

Charity Registration No. 1063952

THE JAPAN SOCIETY

COUNCIL'S REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2008

THE JAPAN SOCIETY LEGAL AND ADMINISTRATIVE INFORMATION

Officers and Members of Council

(as at 31 December 2008)

Christopher Purvis, CBE Chairman
Wataru Nishigahiro, Vice Chairman
Paul Dimond, CMG, Vice Chairman
Dr George Olcott, Vice Chairman
Satoru Yoshida, Hon Treasurer
Nigel Wellings, Hon Solicitor
David Powers, Hon Editor
Victor Harris, Hon Librarian
Pauline Chakmakjian
Professor Marie Conte-Helm
Sean Curtin
Anna Dingley
Andrew Fraser, CMG
Tsunao Kijima
Mami Mizutori
Katsuhito Nishihori
Nick Reeve
Keisaku Sano

Director and Company Secretary

Heidi Potter

Charity number

1063952

Company number

3371038

Principal address

Swire House
59 Buckingham Gate
London SW1E 6AJ

Auditors

Richard Place Dobson Services Limited
29 High Street
Crawley
West Sussex RH10 1BQ

THE JAPAN SOCIETY

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THE JAPAN SOCIETY

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

2008 was an important time of consolidation for the Society. It was the first full year in which its traditional activities were combined with the schools education and community programmes of the former Japan 21, the charity with which the Society merged in October 2007. Both strands of activity have flourished and we have seen interesting cross-over developments, such as the involvement in the Unicorn Theatre's family day and the Thames Festival Giant Japanese Jamboree, which brought expertise of running school Japan Days to a wider audience and provided a chance for members' families to participate. There has been a full programme of events in different fields, with much for all members, whatever their interests and budgets.

We are mindful of the Charity Commission's guidance on public benefit and our own stated objectives to promote learning and advance education. We are continuing to develop our programmes, whether for our members or for the wider public including school children. More details about the activities of the Society may be found in the council members' report on page 3.

In 2008 the Society showed a surplus of £27,879. In the first year post merger, efforts were made to achieve efficiencies in working and to limit expenditure where possible. We will need to invest more in our programmes in 2009 and we still face a significant challenge to raise further funds in order to maintain and develop the important schools educational programme and larger scale public events.

Fundraising efforts in 2008 successfully built on the previous efforts both by the Society and the former Japan 21 in attracting donors to support activities for young people, both as part of the Society's traditional programme and within the schools educational work. We are extremely grateful to all our donors and members for their continued financial support without which the important activities of the Society would not take place. All donations made under the former Japan 21 umbrella continue to be applied to the schools educational programme and small grants scheme; we are also pleased to note that there are significant donations which have been made for the Society's work as a whole.

We have been delighted to be part of the Japan UK 150 celebrations, which started in September; and we look forward to contributing to it further until December 2009. We will continue to deliver our existing programmes and develop new activities of relevance to members, to donors, to volunteers and to schools and other partner organizations. The Society will work to fulfil its objective to be the leading body in the United Kingdom dedicated to the enhancement and celebration of UK-Japan academic, commercial and cultural affairs.

At the annual general meeting in June, members will be asked to approve certain changes in our memorandum and articles. These are being made largely to bring them in line with current practice in the charitable sector and to conform with the latest legislation. Full details are available on the website.

Our council tends to have a high proportion of members joining and leaving; our Japanese council members are often posted back to Japan; and some of our non-Japanese too depart to spend time in Japan. During the year we said goodbye to Martin Barrow, Ken Abe, Richard Large, Timon Screech, Toshikazu Takei and David Warren; I would like to thank all of them for their contributions to the Society. We welcomed Pauline Chakmakjian, Anna Dingley and Tsunao Kijima. Since the end of the year there have been further changes. I would like to give particular thanks to Mami Mizutori for her keen support of the Society and particularly her enthusiastic leadership of the contemporary lifestyle committee; we welcomed Ken Okaniwa in her place. This month we are sad to be losing both Tsunao Kijima and Katsuhito Nishihori; and I thank them warmly for their support and good counsel over the years. George Olcott stood down as treasurer last year but continues to be active, particularly on fundraising activities; he was coopted as one of the vice chairmen. Satoru Yoshida was at the same time appointed treasurer.

At the annual general meeting in June Marie Conte-Helm will be retiring from the council. She has taken the lead in the joint lecture series with the Daiwa Anglo-Japanese Foundation and has been an able chair of the awards committee; we will miss her input on the council.

At our annual general meeting, a number of members will have reached the end of their first three year term on the council and will therefore be retiring by rotation. I am one of these; I have indicated my willingness to stand for re-election. The others are Sean Curtin, Nick Reeve, and Keisaku (Sandy) Sano. Nick has decided to stand down and I thank him for his contribution, particularly with the conversation group; Sean and Sandy have indicated their willingness to stand for re-election. Both play important roles in the Society and the council warmly proposes their re-election. In addition, George Olcott who was coopted to the council in July 2008, now needs to stand for election. His contribution to the Society is great and his election is recommended.

There are six further candidates who are standing for election to the council at the annual general meeting: Ryoichi Bamba, Martin Day, Jun Kobayashi, Stephen McEnally, Masamichi Morooka and Michael Spencer. Further details of the candidates, the voting procedure and the arrangements for the meeting are being circulated to members.

I would also like to express my thanks to our President Ambassador Ebihara, for the great support he has shown to the Society since his arrival in the UK in June 2008.

The annual general meeting will be held this year at 6.00pm on Wednesday 10 June 2009 at the Japanese Embassy, 101-104 Piccadilly. The day of the AGM will also mark the opening of the Japan Society members' art exhibition in the Embassy foyer, and a reception will follow the formal proceedings. If you are of artistic bent and have not yet begun work on your entry to the exhibition, please do so. We look forward to seeing members' talents showcased in this way and I hope to see many of you, and your artwork, in June.

Christopher Purvis
16th April 2009

THE JAPAN SOCIETY
COUNCIL MEMBERS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2008

The members of the council, who are directors for the purposes of company law and trustees for the purposes of charity law, present their report and accounts for the year ended 31 December 2008.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's constitution, applicable law and the requirements of the Statement of Recommended Practice, "Accounting and Reporting by Charities" issued in March 2005.

Structure, governance and management

The Japan Society is a company limited by guarantee and as such is governed by its Memorandum and Articles of Association. It is a registered charity.

The members of council who served during the year were:

Christopher Purvis, CBE - Chairman	
Wataru Nishigahiro - Vice Chairman	
Martin Barrow, CBE - Vice Chairman	(Resigned 4 June 2008)
Paul Dimond, CMG - Vice Chairman	
Dr George Olcott - Vice Chairman	(Coopted 1 July 2008)
Dr George Olcott - Hon. Treasurer	(Resigned 1 July 2008)
Satoru Yoshida - Hon Treasurer	(Appointed 1 July 2008)
Nigel Wellings - Hon Solicitor	
David Powers - Hon Editor	
Victor Harris - Hon Librarian	
Ken Abe	(Resigned 4 June 2008)
Pauline Chakmakjian	(Elected 4 June 2008)
Professor Marie Conte-Helm	
Sean Curtin	
Anna Dingley	(Elected 4 June 2008)
Andrew Fraser, CMG	
Tsunao Kijima	(Elected 4 June 2008)
Richard Large	(Resigned 4 June 2008)
Mami Mizutori	
Katsuhito Nishihori	
Nicholas Reeve	
Keisaku Sano	
Professor Timon Screech	(Resigned 4 June 2008)
Toshikazu Takei	(Resigned 4 June 2008)
David Warren, CMG	(Resigned 4 June 2008)

Since the year end the following members of the council have resigned: Tsunao Kijima, Mami Mizutori and Katsuhito Nishihori. Ken Okaniwa was appointed as an ex officio council member to replace Mami Mizutori.

The council meets at regular intervals in order to provide strategic direction and to monitor and review the activities of the Society. During the year the council met 5 times, one meeting being an 'awayday' at which longer term issues were considered and the scope and purpose of the Society's activities were reviewed against our objectives and with respect to our target audiences. The day-to-day running of the Society is carried out by a small permanent staff under the leadership of Heidi Potter, who regularly reports to the chairman and the council. The activities of the Society are organized through the office, with essential support provided by activity group committees (currently, business, contemporary lifestyle, conversation, Japan British Exhibition 100 working group, library, lectures and publications), whose members work on a voluntary basis.

The majority of the council is elected. As at 31 December 2008 there were three vice chairmen, Wataru Nishigahiro, Paul Dimond and George Olcott: the first held the position ex-officio as deputy head of mission at the Japanese Embassy; the latter two were elected by fellow ordinary elected members of the council. There were four officers who were appointed by

the council: Satoru Yoshida, treasurer, who took over the role from George Olcott, Nigel Wellings, solicitor, David Powers, editor, and Victor Harris, librarian. Mami Mizutori was an ex officio council member as a member of the Japanese Embassy. The elected members serve for an initial maximum term of three years and may serve for a further three years after re-election.

There is a nominations committee; the members are Christopher Purvis (chairman), Ken Okaniwa, Heidi Potter and Nick Reeve. This committee reviews the skills that are required on the board from time to time and the succession policy; and it makes recommendations to the council on possible future appointments. The council in turn makes proposals to the members of the Society in advance of the annual general meeting. An information pack is sent to new trustees, which includes a list of duties and the organization's expectations of its board members; and a full induction process is arranged.

The audit and risk committee (comprising Satoru Yoshida (chairman), Paul Dimond, Heidi Potter and Christopher Purvis) considers the accounts, the performance of the auditors and risk. The former development and membership committee was replaced by a fundraising committee (comprising Christopher Purvis (chairman), Paul Dimond, Robert Guy, George Olcott, Heidi Potter, Sandy Sano), which is responsible for raising higher level donations and sponsorship, and a separate membership committee (Paul Dimond (chairman), Robert Guy, Yutaka Harada, Akihiko Nakamura, Sandy Sano), whose focus is on membership recruitment. The awards committee (comprising Marie Conte-Helm (chairman), Ken Abe, Hugh Cortazzi, Takashi Ishida, Setsuo Kato, Tsunao Kijima, Stephen McEnally, Takashi Morimura, Ian Nish, Wataru Nishigahiro, Heidi Potter and Christopher Purvis) makes recommendations to the council on the granting of Japan Society awards.

The council reviews its own performance on an annual basis. The council and the director assess how the board functions as a whole, and, where appropriate, make changes.

Risk management

A report from the risk and audit committee is considered regularly at council meetings.

Mission

The Society's objectives are:

- a) to promote learning and advance education in the subject of and with regard to Japan;
- b) to promote the study of Japan and its people in all their aspects, traditional and modern, and to make the results of such study more accessible to the general public;
- c) to promote the study of Britain and its culture by Japanese people and to further educational exchanges between Britain and Japan.

The council confirmed that the Society had an important continuing role to meet these objectives. The Society is the leading body in the United Kingdom dedicated to the enhancement and celebration of UK-Japan academic, commercial and cultural relations.

In October 2007, the Japan Society merged with Japan 21 (charity number 328701). This brought to the Society a long-established series of programmes focused on schools, young people and grassroots organizations which complemented its existing educational and social activities in the business, academic and cultural fields.

The council reviewed activities during the year and confirmed its view that the Society has an important continuing role to meet these objectives. It referred to guidance provided by the Charity Commission on the public benefit when reviewing its aims and objectives and in planning future activities and development of programmes.

Achievements and performance

The main activities of the Society comprise awards, events, small grants, the library, publications and schools education. In this the first financial year since the merger with Japan 21, there have been cost savings and improved organizational efficiency. These, combined with the generosity of supporting companies and individuals have ensured that the Society's programme is accessible both to members and non-members, with a significant number of events offered free of charge. The Society has set aside funds each year for small grants in support of events organized by others which are in furtherance of its objectives and which will provide opportunities to new audiences across the UK.

Awards

Japan Society Awards for 2008 were presented at the annual dinner (held in January 2009) to Professor Lesley Millar and Mrs Momoko Williams. Lesley Millar has promoted exchange between Japanese and British textile artists both through exhibitions she has curated and in consistent efforts to create effective international networks. Through her wide ranging community activities, Momoko Williams has worked not only to promote Japan UK links, but also to enhance the welfare of Japanese residents in the UK.

Events

The Society in 2008 arranged 85 different events over a wide range of activities, both independently and in partnership with other organizations. In keeping with the Society's objective to promote the study and understanding of Japan, our programme strikes a balance between those activities tailored to particular interests and those designed to provide new opportunities for the public to participate in Japan-related events. The 2008 general events programme included:

- 6 Chairman's lunches
- 19 Business related events
- 16 Conversation group events
- 15 Events aimed at younger members / families / contemporary lifestyle
- 16 Lectures
- 5 Art events
- 17 Other events

The chairman held a series of small lunches for key figures from both the UK and Japan. These provided opportunities for decision makers to share ideas and information, and ensured that those involved in business and government were well informed on topical issues relating to the Japan British relationship in a global context.

Larger lunchtime lectures were hosted most generously by JETRO. These included a successful seminar on mergers and acquisitions and a business update from the Head of Trade and Investment at the British Embassy in Tokyo. Because the number of attendees at these events was not limited, they enabled anyone with an interest in business to increase their understanding of key issues. The Society also continued to arrange joint lunches in conjunction with The Japanese Chamber of Commerce and Industry in the UK, which provided opportunities for Japanese and non-Japanese to network and to hear from guest speakers, including the director general of the CBI and Minister of State for Asia, Africa and the UN.

Opportunities have been taken, where relevant and possible, to join other organizations for business related lectures and activities: the Asia Pacific Technology Network (APTN) and British Japanese Law Association (BJLA).

The conversation group has an important role in the Society, providing a valuable opportunity for members to maintain and develop their language skills. It allows Japanese and non-Japanese, members and non-members, in a friendly and informal setting. Special events during the year, including the *hanami* picnic and *karaoke* evenings, are also popular. 24 members and former participants on the JET scheme took advantage of the more structured development offered by the 10-week courses in intermediate Japanese, organized by the Society and kindly hosted by the Japan Local Government Centre. These were offered at a modest cost, so that anyone with the requisite level of Japanese was able to enrol.

The Society continued to build on previous years' successes in developing a programme of activities aimed at increasing attendance by younger people. Events were either free or offered at low cost to ensure that as many people as possible were able to attend. A *pechakucha* evening where young people in the creative industries spoke of their work provided an informal environment for exchange for the over 200 participants. Opportunities for over 2,500 members of the general public came through free activities offered by the Society as part of the Oha! Japan Day at the Unicorn Theatre and at a Giant Japanese Jamboree for the Thames Festival.

The lectures programme continued to draw good audiences and were attended by over 1,000 people. A lecture by Adrian Pinnington on Japanese Christians and Bushido and by Kiyonori Kanasaka on the travels of Isabella Bird were particularly popular. 'Economic Futures: Wealth and Wellbeing in Japan and the UK' was the timely theme of the 2008 series of seminars in conjunction with the Daiwa Anglo-Japanese Foundation.

The Society has also continued to further its aim of promoting the study of Britain and its culture, with a series of events designed to attract Japanese members and to make them more aware of the workings of this country. These events also proved popular with non-Japanese members, who welcomed the chance to learn about little known aspects of British society.

Japan Society Small Grants (former Japan 21 Awards)

An annual sum of £30,000 is set aside for grants awarded in support of small scale projects and events related to Japan. The council has reviewed the grants scheme and is of the belief that by allocating relatively small sums to a wide range of projects, its objectives are being met. These grants provide opportunities for people throughout the British Isles to participate in education and exchange relating to Japan. Applications are encouraged from those organizing grassroots projects and from schools and other educational establishments. Attention is focused on projects where a relatively small injection of funds can make a real difference. In 2008, 51 grants were made averaging just under £590. Of these some 31 applications were received from schools and 8 were for projects involving schools.

Japan Days were supported at many schools, universities and community groups from as far afield as Edinburgh to Wrexham, Cambridge and Plymouth. Japanese artists were invited to work with schools and young people in Perthshire and Nottingham and young people in London, Oxford and Lanarkshire had opportunities to participate in music and dance activities.

A full list of projects supported is available on the Japan Society website.

Library

The library is a key asset of the Society. It is an important research facility for the academic community and of interest to all with an involvement in Japan. Few extra funds were available during the year to improve the collection's state or to make additions. This is an area to look at further in the coming years, should funds be available.

Publications

To mark the 150th anniversary of formal diplomatic relations between Japan and the UK, the Society published 'Britain and the Re-opening of Japan: the Elgin Mission of 1858 and the Treaty of Yedo' by Sir Hugh Cortazzi. This was made available on request to any member of the Society and distributed to teachers and young people attending workshops. It was launched with a public lecture at the Japanese Embassy. This coincided with the exhibition 'Beyond Diplomacy', charting the Japan British relationship in the late 19th century and which the Society was closely involved in facilitating.

Schools education (former Japan 21 core programmes)

The schools education programme has been developed out of a belief in the value to young people in the UK of growing up with an awareness and understanding of Japan and its culture. In addition to historical and business reasons for learning about a key international partner, there are more general benefits of broadening horizons and raising aspirations.

The national curriculum stresses the value of 'putting the world into world class education' and in providing opportunities across the curriculum for young people to experience a range of cultures, ideas, and historical contexts. Through its schools education programme, the Society supports teachers who may have limited experience of Japan themselves in providing these opportunities for their students.

On a day to day basis, the Society's education team provides advice and resources to schools engaged in teaching and learning activities relating to Japan. As well as working in partnership with local authorities, it provides materials directly to schools throughout the country. Loan resources are supplied to approximately 70 schools each year, with many others downloading free resources from the website.

Other targeted activities include:

In-service training (INSET) days for teachers

In conjunction with the Embassy of Japan, INSET days were held in Norwich and Newcastle for approximately 25 art and 10 primary teachers. The days provided introductions to teaching materials on Japan and ideas for incorporating these into the curriculum. Two large scale conferences were organized in partnership with the British Council in London and Tokyo involving some 220 teachers. Among other issues, these explored the opportunities for schools in linking with partners in the other country and provided advice and case studies for those embarking on an exchange.

Japan in Your Classroom visits

200 volunteers, working in small groups, made visits to 95 schools in greater London, Brighton, Derby, Manchester and South Wales. These gave children the chance to meet with Japanese people and hear from them about culture and lifestyle, bringing a taste of Japan 'into the classroom'. Visits ranged in scale from a session with one class run by two volunteers to eight volunteers working across a whole year group. Approximately 8,500 children benefited from the JIYC scheme during the year. Training days for the volunteers developed their classroom skills and provided insights into the British education system.

School links

Over 40 new school partnerships were set up during the year in a scheme intended to develop links between British and Japanese schools. Where teachers need additional language support to liaise with their counterparts, an email translation service is provided to enable the link to progress smoothly. The bilingual Japan UK LIVE! website is used by students at over 50 schools to communicate with their partners and create simple web pages. At a conservative estimate, some 1,200 children were involved in links supported by the Society.

A comprehensive review of school links was completed to evaluate the ongoing support provided to links. It showed the importance of the Society's mediation in facilitating exchanges, particularly for children of primary and lower secondary school age and their teachers. Without the advice and translation services, many teachers felt that the language barrier and differences in the education systems would have been difficult to overcome.

Sixth Form Japan Day

A new initiative in the year was a day for 180 sixth form students. Through a mixture of lectures and practical workshops, participants were introduced to aspects of Japanese culture new to them. Students were also given information on opportunities for continuing with Japanese and Japanese studies at university.

Communication and marketing

The regular printed events programme and email advertising to members is proving effective in creating awareness of activities and ensuring good attendance at events. The majority of events are now advertised in both English and Japanese. There is increased participation by a good cross-section of staff within some member companies and a priority is now to

replicate the successful dissemination of information to all staff in others.

Financial Review

In 2008 the Society showed a surplus of £27,879. This comprised a surplus on unrestricted funds of £67,985 and a deficit on restricted funds of £40,106.

During the year the level of income from subscriptions and donations increased significantly. The increase was caused by generous donations from certain individual and corporate members through the higher level giving scheme and through continuing support of the Society's school education programme previously made by donors to Japan 21.

Expenditure was spread across the Society's three major areas of activities. On a full allocation of costs there was total expenditure on events and publications of approximately £190,000, £150,000 on implementation of the schools education programme, and £30,000 on small grants. Restricted funds comprise funds restricted for the schools education and small grants programmes that had previously been carried out by Japan 21 and also funds restricted for use on the maintenance and upkeep of the library.

Reserves

It is the policy of the council to maintain reserves of approximately 50 per cent of total annual expenditure. The council is also beginning to consider plans to build up an endowment over time. As at 31 December 2008 fund balances excluding the value of the library amounted to £278,686, an increase of £27,879 over the level at the end of the previous year. Unrestricted funds amounted to £154,508. Total expenditure was £378,293. The cash reserves are held on deposit.

Plans for the future

During 2009 the Society plans to continue the activities outlined in this report.

The Society will continue to place emphasis on events which are of interest to the youth audience, while also maintaining and developing its business and academic programmes. Support for school partnerships and work to develop resources for teachers will remain priority areas of activity.

Over the coming year, a priority is to complete the merger of the Japan Society and former Japan 21 websites, to provide a seamless interface which will give access to all aspects of the programme. Continued efforts are needed to increase awareness of the Society and to ensure that anyone with an interest in Japan has the opportunity to participate.

There remains a need to continue to raise the amount of funds raised, so that the Society will be able to maintain the current level of services for members and the wider community. Although this task will not be easy in the current climate, it is anticipated that the Society's record in doing important educational work will continue to be persuasive and that support from higher level donors will be sustained.

After the first complete year since the merger with Japan 21, the council plans to start the process of the development of a longer term strategic plan. The 2009 awayday of the council will be largely devoted to considering how the Society should be developed in terms of its activities, its staff, its fund raising and its finances in the lead up to the 125th anniversary of its foundation in 2016.

On behalf of the Council

Satoru Yoshida - Hon. Treasurer

Dated:

THE JAPAN SOCIETY

STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES

Law applicable to charities in England and Wales requires the members of the council to ensure the accounts are prepared for each financial year which give a true and fair view of the charity's financial activities during the year and of its financial position at the end of the year.

In preparing accounts giving a true and fair view, the Members of Council should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the accounts;
- prepare the accounts on a going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Members of Council are responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy, the financial position of the charity and which enable them to ensure that the accounts comply with the applicable law. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE JAPAN SOCIETY

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THE JAPAN SOCIETY

We have audited the accounts of The Japan Society for the year ended 31 December 2008 set out on pages 11 to 18. These accounts have been prepared under the historical cost convention and the accounting policies set out on page 13.

This report is made solely to the charity's Trustees (its Council), as a body, in accordance with Section 43 of the Charities Act 1993. Our audit work has been undertaken so that we might state to the charity's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Members of Council and auditors

As described on page 8, the Members of Council are responsible for preparing the Council Members' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the Council Members' Report is not consistent with the accounts, if the charity has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Council Members' Report, and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Members of Council in the preparation of the accounts, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

THE JAPAN SOCIETY

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF THE JAPAN SOCIETY

Opinion

In our opinion:

- the accounts give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the Charity's affairs as at 31 December 2008 and of its incoming resources and application of resources in the year then ended;
- the accounts have been properly prepared in accordance with the Companies Act 1985; and
- the information provided in the Council Members' Report is consistent with the accounts.

Richard Place Dobson Services Limited

Chartered Accountants

Registered Auditor

29 High Street

Crawley

West Sussex

RH10 1BQ

Dated:

THE JAPAN SOCIETY

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	Unrestricted funds £	Designated funds £	Restricted funds £	Total 2008 £	Total 2007 £
<u>Incoming resources</u>						
Subscriptions and donations	2	207,010	-	139,225	346,235	211,582
Investment income	3	2,578	-	7,942	10,520	3,659
		209,588	-	147,167	356,755	215,241
Activities in furtherance of the charity's objects	4	38,784	-	9,816	48,600	55,988
Other incoming resources	5	817	-	-	817	1,947
Total incoming resources		249,189	-	156,983	406,172	273,176
<u>Resources expended</u>						
Costs of generating funds						
Fundraising and publicity	6	6,733	-	7,994	14,727	6,651
Net incoming resources available		242,456	-	148,989	391,445	266,525
Charitable activities						
Events		49,141	-	2,020	51,161	41,306
Schools education		-	-	34,814	34,814	5,533
Office and establishment expenses		119,651	-	120,778	240,429	205,671
Small grants		-	-	27,298	27,298	-
Total charitable expenditure		168,792	-	184,910	353,702	252,510
Governance costs		5,679	-	4,185	9,864	9,026
Total resources expended		181,204	-	197,089	378,293	268,187
Gross transfers between funds		-	-	-	-	167,996
Net income/(expenditure) for the year/		67,985	-	(40,106)	27,879	172,985
Net movement in funds		67,985	-	(40,106)	27,879	172,985
Fund balances at 1 January 2008		86,523	481,735	164,284	732,542	559,557
Fund balances at 31 December 2008		154,508	481,735	124,178	760,421	732,542

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 1985.

THE JAPAN SOCIETY

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008

1 Accounting policies

1.1 Basis of preparation

The financial statements have been prepared under the historical cost convention as modified by the inclusion of the library at market value and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000) and the Companies Act 1985 and follow the recommendations in Accounting and Reporting by Charities: Statement of Recommended Practice, issued in March 2005.

1.2 Incoming resources

Voluntary income is received by way of donations and gifts and is included in the Statement of Financial Activities when received.

Grants receivable are credited to the Statement of Financial Activities in respect of the year for which they are received.

Subscriptions are credited to the Statement of Financial Activities in respect of the year for which they are received.

1.3 Resources expended

All expenditure is included when incurred.

Members' activities represent expenditure incurred on lectures and publications.

Establishment, office and staffing costs are the running costs of the charity.

Governance costs represent those incurred by bank charges and audit fees.

No cash flow statement has been prepared as the Society complies with the definition of a small company under the Financial Reporting Standard No. 1.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than the library are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment	10% of book value
IT equipment	33% of book value

The library is not depreciated as a policy of revaluation has been adopted due to the fact the library contains rare books which tend to increase in value over time.

All assets costing more than £500 are capitalized.

THE JAPAN SOCIETY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

1 Accounting Policies

(continued)

1.5 Constitution

The Society is a company which does not have a share capital and is limited by guarantee. It is also a registered charity. The liability of each member is not to exceed £1.

The Society is registered under the Charities Act 1960 and its Registration Number is 1063952. HMRC has agreed that the Society is considered to be established for charitable purposes only and that it is entitled to relief from tax under Section 505 Income and Corporation Taxes Act 1988.

The management of the Society is vested in a council of management, the members of which during 2008 did not receive any remuneration, but whose duties and responsibilities are governed by the rules of the Society and the Companies Act 1985.

2 Subscriptions and donations

	Unrestricted funds £	Restricted funds £	Total 2008 £	Total 2007 £
Regular subscriptions and donations	207,010	139,225	346,235	197,114
Legacies receivable	-	-	-	10,000
Receipts from other organisations	-	-	-	4,468
	<u>207,010</u>	<u>139,225</u>	<u>346,235</u>	<u>211,582</u>

3 Investment income

	Unrestricted funds £	Restricted funds £	Total 2008 £	Total 2007 £
Interest receivable	<u>2,578</u>	<u>7,942</u>	<u>10,520</u>	<u>3,659</u>

4 Activities in furtherance of the charity's objects

	Unrestricted funds £	Restricted funds £	Total 2008 £	Total 2007 £
Grants	-	-	-	18,174
Event income	38,784	-	38,784	29,100
Courses and resources	-	9,816	9,816	-
	<u>38,784</u>	<u>9,816</u>	<u>48,600</u>	<u>55,988</u>

THE JAPAN SOCIETY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

5 Other incoming resources

	2008 £	2007 £
Sale of books and royalties	817	1,947

6 Total resources expended

	Staff costs £	Depreciation £	Other costs £	Total 2008 £	Total 2007 £
Costs of generating funds					
Fundraising and publicity	-	-	14,727	14,727	6,651
Charitable activities					
<u>Events</u>					
Activities undertaken directly	-	-	51,161	51,161	41,306
<u>Schools education</u>					
Activities undertaken directly	-	-	34,814	34,814	5,533
<u>Office and establishment expenses</u>					
Activities undertaken directly	148,129	2,198	90,102	240,429	205,671
<u>Small grants</u>					
Activities undertaken directly	-	-	27,298	27,298	-
	148,129	2,198	203,375	353,702	252,510
Governance costs	-	-	9,864	9,864	9,026
	148,129	2,198	227,966	378,293	268,187

Governance costs includes payments to the auditors of £6,500 (2007- £6,500) for audit fees and £1,750 (2007- £1,500) for consultancy services.

7 Members of council

None of the Members of Council (or any persons connected with them) received any remuneration during the year. The charity carried indemnity insurance for its trustees, for which a premium of £977 (2007 - £767) was paid. Three members of council were re-imbursed for travel expenses in relation to fund-raising activities in Japan and in relation to certain events organised for the Society, as follows. Christopher Purvis - £2,037, George Olcott - £67 and Pauline Chakmakjian - £1,624.

THE JAPAN SOCIETY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

8 Employees

Number of employees

The average monthly number of employees, four of whom were full-time, during the year was:

	2008	2007
	Number	Number
Employees	<u>6</u>	<u>6</u>

Employment costs

	2008	2007
	£	£
Wages and salaries	135,623	120,822
Social security costs	12,506	8,954
	<u>148,129</u>	<u>129,776</u>

There were no employees whose annual emoluments were £60,000 or more.

9 Tangible fixed assets

	Library	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 January 2008	481,735	10,955	492,690
Additions	-	5,620	5,620
Disposals	-	(7,283)	(7,283)
At 31 December 2008	<u>481,735</u>	<u>9,292</u>	<u>491,027</u>
Depreciation			
At 1 January 2008	-	7,205	7,205
On disposals	-	(5,406)	(5,406)
Charge for the year	-	2,198	2,198
At 31 December 2008	<u>-</u>	<u>3,997</u>	<u>3,997</u>
Net book value			
At 31 December 2008	<u>481,735</u>	<u>5,295</u>	<u>487,030</u>
At 31 December 2007	<u>481,735</u>	<u>3,749</u>	<u>485,484</u>

THE JAPAN SOCIETY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

9 Tangible fixed assets (continued)

The value of the Library for insurance purposes was confirmed by a review by Maggs and Sons in 2005. After due consideration the Trustees were happy that this value remained unchanged during the year.

10 Debtors	2008	2007
	£	£
Debtors and prepayments	<u>23,040</u>	<u>11,337</u>

11 Creditors: amounts falling due within one year	2008	2007
	£	£
Creditors and accruals	<u>23,275</u>	<u>45,375</u>

12 Restricted funds

The funds of the Society include restricted funds. The following are the unexpended balances of such funds:

	Balance at 1 January 2008	Incoming resources	Resources expended December 2008	Balance at 31 December 2008
	£	£	£	£
Library	27,261	968	(178)	<u>28,051</u>
Schools education & small grants	137,023	156,015	(196,911)	<u>96,127</u>
	<u>164,284</u>	<u>156,983</u>	<u>(197,089)</u>	<u>124,178</u>

Certain funds are restricted to expenditure relating to the library and certain funds are restricted to expenditure relating to schools education and small grants.

THE JAPAN SOCIETY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

13 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Balance at 1 January 2008	Movement in funds		Balance at 31 December 2008
		Incoming resources	Resources expended	
	£	£	£	£
Library	481,735	-	-	481,735
	<u>481,735</u>	<u>-</u>	<u>-</u>	<u>481,735</u>

The designated library fund represents the funds the charity has set aside to reflect the currently agreed valuation.

14 Analysis of net assets between funds

	Unrestricted funds	Designated funds	Restricted funds	Total
	£	£	£	£
Fund balances at 31 December 2008 are represented by:				
Tangible fixed assets	5,295	481,735	-	487,030
Current assets	172,488	-	124,178	296,666
Creditors: amounts falling due within one year	(23,275)	-	-	(23,275)
	<u>154,508</u>	<u>481,735</u>	<u>124,178</u>	<u>760,421</u>

15 Contingent liabilities

A contingent liability exists in respect of a dispute on the terms of the operating lease on the photocopier in an amount of £18,293.

16 Commitments under operating leases

At 31 December 2008 the company had annual commitments under non-cancellable operating leases as follows:

	2008	2007
	£	£
Expiry date:		
Between two and five years	<u>10,301</u>	<u>-</u>