

Charity Registration No. 1063952

THE JAPAN SOCIETY

COUNCIL'S REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2012



THE JAPAN SOCIETY

LEGAL AND ADMINISTRATIVE INFORMATION

Patron	HRH The Duke of Gloucester, KG, GCVO
President	HE The Japanese Ambassador
Vice-Presidents	Sir Hugh Cortazzi, GCMG Shin Ebihara Hiroaki Fujii Haruko Fukuda OBE Sadayuki Hayashi Hiroshi Kitamura Prof. Ian Nish, CBE Yoshiji Nogami Masaki Orita Christopher Purvis CBE Noriaki Sakamoto John Snaith Tetsuro Terada Viscount Trenchard Ben Thorne, CMG, MBE Sir John Whitehead, GCMG, CVO

Officers and Trustees

(as at 25 April 2012)

Sir David Warren KCMG, Chairman
David Cairns, Vice Chairman
Akio Miyajima, Vice Chairman
Dr George Olcott, Vice Chairman
Alison Scott, Hon Editor
Nigel Wellings, Hon Solicitor
Satoru Yoshida, Hon Treasurer
Sir Andrew Cahn
Pauline Chakmakjian
Martin Day
Lady Gomersall
Hiroshi Hattori
Graham Holman
Stephen McEnally
Michael Spencer
Akihiro Tsuchiya

Chief Executive 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
1-7 Station Road
Crawley
West Sussex RH10 1HT

Chairman's Statement

2012 was a successful year for the Society. As usual, events of considerable variety were arranged, designed to be attractive to both Japanese and non-Japanese people of all ages and interests. In keeping with our educational mission, we provided opportunities for members to learn about Japan and discuss matters of topical interest. At the same time, we also engaged with a wider audience of general public and young people, particularly through our activities with schools. Almost all our expenditure is now funded by generous donors, individuals and companies, who share the Society's vision for the UK-Japan relationship. We are grateful to all those who support the Society in this way. More details of activities and financial results are given in the Trustees' Report.

I took up the chairmanship in January 2013 and look forward to working with the board, the membership and the executive to develop the Society's programmes over the next six years. At the Annual General Meeting in June 2012, Christopher Purvis stood down at the end of his six year term as chairman. Under his leadership, the Society has made huge strides and he leaves the organization in good heart. I would like to thank him for his contribution. All members of the Society were delighted that he was awarded The Order of the Rising Sun, Gold and Silver Rays by the Japanese Government in recognition of his valuable contribution over the years to Japan-UK relations. He received his award from the Emperor in November 2012.

During 2012, we also bade farewell from the board of trustees to Ryoichi Bamba, Sean Curtin, Sandy K Sano and Hiroshi Suzuki, whom I should like to thank for their contributions to the Society. Ryoichi Bamba and Hiroshi Suzuki have returned to Japan, but we hope that all the retiring trustees will stay in touch and continue their warm interest in the Society. We welcomed to the board Graham Holman, Michiaki Nakamura and Tetsuro Terada and were joined by Alison Scott, who was appointed to the vacant position of Editor. Since the end of the year, Hitoshi Noda has left the UK and we have welcomed Akio Miyajima in his place.

At the Annual General Meeting in June 2013, a number of trustees will be retiring by rotation, David Cairns, Pauline Chakmakjian, Lydia Gomersall and Hiroshi Hattori. They have each indicated their willingness to stand for re-election; all are enthusiastic and valuable members of the board, which warmly recommends their re-election. Michiaki Nakamura and Tetsuro Terada are standing down following their return to Japan; we are sad to lose them and owe them great thanks for their support.

There are two further vacancies for ordinary trustees. Your board recommends the following for election: Masaaki Goto and Tetsuro Hama. Both share a strong wish to encourage the development of stronger UK-Japan relations and play important roles in the Japanese community in the UK. It is important that the Japan Society's board is representative of its community and includes a good balance of Japanese and non-Japanese members who contribute to its mission to enhance the relationship between our countries through education. Further details of the candidates, the voting procedure and the arrangements for the meeting will be circulated to members.

Finally, I should like to express my thanks to our President, Ambassador Hayashi, for the great support he has shown to the Society over the past year. He and his colleagues at the Embassy of Japan have as always been enormously generous with their time and support.

The annual general meeting will be held this year at 6.00pm on Thursday 27 June 2013 at the Embassy of Japan, 101-104 Piccadilly. The formal business will be followed by an informal reception. I look forward to seeing many members on that occasion.

David Warren

THE JAPAN SOCIETY TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2012

The members of the board, 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 2012.

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 board who served during the year were:

Christopher Purvis, CBE - Chairman	(Resigned 12 June 2012)
Sir David Warren, KCMG - Chairman	(Elected 12 June 2012, effective from 1 January 2013)
David Cairns - Vice Chairman	
Hitoshi Noda - Vice Chairman	
Dr George Olcott - Vice Chairman	
Satoru Yoshida- Hon Treasurer	
Nigel Wellings - Hon Solicitor	
Alison Scott - Hon Editor	(Appointed 12 July 2012)
Ryoichi Bamba	(Resigned 12 June 2012)
Sir Andrew Cahn	
Pauline Chakmakjian	
Sean Curtin	(Resigned 12 June 2012)
Martin Day	
Lady Gomersall	
Hiroshi Hattori	
Graham Holman	(Elected 12 June 2012)
Stephen McEnally	
Michiaki Nakamura	(Elected 12 June 2012. Resigned 31 October 2012)
Keisaku Sano	(Resigned 12 June 2012)
Michael Spencer	
Hiroshi Suzuki	(Resigned 21 December 2012)
Tetsuro Terada	(Elected 12 June 2012)
Akihiro Tsuchiya	

At the annual general meeting in June 2013, David Cairns and Pauline Chakmakjian will be standing down at the end of a three year term; David is eligible for reelection for a further three years, Pauline for one year. Two other trustees, Lydia Gomersall and Hiroshi Hattori, will retire by rotation; both are eligible for reelection.

The board meets at regular intervals in order to provide strategic direction and to monitor and review the activities of the Society. During the year the board met five times, one meeting being an 'awayday' at which longer term issues were considered, particularly the Society's forthcoming 125th anniversary in 2016. The day-to-day running of the Society is carried out by the permanent staff under the leadership of Heidi Potter, who regularly reports to the chairman and the board. She is supported by Hiroko Kimura, head of education, and a small team of paid staff and occasional interns. The activities of the Society are organized by the office, with support also provided by activity group committees (currently awards, business, conversation, library, lectures and publications), which meet on an ad hoc basis and whose members are volunteers. Teams of *Japan in Your Classroom* volunteers are essential to the running of the Society's popular school visit programme.

The majority of the board is elected. At the AGM in June, Christopher Purvis stood down as chairman at the end of his six year term. David Warren, serving as HM Ambassador in Tokyo until November 2012, was elected to the post with effect from 1 January 2013. As at 31 December 2012 there were three vice chairmen, Hitoshi Noda in an ex-officio position as deputy head of mission at the Japanese Embassy, David Cairns and George Olcott, who had been elected as trustees and appointed as vice chairmen by the board. Three officers were also appointed by the board: Satoru Yoshida, treasurer; Nigel

Wellings, solicitor and Alison Scott, Editor. Hiroshi Suzuki was an ex officio board member as a member of the Japanese Embassy; he returned to Japan at the end of 2012 and his place will remain vacant until the appointment of his successor as director of the Japan Information & Cultural Centre. The elected members serve for an initial maximum term of three years and may serve for a further three years after re-election.

A nominations committee (comprising David Warren, David Cairns, Hiroshi Hattori, Hitoshi Noda and Heidi Potter) reviews the skills that are required on the board from time to time and the succession policy, making recommendations to the board on possible future appointments. The board in turn makes proposals to the members of the Society in advance of the annual general meeting. The recommendations for election at the forthcoming annual general meeting are detailed in the chairman's letter at the start of this report as well as in the papers for the annual general meeting. The role of the board and the organization's expectations of its board members are discussed with new trustees prior to their election and on election they receive an induction pack and have induction meetings with members of staff.

The audit committee (comprising Heidi Potter, David Warren and Satoru Yoshida) considers the accounts and the performance of the auditors; the risk committee (comprising Stephen McEnally, Heidi Potter and Satoru Yoshida) considers all aspects of risk; both committees make recommendations to the board. The fundraising committee (Paul Dimond, Robert Guy, George Olcott, Heidi Potter, Christopher Purvis and David Warren) is responsible for raising higher level donations and sponsorship. Other committees include membership (Martin Barrow, Paul Dimond, Robert Guy, Yutaka Harada, Graham Holman, Kazuo Okamoto, Heidi Potter, David Powell and David Warren), which focuses on membership recruitment.

Risk Management

A report from the risk committee is considered regularly at board meetings.

Mission

The Society's objects 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 board has considered and confirmed its view that the Society's role in achieving these objectives is still relevant; it remains the leading independent body in the United Kingdom dedicated to the enhancement and celebration of UK-Japan academic, commercial and cultural relations. As implied by its objects, the central aim of the Society's activity is the enhancement of understanding of Japanese life and culture and of links between the two countries. This informs all areas of the programme, whether direct school-focused education initiatives, lectures and seminars for the general public and business leaders, events introducing aspects of the culture of both countries, opportunities for people to meet in more informal settings, or the small grant programme made in support of Japan-related projects that are organized by others.

The board referred to the guidance provided by the Charity Commission on the public benefit in 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, the library, publications, schools education and small grants. The Society is grateful to the companies and individuals who share its belief in the importance of promoting a good mutual understanding between the UK and Japan, and who provide essential financial support. This enables the Society to include a significant number of low cost or free events to make the programme accessible both to members and non-members. The majority of the Society's schools education services are provided free of charge. In addition up to £30,000 has been set aside each year for disbursement through the small grants programme in support of events organized by others which are in furtherance of the Society's objectives and which will provide opportunities to new audiences across the UK.

Great East Japan Earthquake

The Great East Japan Earthquake of 11 March 2011 had made a significant impact on the activities of the Society in that year. The Tohoku Earthquake Relief Fund was established in order to support local not-for-profit organizations (NPOs) in their activities directed towards long term recovery, after the immediate disaster relief effort had finished. Donations continued to be received for this cause in 2012, totalling some £73,800 for the year.

A committee of the board comprising Yuko Kobayashi (until August 2012), Stephen McEnally, Heidi Potter and Phillida Purvis continued to supervise the distribution of these funds and work with the Society's partner, the Sanaburi Foundation, to ensure that donations are disbursed to local NPOs in all three prefectures to meet clearly defined need. Grants are made to Sanaburi which in turn carries out due diligence on applicant organizations, and, on receipt of final approval from the Society's earthquake committee, makes onward grants to those selected NPOs. Some additional donations to the Japan Society Tohoku Earthquake Relief Fund (known as the Rose Fund in Japan) have been made directly to Sanaburi in Japan and are not shown in the Society's accounts.

Christopher Purvis and Phillida Purvis visited the region during a private visit to Japan in October 2012 and met with representatives of Sanaburi as well as with NPOs which had been supported by the Fund. Christopher's subsequent update, given at a special reception in November, was also disseminated via the Society's website.

During the year, several public events were organized to ensure that information on the situation in Tohoku continued to be available to a general audience. These included a special screening at BAFTA of a documentary film *Pray for Japan*, which showed the impact of the earthquake and tsunami on the community of Ishinomaki and steps being taken to recovery. Lectures by Takeshi Nagasaki of N-Tree and journalist, David McNeill, gave other perspectives. Other activities to provide information and updates formed part of the Japan Society's general programme.

The Society's website continues to carry information about the region and about the NPOs that have been recipients of funding and the office continues to be a source of information both to members and the general public about Tohoku.

Events

The Society in 2012 arranged over 80 different events spanning a wide range of subject and format, both independently and in partnership with other organizations. In keeping with its objective to promote the study and understanding of Japan, the Society's programme strikes a balance between those activities tailored to particular interests and those designed to provide new opportunities for participation by the general public. The board is convinced of the need to ensure that the programme is widely accessible, and events during the year included those open to both members and non-members, as well as a significant number which were free or low cost.

The 2012 general events programme included:

- 4 chairman's lunches / dinners
- 1 annual dinner
- 12 Business related events
- 13 Conversation group events
- 20 Events aimed at younger members or families under the 'lifestyle' programme heading
- 16 Lectures
- 11 Art & culture events

The chairman held a series of small lunches in which key figures based in both the UK and Japan were invited to meet senior members of the Society. 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-UK relationship in a global context. Subjects in 2012 included business practice (Miranda Curtis), business and the Arts (Lord Hall) and the globalization of business in Japan (George Olcott).

Larger lunchtime business seminars were again generously hosted by JETRO. These included a panel on Climate Change and Japan's Perspective on the 17th Conference of the Parties at the start of the year, leading on to a discussion of global warming and energy challenges for Japan and the UK in September. Other sessions included an update on tourism recovery by Ryoichi Matsuyama, President of JNTO and a briefing on UK-Japan Trade by Sue Kinoshita, Director of Trade and Investment at the British Embassy in Tokyo. The Society 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 meet and to hear from guest speakers, who were during the year: Philip Stephens of the Financial Times; Robin Niblett, Director of Chatham House; Glen Fukushima, former President & CEO of Airbus Japan; the Japanese Ambassador; and Lord Janvrin. An early evening event featured fashion designer Paul Smith, who discussed his links with Japan, both business and personal.

The conversation group continues to play 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, to talk in a friendly and informal setting. Special events during the year, such as the *hanami* picnic, are always well-received. The Society ran three 10-week courses in pre-intermediate Japanese, kindly hosted by Toray Europe. The cost remained low, so that anyone with the requisite level of Japanese was able to enrol and to maintain and improve their language skills.

The Society continued to offer a broad general programme of formal and informal events to appeal to people with a wide range of interests and ages. The monthly book club continued to grow in strength with a good mix of regular and occasional participants. Book choices were varied and discussions always lively, with a highlight of the year being a talk by author Lian Hearn. Other events included gallery talks and theatre visits, food and drink tastings, golf tournaments, social events and support of the Japanese Olympic team through attendance at special screenings at 2012 Japan House during the period of the Games.

In its fourth year, Japan Matsuri moved to Trafalgar Square for another successful event on 6 October. The Japan Society has a formal role as corporate director of the Japan Matsuri company, with Sean Curtin as its nominated representative on the board. The Society also played an active part in planning and programming the 2012 event. Staging Matsuri in Trafalgar

Square required the engagement of a specialist production team. This increased the cost of the event, but reduced the administrative burden on the four partner organizations: the Japanese Chamber of Commerce and Industry in the UK, the Japan Association, the Nippon Club and the Japan Society.

The lectures programme as usual covered a wide range of subject matter. The monthly academic lecture, held every third Monday, formed the core of this aspect of our public programming. The subjects in 2012 included: Japanese ceramics at the British Museum; war diaries of Japanese soldiers 1937-1940; the 1912 Japanese Antarctic expedition; spaces for children in post-earthquake Tohoku; Zen Buddhism; Japanese pre-school education, and museums in Japan. The third annual lecture in memory of Dr Carmen Blacker took place in London and Norwich, organized jointly with the Sainsbury Institute for the Study of Japanese Arts and Cultures, with Professor Ben-Ami Shillony speaking on the role of the Emperor in Japan. The Society also partnered with the Daiwa Anglo-Japanese Foundation and Japan Room on other lecture events.

Japan Society Small Grants

An annual sum of up to £30,000 is set aside for grants in support of small-scale projects and events related to Japan. The board has reviewed the grants scheme and believes 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 UK to participate in education and exchange relating to Japan and thus contribute to raising awareness and understanding of the country and its culture. Priority is given to applications for grassroots projects and for activities involving schools and other educational establishments. In 2012, 40 grants were made averaging approximately £600 each. Of these some 24 were organized in schools or provided opportunities for school students to participate in Japan-related activities. These ranged from Japan Days to complement ongoing study of Japan or Japanese language to funding for workshops on emergency response after Tohoku and student research activities on contemporary literature. Young people were involved in research, display and conservation work on items in the collection at Sheffield Museums and a community radio project is enabling 15-18 year olds in Leeds to work with counterparts in Tokyo and Tohoku. Support was also given to community Japan Days in Basildon, Glasgow, Liverpool, London and Sheffield.

Japan Society Awards

Japan Society Awards for 2012 were presented at the annual dinner on 1 October to Lydia Morey and Keisaku (Sandy) Sano. Lydia Morey has been teaching Japanese for more than twenty years and has dedicated herself to promoting Japanese language education in the UK. In particular, she has been instrumental in developing teaching at the secondary level, and the success of Japanese, which is now taught in over 280 secondary schools across the UK, owes much to Lydia's endeavours and expertise. Sandy Sano has been an outstanding member of the Japanese community in London and a major contributor to UK Japan relations for over four decades. Over the last several years Sandy has been a driving force behind the Japan Matsuri. Under his chairmanship, the JCCI, Nippon Club, Japan Association and Japan Society have worked together to run this complicated venture with support from the wider Japan-related community.

Library

The library is a key asset of the Society. It is a valuable 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. However, with voluntary help, further cataloguing was undertaken, including work on the scrapbooks of newspaper cuttings and other correspondence, which has made both resources more accessible.

Publications

Sean Curtin, editor of *The Japan Society Review*, and his team of volunteer reviewers continued to assess many of the new works relating to Japan published during the year, as well as covering films and other cultural events. Reviews are firstly published on the Japan Society website before being collated into issues. *Proceedings 148 (2011)* was published in August and provided a good record of activity over the 2011 calendar year, which also coincides with the Society's financial year. This pattern will continue, with a target publication date in future years to coincide with the Annual General Meeting. Volume VIII in the series *Britain & Japan: Biographical Portraits*, edited by Sir Hugh Cortazzi, was published in December and brought the total number of individual portraits featured in the series and its companion volumes to over 400.

Schools Education

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. Through its activities for schools, the Society supports teachers who may have limited experience of Japan themselves in providing these opportunities for their students.

Throughout the year, 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, including loan resources supplied to approximately 70 schools each year. The Society supported the 12th JAL World Children's Haiku Contest, which was entered by students from 37 schools from Shetland to the South-West of England and Northern Ireland.

Other targeted activities include:

Sixth form study day

180 sixth form students of Japanese and their teachers attended a one-day conference on 9 November which aimed to provide insights into life in Japan, less familiar aspects of Japanese culture, and information on opportunities to continue the study of Japan and Japanese beyond school at university either in the UK or Japan.

Japan in Your Classroom visits

During the year visits were made by volunteers in Greater London, Brighton, Derby, Manchester and South Wales to some 80 schools. For most students a Japan in Your Classroom visit is their first opportunity to meet a Japanese person and to hear about Japan first-hand; the visits have a lasting impact. Special visits to schools were arranged with haiku poet, Sho Otaka, and by Radio Taiso presenters. These complemented other work the schools were doing on Japan and broadened pupils' experience and understanding of the country.

School links

Support for school links has continued to be an important element of the Society's work. Approximately 15 new links were established, with some 60 school partnerships now using Japan UK LIVE! and related services to develop their links. A school linking seminar was held in Osaka in July, which provided the opportunity for Japanese teachers to share experience and learn from each other about working effectively with their British partner schools.

Teacher in-service training

Discover Japan courses were held in Loughborough and Edinburgh, providing information, ideas and resources for teachers interested in bring work on Japan into their curriculum. The Society also provided a special talk about the situation in Japan since the earthquake and nuclear emergency at the 2012 Geographical Association Conference.

Communication and marketing

The website and email continued to be important and efficient tools for communicating information about the Society and its activities. At the same time, monthly event calendars distributed by post on request provided a back up for those without regular access to the internet. A new email marketing software was trialled in 2012, with mixed results. This was under review at the year end and subsequently changed; persistent problems with emails being blocked by some servers appear to have been resolved by the change to the current (as at April 2013) system.

Financial Review

The Society's income fell significantly in 2012 compared to the previous year. This reflected the impact in 2011 of the huge surge of donations to the Japan Society Tohoku Earthquake Relief Fund, but the underlying picture showed that income for Japan Society core activity had increased. In 2012, a further £73,000 was received in donations to the Fund; during the year grants were made amounting to £354,011. The balance, together with any other donations made towards the Earthquake Fund since the end of the year, is expected to be spent in a fourth round of grants during 2013.

Income and expenditure for continuing activities amounted to £459,058 and £422,579 respectively, resulting in a surplus for the year of £36,479 as outlined in note 16 to the accounts.

During the year individual and corporate members continued to provide invaluable support through the higher-level giving scheme both for the general mission and for the schools education programme.

The following companies and individuals have given support at a level above that of regular membership (minimum amounts for each level are given in brackets):

Companies

President's Circle (£25,000)

JTI
Mitsubishi Corporation International (Europe) Plc
Nomura International Plc

Chairman's Circle (£10,000)

Itochu Europe Plc
Sumitomo Corporation Europe Ltd
Mitsubishi UFJ Financial Group
Mitsui & Co Europe Plc

Corporate Patron (£7,500)

*¶Astellas Pharma Inc
*¶Canon Europe Ltd
*¶Central Japan Railway Company
*¶Chugai Pharma Europe Ltd
*¶Daiichi Sankyo Co Ltd
*¶Eisai Europe Ltd
Mizuho Financial Group
NSK Europe Ltd
*NYK Group Europe Ltd
*¶PricewaterhouseCoopers LLP
*¶Takeda Pharmaceuticals Europe Ltd

Corporate Benefactor (£5,000)

BAE Systems plc
Clifford Chance LLP
Dai-ichi Life International Europe
Daiwa Capital Markets Europe Ltd
¶Hitachi Europe Ltd
HSBC Holdings International
The Japan Centre Group Ltd
KPMG LLP
Marubeni (Europe) Plc
*Mitsubishi Electric Europe BV
Nikko Asset Management Europe Ltd
¶Olympus KeyMed
Sampo Japan Insurance Co
SMBC (Europe) Ltd
*¶The Swire Charitable Trust
Toyota (GB) Plc
UBS Investment Bank

Corporate Donor (£2,000)

Aberdeen Asset Management PLC
All Nippon Airways
BDO LLP
DAKS Simpson Group plc
*Greenback Alan LLP
Japan England Insurance Brokers Ltd
Japan Airlines
JR Pass Ltd
Kajima Europe Ltd
*"K" Line (Europe) Ltd
¶Linklaters LLP
Mitsubishi Heavy Industries Europe
Mitsui Sumitomo Insurance Group
*NEC (Europe) Ltd
Ricoh (Europe) plc
Rothschild
SJ Berwin LLP
Tokio Marine Europe Insurance Ltd
Toray Industries
Toshiba of Europe
¶Winton Capital Management
WPP 2005 Ltd

All or part of the donation from companies marked with an asterisk () has been designated in support of the schools education and small grants programmes. Those with a pilcrow sign (¶) have given their support through a five year agreement.*

Individuals

Patron (£2,500)

Christopher & Phillida Purvis

Principal Benefactor (£1,000)

Sir Hugh Cortazzi
Martin Barrow

Benefactor (£500)

Bill Emmott
Akihiro Tsuchiya

Principal Donor (£250)

Michael Faber
Anne Glendinning
Robert Guy
Anthony Loehnis
Heidi Potter

Donor (£100)

Charles Dinwiddy
Clive and Vivien Bradley
Paul Hearn
Keiko Ito
Robin Fox
Lydia Gomersall
Kathleen Kimura
Ruth Martin
David Mytton
Noriko Ogawa
George Olcott
Pernille Rudlin
Andrew Smithers

Individual Supporter (£58)

Mark Allsup
D G R Bentliff
Anthony Cormack
Brendan Griggs
Christopher Hoggarth
Suzanne Hudson
Yasko Kurahachi
James Noble
Sir Michael Palliser
Suzanne Perrin
Matthew Roberts
Graham Searjeant
Rie Zylinska

Reserves

It is the policy of the board to maintain reserves of approximately 50 per cent of total annual expenditure. The board is also beginning to consider plans to build up an endowment over time, which would provide some financial security to a charity which currently relies for almost all its funding on annual donations. As at 31 December 2012 fund balances excluding the value of the library and monies restricted for Tohoku amounted to £379,350. The cash reserves are held on deposit.

Plans for the future

In 2013, The Japan Society will be moving premises. John Swire & Sons has provided accommodation on generous terms to the Japan Society and Japan 21 for 17 and 20 years respectively, but now needs additional offices for its own business. The office team will attempt to achieve the move with a minimum of disruption to members.

The Society will continue to develop its programme of events, particularly those of interest to the youth audience, while also maintaining and developing its business and academic programmes. A priority for the coming year is the creation of new opportunities for in depth briefing and debate on current topics of particular relevance to business and government. The need to educate the next generation to look beyond national boundaries and equip them for work in a global economy, means that

support for school partnerships and work to develop resources for teachers remain extremely relevant. Regular publication of *Japan Society Proceedings* remains a priority.

Work will continue in respect of Tohoku. It is planned to disburse the remainder of the Tohoku Earthquake Relief Fund in 2013. Further reports will be made both on the general situation in Tohoku and on the progress of those NPOs that are the ultimate beneficiaries of the Society's grants to Sanaburi.

Although in a strong financial position at the start of 2013, the Society continues to be faced with a need to raise significant funds each year in order to maintain and develop the level of services for members and the wider community. Although this task will not be easy against a background of continued economic uncertainty, 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.

The board has begun a process of developing its longer term strategic plan 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. This important planning process will continue in 2013.

On behalf of the Board

Satoru Yoshida - Hon. Treasurer

Dated:

THE JAPAN SOCIETY

INDEPENDENT AUDITORS' REPORT

TO THE TRUSTEES OF THE JAPAN SOCIETY

We have audited the accounts of The Japan Society for the year ended 31 December 2012 set out on pages xxxx to xxxx. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of The Japan Society for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

The trustees have elected for the accounts to be audited in accordance with the Charities Act 2011 rather than the Companies Act 2006. Accordingly we have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited accounts. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on accounts

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2012 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.

THE JAPAN SOCIETY

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE TRUSTEES OF THE JAPAN SOCIETY

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Report is inconsistent in any material respect with the accounts; or
- the charitable company has not kept adequate accounting records; or
- the accounts are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Darren Harding (Senior Statutory Auditor)

for and on behalf of

Richard Place Dobson Services Limited

1 - 7 Station Road

Crawley

West Sussex

RH10 1HT

Dated:

Richard Place Dobson Services Limited is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

THE JAPAN SOCIETY

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	Unrestricted funds £	Designated funds £	Restricted funds £	Total 2012 £	Total 2011 £
<u>Incoming resources from generated funds</u>						
Subscriptions and donations	2	358,051	-	128,194	486,245	1,062,497
Investment income	3	808	-	2,569	3,377	2,462
		<u>358,859</u>	<u>-</u>	<u>130,763</u>	<u>489,622</u>	<u>1,064,959</u>
Activities in furtherance of the charity's objects	4	33,455	-	9,171	42,626	22,918
Other incoming resources	5	673	-	-	673	487
		<u>392,987</u>	<u>-</u>	<u>139,934</u>	<u>532,921</u>	<u>1,088,364</u>
Total incoming resources						
<u>Resources expended</u>						
Costs of generating funds						
Fundraising and publicity	6	20,172	-	-	20,172	8,961
		<u>20,172</u>	<u>-</u>	<u>-</u>	<u>20,172</u>	<u>8,961</u>
Net incoming resources available		<u>372,815</u>	<u>-</u>	<u>139,934</u>	<u>512,749</u>	<u>1,079,403</u>
Charitable activities						
Events		59,433	-	-	59,433	59,923
Tohoku earthquake		-	-	353,376	353,376	148,485
Schools education		-	-	23,858	23,858	14,112
Office and establishment expenses		264,698	-	18,885	283,583	291,301
Small grants		-	-	23,899	23,899	14,520
		<u>324,131</u>	<u>-</u>	<u>420,018</u>	<u>744,149</u>	<u>528,341</u>
Total charitable expenditure						
Governance costs		12,205	-	64	12,269	10,506
		<u>12,205</u>	<u>-</u>	<u>64</u>	<u>12,269</u>	<u>10,506</u>
Total resources expended		<u>356,508</u>	<u>-</u>	<u>420,082</u>	<u>776,590</u>	<u>547,808</u>
Net income/(expenditure) for the year/ Net movement in funds		<u>36,479</u>	<u>-</u>	<u>(280,148)</u>	<u>(243,669)</u>	<u>540,556</u>
Fund balances at 1 January 2012		<u>341,469</u>	<u>481,735</u>	<u>532,742</u>	<u>1,355,946</u>	<u>815,390</u>
Fund balances at 31 December 2012		<u>377,948</u>	<u>481,735</u>	<u>252,594</u>	<u>1,112,277</u>	<u>1,355,946</u>

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

The Statement of Financial Activities includes all gains and losses in the year. All incoming resources and resources expended derive from continuing activities.

THE JAPAN SOCIETY

BALANCE SHEET

AS AT 31 DECEMBER 2012

	Notes	2012 £	£	2011 £	£
Fixed assets					
Tangible assets	9		486,266		484,439
Current assets					
Debtors	10	19,195		10,966	
Cash at bank and in hand		658,994		915,228	
		<u>678,189</u>		<u>926,194</u>	
Creditors: amounts falling due within one year	11	<u>(52,178)</u>		<u>(54,687)</u>	
Net current assets			<u>626,011</u>		<u>871,507</u>
Total assets less current liabilities			<u><u>1,112,277</u></u>		<u><u>1,355,946</u></u>
Income funds					
Restricted funds	12		252,594		532,742
Unrestricted funds:					
Designated funds	13		481,735		481,735
Other charitable funds			<u>377,948</u>		<u>341,469</u>
			<u><u>1,112,277</u></u>		<u><u>1,355,946</u></u>

The charitable company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 December 2012, although an audit has been carried out under section 144 of the Charities Act 2011. No member of the charitable company has deposited a notice, pursuant to section 476, requiring an audit of these accounts under the requirements of the Companies Act 2006.

The directors' acknowledge their responsibilities for ensuring that the charitable company keeps accounting records which comply with section 386 of the Act and for preparing accounts which give a true and fair view of the state of affairs of the charitable company as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to accounts, so far as applicable to the charitable company.

THE JAPAN SOCIETY

BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2012

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and the Financial Reporting Standard for Smaller Entities (effective April 2008).

The accounts were approved by the Board on and signed on its behalf by:

.....
Satoru Yoshida - Hon Treasurer
Council

Company Registration No. 03371038

THE JAPAN SOCIETY

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2012

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 April 2008) and follow the recommendations in Accounting and Reporting by Charities: Statement of Recommended Practice, issued in March 2005.

The charity has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small charity.

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. The value of services provided by volunteers has not been included in these accounts.

Grants - where entitlement is not conditional on the delivery of a specific performance by the charity, grants are recognised when the charity becomes unconditionally entitled to the income.

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

Investment income is included when receivable.

1.3 Resources expended

Expenditure is recognised on an accrual basis as a liability is incurred.

Expenditure includes any VAT which cannot be fully recovered and is reported as part of the expenditure to which it relates.

Costs of generating funds comprise the costs associated with attracting voluntary income and the costs of fundraising.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include audit fees.

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% Straight Line
IT equipment	33% Straight Line

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.

THE JAPAN SOCIETY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

1 Accounting Policies

(continued)

During the year a new depreciation policy was introduced for all additions. Depreciation on IT equipment will be charged on a straight line basis rather than a reducing balance. This change is thought to be a fairer reflection of the use of the assets.

All assets costing more than £500 are capitalised.

1.5 Operating leases

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1.6 Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All differences are included in net outgoing resources.

1.7 Taxation

HMRC have agreed that the society is considered to be established for charitable purposes and that it is entitled to relief from tax.

1.8 Fund accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes and relate to the cost of the library. The designated fund includes a revaluation reserve relating to the restatement of rare books to market value.

Restricted funds are subjected to restrictions on their expenditure imposed by the donor or through the terms of an appeal.

2 Subscriptions and donations

	Unrestricted funds £	Restricted funds £	Total 2012 £	Total 2011 £
Regular subscriptions, donations and sponsorship	358,051	56,900	414,951	382,641
Tohoku Earthquake donations	-	71,294	71,294	679,856
	<u>358,051</u>	<u>128,194</u>	<u>486,245</u>	<u>1,062,497</u>

THE JAPAN SOCIETY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

3 Investment income

	Unrestricted funds £	Restricted funds £	Total 2012 £	Total 2011 £
Interest receivable	808	2,569	3,377	2,462

4 Activities in furtherance of the charity's objects

	Unrestricted funds £	Restricted funds £	Total 2012 £	Total 2011 £
Event income	33,455	-	33,455	20,337
Income for courses and resources	-	9,171	9,171	2,581
	<u>33,455</u>	<u>9,171</u>	<u>42,626</u>	<u>22,918</u>

5 Other incoming resources

	2012 £	2011 £
Sale of books and royalties	<u>673</u>	<u>487</u>

THE JAPAN SOCIETY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

6 Total resources expended

	Staff costs £	Depreciation £	Other costs £	Total 2012 £	Total 2011 £
Costs of generating funds					
Fundraising and publicity	-	-	20,172	20,172	8,961
Charitable activities					
<u>Events</u>					
Activities undertaken directly	-	-	59,433	59,433	59,924
<u>Tohoku earthquake</u>					
Activities undertaken directly	-	-	353,376	353,376	148,484
<u>Schools education</u>					
Activities undertaken directly	-	-	23,858	23,858	14,112
<u>Office and establishment expenses</u>					
Activities undertaken directly	182,123	3,193	98,267	283,583	291,301
<u>Small grants</u>					
Activities undertaken directly	-	-	23,899	23,899	14,520
	182,123	3,193	558,833	744,149	528,341
Governance costs	-	-	12,269	12,269	10,506
	182,123	3,193	591,274	776,590	547,808

Governance costs includes payments to the auditors of £6,750 (2011 - £6,250) for audit fees and £4,300 (2011 - £1,000) for consultancy services.

7 Members of the board

None of the members of the board received any remuneration during the year. The charity carried indemnity insurance for its trustees, for which a premium of £1,085 (2011 - £1,085) was paid. One member of the board was re-imbursed for expenses: Pauline Chakmakjian - £100 for expenses in relation to certain events organized for the Society.

THE JAPAN SOCIETY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

8 Employees

Number of employees

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

	2012 Number	2011 Number
Employees	7	10
Employment costs	2012 £	2011 £
Wages and salaries	166,580	176,667
Social security costs	15,543	16,513
	<u>182,123</u>	<u>193,180</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 2012	481,735	11,037	492,772
Additions	-	5,020	5,020
Disposals	-	(11,037)	(11,037)
At 31 December 2012	<u>481,735</u>	<u>5,020</u>	<u>486,755</u>
Depreciation			
At 1 January 2012	-	8,333	8,333
On disposals	-	(9,234)	(9,234)
Charge for the year	-	1,390	1,390
At 31 December 2012	<u>-</u>	<u>489</u>	<u>489</u>
Net book value			
At 31 December 2012	<u>481,735</u>	<u>4,531</u>	<u>486,266</u>
At 31 December 2011	481,735	2,704	484,439

THE JAPAN SOCIETY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

9 Tangible fixed assets (continued)

The last professional valuation of the library was undertaken by Maggs and Sons in 2005. After due consideration and consultation with relevant professionals, a collective decision was taken by the board of trustees not to alter the value of the library. Under SORP 2005, paragraph 265, independent formal professional valuations are not mandatory for a charity, which instead may obtain a valuation from a suitably qualified person who may be a trustee or employee. The trustees have performed a review of the value of the library and consider the value carried in the accounts to be reasonable.

10 Debtors	2012	2011
	£	£
Other debtors	5,973	-
Prepayments	13,222	10,966
	<u>19,195</u>	<u>10,966</u>

11 Creditors: amounts falling due within one year	2012	2011
	£	£
Creditors and accruals	52,178	54,687
	<u>52,178</u>	<u>54,687</u>

12 Restricted funds

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

	Movement in funds			Balance at 31 December 2012
	Balance at 1 January 2012	Incoming Resources	Resources Expended	
	£	£	£	£
Schools education & small grants	-	66,071	(66,071)	-
Tohoku Earthquake Fund	532,742	73,863	(354,011)	252,594
	<u>532,742</u>	<u>139,934</u>	<u>(420,082)</u>	<u>252,594</u>

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

Tohoku Earthquake Fund represents the donations made specifically for the Japan Society Tohoku Earthquake Relief Fund by members and the general public. During 2011, the Society entered into an agreement with the Sanaburi Foundation in Sendai to provide a framework for the disbursement of these funds in Tohoku.

THE JAPAN SOCIETY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

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 2012	Movement in funds		Balance at 31 December 2012
		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 2012 are represented by:				
Tangible fixed assets	4,531	481,735	-	486,266
Current assets	425,595	-	252,594	678,189
Creditors: amounts falling due within one year	(52,178)	-	-	(52,178)
	<u>377,948</u>	<u>481,735</u>	<u>252,594</u>	<u>1,112,277</u>

15 Commitments under operating leases

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as follows:

	2012	2011
	£	£
Expiry date:		
Between two and five years	<u>11,236</u>	<u>11,236</u>

THE JAPAN SOCIETY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

16 Net income for the year	Continuing activities £	Tohoku Earthquake £	Total £
Total incoming resources	459,058	73,863	532,921
Total resources expended	(422,579)	(354,011)	(776,590)
Net income	<u>36,479</u>	<u>(280,148)</u>	<u>(243,669)</u>

17 Related parties

The Japan Society is a corporate director of Japan Matsuri. The Japan Society gave a contribution of £2,000 to Japan Matsuri during 2012.