

THE GREAT BRITAIN SASAKAWA FOUNDATION

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

**for the year ended
31 DECEMBER 2018**

**Registered Charity No. 290766
Registered Company No. 1867362**

Registered Office:
Dilke House
1 Malet Street
London WC1E 7JN

THE GREAT BRITAIN SASAKAWA FOUNDATION
TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

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 2018. 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 11 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)
Michael L French FCA (Treasurer) until 18 September 2018
Jeremy Scott FCA (Treasurer) from 18 September 2018
Sir John Boyd KCMG
Professor David Cope
Ambassador Hiroaki Fujii
Professor Janet Hunter
Professor Yuichi Hosoya
Professor Yoriko Kawaguchi
Tatsuya Tanami
Professor Ryuichi Teshima

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 recommendation from among 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.

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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.

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 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
- Science, Technology and Environment
- Japanese Language
- Youth and Education
- Humanities and Social Issues (including Japanese Studies)
- 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 2018 the Foundation encouraged projects that:

4.1 Reached a wide audience and had a broad impact

Support to the National Museum of Wales for an education and outreach programme for their exhibition 'KIZUNA: Japan / Wales / Design' celebrating the relationship between Wales and Japan with many exhibits not seen before in the UK. This was the first major exhibition in the UK outside London for decades to focus on Japanese culture on this scale.

IMPACT: The exhibition was seen by 60,000 people. Our grant enhanced the learning events and activities in support of the exhibition including workshops for schools and a Family Weekend attended by over 4,600 people. The exhibition and events programme brought new audiences to the Museum and enabled it to build significant links with Japan and the Japanese community in Wales.

Support to the exhibition *Another Kind of Life* featuring work by Japanese photographers Daido Moriyama and Seiji Kurata, held at the Barbican Centre in London.

IMPACT: The exhibition reached 55,720 people during its run, far exceeding the original target for visitor figures. Social media engagement around the exhibition included 13,301 Instagram Likes, 26,790 Video views (Facebook) and 805,427 Tweet impressions. Significantly, the content of the exhibition has had legacy beyond the public showcase. A new exhibition catalogue has been produced by the Barbican Art Gallery (of the same title), which sheds new light on each artist through illuminating texts by some of the most insightful writers and critics working in the field of photography. To date, 2,000 copies of the catalogue have been sold.

4.2 Worked in partnership and created new relationships

Support to the symposium 'Adapting Shakespeare for the Stage Today', co-organised by the University of Birmingham's Shakespeare Institute and Waseda University, exploring what it means to present Shakespeare's work to audiences around the globe today.

IMPACT: The symposium (attended by the British Ambassador to Japan) was a highlight of Waseda's 'University of Birmingham Day' which explored the importance of global Higher Education research – particularly focusing on Britain's research links with Japan. It celebrated a strategic research partnership between the Universities of Birmingham and Waseda. The partnership involves collaboration in areas such as robotics, atmospheric environmental science, urban studies, language education, creative writing and corpus linguistics, as well as Shakespeare studies.

A grant to Artlink Central to develop collaboration with Kanazawa University and Glasgow University on a social inclusion art project for children with autism in Japan.

IMPACT: This collaborative project between visual artists, a neuroscientist and a child psychologist successfully piloted a socially engaged participatory art project for Japanese children with autism and children who are socially excluded. This project introduced a socially engaged art approach to Japanese children with autism and special needs (an approach not widely practised in Japan) and evaluated the process using a biomarker combining the psychological and neuro-scientific methods, to assess the effect of participatory art projects. The collaborators have received five-year ethical approval from Kanazawa University to develop this research further and plan to design and deliver an extended research programme and activities for the next three years. This will be developed with additional partners, Tokyo University of Arts and Kinjo University.

4.3 Involved the younger generation

GBSF's 17th Japan Experience Study Tour enabling students from Holyhead School, Handsworth, Birmingham, representing one of the least privileged communities in England, to visit Japan.

IMPACT: This was the first trip outside the UK for many members of Group. Students experienced a wide range of cultural and educational activities and reports showed the forging of lasting friendships and further exchange opportunities. The tour enabled a comparison of life and culture in both countries, covering subjects such as religion, education, food, sport and care of the elderly, with some students planning to carry the study of Japan into further education and/or future careers. Students and teachers described the tour as "an amazing lifetime opportunity".

An award to University College London, for the UCL Japan Youth Challenge - at which Japanese and British secondary school students work as teams on issues relating to ageing society in Japan and the UK, mentored by professional facilitators and present their projects at a public symposium with an audience of experts, academics and representatives of funding bodies.

IMPACT: This international programme hosted 30 Japanese high school students and 30 of their UK counterparts to help young students from Japan and the UK develop their skills in international communication and better understand issues relating to our ageing populations, under the guidance of UCL academics. Students reported that they developed confidence in pitching their ideas to experts (the Japanese students gained confidence in expressing their ideas in English) and enjoyed face-to-face collaboration with students from another culture and the interaction with international experts at UCL, all of which broadened their minds and contributed to the sharing of ideas for the future wellbeing of society.

A similar award to the Clifton Scientific Trust for the UK-Japan Young Scientist Workshop helped bring 57 sixth form students from schools in the UK and Japan together to work in teams on seven projects mentored by scientists and engineers from the University of Cambridge.

IMPACT: Projects included aerodynamics in jet engines, bacterial phenotypes in the local environment, climate signal in coastal clays, energy risks and benefits and radiation. At the end of the week-long workshop students were able to present their projects and respond to questions from other students, experts and VIP guests. Students reported that their communication skills had improved markedly and that the experience of working in cross-cultural teams had inspired them to look for similar opportunities in the future. A major corporate sponsor has committed further support to this worthwhile project in 2019. Our support enabled eight students who would not otherwise have done so to take part. We were pleased to note that the organiser received the Order of the Rising Sun from the Japanese Government in recognition of this work.

4.4 Took place outside the major cities and in regional locations

Support to the Japan Foundation for its Touring Film Programme bringing Japanese contemporary cinema to London, Belfast, Manchester, Birmingham, Leicester, Bristol, Exeter, Derby, Dundee, Inverness, Edinburgh, Stirling, Kendal, Nottingham, Sheffield, Chester, Colchester and Lewes.

IMPACT: This is the only touring film programme in UK exclusively featuring contemporary Japanese cinema; the selection of works was diverse and the films and directors visited a wide range of UK locations. The total audience number reached almost 6,300, an increase of over 300 from the previous year's programme; the programme saw an expansion from the previous 15 venues to 18, including new venues in Chester and Lewes, making a total of 129 screenings across the UK; 18-34 year olds made up over 40% of viewers; 160 families took part in educational activities; 86% of viewers rated the film they saw as 'Very Good' or 'Good', based on audience surveys conducted at each of the participating venues.

Support to the AVA Festival in Belfast, a festival and conference celebrating, electronic music & digital visual arts, for an immersive film installation by Japanese artist Yu Nakajima and to the Belfast Photography Festival for an exhibition by Japanese photographer Momo Okabe.

IMPACT: Our funding allowed the AVA Festival to invite an artist from Japan to present a work which significantly boosted attendance and profile, while helping the festival build links with Japan. 5,500 people attended, and a capacity audience of over 600 joined the opening conference to hear the artist speak about his work. At the Photography Festival almost 10,000 people saw Okabe's work and attended discussions and presentations. The events have led to a growth in appreciation and understanding of Japanese art within the cultural community in Northern Ireland and to long-term links with Japanese organizations and festivals.

See also 4.1 above and 4.5 below.

4.5 Promoted contemporary life and culture in both countries

Support to Modern Culture for 'Japan Now', a festival of contemporary Japanese literature and culture, which took place across six cities in the UK, including a headline event at British Library in London and a dedicated series of events, workshops, screenings and exhibitions in Sheffield, Manchester, Newcastle, Nottingham and Norwich.

IMPACT: Audience questionnaires showed that 90% were either very satisfied or satisfied with the range and quality of events. Attendance was higher than the previous year, in spite of severe winter weather. BBC Radio 3 broadcast many of the authors' talks. A further two cities will be added in 2019 to extend even further the reach of the festival. A principal outcome of Japan Now has been to connect Japanese authors with their publishers and to develop new audiences for them in the UK and it is with pleasure that we note a significant upturn in the number of Japanese authors being translated into English over the last three years.

A grant to Cheltenham Festivals towards the cost of bringing five writers from Japan to Cheltenham for the *East Meets West* strand at the Literature Festival.

IMPACT: The main objective of the programme was for visitors to the Festival to develop a greater understanding of Japanese life, culture and history. Nearly 4,000 tickets were sold for Japanese events within the *East Meets West* strand which covered history, food and drink, art, films and culture. The success of these events led to an invitation to the curator of the series to attend the Tokyo Literature Festival to discuss plans for future collaboration and links. Cheltenham Festivals have reported: "We feel confident that Cheltenham will build upon its links with Japan and be a showcase of Japanese writing for future years".

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

A grant to the Department of Physiology, Anatomy and Genetics, University of Oxford to develop collaboration with the National Center of Neurology and Psychiatry in Tokyo on a new therapeutic approach to Duchenne muscular dystrophy (DMD), an incurable, progressive muscle degenerative disorder.

IMPACT: the research is developing a groundbreaking approach which has been highlighted in a series of published articles. The project has been awarded a Royal Society International Exchanges (UK-Japan) grant and a further application has been made to the UK Research and Innovation / Japan Society for the Promotion of Science joint programme to continue the collaboration. A new collaboration with a leading Japanese drug company is also being developed.

Support to the University of York for a scoping visit to Japan to establish research links in social robotics.

IMPACT: the grant enabled the University of York to enhance research links with Waseda University and Chiba University of Commerce and to develop a new relationship with the National Institute of Advanced Industrial Science and Technology (AIST). This has led to the development of a new interdisciplinary and cross-national research network on consumer research and social robotics which will further an understanding of differences in approach to the integration of social robots within Japan and the UK.

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

A grant to the Faculty of Engineering, University of Nottingham for a research trip to Japan for a symposium and exploratory collaboration with the University of Tsukuba on advanced 3D-printing.

IMPACT: Directly as a result of this award, several new projects are now being developed for future joint funding applications by next generation UK and Japanese early-career academics at both universities. In addition, discussions between key project partners facilitated by this award helped to shape the preparation of a Japan Society for the Promotion of Science (JSPS) Core-to-Core proposal which, if successful, will enable a wider multi-lateral research project between the UK, Japan, Spain and China-based partners, incorporating some of the wider ideas captured by this initial collaborative research into developing a new strategy to transfer the designer properties of advanced molecular materials from the nanoscale through to the macroscopic (i.e. device) scale.

An award to Keele University for seminars and a workshop with Kagoshima University on stellar radio emission.

IMPACT: researchers gained a better understanding of the astrophysical maser mechanism, the stellar populations in the primitive Small Magellanic Cloud (SMC), and the potential of radio surveys. Keele

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researchers' collaborations with Japanese astronomers resulted in a joint paper published in the *Astrophysical Journal* with two more currently in preparation. The collaboration is expected to continue for at least a further two years.

A grant to Central St Martin's, University of the Arts London for workshops in Japan on developing sustainable methods of tanning and dyeing fish skin.

IMPACT: following our support to the initial stages, this project on fish skin as a sustainable raw material for the fashion industry has now been granted an EU Horizon Research and Innovation Staff Exchange award for further research development.

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 (fifth of a five-year Programme)

IMPACT: See paragraph 6

A grant to the British Association for Japanese Studies for their conference *Crisis? What Crisis – Continuity and Change in Japan*, held at the University of Sheffield.

IMPACT: this three-day event focussed on the dissemination and promotion of the latest scholarly work on Japan in the UK and beyond. Organisers received 220 proposals, for both individual papers and for full panels; these were from the UK, a range of EU countries, US, Japan, China, Russia, Brazil, and the Middle East. Presenters represented all levels of scholarly experience, from students to well-published and longstanding scholars nearing retirement. The total number of conference delegates was over 200 people and paper abstracts and other conference publications will remain on the BAJIS website permanently as a record of the conference's events and academic range. We were also pleased to support a PhD student training workshop the preceding day, to maximise the benefits to students of attending and to provide professional development for the Japanese Studies scholars of the future.

Support to the University of Newcastle for *Eyes on Murakami*, a translation workshop and academic conference with related exhibitions and film screenings, on the work of Japanese writer Haruki Murakami.

IMPACT The Murakami conference at Newcastle attracted a total attendance of more than 100 people from more than 50 institutions in the UK and from overseas including Japan, the US, Spain, Puerto Rico, Australia, Poland, and Korea. The events were unique in the breadth of attendees, ranging from literary translators, filmmakers, artists, to undergraduates and the general public. The event received media attention in the UK, Japan and Poland. Follow-up events and two publications are planned.

4.9 Further Impact

Our grants for exploratory research visits often lead to research agreements and formal collaborations further down the line. The following are examples which came to fruition in 2018:

- A grant to Brunel University for collaboration with Tokyo University and the Port and Airport Research Institute of Japan has led to an MoU and an agreement for staff and research student exchanges in tsunami impact research.
- The first UK-Japan joint research agreement for research into inherited eye disease – between teams at the leading edge of genomics research at UCL and the Tokyo Medical Centre came about as a result of one of our Butterfield Awards.
- A travel grant to the University of East London for meetings with Coastal Engineering and Disaster Management teams at Waseda University has led to a successful bid to the Natural Environment Research Council for funding for a two-year joint research project on coastal erosion processes.
- A grant supporting trials of low-altitude drones to conduct radiological mapping in Fukushima, to help with repopulation of formerly contaminated land, has led to a Memorandum of Understanding between the University of Bristol and the Japanese Atomic Energy Agency to continue the work and develop future collaboration.
- A travel grant to Cambridge University for an exploratory visit to Japan to scope potential for a collaborative network for research on the human brain's temperature detection system led to a formal partnership between Cambridge, UCL, ATR, Ci Net and Osaka University which has since been awarded a

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number of Japanese and UK research grants which have spawned further collaborations. The Cambridge partner (Dr. Ben Seymour) has written to say: "we consider the GBSF to have played an important role at the outset in helping us establish what is now a very substantial UK-Japan research collaboration network in neuroscience, which we believe has long-term sustainability".

- An award to the Nuffield Trust for two researchers to study Japan's long-term care system has produced a report which generated a significant amount of media interest, with citations in most major UK national newspapers, stimulating timely debate around the future of social care for older people in England. The launch event at the House of Commons was attended by 40 parliamentarians, policy-makers and other stakeholders and the report has now been taken up by the Green Paper team at the Department of Health & Social Care.

The range of activity during 2018 (% of amounts awarded) was as follows:

<u>Category</u>	<u>2018</u>	<u>2017</u>
Arts and Culture	43%	43%
Humanities and Social Issues	16%	14%
Youth and Education	17%	17%
Japanese Language	2%	2.5%
Medicine and Health	15.5%	15%
Science, Technology & Environment	6.5%	7.5%
Sport	0%	1%

The figures above exclude the activities in respect of the Chatham House Conference Programme and the Sasakawa Japanese Studies Postgraduate Studentship Programme.

The strategies employed by the Foundation during the year to meet these specific objectives 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

5. Chatham House Conference Programme

Following plans originally approved by the Board of Trustees in 2012 for a Nippon Foundation funded five-year Conference Programme with the Royal Institute for International Affairs (Chatham House), The Nippon Foundation awarded the Great Britain Sasakawa Foundation a grant of £380,800 in 2017 for the Programme's fifth year and for a final publication. Following the fifth and final conference in 2017, work has begun on the final output of the series: a report which will analyse the shared global challenges facing the UK and Japan, offering a constructive critique of the limitations experienced by both of these governments in addressing these challenges. It will also explore new opportunities for enhancing cooperation, between the two countries, whether bilateral or multilateral, while examining the lessons from their experiences of working both separately and together to address a range of economic, security and cultural issues. The report will draw on the key themes and ideas discussed over the five years of the project, as well as incorporate some of the individuals (as authors) that have previously participated in the series and will be launched in May 2019.

6. 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.

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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. The fifth year (2018) grant of £305,000 was awarded to the Foundation by The Nippon Foundation in January 2018.

IMPACT

The Project's fifth-year impact will be formally assessed following the end of the academic year 2018/2019 but to date it has been as follows: a rigorous internal selection process undertaken by universities; 31 studentships awarded to those with academic potential, financial need and appropriate subject speciality; a good geographical spread of universities engaged with Japan teaching/research; a good balance of masters (12) and PhD (19) candidates; a good spread of research area within Japanese studies; and a 'healthy' number (15) of UK awardees.

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 8 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, 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, and until mid-2019 to wider UK-Japan debate through the Chatham House Conference Programme final publication. Both programmes are described in paragraphs 5 and 6 above. During 2018, successful negotiations took place with The Nippon Foundation for a renewal of the Japanese Studies Postgraduate Studentship Programme for a further five years (until 2023).

The Foundation will continue to maintain a high public profile, enhanced by its new website, making use of the forthcoming Japan-UK Season of Culture 2019-20 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 15.

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 Heartwood Wealth Management. 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 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.

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 2018 the Unrestricted Fund stood at £26.37 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 2018 the sum of £305,000 was received from The Nippon Foundation in respect of the fifth year of the Sasakawa Japanese Studies Postgraduate Studentship Programme. This grant from The Nippon Foundation is considered to be a related party transaction – see note 17 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, 221 awards were made from the Unrestricted Fund totalling £645,962 representing around 70% of the applications received. This included 24 awards totalling £95,004 made in Japan and 8 Butterfield Awards in medicine and health totalling £64,810.

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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9.3 Investment Performance

The investment performance of the managers during the year (2018) was:

	<u>Total Return</u>
Heartwood Wealth Management	-5.4%
Cazenove Capital Management	-5.8%

This compares with the Foundation's target of CPI+4% that, over the same period, was 6.3%.

Over the five years to 31 December 2018 the annualised total return achieved was:

	<u>Total Return</u>
Heartwood Wealth Management	4.2%
Cazenove Capital Management	3.5%

This compares with the Foundation's target of CPI+4% that, over the same period, was 5.2%. The trustees are aware of the current shortfall on this target and will continue to monitor the situation going forward.

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.

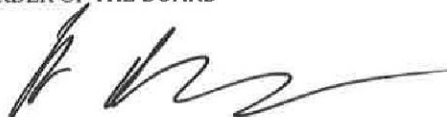
In so far as Trustees are aware:

- 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

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

16/05/19

REFERENCE INFORMATION

Charity Number	290766
Company Number	1867362
Chairman:	The Earl of St Andrews
Vice-Chairman:	Joanna Pitman
Treasurer:	M L French FCA (until 18 September 2018) J L Scott FCA (from 18 September 2018)
Chief Executive and Company Secretary:	B D Griggs MBE
Accountants:	Kingston Smith LLP Devonshire House, 60 Goswell Road, London EC1M 7AD
Auditor:	Kingston Smith LLP Devonshire House, 60 Goswell Road, London EC1M 7AD
Bankers:	C Hoare & Co 37 Fleet Street London EC4P 4DQ
Investment Managers:	Heartwood Wealth Management No. 1 Kingsway London WC2B 6AN Cazenove Capital Management Limited 12 Moorgate London EC2R 6DA
Solicitors:	Farrer & Co 65-66 Lincoln Inn Fields, London WC2A 3LH
Administration and Registered Office:	Dilke House 1 Malet Street London WC1E 7JN
Tokyo Liaison Office:	Sasakawa Peace Foundation Building 1-15-16 Toranomom 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 for the year ended 31 December 2018 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 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 2018 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 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 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 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.

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

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 page 10, 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 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.

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.

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

- 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.

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.

Kingston Smith LLP

James Saunders, Senior Statutory Auditor
for and on behalf of Kingston Smith LLP, Statutory Auditor

Devonshire House
60 Goswell Road
London EC1M 7AD

12/6/2019

THE GREAT BRITAIN SASAKAWA FOUNDATION

**STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED
31 DECEMBER 2018**

		Unrestricted Fund	Restricted Funds	2018 Total Funds	2017 Total Funds
INCOME FROM:	Notes	£	£	£	£
Investments	2	662,933	-	662,933	607,218
Charitable activities	13	-	305,000	305,000	703,800
Total		662,933	305,000	967,933	1,311,018
EXPENDITURE ON:					
Raising funds					
Investment management	6	174,571	-	174,571	118,174
Charitable activities					
Grant making	3	835,738	310,207	1,145,945	1,401,092
Total		1,010,309	310,207	1,320,516	1,519,266
Net (losses)/gains on investments	10	(2,142,766)	-	(2,142,766)	1,707,892
Net (expenditure)/income for the year		(2,490,142)	(5,207)	(2,495,349)	1,499,644
OTHER RECOGNISED GAINS/(LOSSES)					
Foreign exchange gains/(losses)		1,936	-	1,936	(5,570)
NET MOVEMENT IN FUNDS		(2,488,206)	(5,207)	(2,493,413)	1,494,074
RECONCILIATION OF FUNDS					
TOTAL FUNDS BROUGHT FORWARD		28,858,418	137,833	28,996,251	27,502,177
TOTAL FUNDS CARRIED FORWARD	13 & 14	26,370,212	132,626	26,502,838	28,996,251

The Statement of Financial Activities discloses the same information as would be contained in the income and expenditure account. 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 18 to 27 form part of these financial statements.

THE GREAT BRITAIN SASAKAWA FOUNDATION

BALANCE SHEET AS AT 31 DECEMBER 2018

	<u>Notes</u>		<u>2018</u>	<u>2017</u>
		£	£	£
FIXED ASSETS				
Tangible assets	9		618	1,172
Investments	10		25,923,344	27,677,225
			<u>25,923,962</u>	<u>27,678,397</u>
CURRENT ASSETS				
Debtors	11	143,189		99,023
Cash at bank and in hand		760,433		1,554,104
		<u>903,622</u>		<u>1,653,127</u>
CREDITORS: amounts falling due within one year	12	(324,746)		(335,273)
NET CURRENT ASSETS			578,876	1,317,854
			<u></u>	<u></u>
TOTAL NET ASSETS			26,502,838	28,996,251
			<u></u>	<u></u>
RESERVES				
Restricted Funds	13		132,626	137,833
Unrestricted Fund	14		26,370,212	28,858,418
			<u></u>	<u></u>
TOTAL FUNDS			26,502,838	28,996,251
			<u></u>	<u></u>

These financial statements were approved by the Board of Trustees on 16/5/19

Signed on behalf of the Board of Trustees

EARL OF ST ANDREWS

J L Scott




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Trustees

The notes on pages 18 to 27 form part of these financial statements.

Registered Company No: 01867362

THE GREAT BRITAIN SASAKAWA FOUNDATION

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED
31 DECEMBER 2018**

	2018	2017
	£	£
Cash flow/(outflow) from operating activities		
Net cash (used in)/ provided by operating activities	(1,067,719)	(803,055)
Cash flows from investing activities		
Investment income and interest received	662,933	607,218
Proceeds from disposal of fixed asset investments	5,988,258	11,038,921
Acquisition of fixed asset investments	(6,377,143)	(11,242,835)
	<u>274,048</u>	<u>403,304</u>
Net (decrease)/increase in cash and cash equivalents	(793,671)	(399,751)
Cash and cash equivalents at beginning of year	1,554,104	1,953,855
Cash and cash equivalents at end of year	<u>760,433</u>	<u>1,554,104</u>

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

	2018	2017
	£	£
Net income/(expenditure)	(2,493,413)	1,494,074
Adjustments for:		
Depreciation charges	554	554
Net (gains)/ losses on investments	2,142,766	(1,707,892)
Investment income	(662,933)	(607,218)
Decrease/ (increase) in debtors	(44,166)	5,046
Increase/ (decrease) in creditors	(10,527)	12,381
Net cash (used in)/ provided by operating activities	<u>(1,067,719)</u>	<u>(803,055)</u>

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2018

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2018 – (continued)

1. **Accounting policies (continued)**

(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.

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.

THE GREAT BRITAIN SASAKAWA FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2018 – (continued)

(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.

	<u>2018</u>	<u>2017</u>
Carrying amount of financial assets		
Debt instruments measured at amortised cost	133,212	96,070
Carrying amount of financial liabilities		
Measured at amortised costs	306,086	317,153

2. **Investment income**

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

	<u>2018</u>	<u>2017</u>
	<u>£</u>	<u>£</u>
Interest on bank deposit accounts	552	790
Dividends from equities and other securities	651,172	592,892
Interest from fixed interest/index linked securities	<u>11,209</u>	<u>13,536</u>
	<u>662,933</u>	<u>607,218</u>

All income, other than a de minimis amount, arose in the United Kingdom.

3. **Grant making**

This comprises the following: -

Year to 31 December 2018

	<u>Unrestricted</u>	<u>Restricted</u>	<u>2018</u>
	<u>Fund</u>	<u>Funds</u>	<u>£</u>
	<u>£</u>	<u>£</u>	<u>£</u>
Awards payable (see note 4 below)	621,583	309,000	930,583
Support costs (see note 6 below)	<u>214,155</u>	<u>1,207</u>	<u>215,362</u>
	<u>835,738</u>	<u>310,207</u>	<u>1,145,945</u>

Year to 31 December 2017

	<u>Unrestricted</u>	<u>Restricted</u>	<u>2017</u>
	<u>Fund</u>	<u>Funds</u>	<u>£</u>
	<u>£</u>	<u>£</u>	<u>£</u>
Awards payable (see note 4 below)	561,303	637,406	1,198,709
Support costs (see note 6 below)	<u>214,162</u>	<u>(11,779)</u>	<u>202,383</u>
	<u>775,465</u>	<u>625,627</u>	<u>1,401,092</u>

THE GREAT BRITAIN SASAKAWA FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2018 – (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 2018	Unrestricted Fund £	Restricted Funds £	2018 £
Awards granted during the year	645,962	309,000	954,962
Adjustments in respect of awards granted in prior years	(24,379)	-	(24,379)
	<hr/>	<hr/>	<hr/>
Awards payable	621,583	309,000	930,583
	<hr/>	<hr/>	<hr/>
Year to 31 December 2017	Unrestricted Fund £	Restricted Funds £	2017 £
Awards granted during the year	578,676	637,406	1,216,082
Adjustments in respect of awards granted in prior years	(17,373)	-	(17,373)
	<hr/>	<hr/>	<hr/>
Awards payable	561,303	637,406	1,198,709
	<hr/>	<hr/>	<hr/>

During the year ended 31 December 2018 the Foundation made one award from the Unrestricted Fund (£32,323) for the Japan Experience Study Tour 2017 that represented more than 4% of the total (2017 there was one award that exceeded 4% to the Japan Experience Study Tour 2017 of £27,492). All awards were institutional, apart from 1 grant made to an individual totalling £1,600, the total number made during the year being 196 (2017–210). All 15 awards (2017 – 17) from the Restricted Funds were institutional.

5. Resources expended

Analysis of governance costs

	Total 2018 £	Total 2017 £
Auditor's remuneration	7,980	7,800
Support costs - see Note 6	76,544	86,099
	<hr/>	<hr/>
	84,524	93,899
	<hr/>	<hr/>

THE GREAT BRITAIN SASAKAWA FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2018 – (continued)

6. Analysis of charitable expenditure

Other resources expended are made up as follows: -

Year to 31 December 2018	Investment Management	Charitable Support Costs	Governance	Total 2018
	£	£	£	£
Investment management fees	153,415	-	-	153,415
Staff costs (see note 7(b) below)	6,690	96,803	49,974	153,467
Legal and professional fees	1,416	3,835	9,382	14,633
Costs of Management Council Meetings	328	1,579	2,266	4,173
Other administrative expenses	669	12,905	4,862	18,436
Office rents and services	1,260	26,093	9,922	37,275
Depreciation	28	388	138	554
	<u>163,806</u>	<u>141,603</u>	<u>76,544</u>	<u>381,953</u>
Direct governance costs	-	-	7,980	7,980
	<u>163,806</u>	<u>141,603</u>	<u>84,524</u>	<u>389,933</u>
Allocation of governance support costs	10,765	73,759	(84,524)	-
	<u>174,571</u>	<u>215,362</u>	<u>-</u>	<u>389,933</u>

Year to 31 December 2017	Investment Management	Charitable Support Costs	Governance	Total 2017
	£	£	£	£
Investment management fees	97,051	-	-	97,051
Staff costs (see note 7(b) below)	6,537	93,708	47,951	148,196
Legal and professional fees	1,567	6,420	10,081	18,068
Costs of Management Council Meetings	1,821	(20,000)	13,697	(4,482)
Other administrative expenses	837	15,494	5,804	22,135
Office rents and services	943	21,864	8,428	21,235
Depreciation	28	388	138	554
	<u>108,784</u>	<u>117,874</u>	<u>86,099</u>	<u>312,757</u>
Direct governance costs	-	-	7,800	7,800
	<u>108,784</u>	<u>117,874</u>	<u>93,899</u>	<u>320,557</u>
Allocation of governance support costs	9,390	84,509	(93,899)	-
	<u>118,174</u>	<u>202,383</u>	<u>-</u>	<u>320,557</u>

With the exception of staff costs which are allocated on the basis of time spent, all expenditure is allocated between cost headings on the basis of estimated usage.

The Charitable Support Costs are divided between the Unrestricted and the Restricted Funds with the Restricted Funds being charged with expenses specifically incurred; all other expenses being for the account of the Unrestricted Fund.

In addition to the Audit Fee referred to above, there is £10,680 included in Legal and Professional fees that relates to bookkeeping and accountancy work carried out by the audit firm (2017 - £10,380).

THE GREAT BRITAIN SASAKAWA FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 DECEMBER 2018 –(continued)

7. Employee information

(a) The average number of persons employed by the Foundation during the year was 3 (2018 - 3).

(b) Employment costs - all employees

	<u>2018</u>	<u>2017</u>
	£	£
Aggregate gross wages and salaries paid to the Foundation's employees	124,171	120,800
Employer's national insurance contributions, or foreign equivalents	21,681	21,256
Provision for retirement allowance for a member of staff	2,906	2,674
Staff pension	4,709	3,466
	<hr/>	<hr/>
	153,467	148,196
	<hr/>	<hr/>

(c) There was one employee who received emoluments between £60,000 and £70,000 in the year (2017 – One). Pension payments to this employee totalled £3,345 (2017: £1,477).

(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 £78,321 (2017 - £74,739).

(e) The Foundation began a workplace pension scheme in April 2017.

8. Council Members' Expenses

(a) No remuneration was paid to any trustee (2017 - nil).

(b) Expenses totalling £390 (2017 - £433) were reimbursed to 2 (2017 - 2) UK trustees in respect of travel and other expenses incurred by them.

(c) Travel allowances totalling £500 (2017 - £5,982) were paid to 4 (2017 – 4) Japan trustees members in respect of their attendance at meetings

9. Tangible fixed assets

Office Furniture, Fittings and Equipment

<u>Cost</u>	£
At 1 January 2018 and 31 December 2018	7,606
	<hr/>
<u>Accumulated Depreciation</u>	
At 1 January 2018	6,434
Charge for year	554
	<hr/>
At 31 December 2018	6,988
	<hr/>
Net book value at 31 December 2018	618
	<hr/>
Net book value at 31 December 2017	1,172
	<hr/>

THE GREAT BRITAIN SASAKAWA FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 DECEMBER 2018 – (continued)

10. Fixed asset investments

	<u>2018</u> £	<u>2017</u> £
(a) The movements during the year were as follows:-		
Middle market value at 1 January	27,677,225	25,765,419
Additions at cost	6,377,143	11,242,835
Disposals at open market value (Proceeds £5,988,258 realised losses £183,956)	(6,172,214)	(11,055,005)
Net gains on revaluation at 31 December	(1,958,810)	1,723,976
	<hr/>	<hr/>
Middle market value at 31 December	25,923,344	27,677,225
	<hr/>	<hr/>
Cost at 31 December (see note 10(d) below)	24,538,711	23,927,042
	<hr/>	<hr/>
(b) Analysis of listed investments		
	<u>2018</u> £	<u>2017</u> £
Equities, Unit Trusts/OEICs	24,527,207	25,856,267
Sterling Fixed Interest/Index-Linked Securities	1,396,137	1,820,958
	<hr/>	<hr/>
	25,923,344	27,677,225
	<hr/>	<hr/>

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

	<u>Holding</u> <u>2018</u>	<u>Market Value</u> <u>2018</u> £
Year to 31 December 2018		
Unit Trusts/OEICs		
Cazenove Equity Income Trust for Charities unit Class S GBP Income	3,836,585	1,797,824
	<u>Holding</u> <u>2017</u>	<u>Market Value</u> <u>2017</u> £
Year to 31 December 2017		
Unit Trusts/OEICs		
Cazenove Equity Income Trust for Charities unit Class S GBP Income	3,836,585	2,095,159

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

THE GREAT BRITAIN SASAKAWA FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2018 – (continued)

11. <u>Debtors</u>	<u>2018</u> £	<u>2017</u> £
Dividends receivable	73,745	65,485
Prepayments	9,977	2,953
Accrued income	-	660
Other debtors	59,467	29,925
	<hr/>	<hr/>
	143,189	99,023
	<hr/>	<hr/>

In both 2018 and 2017, all debtors at the year end were included in the unrestricted fund.

12. <u>Creditors - amounts falling due within one year</u>	<u>2018</u> £	<u>2017</u> £
Awards payable	218,401	235,367
Other creditors	87,685	81,786
Accruals	18,660	18,120
	<hr/>	<hr/>
	324,746	335,273
	<hr/>	<hr/>

At 31 December 2018 there was a taxation and social security creditor of £4,097 (31 December 2017 - £5,559).

In both 2018 and 2017, all creditors at the year end were included in the Unrestricted Fund.

13. Reserves

Restricted Funds

The Nippon Foundation has awarded a total grant of up to £nil over a one-year period for the Chatham House Conference Programme (2017: £380,800). The Nippon Foundation has also awarded a grant of £305,000 (2017: £323,000) for the Sasakawa Japanese Studies Postgraduate Studentship Programme.

Year to 31 December 2018	<u>Balance</u> <u>01.01 2018</u> £	<u>Funds</u> <u>Received</u> £	<u>Funds</u> <u>Expended</u> £	<u>Balance</u> <u>31.12 2018</u> £
Chatham House Conference Programme	117,824	-	-	117,824
Sasakawa Japanese Studies Postgraduate Studentship Programme	20,009	305,000	310,207	14,802
	<hr/>	<hr/>	<hr/>	<hr/>
	137,833	305,000	310,207	132,626
	<hr/>	<hr/>	<hr/>	<hr/>

THE GREAT BRITAIN SASAKAWA FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2018 – (continued)

13. Reserves (continued)

Year to 31 December 2017	Balance 01.01 2017 £	Funds Received £	Funds Expended £	Balance 31.12 2017 £
Chatham House Conference Programme	9,856	380,800	272,832	117,824
Sasakawa Japanese Studies Postgraduate Studentship Programme	49,804	323,000	352,795	20,009
	<u>59,660</u>	<u>703,800</u>	<u>625,627</u>	<u>137,833</u>

14. Allocation of Net Assets between Funds

Year to 31 December 2018	Unrestricted Fund £	Restricted Funds £	Total Funds £
Fixed Assets			
Tangible assets	618	-	618
Investments	25,923,344	-	25,923,344
Current assets	770,996	132,626	903,622
Current liabilities	(324,746)	-	(324,746)
	<u>26,370,212</u>	<u>132,626</u>	<u>26,502,838</u>
 Year to 31 December 2017	 Unrestricted Fund £	 Restricted Funds £	 Total Funds £
Fixed Assets			
Tangible assets	1,172	-	1,172
Investments	27,677,225	-	27,677,225
Current assets	1,515,294	137,833	1,653,127
Current liabilities	(335,273)	-	(335,273)
	<u>28,858,418</u>	<u>137,833</u>	<u>28,996,251</u>

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, 2018 - 11 members (2017 - 11 members).

16. Commitments under Operating Leases

The Foundation has annual commitments of £21,500 expiring in July 2020 in respect of an operating lease for premises. An operating lease for a photocopier was entered into for five years commencing in July 2015 at a rental of £1,068 per annum.

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2018 – (continued)

17. Related Party Transactions

In 2018 the Foundation received a further £305,000 (2017: £323,000) from The Nippon Foundation for the Support of Japanese Studies through the Sasakawa Japanese Studies Postgraduate Studentship Programme, as a joint initiative with The Nippon Foundation.

One member of the Board of Trustees was a director of The Nippon Foundation at the beginning of the year and is now a Special Advisor.