

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

Report and Financial Statements

31 March 2002

Deloitte & Touche
Cambridge

03/09/2002
Ac05ukj9



REPORT AND FINANCIAL STATEMENTS 2002

CONTENTS	Page
Officers and professional advisers	1
Report of the Governing Body	2
Independent auditors' report	4
Statement of financial activities and income and expenditure account	5
Balance sheet	6
Notes to the accounts	7

REPORT AND FINANCIAL STATEMENTS 2002

OFFICERS AND PROFESSIONAL ADVISERS

MEMBERS OF THE GOVERNING BODY (DIRECTORS)

The Rt Hon Peter Mandelson MP (appointed Chairman 16 July 2001)
The Rt Hon Lord Howell of Guildford PC
Peter Berry CMG
The Rt Hon Viscount Blakenham
Professor Victor Bulmer-Thomas (appointed 16 July 2001)
The Rt Hon Menzies Campbell CBE QC MP
Hugh Collum
Andrew Fraser CMG
Dr Christine Gamble (resigned 16 July 2001)
Jane Griffiths MP
Melville Guest (appointed 16 July 2001)
Sir Martin Laing CBE (resigned 25 January 2002)
Anthony Loehnis CMG
The Rt Hon Sir Richard Needham
Sir Peter Parker KBE LVO (deceased 28 April 2002)
Sir Julian Ridsdale CBE
Sir Peter Wakefield KBE CMG (appointed 16 July 2001)
Sir John Whitehead GCMG CVO
Sir Michael Wilford GCMG

EXECUTIVE DIRECTOR AND SECRETARY

Anthony Loehnis CMG

REGISTERED OFFICE

Asia House
105 Piccadilly
London W1J 7NJ

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
Chartered Accountants
Cambridge

REPORT OF THE GOVERNING BODY

GOVERNING BODY

The members of the Governing Body are the directors of the company for the purposes of Company Law. The directors are shown on page 1.

Unless indicated, members of the Governing Body served throughout the year.

The following directors are nominated to the management committee which comprises:

The Rt Hon Peter Mandelson MP
The Rt Hon Lord Howell of Guildford PC
Peter Berry CMG
Andrew Fraser CMG
Jane Griffiths MP
Anthony Loehnis CMG
The Rt Hon Sir Richard Needham
Sir Peter Parker KBE LVO (deceased 28 April 2002)
Sir John Whitehead GCMG CVO
Sir Michael Wilford GCMG

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

ACTIVITIES

The objectives of the company are to advance the education of the citizens of the UK and Japan in all aspects of each other's public institutions, systems of government, and in all branches of each other's political, economic, industrial and social sciences and culture. It aims also to draw up and submit to the respective governments recommendations for ways in which the relationship between the two countries can be improved.

The company holds an annual conference with its Japanese counterparts, alternately in Britain and Japan. In February 2002 the Group held a very successful conference in the UK at which progress was made in discussions on a variety of issues which are of bilateral interest, and recommendations made for action to enhance the bilateral relationship. The next conference of its kind is planned to take place in Japan in early 2003.

The Group is a Charitable Company Limited by guarantee. It has 16 Directors, 9 of whom, with the Secretary, form the Executive Committee. The Executive Committee meets on a quarterly basis to take executive decisions. In between meetings the Group is run on a day-to-day basis by the Executive Director and the Secretary, who maintain close contact with the Chairman and Treasurer.

As the new Chairman's desire is that the Group should make and co-ordinate the implementation of recommendations on measures to enhance the bilateral relationship, the Group hopes increasingly to hold sub-group meetings in between annual conferences so that issues can be pursued in detail away from the main conference table.

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 conferences. To counter this risk, the Governing body continually re-invigorates its approach to securing corporate donations.

At 31 March 2002, the reserves stood at £14,573 (2001 - £8,965). The surplus of £5,608 (2001 - £186) for the year was added to reserves. Major expenditure each year has been on the annual conference and Secretariat.

The company is a registered charity under the terms of the Charities Act, with Charity number 295006. Its company registration number is 2042768.

INCORPORATION

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 2002 there were 105 members and associate members (2001 - 104).

REPORT OF THE GOVERNING BODY

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the incoming resources and application of resources of the company for that period. In preparing those financial statements, the directors are required to:

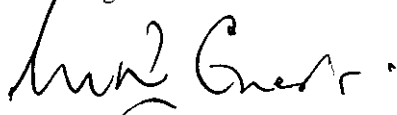
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed;
- prepare the financial statements on the going concern basis 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

Deloitte & Touche 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 Governing Body
and signed on behalf of the Governing Body



Director

Melville Guest

5 September 2002

**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 2002 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.

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 in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the report of the Governing Body is not consistent with the financial statements, if 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 transactions with the company 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.

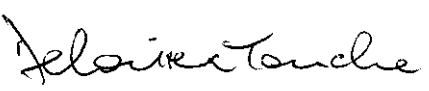
Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards 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 of the state of the company's affairs as at 31 March 2002 and of its incoming resources and application of resources, including the income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Deloitte & Touche
Chartered Accountants and
Registered Auditors
Cambridge

9 September 2002

**STATEMENT OF FINANCIAL ACTIVITIES AND INCOME AND EXPENDITURE
ACCOUNT**

Year ended 31 March 2002

	Note	£	2002 £	£	2001 £
INCOMING RESOURCES					
Donations	3		54,500		28,557
Interest			221		415
Reimbursement of conference delegates expenses			791		2,528
TOTAL INCOMING RESOURCES			<u>55,512</u>		<u>31,500</u>
RESOURCES EXPENDED					
Direct charitable expenditure					
Annual conference expenses	4	37,347		15,934	
Support costs	5	1,866		146	
			<u>39,213</u>	<u>16,080</u>	
Other expenditure					
Management and administration	6	10,691		15,234	
			<u></u>	<u></u>	
TOTAL RESOURCES EXPENDED			<u>(49,904)</u>		<u>(31,314)</u>
NET INCOMING RESOURCES			<u>5,608</u>		<u>186</u>
TOTAL FUNDS brought forward			<u>8,965</u>		<u>8,779</u>
TOTAL FUNDS carried forward	9		<u><u>14,573</u></u>		<u><u>8,965</u></u>

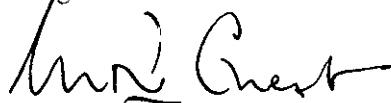
The net incoming resources for the current and preceding year are derived from continuing operations. All amounts relate to unrestricted funds.

BALANCE SHEET
31 March 2002

	Note	2002 £	2001 £
CURRENT ASSETS			
Debtors	7	5,500	2,000
Cash at bank and in hand		25,281	20,397
		<u>30,781</u>	<u>22,397</u>
CREDITORS: amounts falling due within one year	8	16,208	13,432
NET CURRENT ASSETS		<u>14,573</u>	<u>8,965</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>14,573</u>	<u>8,965</u>
UNRESTRICTED FUND			
Income and expenditure account	9	<u>14,573</u>	<u>8,965</u>

Approved by the Governing Body on 5 September 2002.

Signed on behalf of the Governing Body



Director

Malville Guest

NOTES TO THE ACCOUNTS
Year ended 31 March 2002

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 2002 there were 105 members (2001 - 104).

2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Statement of Recommended Practice "Accounting by Charities" published in October 2000 and applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention, as modified by the revaluation of investments.

Income

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

Investments

Investments held as current assets are stated at market value.

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 comprises hotel, transport and subsistence.

Support costs

Support costs represent the staffing and associated costs of supporting the operational programmes for which the charity is responsible.

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.

NOTES TO THE ACCOUNTS
Year ended 31 March 2002

3. DONATIONS

	2002 £	2001 £
Abbey National	3,000	5,000
British Nuclear Fuels Plc	4,000	2,597
British Telecommunications Plc	-	1,500
Clifford Chance	-	700
Crown Agents	1,000	1,000
Ernst & Young	6,000	-
Foreign & Commonwealth Office	9,000	4,000
GKN	2,500	-
Glaxo Wellcome	-	2,500
Japan 2001	1,000	-
John Laing Plc	3,000	3,000
Dyson Plc	3,000	3,000
Royal & Sun Alliance	-	2,500
Robert Fleming	-	1,300
Brunswick PR Limited	2,000	2,500
UBS Warburg	10,000	-
Rio Tinto	-	2,000
Rolls Royce Plc	3,000	-
Vodafone Plc	5,000	-
Welsh Development Agency	2,000	-
Other - tax rebates and others	-	(3,040)
	<u>54,500</u>	<u>28,557</u>

4. ANNUAL CONFERENCE EXPENSES

	2002 £	2001 £
Hotel, transport and subsistence	<u>37,347</u>	<u>15,934</u>

5. SUPPORT COSTS

	2002 £	2001 £
Director's expenses	86	-
Sundry expenses	1,780	146
	<u>1,866</u>	<u>146</u>

The number of directors receiving reimbursement for expenses which are included in support costs and conference costs was 1 (2001 - 2).

NOTES TO THE ACCOUNTS
Year ended 31 March 2002

6. MANAGEMENT AND ADMINISTRATION

	2002 £	2001 £
Asia House Secretarial Services	6,272	-
RIIA Secretarial Services	3,848	11,544
Interest and bank charges	453	423
Audit fee	118	3,267
	<u>10,691</u>	<u>15,234</u>

RIIA Secretarial Services includes employment costs of £1,347 (2001 - £4,040) as a partial recharge for employees of The Royal Institute of International Affairs who spend a proportion of their time on the company's business.

Asia House Secretarial Services includes £3,475 (2001 - £nil), as a partial recharge for employees.

7. DEBTORS

	2002 £	2001 £
Donation pledges	5,500	-
Other debtors	-	2,000
	<u>5,500</u>	<u>2,000</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Accruals	208	13,432
Deferred income	16,000	-
	<u>16,208</u>	<u>13,432</u>

NOTES TO THE ACCOUNTS
Year ended 31 March 2002

9. UNRESTRICTED FUND

	2002 £	2001 £
Income and expenditure account		
Balance brought forward 1 April	8,965	8,779
Surplus for the year	5,608	186
	<hr/>	<hr/>
Balance at 31 March	14,573	8,965
	<hr/>	<hr/>

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

10. RELATED PARTY TRANSACTIONS

Director's expenses of £86 (2001 - £nil) included within support costs in note 5 comprise amounts reimbursed for travel and other expenses of £86 to Anthony Loehnis CMG.