

Company Registration No.2042768

**UNITED KINGDOM-JAPAN 21ST
CENTURY GROUP**
(A company limited by guarantee)

Report and Financial Statements

31 March 2006

**21/09/2006
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UNITED KINGDOM-JAPAN 21ST CENTURY GROUP
(A company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS 2006

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UNITED KINGDOM-JAPAN 21ST CENTURY GROUP
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REPORT AND FINANCIAL STATEMENTS 2006

OFFICERS AND PROFESSIONAL ADVISERS

MEMBERS OF THE BOARD (DIRECTORS)

Rt Hon Lord Cunningham of Felling (Chairman)
Martin Chandler
William Emmott
Melville Guest (Executive Director)
Rt Hon Lord Howell of Guildford
Anthony Loehnis CMG (Treasurer)
Rt Hon Sir Richard Needham
Dr Michael Shears
Ian Thomas
Keith White
Sir John Whitehead GCMG, CVO
Lord Woolmer of Leeds
Sir David Wright GCMG, LVO

SECRETARY

Melville Guest

REGISTERED OFFICE

Asia House
63 New Cavendish Street
London W1G 7LP

BANKERS

Lloyds TSB Bank Plc
Pall Mall Branch
8-10 Waterloo Place
London SW1Y 4BE

SOLICITORS

Stephenson Harwood
Saddlers' Hall
Gutter Lane
Cheapside
London EC2V 6BS

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
City House
126-130 Hills Road
Cambridge
CB2 1RY

UNITED KINGDOM-JAPAN 21ST CENTURY GROUP
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REPORT OF THE BOARD

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report for the year ended 31 March 2006.

INCORPORATION AND REGISTRATION AS A CHARITY

The company is incorporated under the Companies Act 1985 and is limited by guarantee, the liability of each member being limited to £1. At 31 March 2006 there were 93 members and associate members (2005 - 98).

The company is registered with the Charity Commission, registration number 295006.

BOARD

The members of the Board are the directors of the company for the purposes of company law and are shown on page 1.

The members of the Board who served during the year were as follows:

Rt Hon Lord Cunningham of Felling (Chairman)	
Martin Chandler	(appointed 28 June 2005)
William Emmott	(appointed 28 June 2005)
Melville Guest (Executive Director)	
Yoshiro Hayashi	(appointed 28 June 2005, resigned 3 February 2006)
Rt Hon Lord Howell of Guildford	
Anthony Loehnis CMG (Treasurer)	
The Rt Hon Sir Richard Needham	
Dr Michael Shears	
Ms Lesley Smith	(resigned 28 June 2005)
Ian Thomas	
Keith White	(appointed 6 February 2006)
Sir John Whitehead GCMG, CVO	
Lord Woolmer of Leeds	(appointed 28 June 2005)
Sir David Wright GCMG, LVO	

None of the directors has any equity interest in the company.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The Group is a charitable company limited by guarantee governed by its Memorandum and Articles of Association amended in 2003 to take account of the latest governance practice.

Appointment of Directors, training and induction

Directors are appointed by the Board in accordance with practice laid down in the Articles of Association. Directors are appointed for three years with the possibility of re-election.

New directors are briefed on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision making process and recent performance of the company.

Organisation

There may be up to 14 directors on the Board. The Board usually meets quarterly to make executive decisions. In the interim the company is run by the Executive Director, who remains in close contact with the Chairman and the Treasurer.

There is a wider informal group known as 'members of the Group' who are invited to attend the Annual General Meeting and any other appropriate meetings that may be called by the Chairman

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REPORT OF THE BOARD

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Risk Management

The greatest risk to the future of the Group is that it will find it impossible to raise the funds necessary for its administration and the holding of the annual conference. To counter this risk, the Board has instituted a fundraising strategy to secure and maintain the commitment of corporate sponsors. The Board reviews the level of sponsorship and the implementation of the strategy at its quarterly Board meetings.

OBJECTIVES AND ACTIVITIES

The objectives of the company are to advance the education of the citizens of the United Kingdom and Japan in all aspects of each other's public institutions and systems of government, as well as each other's political and economic institutions, industry, social sciences and culture. The Group holds an annual conference with its Japanese counterparts, alternately in Britain and Japan. Following each conference the two co-Chairmen submit to the two Prime Ministers recommendations formulated by the Group at the conference, notably on ways in which cooperation between the two countries might be enhanced.

ACHIEVEMENTS AND PERFORMANCE

In March 2006 the Group held its 22nd annual conference in the UK at the Hanbury Manor Hotel, Ware, Herts. Before the conference the Japanese delegation, accompanied by the UK Chairman and Executive Director, called on the British Prime Minister, Rt Hon Tony Blair MP, at No 10 Downing Street and the Foreign Secretary, Rt Hon Jack Straw MP, at the Foreign & Commonwealth Office. At the conference a wide range of issues of mutual interest to both countries were debated, including regional cooperation in East Asia, developments in the European Union, global energy security, immigration policy and the implications of the economic and political rise of China and India. The UK Chairman later submitted the Chairmen's Summary and recommendations to Mr Blair. The Japanese Chairman also reported the conclusions of the conference to the Japanese Prime Minister. The Chairmen's Summary and recommendations are posted on the websites of the British and Japanese Embassies in Tokyo and London respectively. The next annual conference will take place in Japan from 9-11 February 2007.

FINANCIAL REVIEW

The Group's finances continue to be healthy. A surplus of income over expenditure of £22,344 was achieved, which was added to reserves. Our income, as always, depended on the continued generosity of our major sponsors and other donors, whose composition varies from year to year as some fall out and others join. Commitments to give over a number of years are particularly helpful. Our expenditure was larger this year than last because of the costs of a conference in the UK, which are always greater for the host Group. Administrative costs remain fairly constant.

RESERVES LEVEL AND POLICY

At 31 March 2006 the reserves stood at £115,890 (2005 - £93,546). The surplus of £22,344 (2005 - £47,136) for the year was added to the reserves. The great majority of expenditure (which includes fees to the Executive Director and the secretariat) is on the organisation of the annual conference. The directors ensure the charity has adequate reserves to meet the expenditure requirements of the charity, which relate mainly to the conference costs and fees for administrative services.

UNITED KINGDOM-JAPAN 21ST CENTURY GROUP
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REPORT OF THE BOARD

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements. The directors have prepared the accounts for the company in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP").

United Kingdom company law requires the directors to prepare such financial statements for each financial year which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the state of affairs of the company and of the profit or loss of the company for that period and comply with UK GAAP and the Companies Act 1985. In preparing those financial statements, the directors are required to:

- 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

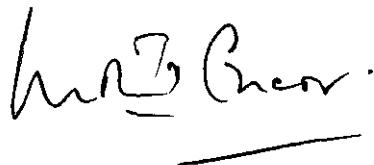
In the case of each of the persons who are directors of the company at the date when this report is approved:

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board
and signed on behalf of the Board



Melville Guest
Executive Director

23 September 2006

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
UNITED KINGDOM-JAPAN 21ST CENTURY GROUP
(A company limited by guarantee)**

We have audited the financial statements of United Kingdom-Japan 21st Century Group for the year ended 31 March 2006 which comprise the statement of financial activities and income and expenditure account, the balance sheet and the related notes 1 to 10. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements which are required to be prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with the relevant financial reporting framework and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the report of the Governing Body is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the report of the Governing Body for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company'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 financial statements 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 financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 March 2006 and of its incoming resources and application of resources, including the income and expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the report of the Governing Body is consistent with the financial statements.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Cambridge, United Kingdom

28 September 2006

UNITED KINGDOM-JAPAN 21ST CENTURY GROUP
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**STATEMENT OF FINANCIAL ACTIVITIES AND INCOME AND EXPENDITURE
ACCOUNT**

Year ended 31 March 2006

	Note	£	2006 £	£	2005 £
INCOMING RESOURCES					
Sponsorship and donations	3		53,500		67,500
Interest			3,715		2,342
Reimbursement of conference delegates' expenses	3		16,027		12,122
TOTAL INCOMING RESOURCES			73,242		81,964
RESOURCES EXPENDED					
Direct charitable expenditure					
Annual conference expenses	4	30,703		14,109	
Other expenditure					
Governance costs	5	20,195		20,719	
TOTAL RESOURCES EXPENDED			(50,898)		(34,828)
NET INCOMING RESOURCES			22,344		47,136
TOTAL FUNDS brought forward			93,546		46,410
TOTAL FUNDS carried forward	8		115,890		93,546

The net incoming resources for the current and preceding year are derived from continuing operations. All amounts relate to unrestricted funds.

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BALANCE SHEET
31 March 2006

	Note	2006 £	2005 £
CURRENT ASSETS			
Debtors	6	11,058	19,635
Cash at bank and in hand		115,792	100,278
		<u>126,850</u>	<u>119,913</u>
CREDITORS: amounts falling due within one year	7	10,960	26,367
NET CURRENT ASSETS		<u>115,890</u>	<u>93,546</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>115,890</u>	<u>93,546</u>
UNRESTRICTED FUND			
Income and expenditure account	8	<u>115,890</u>	<u>93,546</u>

Approved by the Board on 23 September 2006

Signed on behalf of the Board



A Loehnis

Treasurer

UNITED KINGDOM-JAPAN 21ST CENTURY GROUP
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NOTES TO THE ACCOUNTS
Year ended 31 March 2006

1. INCORPORATION AND LIMITED LIABILITY

The company is incorporated under the Companies Act 1985 and limited by guarantee, the liability of each member being limited to £1. At 31 March 2006 there were 93 members (2005 - 98).

2. ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared under the historical cost convention.

The financial statements have been prepared in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" published in March 2005 and with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below. They have all been applied consistently throughout the year and the preceding year.

Income

Income from donations, deeds of covenant and bank interest is accounted for on an accruals basis.

Direct charitable expenditure

Direct charitable expenditure includes all expenditure directly related to the objects of the charity and comprises the following:

Annual conference expenses

Annual conference expenses comprise hotel, transport, subsistence and other administrative costs.

Other expenditure

Management and administration

Management and administration costs represent expenditure incurred in the management of the charity's assets, organisational administration, and compliance with constitutional and statutory requirements.

3. SPONSORSHIP, DONATIONS AND REIMBURSEMENT OF CONFERENCE DELEGATES' EXPENSES

SPONSORSHIP AND DONATIONS	2006	2005
	£	£
ARUP	15,000	-
Crown Agents	10,000	-
Dyson	-	10,000
British Nuclear Fuels Plc	7,500	7,500
AMEC Plc	7,500	7,500
BAE Plc	7,500	7,500
Cable & Wireless Plc	1,750	10,000
UBS	-	10,000
Rolls Royce Plc	-	2,500
Vodafone Plc	1,750	10,000
Shell International	2,500	2,500
	53,500	67,500

Reimbursement of conference delegates' expenses included £9,000 (2005 - £nil) received from the FCO.

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NOTES TO THE ACCOUNTS
Year ended 31 March 2006

4. ANNUAL CONFERENCE EXPENSES

	2006	2005
	£	£
Hotel, transport, subsistence and other administrative costs	30,703	14,109

5. MANAGEMENT AND ADMINISTRATION

	2006	2005
	£	£
Executive Director's fees	10,000	10,000
Employer's national insurance	653	673
Sundry expenses	2,284	794
Asia House Secretariat Services	6,750	8,750
Interest and bank charges	348	342
Audit fee	160	160
	<u>20,195</u>	<u>20,719</u>

Asia House Secretarial Services includes £3,713 (2005 - £4,813), as a partial recharge for employees.
The number of directors receiving remuneration for the year was 1 (2005 - 1).

6. DEBTORS

	2006	2005
	£	£
Donation pledges	-	11,750
Other debtors	9,933	6,760
Prepayments	1,125	1,125
	<u>11,058</u>	<u>19,635</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006	2005
	£	£
Accruals	5,073	6,845
Deferred income	-	4,000
VAT liability	4,227	14,492
Employer's national insurance	1,660	1,030
	<u>10,960</u>	<u>26,367</u>

UNITED KINGDOM-JAPAN 21ST CENTURY GROUP
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NOTES TO THE ACCOUNTS
Year ended 31 March 2006

8. UNRESTRICTED FUND

	2006 £	2005 £
Income and expenditure account		
Balance brought forward 1 April	93,546	46,410
Surplus for the year	22,344	47,136
	<hr/>	<hr/>
Balance at 31 March	115,890	93,546
	<hr/>	<hr/>

The unrestricted fund represents amounts which can be used at the directors' discretion to further the principal activities of the company.

9. RELATED PARTY TRANSACTIONS

Director's remuneration and expenses of £10,000 (2005 - £10,000) included in management and administration costs in note 5 comprise directors' fees for the current year paid to Melville Guest.

The payment of director's remuneration to Melville Guest in respect of services he provided as Executive Director was approved by the directors at a Board Meeting.

The Rt Hon The Lord Cunningham of Felling received £1,784 (2005 - £341) and Melville Guest £425 (2005 - £75) as reimbursement of travel expenses.

The company is controlled by the Board.

10. TAXATION

The charity's activities are exempt from taxation under Section 505 of the Income and Corporation Taxes Act 1988.