers' mental health in the COVID-19 Pandemic

IMPACT: The aim of this research project is to investigate mental health consequences of young carers during the COVID-19 pandemic in the UK and Japan. With support from the Foundation, a visit by a researcher from Tohoku University Graduate School of Medicine to UCL will elucidate the long-term effect of the pandemic-related restrictions on mental health consequences of young carers in adolescence. They will visit researchers at Millennium Cohort Study (MCS) and other experts in research of family carers to study about their experiences, as well as working with the Tokyo Teen Cohort. While the project will further inform the ongoing discussion in both countries regarding mental health during the pandemic, the result of this UK-Japan cross-national comparison will also provide important implications for policy regarding reduction in inequalities in youth.

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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 (Year 8 of a ten-year Programme)

IMPACT: See paragraph 5

#6013 The British Association for the Teaching of Japanese for the 17th Japanese Speech Contest for University Students

IMPACT: The only Japanese speech contest for university students in the UK, the 17th annual event is to be held online, as with the previous year's event, which saw 46 applications from 14 universities give speeches in front of 100 spectators. Support from the Foundation has helped with the costs in running the contest, which remains a highlight in the calendar for undergraduate students of Japanese, the fastest growing language in the UK. With students of Japanese unable to travel to Japan to continue their studies or years abroad due to ongoing travel restrictions caused by the pandemic, the chance to connect with fellow students interested in Japan and its language, as well as demonstrate their abilities, has proven to be more valuable now than ever, and offers a snapshot of the status of Japanese language learning in the UK.

#5975 Townley Grammar School to provide a Japanese language course for virtual exchanges with a Japanese school

IMPACT: Townley Grammar School started a partnership with Kita High School in Miyazaki, Japan, with virtual exchanges where secondary school students discussed a range of subject areas, from daily life in each other's countries to social issues. With support from the Foundation, the school was able to introduce a Japanese language course to enhance the experience of these exchanges and ensure that the interaction between students could take place in both English and Japanese, even at a basic level. As the exchanges and the language course served as an introduction to Japan and Japanese, Townley Grammar School hopes to introduce this as a permanent enrichment option or even part of the curriculum and expects the partnership with Kita High School to develop and grow.

4.9 Further Impact

Further Impact (pre-2021 awards which came to fruition in 2021)

Due to the global pandemic and the resulting travel restrictions, many projects awarded grants in the past few years have had to adapt. The Foundation aimed to be as flexible as possible with postponements and changes to projects, but new ways of working allowed activity to continue when visits between the UK and Japan were not possible.

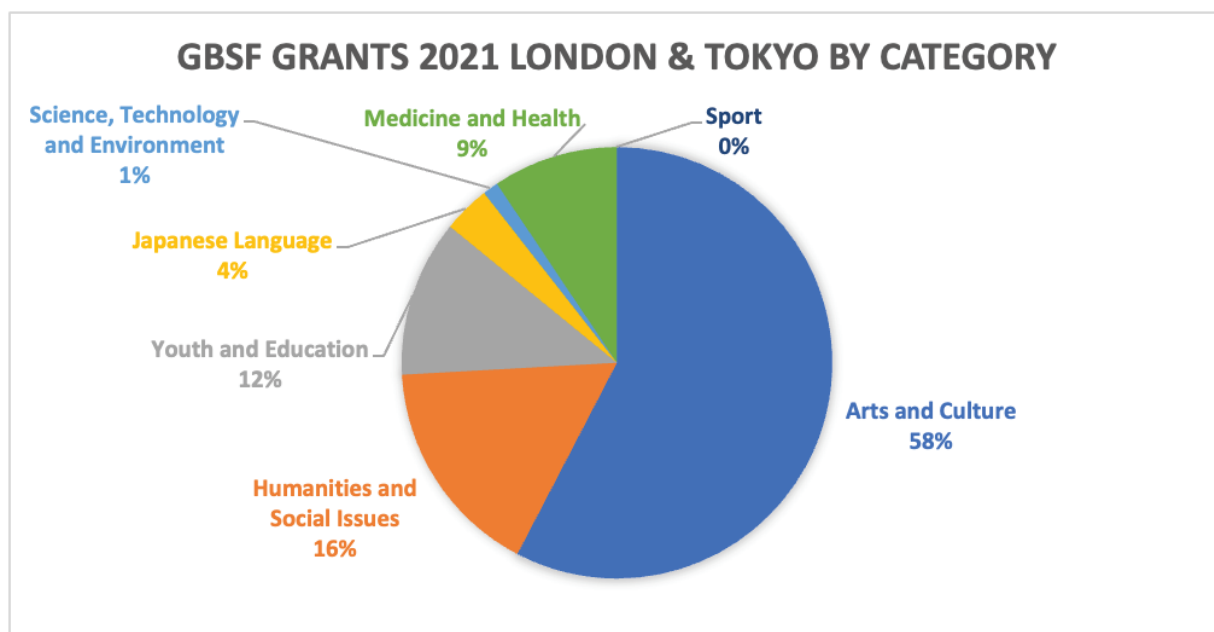
A grant was awarded in 2020 to the Egg Theatre to coordinate a UK delegation to attend the MIRAI Fest and ASSITEJ (the International Association of Theatre for Children and Young People) World Congress in Tokyo. With the event postponed to 2021 and forced to take place largely online, the Egg Theatre updated their plans to focus on engaging a wider delegation of UK artists to maximise their interaction with the whole event and the Japanese participants. Recognising the effect on international opportunities due to the pandemic, the success of the online engagement model will be part of their international artist development strategy over the next year, including the Japanese contacts established during MIRAI Fest.

Our Butterfield Awards in medicine and health can support UK-Japan collaboration for up to three years, and so the full impact of the grant may not become clear within the year of its initial

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award. One such collaboration funded in 2018 between the National Institute for Physiological Sciences in Japan and the University of Cambridge has significantly progressed the team's understanding of human germline, in particular the gene regulatory network during the development. The study is now being prepared for publication, with one paper published in Nature Communications also introduced in two Japanese newspapers and ranked highly across similar articles. Another project launched in 2018 with an award to UCL and Osaka University focused on issues associated with ageing and its implications on health and wellbeing when considered from a built environment perspective. Over three years, the project teams conducted field trips between both countries, presented research at conferences, submitted further joint research proposals and produced a booklet in both English and Japanese on this topic. With new links between the UK and Japan established, the project partners plan to continue their collaboration.

The range of activity during 2021 (projects by category in the pie chart and percentage of total amount awarded per category in table with comparison to 2020 and 2019) was as follows:



Grants by % of total amount awarded.	2021	2020	2019
Arts and Culture	58%	37%	36.50%
Humanities and Social Issues	10%	10.50%	14%
Youth and Education	11%	19%	14.50%
Japanese Language	2.50%	1.50%	5%
Medicine and Health	16.50%	22.50%	21%
Science, Technology & Environment	2%	7.50%	5%
Sport	0%	2%	4%

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

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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. A grant of £330,000 was awarded for Year 7 (2020) and £315,000 was awarded for Year 8 (2021).

IMPACT

The Project's impact to date has been as follows: a rigorous internal selection process undertaken by universities; geographical spread of universities engaged with Japan teaching/research and a good range of research areas within Japanese studies. Year 7 studentship payments were audited by request of the Nippon Foundation at the end of 2020 and a report provided to the Nippon Foundation.

6. Impact of Covid 19 Pandemic

The Covid19 pandemic continued to impact significantly on the grant programme in 2021, nonetheless of the total number of grants awarded in 2021 to 84 projects, including 6 grants

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made via our Japan office, and 1 Butterfield Award, two thirds of projects are going ahead as planned and a relatively low amount, a further 2 awards, 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.

8. Plans for the Future

The Foundation’s future policy is to continue to pursue its current objectives and priorities in both countries, 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.

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.

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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 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 2021 the Unrestricted Fund stood at £33.24 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

During the year, from its Unrestricted Fund, the Foundation aims to provide some financial assistance for appropriate projects put forward by applicants. This year, 84 awards were made from the Unrestricted Fund totalling £267,257. This included 6 awards totalling £26,484 made in Japan and 1 Butterfield Award in medicine and health totalling £14,960.

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.

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(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 (2021) was:

	<u>Total Return</u>
CCLA	18.00%
Cazenove Capital Management (up to end Q4 Dec 21)	11.44%

This compares with the Foundation's target of CPI+4% that, over the same period, was 5.7%.

Over the five years to 31 December 2021 the annualised total return achieved was:

	<u>Total Return</u>
CCLA	19.60%
Cazenove Capital Management	11.44%

This compares with the Foundation's target of CPI+4% that, over the same period, was an annualised 5.82%.

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

10. Statement of Responsibilities of Trustees

The 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

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

(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. Auditor

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 auditor for the ensuing year.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to be 'JF M', followed by a long horizontal flourish.

EARL OF ST ANDREWS, Chairman

26 August 2022

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 6 th Floor, 9 Appold Street London EC2A 2AP
Auditor:	Moore Kingston Smith LLP 6 th Floor, 9 Appold Street London EC2A 2AP
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 1 London Wall Place, London EC2Y 5AU
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 2021 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 2021 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.

A handwritten signature in black ink that reads "Moore Kingston Smith LLP". The signature is written in a cursive, flowing style.

Luke Holt (Senior Statutory Auditor)

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

6th Floor
9 Appold Street
London
EC2A 2AP

Date: 4 October 2022

THE GREAT BRITAIN SASAKAWA FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2021

INCOME AND ENDOWMENTS FROM:	Notes	Unrestricted Funds	Restricted Funds	Endowment Funds (Including unapplied total return)	2021 Total Funds	2020 Total Funds
		£	£	£	£	£
Endowment received		-	-	-	-	11,120,996
Investments	2	704,040	-	419,547	1,123,587	312,121
Charitable activities	13	-	330,000	-	330,000	370,352
Total		704,040	330,000	419,547	1,453,587	11,803,469
EXPENDITURE ON:						
Raising funds						
Investment management	5	58,687	-	34,973	93,660	158,500
Charitable activities						
Grant making	3	462,760	327,702	-	790,462	1,022,693
Total		521,447	327,702	34,973	884,122	1,181,193
Net gains on investments	9	3,057,688	-	1,822,121	4,879,809	1,717,274
Net income for the year		3,240,281	2,298	2,206,695	5,449,274	12,339,550
OTHER RECOGNISED LOSSES						
Foreign exchange losses		(9,897)	-	-	(9,897)	(4,140)
Transfer between Funds	13	13,328	(13,328)	-	-	-
NET MOVEMENT IN FUNDS		3,243,712	(11,030)	2,206,695	5,439,377	12,335,410
RECONCILIATION OF FUNDS						
TOTAL FUNDS BROUGHT FORWARD		30,000,785	20,171	11,120,996	41,141,952	28,806,542
TOTAL FUNDS CARRIED FORWARD	13 & 14	33,244,497	9,141	13,327,691	46,581,329	41,141,952

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 in the prior year. 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 25 to 36 form part of these financial statements.

BALANCE SHEET AS AT 31 DECEMBER 202122

THE GREAT BRITAIN SASAKAWA FOUNDATION

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED
31 DECEMBER 2021**

	2021	2020
	£	£
Cash flow/(outflow) from operating activities		
Net cash provided by/(used in) operating activities	(689,125)	10,447,399
Cash flows from investing activities		
Investment income and interest received	1,123,587	312,121
Proceeds from disposal of fixed asset investments	8,655,427	22,404,119
Acquisition of fixed asset investments	(19,847,005)	(22,080,661)
	(10,067,991)	635,579
Net (decrease)/increase in cash and cash equivalents	(10,757,116)	11,082,978
Cash and cash equivalents at beginning of year	12,085,076	1,002,098
Cash and cash equivalents at end of year	1,327,960	12,085,076

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

	2021	2020
	£	£
Net income	5,439,377	12,335,410
Adjustments for:		
Depreciation charges	-	247
Net gains on investments	(4,879,809)	(1,717,274)
Investment income	(1,123,587)	(312,121)
(Increase)/Decrease in debtors	(155,802)	8,714
Increase in creditors	30,696	132,423
Net cash provided by/(used in) operating activities	(689,125)	10,447,399

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2021

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 continued to impact significantly on the grant programme in 2021, nonetheless of the total number of grants awarded in 2021 to 84 projects, including 6 grants made via our Japan office, and 1 Butterfield Award, two thirds of projects are going ahead as planned and a relatively low amount, a further 2 awards, cancelled.

(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.

1. Accounting policies (continued)

(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.

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.

During 2021, The Additional Endowment received in 2020 was added to the existing investment funds currently held, and a total return investment strategy applied from 1 January 2021. The Foundation can invest its endowments without regard to the capital/income distinctions of standard trust law and with discretion to apply any part of the accumulated total return on the investment as income for spending each year. Until this power is exercised, the total return is accumulated as a component of the endowment known as the unapplied total return that can either be retained for investment or released to income at the discretion of the Trustees.

The Restricted Funds relate to the Programme for the Support of Japanese Studies at UK Universities and previously 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2021 – (continued)

2. Investment income

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

	<u>2021</u>	<u>2020</u>
	£	£
Interest on bank deposit accounts	1,501	86
Dividends from equities and other securities	1,122,086	312,035
	<u>1,123,587</u>	<u>312,121</u>

3. Grant making

This comprises the following: -

Year to 31 December 2021

	Unrestricted	Restricted	<u>2021</u>
	<u>Fund</u>	<u>Funds</u>	£
	£	£	
Awards payable (see note 4 below)	248,109	300,000	548,109
Support costs (see note 5 below)	214,651	27,702	242,353
	<u>462,760</u>	<u>327,702</u>	<u>790,462</u>

Year to 31 December 2020

	Unrestricted	Restricted	<u>2020</u>
	<u>Fund</u>	<u>Funds</u>	£
	£	£	
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>

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2021 – (continued)

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 2021	Unrestricted <u>Fund</u> £	Restricted <u>Funds</u> £	<u>2021</u> £
Awards granted during the year	267,256	300,000	567,256
Adjustments in respect of awards granted in prior years	(19,147)	-	(19,147)
	<hr/>	<hr/>	<hr/>
Awards payable	248,109	300,000	548,109
	<hr/>	<hr/>	<hr/>
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/>

5. Analysis of charitable expenditure

Other resources expended are made up as follows: -

Year to 31 December 2021	Investment <u>Management</u> £	Charitable Support <u>Costs</u> £	<u>Governance</u> £	<u>Total</u> <u>2021</u> £
Investment management fees	69,531	-	-	69,531
Staff costs (see note 6(b) below)	5,699	88,845	48,949	143,493
Legal and professional fees	2,019	7,872	13,234	23,125
Costs of Management Council Meetings	241	982	1,249	2,472
Other administrative expenses	2,078	31,961	11,622	45,661
Office rents and services	1,443	28,789	10,895	41,127
	<hr/>	<hr/>	<hr/>	<hr/>
	81,011	158,449	85,949	325,409
Direct governance costs				
-Auditors remuneration: Current year	-	-	10,604	10,604
	<hr/>	<hr/>	<hr/>	<hr/>
	81,011	158,449	96,553	336,013
Allocation of governance support cost	12,649	83,904	(96,553)	-
	<hr/>	<hr/>	<hr/>	<hr/>
	93,660	242,353	-	336,013
	<hr/>	<hr/>	<hr/>	<hr/>

5. Analysis of charitable expenditure (continued)

Year to 31 December 2020	Investment Management	Charitable Support Costs	Governance	Total 2020
	£	£	£	£
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	46,815
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				
-Auditor remuneration: Current year	-	-	8,340	8,340
-Auditor 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 costs	<u>11,650</u>	<u>85,052</u>	<u>(96,702)</u>	<u>-</u>
	<u>158,500</u>	<u>251,519</u>	<u>-</u>	<u>410,019</u>

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).

CCLA's management fee is charged to the COIF Investment Fund, therefore technically these are not charged directly to individual unit holders but charged to the Fund. Therefore, paragraph 4.48 of the Charities SORP too states that charities are not expected to prorate investment management fees charged to a collective investment scheme to identify the notional cost attributable to its own holding in the scheme.

The annual management charge (AMC) of 0.74% and the total cost of 1.0% (which includes the AMC, along with irrecoverable VAT, legal, audit, custody and other third-party costs) are deducted from capital, therefore, no invoice is issued. After adjusting a rebate of 0.15%, the annual management charge can be described at 0.59% and the total cost as 0.85%.

In addition to the Audit Fee referred to above, there is £13,860 included in Legal and Professional fees that relates to bookkeeping and accountancy work carried out by the audit firm (2020 - £11,280).

6. Employee information

- (a) The average number of persons employed by the Foundation during the year was 3 (2020 – 3.2).
 (b) Employment costs - all employees

	<u>2021</u>	<u>2020</u>
	£	£
Aggregate gross wages and salaries paid to the Foundation's employees	121,128	130,863
Employer's national insurance contributions, or foreign equivalents	19,851	22,647
Provision for retirement allowance for a member of staff	(2,045)	3,545
Staff pension	4,559	4,748
	<hr/>	<hr/>
	143,493	161,803
	<hr/>	<hr/>

- (c) There was no employee who received emoluments above £60,000 in the year (2020 – 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 £65,772 (2020 - £76,578).
 (e) The Foundation began a workplace pension scheme in April 2017.

7. Council Members' Expenses

- (a) No remuneration was paid to any trustee (2020 - nil).
 (b) Expenses totalling £229 (2020 - £93) were reimbursed to 4 (2020 - 1) UK trustees in respect of travel and other expenses incurred by them.
 (c) Travel allowances totalling £65 (2020 - £nil) was paid to 1 (2020 – nil) Japan trustee members in respect of their attendance at meetings

8. Tangible fixed assets

Office Furniture, Fittings and Equipment

<u>Cost</u>	£
At 1 January 2021 and 31 December 2021	7,606
	<hr/>
<u>Accumulated Depreciation</u>	
At 1 January 2021	7,606
Charge for year	-
	<hr/>
At 31 December 2021	7,606
	<hr/>
Net book value at 31 December 2021	-
	<hr/>
Net book value at 31 December 2020	-
	<hr/>

NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 DECEMBER 2021 – (continued)

9. Fixed asset investments

	<u>2021</u> £	<u>2020</u> £
(a) The movements during the year were as follows:-		
Middle market value at 1 January	29,779,397	28,385,581
Additions at cost	19,847,005	22,080,661
Disposals at open market value (Proceeds £8,655,427 realised gain £406,710)	(8,248,717)	(21,655,982)
Unrealised gains on revaluation at 31 December	4,473,099	969,137
	<hr/>	<hr/>
Middle market value at 31 December	45,850,784	29,779,397
	<hr/>	<hr/>
Cost at 31 December (see note 9(d) below)	40,553,106	28,396,241
	<hr/>	<hr/>

(b) Analysis of listed investments

	<u>2021</u> £	<u>2020</u> £
Equities, Unit Trusts/OEICs	45,850,784	29,779,397
	<hr/>	<hr/>
	45,850,784	29,779,397
	<hr/>	<hr/>

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

Year to 31 December 2021	<u>Holding</u> <u>2021</u>	<u>Market Value</u> <u>2021</u> £
Unit Trusts/OEICs		
Cazenove Charity Respons M-A Fund	N/A	3,130,333
CCLA COIF Charity Funds	1,153,429	23,721,890

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

(d) The cost shown above represents the original cost as adjusted to take account of subsequent investment transactions.

10. Statement of investment total return

The Trustees have adopted a duly authorised policy of total return accounting for the permanent endowment element of the investment returns with effect from 1 January 2021.

	Permanent Endowment		Total
	Trust for Investment	Unapplied Total Return	
	£	£	£
At the beginning of the year:			
Gift component of the permanent endowment	11,120,996	-	11,120,996
Total endowments	11,120,996	-	11,120,996
Movements in the reporting period:			
Investment return: Total investment income	-	419,547	419,547
Investment return: realised and unrealised gains and losses	-	1,822,121	1,822,121
Less: Investment management costs	-	(34,973)	(34,973)
Total	-	2,206,695	2,206,695
Unapplied total return allocated to income in the reporting period	-	-	-
Net movements in the reporting period	-	2,206,695	2,206,695
At end of the reporting period:			
Gift component of the permanent endowment	11,120,996	-	11,120,996
Unapplied total return	-	2,206,695	2,206,695
Total Endowments	11,120,996	2,206,695	13,327,691

NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 DECEMBER 2021 – (continued)

11. Debtors	<u>2021</u> £	<u>2020</u> £
Dividends receivable	175,663	22,632
Prepayments	2,936	3,244
Other debtors	52,347	49,268
	<hr/>	<hr/>
	230,946	75,144
	<hr/>	<hr/>

In both 2021 and 2020, all debtors at the year end were included in the unrestricted fund.

12. Creditors - amounts falling due within one year	<u>2021</u> £	<u>2020</u> £
Awards payable	405,477	383,234
Other creditors	69,066	64,811
Accruals	353,818	349,620
	<hr/>	<hr/>
	828,361	797,665
	<hr/>	<hr/>

At 31 December 2021 there was a taxation and social security creditor of £1,296 (2020 - £741) and a pension creditor of £604 (2020 - £982).

In both 2021 and 2020, all creditors at the year end were included in the Unrestricted Fund, other than £330,000 of deferred income from the Nippon Foundation.

13. Reserves

Restricted Funds

There have been two Restricted Fund Programmes from the Nippon Foundation. One for the Chatham House Conference, now closed, (2020: £13,328). The Chatham House Conference Surplus Funds of £134,707 were returned to The Nippon Foundation June 2020. During the year, the opening balance of £13,328 related to Chatham House Conference Programme was transferred to unrestricted reserves as agreed with the Nippon Foundation, as income derived from these funds form part of the Unrestricted Fund.

The Nippon Foundation also awarded a restricted grant of £330,000 (2020: £315,000) for the Sasakawa Japanese Studies Postgraduate Studentship Programme Year 9. The Studentship programme is the only Restricted fund that is still active.

NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 DECEMBER 2021 – (continued)

13. Reserves (continued)

Year to 31 December 2021	Balance 01.01 2021	Funds Received	Funds Expended	Transfers in/(out)	Balance 31.12 2021
	£	£	£	£	£
Chatham House Conference Programme	13,328	-	-	(13,328)	-
Sasakawa Japanese Studies Postgraduate Studentship Programme	6,843	330,000	327,702	-	9,141
	<u>20,171</u>	<u>330,000</u>	<u>327,702</u>	<u>(13,328)</u>	<u>9,141</u>

Year to 31 December 2020	Balance 01.01 2020	Funds Received	Funds Expended	Transfers in/(out)	Balance 31.12 2020
	£	£	£	£	£
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
	<u>107,086</u>	<u>370,352</u>	<u>457,267</u>	<u>-</u>	<u>20,171</u>

14. Allocation of Net Assets between Funds

Year to 31 December 2021	Unrestricted Fund	Endowment Fund	Restricted Funds	Total Funds
	£	£	£	£
Fixed Assets				
Tangible assets	32,907,667	12,943,117	-	45,850,784
Current assets	865,191	384,574	309,141	1,558,906
Current liabilities	(528,361)	-	(300,000)	(828,361)
	<u>33,244,497</u>	<u>13,327,691</u>	<u>9,141</u>	<u>46,581,329</u>

Included in the total Endowment Fund balance at 31 December 2021 is £2,206,695 that relates to unapplied total returns. See note 10 for further details.

14. Allocation of Net Assets between Funds (continued)

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/>

15. 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, 2021 - 11 members (2020 - 11 members).

16. 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.

17. Related Party Transactions

In 2021 the Foundation received a further £330,000 (2020 - £370,352) 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, in 2020, the Foundation received £11,120,996 from the Nippon Foundation as an additional endowment. The endowment will continue to be used to generate returns to further the purposes of the Foundation.

In 2021, the Foundation paid £350 (2020: £350) to The Japan Society in relation to an annual corporate membership. One of the Trustees of the Foundation was a director of The Japan Society but has since retired.

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