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*The Ditchley Foundation*

THE COUNCIL'S  
ANNUAL REPORT  
AND ACCOUNTS  
1995-1996



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The Purposes and Management of the Foundation

Inside back cover

**PRESIDENT**

Sir David Wills CBE, TD, DL

**COUNCIL OF MANAGEMENT**

*Chairman*

Sir Antony Acland, GCMG, GCVO

*Vice-Chairman*

Lord Windlesham, CVO, PC

*Members of the Council:*

Sir Michael Angus

Baroness Blackstone

HE The Hon William J Crowe, Jr.

Lord Gillmore of Thamesfield, GCMG

The Earl of Home, CBE

Andrew Knight

Anthony Loehnis, CMG

Bryan Magee

Glen R Moreno

The Rt Hon Sir Patrick Nairne, GCB, MC

HE Dr Jürgen Oesterhelt

Lord Tugendhat

Baroness Warnock, DBE

Dame Margaret Weston, DBE

Dr Catherine Wills

Sir David Wills, CBE, TD, DL

Baroness Young, PC, DL

*Director:* Sir Michael Quinlan, GCB

*Secretary:* Heather Weeks

## NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of the Foundation will be held on Saturday, 13 July 1996, at 11.00 a.m. at Ditchley Park, Enstone, Chipping Norton, Oxfordshire.

### BUSINESS:

1. To receive and adopt the Statement of Accounts and Report of the Council of Management for the year ended 31st March, 1996.
2. To elect Council Members.
  - (a) The following Member has retired pursuant to Article 36 and, being eligible, offers himself for re-election:

LORD GILLMORE OF THAMESFIELD

- (b) The following Council Members have retired by rotation pursuant to Article 42:

SIR ANTONY ACLAND  
BARONESS BLACKSTONE  
GLEN R MORENO  
DR CATHERINE WILLS  
LORD WINDLESHAM

The last four, being eligible, offer themselves for re-election.

3. A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the Annual General Meeting.
4. To transact any other business.

Dated this eighteenth day of June 1996

By order of the Council of Management

HEATHER WEEKS

*Secretary*

Ditchley Park,  
Enstone,  
Chipping Norton,  
Oxford.

### NOTE:

A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not be a member of the Foundation.

## *Report of the Chairman of the Council of Management*

The financial year 1995/96 has again seen varied and fruitful achievement at Ditchley, with a full programme of fifteen conferences in which wide and eminent participation has been led by chairmen of international distinction in tackling public-policy issues of vivid contemporary relevance.

The year has had a special centre-piece. In October Her Majesty The Queen came to Ditchley for a visit which both testified to the importance of the Foundations and constituted a special personal tribute to our founder and President, Sir David Wills. In the course of two hours with us The Queen was briefed on the Foundations' work, planted a tree on the terrace, unveiled a fine bust of Sir David, attended the opening session of a conference and met all participants informally.

There have been two additions to the Council of Management. We welcome HE Dr Jürgen Oesterhelt, Ambassador of the Federal Republic of Germany, who has already demonstrated his interest in our work. We have also coopted into membership Lord Gillmore of Thamesfield, former Head of the Diplomatic Service; his experience will be an invaluable reinforcement.

Five Governors have chosen to retire - Professor Rosalyn Higgins (on appointment to the International Court of Justice), Mr Fernand Auberjonois, Lord Gladwin, Lord Mayhew and Lord Shawcross. We thank them all for their support over the years. I am sad to report the deaths of Lord Ennals and Lord Home of the Hirsel.

I am pleased to welcome a distinguished group of new Governors. Ambassador Hiroaki Fujii of Japan reinforces his country's links with Ditchley; and he is joined by the Rt Hon Sir Leon Brittan, the Rt Hon Baroness Chalker of Wallasey, Mr Robert Conway, Sir John Kerr (who generously hosted a splendid reception for Ditchley in March at the Washington Embassy), Sir Christopher Mallaby, the Hon Raymond Seitz, Baron Hermann von Richthofen (these latter two now renewing in a personal capacity the association they had during their service as Ambassadors in London), Lord Wilson of Tillyorn and Mr Robert Worcester.

American Ditchley is thriving under the vigorous and committed leadership of the Hon John Brademas. Its Board has been strengthened by the accession of Mr John G Heimann, Mr George M Newcombe, Mr John E Rielly (a particular Ditchley friend for many years, as leader of our frequent partners the Chicago Council on Foreign Relations) and Dr Catherine Wills. We say farewell and offer thanks to Professor Henry Rosovsky as he leaves the Board, and to the Hon Donald B Rice as he resigns from the Advisory Council; that Council welcomes in his stead Mr Stanley A Weiss. We note with sorrow the deaths of Mr George Franklin, Honorary Director, a founder and key figure in American Ditchley's earlier years; Mr George Lindsay, a wise and keenly-interested Board Member; and Mrs David Bruce and Mr Murray H Finley, whose Advisory Council membership demonstrated their support for Ditchley.

In the spring we saluted with deep gratitude the exceptional contribution made over more than twenty years by Mr Charles Muller, as he relinquished the post of American Ditchley's Administrative Director. He has throughout that time been an essential pillar of all

our work, and the Ditchley enterprise is lastingly in his debt. It is pleasing that his link is to be sustained through membership of the Advisory Council. We welcome as the new Administrative Director Mr John O'Connor, and we offer him our warm good wishes in the appointment.

The flourishing health of Canadian Ditchley under Mr Grant L Reuber was attested by a superbly-organised conference at Lake Louise in the autumn. We offer to him and his principal aide Mr John Banks, and also to all our correspondents who sustain our recruitment efforts in Bonn, Paris, Tokyo and Canberra, our warmest thanks.

My keen gratitude goes, too, to all those whose willingness to undertake special roles in our conferences - as chairmen and rapporteurs, whether of the working groups or of the whole conference - is so vital a contribution to their success. And, as every year, I am unfailingly heartened by the courteous efficiency and the unflagging enthusiasm with which all our staff support the running of the Foundations.

During the year Sir John Graham, to whom we are much indebted, completed his thorough history of the Foundations. A shortened version, in attractive book form, is now available at the modest price of £10.

As a later section of this Report shows, we ended the year in reasonably good financial condition. This reflects the partnership of the generosity of our founder and his family alongside prudent and careful management of resources. But even then we still need the substantial continuing support given to us by other individual and corporate donations. I offer thanks for them all, and my assurance that their efforts are sustaining an endeavour of wide importance and lively vigour.

### *The Director's Report*

Our broad range of conference themes has continued to hit upon headline issues with a serendipity that is sometime uncomfortable, as when events rendered a March conference on terrorism much more disagreeably topical than our initial scheduling could have foreseen. I do not attempt here the invidious task of singling out, among the year's fifteen, any shorter list of especial successes; but aside from the occasion honoured by The Queen's presence I recall particularly the conference on South Africa in which Deputy President F W de Klerk took part with great energy and candour, supported by a substantial attendance of fellow-countrymen made possible by generous support from British Airways. Lord Howe of Aberavon's chairmanship of that conference, following Lady Howe's chairmanship of one earlier in 1995 on the advance of women to positions of influence and leadership, completed a notable double.

We continue to seek and achieve a wide national span of participation - nearly thirty countries in the year, together with numerous international organisations. Our outreach has been further enhanced, following encouragement at last year's Annual General Meeting, by a special drive to extend and systematise the circulation of our thrice-yearly Newsletter, with its regular batch of Director's Notes on recent conferences. In this - as in much else - I have been much helped by the ready cooperation and advice of British diplomatic missions abroad, and

the Newsletter now goes regularly to over thirty countries, with over two hundred new recipients. We hope to heighten this effort further through the work, in which American Ditchley's skills are providing the lead, to put Ditchley material on the Internet before long.

Our two "away" conferences in the past year have taken us very successfully to exceptional settings in the west of North America - to the scenic magnificence of Lake Louise under Canadian Ditchley's auspices, and then to Santa Monica in California as collaborators and guests of the RAND Corporation. Cooperation, whether formal or informal, with distinguished partners is indeed an increasing feature of our work. For the October conference on Western policy towards China we worked with the National Council on US/China Relations, the Japan Institute of International Affairs and the China Quarterly; for the Voluntary Sector conference, with the United Kingdom National Council for Voluntary Organisations; for the Latin America conference, with the Southern Center for International Studies; and for the East Asia conference with the Japan Foundation, whose support contributed crucially to the unusual breadth of participation. Our links with Japan, indeed, grow steadily stronger. In January I was the guest of the Japanese Government for ten days in Tokyo and elsewhere, and was able both to confirm our close working relationship with the Keidanren and to explain Ditchley's work to a wide range of contacts, including the media.

My administrative team at British Ditchley remains critically dependent on the constant help we receive so readily and promptly from colleagues elsewhere. We offer a special salute to the wisdom and commitment which Charles Muller has for so long brought to bear at the hub of American Ditchley. We have this year bade farewell also to Ambassador Hans-Heinrich Noebel, who had been for a decade the key figure in our recruitment in Germany; he has our sincere gratitude. The Foundation has been fortunate to secure as his successor Ambassador Dr Klaus Blech, GCMG KCVO, after a diplomatic career of exceptional distinction. It was pleasing that the Chairman of Council and I were able to pay tribute to Ambassador Noebel and to welcome Ambassador Blech at a Ditchley reception which the British Ambassador, Sir Nigel Broomfield, kindly gave at his residence in Bonn.

Our success in bringing participants to Ditchley has again this year been greatly helped by the generous help toward travel costs which we continue to receive from Deutsche Bank and the Dulverton Trust.

We are fortunate in, and keenly grateful for, the help we receive from these and all the other supporters I have mentioned. But none of this would bear the fruit it does without the work that is done so admirably, so loyally and so skilfully by our staff at Ditchley itself. When The Queen came in October she made a special point of meeting our head maintenance worker, Mr Roger Williams; our head gardener, Mr Barry Seymour; and our head housekeeper, Mrs Nancy Hampton. All have been at Ditchley for over a quarter of a century, and this typifies the service on which our entire operation depends. I am profoundly grateful to every member of the team. I offer particular thanks to Mrs Susanna Swales, who left us after ten years' work, mostly as our Conference Secretary.

## *The Mansion and Grounds*

The house and the grounds remain in splendid order. Maintenance work and expense are unending, but the product amply rewards the efforts.

Within the mansion, the fine bust of Sir David Wills which The Queen unveiled greets visitors from the table in the Hall; it is the work of Angela Conner (the artist also of our Churchill bust) and was generously given to the Foundation by Lady Wills and Dr Catherine Wills. We have added to our second-floor facilities two more en-suite bathrooms and a shower, and we have renovated the fine Bedroom 29.

Externally, we have undertaken during the winter extensive work to free the lake of a threatening spread of silt and weed, and to clear its banks of over-exuberant vegetation. The result is a marked success, not least in the re-opening of agreeable vistas. On the terrace the new copper beech planted by The Queen is thriving.

We have produced an attractive new descriptive brochure on the mansion.

We continue, outside conference dates, to make the mansion available from time to time in the summer for events to raise funds for local charities. We see this as an apt reinforcement of our friendship with the community around Ditchley.

## *Financial Review*

The central feature of the operating-cost outturn has again been the transformation of a forecast budget deficit (£46,470) into a surplus (£377). The main reasons were higher-than-expected dividends; continuation of interest from the capital earmarked for the purchase of extra land, not completed in the 1995/96 financial year; postponement into 1996/97 of repairs to the colonnade roof, estimated at £22,900; and a subvention from the Japan Foundation covering the overheads of the conference on which it collaborated. Major works projects completed during the year included providing additional bathrooms on the second floor of the mansion; replacing the mains cable, and the switchgear in the electricity sub-station; repairs to the ice-house roof; external re-decoration of the South and West elevations of the mansion; replacing chimneys; and panelling repairs and re-decoration to Bedroom 29. The amount charged to Income and Expenditure was £56,937 after capitalising a proportion of the costs of the additional bathrooms. Capital expenditure amounting to £41,700 also included the purchase of replacement carpets for the Saloon and Grand Staircase; a new facsimile machine; and a replacement mini-tractor for the grounds maintenance team.

Major works projects planned for 1996/97 are costed at £85,700 after capitalising a proportion of the costs where appropriate. They include damp-proofing the South-East undercroft; replacing the luggage lift; external re-decoration of the West Wing; lead repairs to roofs; repairing the colonnade roof (postponed from 1995/96); and re-stabilising the stable-block garage wall following subsidence damage during the summer, for which a claim against the insurers has been made. We have been able to make a provision of £40,000 towards the cost of this work from the 1995/96 end-of-year surplus.



During the year architectural and engineering surveys of the Foundation's property were completed and a twenty-five-year maintenance plan prepared. This plan identifies the year-on-year sums that should be earmarked for building maintenance and repairs, together with the phasing of the relatively costly replacement programme for mechanical and electrical equipment. The extent to which we are able to implement the plan, after having funded the Foundation's central purposes, will continue to depend on the efficacy of our investment strategy and the generosity of our benefactors.

## ***Report of the Council of Management***

The Council of Management (having powers of directors under the Articles of Association) submit their report and audited financial statements for the year ended 31 March 1996.

### ***Principal activities and business review***

The consolidated profit and loss account for the year is set out on page 13.

The constitution of the Ditchley Foundation and its principal activities are set out inside the back cover. A review of the Foundation's business during the year is contained in the Chairman's Report on page 3 and the Director's Report on page 4.

### ***Result for the year***

In accordance with the Memorandum of Association, no dividends may be paid to Members.

### ***Directors***

The Members of the Council of Management are listed on page 1.

The Members of Council retiring by rotation at the Annual General Meeting are Sir Antony Acland, Baroness Blackstone, Mr Glen R Moreno, Dr Catherine Wills and Lord Windlesham, the last four of whom being eligible offer themselves for reappointment.

### ***Directors' responsibilities***

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group for that period.

The Members of the Council of Management (having the powers of directors under the Articles of Association) confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 March 1996. The Members of Council also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going-concern basis.

The Members of Council are responsible for keeping proper accounting records and for taking reasonable steps to safeguard the assets of the company and the group and to prevent and detect fraud and other irregularities.

By order of the Council of Management

HEATHER WEEKS

Secretary

21 May 1996

A handwritten signature in dark ink, appearing to read 'Heather Weeks', with a horizontal line underneath the name.

## *The Conference Programme*

### *Concluding Phase of the 1994-95 Programme*

Ditchley's conference year runs from September to July and does not correspond to the financial year to which this report, strictly speaking, relates. Thus five conferences, during the period April-July 1995, fell during the financial year 1995-96 but were included in the list of conferences contained in last year's annual report.

### *The 1995-96 Conference Programme*

<i>1995</i>	<i>Title</i>	<i>Chairman</i>
Sept 15-17	The shaping of Europe: progress and prospect.	Lord Tugendhat
Sept 28-Oct 1	Business, government and the environment	The Hon Allan Blakeney
Oct 20-22	China after Deng: policy implications.	Lord Wilson of Tillyorn
Nov 3-5	Ageing populations in developed societies: political social and economic implications.	Lord Jenkin of Roding
Nov 17-19	South Africa: internal development and external relations.	Lord Howe of Aberavon
Dec 1-3	The ethos and ethics of public service.	Lord Hunt of Tanworth
<i>1996</i>		
Jan 19-21	Russia: progress and prospect.	Sir Brian Fall
Feb 9-11	The role and working of the voluntary sector.	Lord Dahrendorf
Feb 23-25	The role, limitations and legitimacy of regulatory mechanisms in market economies.	Professor Giuliano Amato
March 8-10	East Asia: regional identity, regional progress, regional cooperation.	Lord Gillmore of Thamesfield

<i>1996</i>	<i>Title</i>	<i>Chairman</i>
March 29-31	New faces of terrorism.	The Rt Hon Tom King CH MP
April 26-28	Security in cyberspace: challenges for society. (A joint conference with RAND, in California.)	Dr James A Thomson
May 17-19	The impact of political and economic change in Latin America. (Joint conference with SCIS, at Ditchley.)	The Hon Donald Rumsfeld
May 31-June 2	Relationships between the state and the armed forces.	General Wolfgang Altenburg
June 21-23	The prospects for democracy in The Balkans.	The Hon John Brademas

# THE DITCHLEY FOUNDATION

A Company (Registered No. 599389) Limited by Guarantee and  
not having a Share Capital, registered as a Charity (No. 309657)  
and exempt from Income Tax and Capital Gains Tax

## REPORT OF THE AUDITORS TO THE MEMBERS OF THE DITCHLEY FOUNDATION

We have audited the financial statements on pages 12 to 20.

### Respective responsibilities of directors and auditors

As described on page 8 the Foundation's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

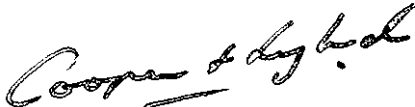
### Basis of opinion

We conducted our audit in accordance with 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 Foundation's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we consider 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 affairs of the Foundation and Group at 31st March 1996 and of the operating surplus and cashflow of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



COOPERS & LYBRAND  
Chartered Accountants and Registered Auditors  
Reading  
21st May 1996

# THE DITCHLEY FOUNDATION

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## ACCOUNTING POLICIES

1. Basis of Accounting - The Foundation prepares its annual accounts on the historical cost basis of accounting.
2. Basis of Consolidation - The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertaking. Intra-group charges are eliminated fully on consolidation.
3. Freehold Property - The house and land at Ditchley Park, acquired by gift, are not valued. Expenditure on renovation and improvements is at cost less depreciation.
4. Depreciation and Amortisation - Depreciation is calculated to write off, by equal instalments, the cost of tangible fixed assets over their useful lives, which are estimated to be:
  - Renovation and improvements to freehold property - Between 20 and 40 years
  - Furniture, Equipment and Furnishings - Between 5 and 10 years
  - Motor Vehicles - 4 yearsShort leaseholds are amortised by writing off each leasehold over its remaining life by equal instalments.
5. Investments - Investments are held at cost. Provision is made for any permanent diminution in the value of individual investments.
6. Stocks - Stocks are valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis.
7. Maintenance and Renewals - Expenditure on repairs and maintenance, together with renewals of minor items of equipment and furnishings, is charged to the Income and Expenditure Account.
8. Income - Income is accounted for on an accruals basis. Dividends are accounted for by reference to the declared payment date. Donations are accounted for in the period in which they are received. Guest conference income excludes value added tax and represents the invoiced value of goods and services supplied.
9. Endowment - Gifts for the Endowment are credited to the Endowment Fund.
10. Cash Flow Statement - Although the Foundation qualifies as a small company under the terms of section 247 of the Companies Act 1985 and, as a consequence it is exempt from the requirement to publish a cash flow statement, the Council of Management believes that such statement provides useful information and it is therefore included in the accounts for the first time this year.
11. Charities SORP - The Council of Management has reviewed the requirements of the new Charities Statement of Recommended Practice (SORP) in the context of the Foundation's financial statements, and will ensure full compliance in the Foundation's financial statements for the year ended 31 March 1997. This will require the replacement of the current Income and Expenditure Account with a Statement of Financial Activities, and a change in accounting policy to account for investments at market value, instead of at the lower of cost and net realisable value.

THE DITCHLEY FOUNDATION

*Consolidated Income and Expenditure Account for Year Ended 31st March 1996*

		Note	1996 £	1995 £
<b>INCOME</b>				
DIVIDENDS, INTEREST AND RENTS		I	642,525	672,429
DONATIONS		II	89,562	85,135
GUEST CONFERENCES			44,800	65,942
OTHER			14,590	4,997
			<u>£791,477</u>	<u>£828,503</u>
<b>EXPENDITURE</b>				
ADMINISTRATION	Executive and office staff costs	III	203,175	196,590
	Non-staff costs	V	96,319	83,564
			<u>299,494</u>	<u>280,154</u>
ESTABLISHMENT	Household and services staff costs	III	131,607	129,165
	Non-staff costs - Repairs	VI	105,610	141,469
	- Other	VII	55,325	64,374
			<u>292,542</u>	<u>335,008</u>
CONFERENCES	Costs of extra staff	III	37,115	41,905
	Non-staff costs	VIII	106,717	106,723
			<u>143,832</u>	<u>148,628</u>
DEPRECIATION	Tangible assets and leasehold	IX, X	34,439	33,747
VALUE ADDED TAX			<u>20,793</u>	<u>30,374</u>
TOTAL			<u>£791,100</u>	<u>£827,911</u>
<b>OPERATING SURPLUS TRANSFERRED TO ACCUMULATED FUND</b>				
		XVI	<u>£377</u>	<u>£592</u>

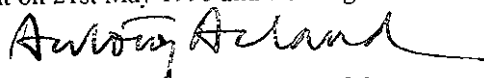
Notes:

- (1) As permitted by Section 230 of the Companies Act 1985, the Foundation's Income and Expenditure Account has not been included in these accounts. The subsidiary company retained neither a profit nor a loss in either year.
- (2) The results for the years above are derived from continuing activities.
- (3) Movements on the Endowment Fund are shown in Note XV. The Foundation has no recognised gains or losses other than those included in the movements above, and therefore no separate statement of total recognised gains and losses has been presented.
- (4) There is no difference between the operating surplus for the years stated above, and their historical cost equivalents.

THE DITCHLEY FOUNDATION  
*Balance Sheets at 31st March 1996*

		1996		1995	
	Note	Group £	Foundation £	Group £	Foundation £
<b>FIXED ASSETS</b>					
Tangible assets	IX	252,428	252,428	244,478	244,478
Investments	X	9,998,270	9,998,270	9,186,791	9,186,791
Investment in subsidiary	X	-	2	-	2
		<u>10,250,698</u>	<u>10,250,700</u>	<u>9,431,269</u>	<u>9,431,271</u>
<b>CURRENT ASSETS</b>					
Stocks	XI	33,271	26,999	31,241	30,446
Debtors	XII	77,433	80,326	92,127	91,179
Bank balances and cash		113,416	111,236	102,957	98,859
		<u>224,120</u>	<u>218,561</u>	<u>226,325</u>	<u>220,484</u>
<b>CURRENT LIABILITIES</b>					
Creditors falling due within one year	XIII	(142,024)	(136,467)	(137,341)	(131,502)
		<u>82,096</u>	<u>82,094</u>	<u>88,984</u>	<u>88,982</u>
<b>NET CURRENT ASSETS</b>					
		<u>82,096</u>	<u>82,094</u>	<u>88,984</u>	<u>88,982</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
		<u><u>£10,332,794</u></u>	<u><u>£10,332,794</u></u>	<u><u>£9,520,253</u></u>	<u><u>£9,520,253</u></u>
<b>SHARE CAPITAL</b>					
	XIV	Nil	Nil	Nil	Nil
<b>RESERVES</b>					
ENDOWMENT FUND	XV	10,209,897	10,209,897	9,397,733	9,397,733
ACCUMULATED FUND	XVI	122,897	122,897	122,520	122,520
		<u><u>£10,332,794</u></u>	<u><u>£10,332,794</u></u>	<u><u>£9,520,253</u></u>	<u><u>£9,520,253</u></u>

The accounts on pages 12 to 20 were approved by the Council of Management on 21st May 1996 and were signed on its behalf by:



ANTONY ACLAND

Chairman of the  
Council of Management

21st May 1996



THE DITCHLEY FOUNDATION

*Consolidated Cashflow Statement - Year Ended 31st March 1996*

	Notes	1996 £	1995 £
Net cash inflow from operating activities	A	52,163	38,258
Investing activities:			
Purchase of tangible fixed assets		(41,704)	(34,290)
Purchase of investments		(4,418,885)	(2,865,629)
Proceeds from sale of investments		3,809,047	3,715,090
Net cash (outflow)/inflow from investing activities		(651,542)	815,171
(Decrease)/Increase in cash and cash equivalents	B	(599,379)	853,429
Cash and cash equivalents at 31 March 1995		1,896,724	1,043,295
Cash and cash equivalents at 31 March 1996		1,297,345	1,896,724

Notes to the Cashflow Statement

A.	Reconciliation of net cash inflow from operating activities	1996 £	1995 £
	Net operating surplus	377	592
	Depreciation	34,439	33,747
	Increase in creditors: Current liabilities	4,683	22,406
	Decrease/(Increase) in debtors	14,694	(23,682)
	(Increase)/Decrease in stocks	(2,030)	5,195
		£52,163	£38,258

B.	Analysis of changes in cash and cash equivalents during the year				
	1996	Change in year	1995	Change in year	1994
	£	£	£	£	£
Short term deposits	1,183,929	(609,838)	1,793,767	816,963	976,804
Cash at bank and in hand	113,416	10,459	102,957	36,466	66,491
	£1,297,345	£(599,379)	£1,896,724	£853,429	£1,043,295

THE DITCHLEY FOUNDATION

*Notes to the Accounts - 31st March 1996*

	1996	1995
	£	£
I. DIVIDENDS, INTEREST AND RENTS		
Dividends on listed investments	536,875	596,616
Interest on short term deposits	97,037	71,753
	<u>633,912</u>	<u>668,369</u>
Rents - short leasehold	2,680	2,680
- other	5,933	1,380
	<u>£642,525</u>	<u>£672,429</u>
II. DONATIONS		
For general purposes	60,250	68,098
Earmarked	29,312	17,037
	<u>£89,562</u>	<u>£85,135</u>
III. STAFF COSTS		
Expenditure includes the following amounts in respect of staff costs:		
Salaries and wages	327,087	322,808
Social security costs	27,477	27,390
Other pension costs	17,333	17,462
	<u>£371,897</u>	<u>£367,660</u>
The average monthly number of staff employed during the year was:	No.	No.
Administration	9	9
Establishment	19	19
Conference	7	8
	<u>35</u>	<u>36</u>

Note:

None of the Council of Management received any emoluments during the year (1995: £NIL)

IV. PENSION SCHEMES

The Foundation maintains a pension scheme covering substantially all of its employees. It is a defined contribution scheme (employer 5%) administered by trustees. Its funds are kept separate from those of the Foundation.

In addition the Foundation contributes to separate money purchase schemes for senior executives with the Foundation's contribution set at 10%. These funds are also kept separate from those of the Foundation. Pension costs for the year are shown in Note III.

THE DITCHLEY FOUNDATION

*Notes to the Accounts - 31st March 1996 (continued)*

	1996	1995
	£	£
V. ADMINISTRATION - NON-STAFF COSTS		
Travelling	14,842	12,606
Representation abroad	16,310	14,801
Postage and telephones	10,277	10,379
Maintenance of office equipment	2,636	3,245
Printing, stationery and office expenses	8,040	6,860
Vehicle running costs	5,806	5,487
Auditors' remuneration (Foundation £6,150 (1995: £5,650))	6,750	6,250
Architects' and surveyors' fees	16,752	11,000
Other professional fees	5,500	8,910
Bank charges	724	2,016
General expenses	8,682	2,010
	<u>£96,319</u>	<u>£83,564</u>
VI. ESTABLISHMENT - REPAIRS		
Buildings - major works	56,937	99,262
- provision for 1994/95	-	(56,450)
- provision for 1995/96	(46,000)	46,000
- provision for 1996/97	40,000	-
	<u>50,937</u>	<u>88,812</u>
- general repairs and maintenance	23,629	17,424
Repairs and renewals of furniture and equipment	23,639	19,402
Upkeep and maintenance of roads and gardens	7,405	4,478
The Churchill bust (funded by earmarked donations)	-	11,353
	<u>£105,610</u>	<u>£141,469</u>
VII. ESTABLISHMENT - NON-STAFF COSTS - OTHER		
Heating and lighting	23,571	20,090
Insurance	21,031	33,218
Rates and water	6,098	6,159
Household and cleaning	4,625	4,907
	<u>£55,325</u>	<u>£64,374</u>
VIII. CONFERENCES - NON-STAFF COSTS		
Catering	35,707	38,421
Participants' travel costs - to UK	34,944	43,286
(partly funded by earmarked donations)		
Participants' travel costs - from UK	14,192	4,543
Publications	4,128	3,252
Other conference expenditure	17,746	17,221
	<u>£106,717</u>	<u>£106,723</u>

THE DITCHLEY FOUNDATION

*Notes to the Accounts - 31st March, 1996 (continued)*

IX. TANGIBLE ASSETS - GROUP AND FOUNDATION					
	Freehold Property	Furniture & Equipment	Furnishings	Motor Vehicles	Total
COST	£	£	£	£	£
At 1st April 1995	227,970	259,078	53,341	33,978	574,367
Additions	28,000	6,404	7,300	-	41,704
Disposals	-	(2,658)	(26,200)	-	(28,858)
At 31st March 1996	255,970	262,824	34,441	33,978	587,213
DEPRECIATION					
At 1st April 1995	68,527	180,884	46,500	33,978	329,889
Charge for year	8,175	22,854	2,725	-	33,754
Disposals	-	(2,658)	(26,200)	-	(28,858)
At 31st March 1996	76,702	201,080	23,025	33,978	334,785
NET BOOK VALUE					
At 31st March 1995	£159,443	£78,194	£6,841	-	£244,478
At 31st March 1996	£179,268	£61,744	£11,416	-	£252,428

Notes:

1. Freehold property comprises expenditure on renovations and improvements. The house and land are valued at NIL, since they were acquired by gift.
2. Leasehold properties are held as investments and are shown in note X.

X. INVESTMENTS - GROUP AND FOUNDATION

	Listed Securities	Short Term Deposits	Short Leasehold	Total
COST	£	£	£	£
At 1st April 1995	7,391,821	1,793,767	22,389	9,207,977
Additions	4,418,885	4,110,542	-	8,529,427
Disposals	(2,996,883)	(4,720,380)	-	(7,717,263)
At 31st March 1996	8,813,823	1,183,929	22,389	10,020,141
AMORTISATION				
At 1st April 1995			21,186	21,186
Charge for the year			685	685
At 31st March 1996			21,871	21,871
COST/NET BOOK VALUE				
At 31st March 1995	£7,391,821	£1,793,767	£1,203	£9,186,791
At 31st March 1996	£8,813,823	£1,183,929	£518	£9,998,270
MARKET VALUE				
At 31st March 1995	£11,992,093	£1,793,767	£1,400	£13,787,260
At 31st March 1996	£14,772,875	£1,183,929	-	£15,956,804

The Foundation's investment in subsidiary relates to a 100% holding of the ordinary share capital of Ditchley Park Conference Centre Ltd, a company incorporated in Great Britain. The principal activity of the company is the provision of guest conference facilities.

THE DITCHLEY FOUNDATION

*Notes to the Accounts - 31st March, 1996 (continued)*

		1996		1995	
		Group	Foundation	Group	Foundation
		£	£	£	£
XI.	STOCKS				
	Wine cellar	25,856	25,856	28,608	28,608
	Heating oil	1,143	1,143	1,838	1,838
	Publications for resale	6,272	-	795	-
		<u>£33,271</u>	<u>£26,999</u>	<u>£31,241</u>	<u>£30,446</u>
XII.	DEBTORS (Due within one year)				
	Trade debtors	9,268	9,268	11,906	1,375
	Amount due by subsidiary (Ditchley Park Conference Centre Ltd)	-	2,893	-	9,583
	Taxation recoverable	21,435	21,435	35,525	35,525
	Prepayments	1,740	1,740	1,640	1,640
	Accrued income	44,313	44,313	42,066	42,066
	Other	677	677	990	990
		<u>£77,433</u>	<u>£80,326</u>	<u>£92,127</u>	<u>£91,179</u>
XIII.	CREDITORS (Due within one year)				
	Payment received on account	53,197	51,069	14,096	12,394
	Trade creditors	17,828	17,828	45,675	45,675
	Taxation and social security payable	8,741	8,741	9,708	9,708
	Other taxation payable	2,829	-	3,537	-
	Other	19,429	18,829	18,325	17,725
	Provision for repairs	40,000	40,000	46,000	46,000
		<u>£142,024</u>	<u>£136,467</u>	<u>£137,341</u>	<u>£131,502</u>

XIV. SHARE CAPITAL. The liability of the members is limited by guarantee and no shares are authorised or issued by the Foundation. Each member undertakes to contribute £1 to the assets of the Foundation, in the event of the same being wound up whilst a member, or within one year of ceasing to be a member, for payment of debts and liabilities of the Foundation contracted before ceasing to be a member, and of the cost, charges and expenses of winding up, such as may be required not exceeding £1.

THE DITCHLEY FOUNDATION

*Notes to the Accounts - 31st March, 1996 (continued)*

XV. ENDOWMENT FUND	Balance at 1st April 1995 £	Additions during year £	Balance at 31st March 1996 £
Original Endowment by H.D.H. Wills, Esq., augmented by profits on sales of investments up to 31st March 1972	274,319	-	274,319
Gift by Trustees of H.D.H. Wills 1960 Charitable Trust	1,806,404	-	1,806,404
Bequest by the late Martin Wills, Esq.	2,000,000	-	2,000,000
Gift by the Dulverton Trust specifically for travel to conferences by invited participants (the Travel Fund)	100,000	-	100,000
Other benefactions, augmented by profits on sales of investments up to 31st March 1972	222,707	-	222,707
Net profit on sales of investments and interests in short leaseholds since 31st March 1972	4,950,824	812,164	5,762,988
Rent from leasehold	43,479	-	43,479
	<u>£9,397,733</u>	<u>£812,164</u>	<u>£10,209,897</u>
XVI. ACCUMULATED FUND		1996	1995
		£	£
Balance at 1st April		122,520	121,928
Transfer from Income and Expenditure Account		377	592
Balance at 31st March		<u>£122,897</u>	<u>£122,520</u>

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## *Directors' Report*

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The directors present their report and the audited financial statements for the year ended 31 March 1996.

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company, Registered No. 1944182, is incorporated in Great Britain. Its principal business activity is the provision of conference facilities for outside bodies. It has also assumed responsibility for the commercial activities of the Ditchley Foundation including, principally, open days, i.e. for visits to Ditchley Park by members of the public during any open period and by individuals and specialist groups at other times by prior arrangement.

A total of four guest conferences was held during the financial year covered by this report, and these contributed largely to the company's operating profit of £11,317.

### CHARITABLE CONTRIBUTIONS

During the period the company made a contribution of £11,317 to the Ditchley Foundation.

### RESULTS AND DIVIDENDS

The retained profit for the year amounted to £NIL.

The directors do not recommend the payment of a dividend in respect of this year's profits.

### DIRECTORS

Sir Michael Quinlan, GCB.

Brigadier Michael Willis.

### DIRECTORS' INTEREST IN SHARES

None of the directors has had any interest in the shares of the company at any time during the period.

### DIRECTORS' RESPONSIBILITIES

The directors are required by UK company law to prepare financial statements for each financial year that 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 profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 March 1996. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going-concern basis.

The directors are responsible for keeping proper accounting records and for taking reasonable steps to safeguard the assets of the company and the group and to prevent and detect fraud and other irregularities.

### AUDITORS

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

By order of the Board,  
HEATHER WEEKS  
Secretary  
21st May 1996



THE DITCHLEY PARK CONFERENCE CENTRE LIMITED  
(Registered No: 1944182)

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**REPORT OF THE AUDITORS TO THE MEMBERS  
OF THE DITCHLEY PARK CONFERENCE CENTRE LIMITED**

We have audited the financial statement on pages 23 to 25.

**Respective responsibilities of directors and auditors**

As described on page 21 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

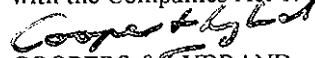
**Basis of opinion**

We conducted our audit in accordance with 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 consider 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 at 31st March 1996 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
COOPERS & LYBRAND  
Chartered Accountants and Registered Auditors  
Reading  
21st May 1996

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**ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies is set out below.

**BASIS OF ACCOUNTING**

The accounts are prepared under the historical cost convention.

**STOCKS**

Stocks are valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis.

**TURNOVER**

Turnover is stated net of Value Added Tax, and represents the invoiced value of goods and services supplied.

**CASH FLOW STATEMENT**

The company qualifies as a small company under the terms of section 247 of the Companies Act 1985. As a consequence it is exempt from the requirement under Financial Reporting Standard No. 1, 'Cash Flow Statements', to publish a cash flow statement.



THE DITCHLEY PARK CONFERENCE CENTRE LIMITED

*Profit and Loss Account for Year Ended 31st March 1996*

	1996 £	1995 £
TURNOVER		
Conference income	44,800	65,942
Visitors' entrance fees	997	1,021
Sale of publications	780	599
Other	1,405	47
	<u>£47,982</u>	<u>£67,609</u>
OPERATING EXPENSES		
Management and service fees	32,167	52,304
Printing, stationery and other	3,755	287
Publications for resale	143	271
Auditors' remuneration	600	600
	<u>£36,665</u>	<u>£53,462</u>
OPERATING PROFIT	11,317	14,147
PROFIT ON ORDINARY ACTIVITIES	<u>£11,317</u>	<u>£14,147</u>
PAYMENT UNDER DEED OF COVENANT	(£11,317)	(£14,147)
RETAINED PROFIT FOR THE YEAR	<u>£NIL</u>	<u>£NIL</u>

NOTES:

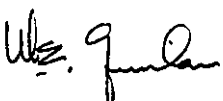
- (1) The results for the years above are derived from continuing operations.
- (2) The company has no recognised gains or losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented.
- (3) There is no difference between the operating surplus for the years stated above, and their historical cost equivalents.

THE DITCHLEY PARK CONFERENCE CENTRE LIMITED

*Balance Sheet at 31st March 1996*

	Notes	1996 £	1995 £
<b>CURRENT ASSETS</b>			
Stocks	2	6,272	795
Debtors	3	-	10,531
Cash in bank and in hand		2,180	4,098
		<u>8,452</u>	<u>15,424</u>
<b>CURRENT LIABILITIES</b>			
Creditors falling due within one year	4	(8,450)	(15,422)
		<u>£2</u>	<u>£2</u>
<b>NET ASSETS</b>			
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	5	<u>£2</u>	<u>£2</u>

The financial statements on pages 23 to 25 were approved by the Board of Directors on 21st May 1996 and were signed on their behalf by:

  
 MICHAEL QUINLAN Chairman and  
 Managing Director

THE DITCHLEY PARK CONFERENCE CENTRE LIMITED

*Notes to the Accounts*

1. DIRECTORS AND EMPLOYEES

The company has no employees. (1995: NIL)

None of the directors received any remuneration during the year (1995: £NIL)

2. STOCKS

Stocks comprise publications for resale.

3. DEBTORS (Due within one year)

	1996	1995
	£	£
Trade debtors	NIL	10,531

4. CREDITORS (Due within one year)

Payments received on account	2,128	1,702
Amount owed to parent company	2,893	9,583
Other taxation payable	2,829	3,537
Other	600	600
	<u>8,450</u>	<u>15,422</u>

5. CALLED-UP SHARE CAPITAL

Authorised		
100 (1995: 100) ordinary shares of £1 each	£100	£100
Issued, allotted, called-up and fully paid		
2 ordinary shares of £1 each	£2	£2

6. ULTIMATE PARENT COMPANY

The company's ultimate parent company is  
The Ditchley Foundation, a company limited  
by guarantee and incorporated in Great Britain.

## **THE DITCHLEY FOUNDATION**

(printed to comply with Statement of Recommended Practice No 2  
issued by the Accounting Standards Committee)

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The Ditchley Foundation is "a Company limited by guarantee not having a share capital", incorporated on the 24th day of February 1958, the Articles of Association having been subsequently amended on the 29th day of November 1966.

The Foundation is registered as a charity with the Charity Commissioners (No. 309657).

The principal object of the Foundation is 'to promote, carry out or advance any charitable objects, and in particular any branches or aspects of education, likely to be for the common benefit of British subjects on the one hand and citizens of the United States of America on the other'. In pursuing this object it promotes the discussion, study and better understanding of matters of common interest to the British and American peoples, with the participation of other nationalities, particularly from other members of the European Community, as is judged useful in relation to particular topics. The first Anglo-American conferences were held at Ditchley early in 1962.

The Foundation is controlled by a Governing Body composed of the members of the Foundation, who may be designated "Governors". The Governors meet at least once a year, at the Annual General Meeting of the Foundation, to approve the annual report and the accounts of the Foundation and to receive the report of the auditors; to elect, as necessary, in accordance with the Articles of Association, the Council of Management; and to deal with the business of the Foundation.

The day-to-day management of the Foundation is conducted by the Director, who is appointed by, and responsible to, the Council of Management.

Copies of the Articles of Association are available for inspection.

The American and Canadian Ditchley Foundations exist under United States and Canadian law respectively with similar purposes and more especially to help the work of the British Foundation.