

599389

The Ditchley Foundation

THE COUNCIL'S
ANNUAL REPORT
AND ACCOUNTS
2007-2008

TUESDAY



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TABLE OF CONTENTS

The Ditchley Foundation

List of Office Holders	page 1
Programme Committee	page 2
Notice of Meeting	page 3

The Trustees' Annual Report

Structure, Governance and Management	page 4
Objectives and Activities	page 5
The Conference Programme	page 5
Report of the Chairman on Achievement and Performance	page 7
Report of the Director	page 9
Financial Review	page 12
Plans for the Future	page 13
Trustees' Responsibilities	page 15

Consolidated Accounts

Report of the Auditors	page 16
Statement of Financial Activities	page 17
Balance Sheets	page 18
Notes to the Accounts	page 19

The Ditchley Park Conference Centre Ltd

Report of the Directors	page 26
Report of the Auditors	page 27
Profit and Loss Account	page 28
Balance Sheet	page 29
Notes to the Accounts	page 30

THE DITCHLEY FOUNDATION

Charity Number 309657 Company Number 599389
Registered Office: The Ditchley Foundation, Ditchley Park, Enstone, Oxfordshire

HONORARY LIFE PRESIDENT

Lady Wills JP

COUNCIL OF MANAGEMENT

[Trustees of the Foundation]

Chairman

The Rt Hon Sir John Major KG CH

Vice-Chairman

The Rt Hon Lord Robertson of Port Ellen KT GCMG PC Hon FRSE

Members of the Council:

Sir Michael Angus DL

The Rt Hon Baroness Bottomley of Nettlestone JP

The Rt Hon Lord Butler of Brockwell KG GCB CVO

Mr Robert Conway

Professor Malcolm Grant CBE MA LLD

Mr Andrew Knight

Mr Anthony Loehnis CMG

Sir Richard Mottram GCB

The Rt Hon Baroness O'Neill of Bengarve CBE FBA

Ms Elizabeth Padmore

The Rt Hon Baroness Prashar of Runnymede CBE

Mr Philip Stephens [From January 2008]

The Rt Hon Baroness Symons of Vernham Dean

The Honorable Barbara Thomas Judge

Sir Crispin Tickell GCMG KCVO

HE Ambassador Robert H Tuttle

Mr John Weston CBE

The Rt Hon Baroness Williams of Crosby PC

Dr Catherine Wills

HE Mr James R Wright [From August 2007]

FOUNDATION'S EXECUTIVE STAFF

Director: Sir Jeremy Greenstock GCMG

Deputy Director and Secretary: Ms Nina Richardson

Bursar: Brigadier Christopher Galloway

Auditors: Critchleys

Bankers: Barclays Bank plc, Oxford

Investment Managers: Morgan Stanley & Co International Limited

Solicitors: Herbert Mallam Gowers & Co, Oxford

PROGRAMME COMMITTEE

Chairman

Sir Rodric Braithwaite GCMG

Members

Sir Samuel Brittan

Mr David Goodhart

Mr Charles Grant

Sir Jeremy Greenstock GCMG

Professor Peter Hennessy FBA

Mr James Kariuki

Mr Richard LeBaron

Dr Eckhard Lübke

Ms Bronwen Maddox

Mr Michael Moore MP

Dr Edwina Moreton OBE

Professor Sir Adam Roberts KCMG FBA

Ms Kitty Ussher MP

Mr David Willetts MP

Dr Catherine Wills

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of the Foundation will be held on Saturday, 12 July 2008, at 2 p.m. at Ditchley Park, Enstone, Chipping Norton, Oxfordshire.

BUSINESS:

1. To receive the Statement of Accounts and Report of the Council of Management for the year ended 31st March, 2008.
2. To elect Council Members.

Pursuant to Articles 36 and 43, the following are elected to the council:

MR PHILIP STEPHENS

HE MR JAMES R WRIGHT

3. A resolution to reappoint Critchleys as auditors for the year ending 31 March 2009 will be put to the Annual General Meeting.
4. To transact any other business.

Dated this 3rd day of June 2008

By order of the Council of Management

NINA RICHARDSON

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, one of whom can attend and vote on his behalf. A proxy need not be a member of the Foundation.

The Trustees' Annual Report

Structure, Governance and Management

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 and the 7th day of July 2007.

Trustees (Members of the Council of Management) are selected from the ranks of the Governors and are invited by the Chairman, acting on the recommendations and advice of the Trustees, with a view to maintaining a balance of experience, expertise and background within the body of Trustees. They are subsequently elected by the Governors and serve for a four-year term, renewable for one further four-year term.

All Trustees have attended conferences at Ditchley and are fully familiar with the aims and ideals of the Foundation. The element of training necessary for this is the responsibility of the Director, who invites members of the Council of Management to conferences and familiarises them with the Foundation's Articles of Association. At least one Trustee attends each conference.

The Foundation is controlled by a Governing Body composed of the members of the Foundation, who are designated "Governors". The Governors meet at least once a year, at the Annual General Meeting of the Foundation, to approve the annual report and 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 administration of the Foundation is carried out by the Council of Management, through the Finance and General Purposes Committee. The day-to-day management of the Foundation is conducted by the Director, who is appointed by, and responsible to, the Council of Management.

The Ditchley Park Conference Centre Limited (DPCC) is the trading arm of the Foundation, and oversees events in the Mansion when not in use by the Foundation. These events include visits (the Mansion is a Grade I listed historic house), conferences and meetings organized by outside bodies and use of the Mansion for education, photography and films. DPCC also sells guide books and postcards.

The Council of Management is responsible for the management of risks faced by the Foundation. Detailed considerations of risk are delegated to the Director and his staff. Risks are identified and assessed and controls established throughout the year. A formal review of this process is undertaken annually. The key controls used by the Foundation include:

Biannual meetings of the Council, at which the Director and his staff brief the Trustees on a formal agenda. Biannual meetings of the Finance and General Purposes Committee, which precede the Council Meetings, and a further annual meeting of the Committee at Ditchley, when they inspect the Mansion, decide on major works and review Health and Safety procedures.

Detailed job descriptions for the Director and Senior Staff, which are reviewed in detail on changes of incumbent.

Formal six-monthly meetings between the Finance and General Purposes Committee and the investment managers of the endowment. Additionally two Members of this Committee with particular investment experience meet with the investment managers at least once a quarter and more frequently if market conditions warrant it.

Annual meetings of the Director's Risk Assessment Committee and regular meetings of the Director's Health and Safety Committee to review risks and safety procedures and to decide on any necessary policy adjustments in the light of legislative changes.

Through this risk management process the Trustees are satisfied that the major risks have been adequately mitigated where necessary. It is recognized that the systems in place provide reasonable but not absolute assurance that major risks have been adequately managed.

Objectives and Activities

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 Canada and from other members of the European Union, as is judged useful in relation to particular topics. The Foundation seeks to achieve this object by bringing together international experts on a chosen topic to exchange views using the medium of Ditchley Park which creates a stimulating and discreet atmosphere. As can be judged from the Director's report on these meetings and the response of the participants, the common benefit is tangible.

The Foundation's main objectives over the past year have been met principally by the holding of the conferences listed below. The Director and other officers of the Foundation undertake a range of other activities to promote the reputation and objectives of the Foundation and to attract new participants and supporters for the Foundation.

The Conference Programme

Concluding Phase of the 2007-2008 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 three conferences during the period April-June 2007 fell during the financial year 2007-2008 but were included in the list of conferences in last year's annual report. This year's report follows the same practice.

<i>The 2007-2008 Conference Programme</i>		
<i>2007</i>	<i>Title</i>	<i>Chairman</i>
Sept 7-9	The path towards free trade (A conference hosted by Canadian Ditchley)	The Rt Hon Lord Brittan of Spennithorne QC The Hon Michael Wilson
Sept 21-23	Space: enlarging the benefits for earth	Sir Keith O'Nions
Oct 5-7	The prospects for Pakistan and its neighbourhood	Sir Hilary Synnott KCMG
Nov 2-4	Can Europe benefit from migration	The Rt Hon Lord Jay of Ewelme GCMG
Dec 7-9	How do young people form political opinions?	Mr Robin Lustig
<i>2008</i>		
Jan 25-27	Strategies for combating International Organised Crime	The Rt Hon Lord Wilson of Dinton GCB
Feb 22-24	50 th Anniversary Event: The priorities for US foreign policy after George W Bush	The Rt Hon Sir John Major KG CH Dr Richard Haass
March 7-9	South Africa: Regional superpower or global player?	Mr Niall FitzGerald KBE
April 11-13	Prisons Policy: rehabilitation, health and drugs	Lord Falconer of Thoroton QC
May 16-18	Innovation: the driving force in business?	Mr Richard Lambert
May 29-31	The impact of population trends on the Millennium Development Goals	HE Mr Kamalesh Sharma
June 27-29	Russia's future: the choices for the new President.	Dr Alex Pravda

Report of the Chairman on Achievement and Performance

This year is the Ditchley Foundation's 50th Anniversary year and we have been celebrating this milestone while continuing the excellent work the Foundation does in furthering transatlantic understanding and international cooperation. In 1958, David Wills had the foresight to believe that creating a forum for open debate and frank exchange on policy issues of mutual concern would benefit relations across the Atlantic and beyond. His vision of a successful venue for such a purpose has been carried forward for 50 years, and I am very pleased to be able to mark this occasion at the end of my 8th year as Chairman of the Council of Management. Our warmest thanks are due to the Wills family for their continued loyalty and support over the years, without which the Foundation would not have been able to excel.

With this in mind, I am very pleased to announce another successful season of conferences at Ditchley, bringing together senior policy-makers to strengthen and deepen the transatlantic and other relationships.

Our Director, Sir Jeremy Greenstock, has upheld a standard of excellence during his fourth year at Ditchley. He has maintained Ditchley's position as a retreat venue for high-level discussion, by attracting senior representatives from the world of politics, the media, business and others and by putting together a varied set of conferences on issues of long-term importance to both sides of the Atlantic. The conferences combine Ditchley's outstanding hospitality and warmth with open debate on policy questions. I have been impressed by the distinction and range of the participants and am delighted that younger people and those from beyond the transatlantic relationship are now included in all conferences.

I would like to thank the Council, Governors and staff of Ditchley for their excellent work over the past year in continuing to sustain a high standard of hospitality and intellectual vigour and thereby maintaining Ditchley's reputation. Anne and Jeremy Greenstock and the permanent staff especially help to ensure that Ditchley remains the perfect backdrop for our topical and wide-ranging programme of conferences.

We have examined a wide variety of topics at Ditchley over the past year, keeping them relevant to current policy debates, while ensuring they are of interest to both sides of the Atlantic. Conferences were consistently well attended and debated some challenging topics in an open-minded and constructive way. We marked the exact date of the 50th Anniversary of the Ditchley Foundation, 24th February 2008, by holding a conference on 'The priorities for US Foreign Policy after George W. Bush'. Other conferences of particular note were 'The prospects for Pakistan and its neighbourhood', which coincided with the Pakistan presidential elections, 'How do young people form political opinions', 'Strategies for combating International Organised Crime', 'Prisons policy: rehabilitation, health and drugs' and 'Innovation: the driving force in business?'.

As is reported in the Financial Review (on page 13) the value of the Foundation's endowment has so far survived the current financial turmoil through a combination of sound investment and a reasonable return produced by the Development Campaign. On behalf of the Council I again thank the individual and corporate donors who have given us their support this year.

We have had exceptionally successful year in terms of income, generated from 13 Guest Conferences and a feature film being shot at Ditchley. We have therefore exceeded our internal income target by approximately 36% (£53,330). This largely contributed to the budget almost balancing, with a small deficit of just over £4,000.

During the past year the Development Campaign has entered its final phase. This concentrated on approaching those outside the immediate Ditchley family, including prominent individuals who have participated at Ditchley conferences, Trusts and Foundations, government departments and business organisations.

Mr John Weston, Chairman, and all members of the Development Committee, have worked with great commitment, in a difficult market for fundraising, to raise just over £2.5 million. Although below our target of £3.5 million, this remains a very creditable achievement of great importance to Ditchley. This comprises £2,152,540 in gifts and pledges in the UK, as well as gifts and pledges from our sister organisations in America and Canada totalling approximately £379,500. It excludes commitments to legacies.

While not soliciting them, we will continue to accept gifts, including legacies, to safeguard our endowment against unpredictable shocks. In expressing my deep gratitude to all those members of the 'Ditchley Family' who have contributed to the Campaign, I also voice the hope that as many Governors as possible will feel able to contribute in the future.

I offer my sincere thanks to the American and Canadian Ditchley Foundations for their support over the past year. Their efforts to maintain a strong level of participation from North America are much valued, as is their dedicated support for the Development Campaign.

In particular, I would like to thank Mr John O'Connor, Executive Director of American Ditchley and Mr John Banks, Vice President and Secretary of Canadian Ditchley, for their continued voluntary work on our behalf, which is of immense value. I also thank Dr Rita Hauser, Chair of American Ditchley, and Mr Pierre Lortie CM, President of Canadian Ditchley, for their wise advice and dedicated work over the past year.

I welcome the following to the American Ditchley Board: The Hon David Aaron, Mr Edward Cox, Prof Joe Nye and Dr Stephen Trachtenberg. Upon his retirement from the board, I would like to thank Mr Charles A Sanders for his support to Ditchley. I also express my thanks to Dr Lewis Branscomb, who has retired from the American Advisory Council. I thank Dr Michel G Maila for his work on the Canadian Ditchley Board of Directors. Dr Maila has now joined the Program Advisory Committee. Mr David Mulroney and Mr Graham Shantz have also joined the Canadian Program Advisory Committee and I would like to express my thanks to Mr Kevin G Lynch and Mr Robert McRae upon their retirement. I look forward to working with all our new colleagues and to another successful year with their involvement and support.

It is with great sadness that I report the death in the course of the last year of Professor Elspeth Rostow, member of the American Advisory Council, and Mr Ronald S Ritchie, Governor of the Ditchley Foundation and Honorary Chairman of Canadian Ditchley, who had supported Ditchley through over thirty years of service. They were both friends and colleagues to many of us.

I am very pleased to announce that the following have accepted invitations to join our Council of Management and I look forward to working with them following their election by Governors: Mr Philip Stephens and HE Mr James R Wright.

On behalf of us all, I express my sincere thanks to The Rt Hon Lord Windlesham, who has resigned from the Council and the role of Vice-Chairman. Lord Windlesham worked tirelessly to support Ditchley's work throughout his 24 years on the Council of Management and we owe him an enormous debt of gratitude. I am pleased to announce that The Rt Hon Lord Robertson of Port Ellen has succeeded him as Vice-Chairman of the Council. I would also like to thank HE Mr Wolfgang Ischinger, who has moved on from his post in London, for his work on the Council over the past two years.

I welcome Dr Eckhard Lübke and Mr Richard LeBaron to the Programme Committee and thank Mr Hans Henning Blomeyer-Bartenstein and The Hon David T Johnson for their support upon their retirement.

I am pleased to report that in the course of the last year the following have accepted invitations to become Governors: the Lord Chadlington of Dean, Mr Nicholas Ferguson, Mr David Reid Scott and Sir John Vereker.

The following Governors have elected to retire: HE Mr Jose Bustani, HE Mr Gérard Errera, Mr Bryan Magee, Sir Peter Ramsbotham, Dame Margaret Weston DBE and Dr Friedrich Schmitz. They take with them our sincere thanks for their support to Ditchley over the years.

My final thanks, personally and on behalf of the Council, are to the staff of the Foundation, who have worked so successfully to maintain the high standards for which Ditchley is known. We can look forward to another stimulating year, in an ever-changing and challenging global environment, of upholding Ditchley as a unique conference setting, appreciated and long remembered by all who visit it.

Report of the Director

Our conferences in the year under review (September 2007-June 2008) have covered a wide spread of topics with a huge range of expertise and international perspective at the table. It is the participants that really matter; and the different feel of each conference, and the freshness of the discussion, are entirely due to the high quality of the people who want to come to Ditchley. We have to recognise that, from one year to the next, the competition for the time and attention of the best professional experts steadily intensifies and it is vital that we have something different and special to add to their seminar experience. When people have the confidence to know, sometimes by word of mouth and sometimes from previous experience, that they cannot fail to have interesting conversations at Ditchley, it means that we are able to compete with a very solid product.

An essential part of it is of course the beauty of the mansion and its surroundings. But, beyond that, we have again this year been told repeatedly what a difference it makes from the normal conference venue that the warmth of the hospitality and the care with which Ditchley staff look after their guests are key parts of the attraction of the place. The Bursar and the Deputy Director, with their teams, have maintained the very high

standards of Ditchley's legacy and the bouquets to their achievements keep on coming. I am proud of what they have done over the past year and wish to thank them warmly for their hard work and dedication.

We began the 2007 autumn season with a splendid conference outside Montreal on global free trade. Our biennial Canadian conferences consistently hit the mark for pleasant surroundings and excellent organisation and these took the edge off an atmosphere of doubt and disappointment about the future of the Doha Round. We were right to forecast, as it turned out, that a result would be hard to achieve in 2007 and was almost inconceivable in 2008. A great deal of extra effort will be needed in 2009, with a new US Administration, to regain the lost momentum, failing which bilateral and regional trade deals will become the norm.

We continued in September with an excellent debate about the use of space for terrestrial programmes, which is now crying out for international regulation on the lines of the Law of the Sea. We moved on to Pakistan, coincidentally timed for the Sunday of the Presidential election, and surprised ourselves by avoiding ultimate pessimism about the country, with most participants believing that Pakistan would muddle through to a stage beyond military rule with plenty of unstable features, but in the end with sustainable results. After touching on the growing pressures of migration into and within the European Union, we moved on to a further conference in Ditchley's series on changing political cultures by looking at how young people form their political opinions. The younger generation were well represented and articulate, taking each other's contact details like old pros and, as we learnt in the following months, following up on the conference's ideas and policy proposals with greater vigour than sometimes happens with older generations.

Before the year ended, we converted the Ditchley Christmas Dinner into a retrospective on Sir Winston Churchill's connection with Ditchley. Sir Martin Gilbert gave an evocative and deeply moving account of Churchill's high and low points during the Second World War, with some marvellous references to his times at Ditchley. The Churchill Archives at Churchill College, Cambridge found us some interesting material for a display in the Tapestry Room, Angela Conner revisited her bronze on the West Wing Terrace and Mary Soames presided over a memorable evening, complete with music from the Oxford Philomusica Orchestra. We were proud to drink a toast to the memory of the great man.

2008 started with a conference on strategies for combating international organised crime. This was an interesting event not just for the substance itself, on which some alarming details were presented on the threat our society faces in this area, but for the opening up of links between participants from very different backgrounds. It is especially on the more sensitive subjects that people tend to brainstorm only within their own profession. When practitioners and academics, in particular, come together on a subject of this kind, they realise that they can learn a great deal more by looking at the issues through a variety of prisms. Perhaps Ditchley can claim to have stimulated some new approaches, which will enable the agencies to address the threat of crime with a greater understanding of where it comes from and why.

On the weekend leading up to 24 February, the precise 50th Anniversary of the signing of the Ditchley Foundation's Memorandum and Articles of Association, we held a conference on our archetypal subject, the priorities for US foreign policy under the next

Administration. The discussion was eminently fair about the balance sheet of the current Administration and very interesting about the prospects for 2009 onwards. Those hoping for very significant changes were warned not to overestimate the chances of that, given the fundamental requirements and sentiments of the American people. We were also warned that so much needed to be done across the global agenda that no new Administration could possibly take it all on at once. But there was a general call for the best of American diplomacy to come more into play in the coming period and for the United States to recognise that the world was changing too fast for the superpower to hope to control its activities and interests without allies. It will be interesting to check against the record of this conference what actually happens next year.

South Africa was the next country of emerging global status to be studied at Ditchley. We had a fascinating discussion about internal developments, the problem of the sub-region, not least Zimbabwe, and South Africa's leadership in Africa. In April we left the field of foreign policy and took a look at prisons, particularly the internal health of prison regimes and their effect on crime and the criminal. The conference called for quite a radical re-think in the way developed societies regard incarceration and policy proposals were sent to the UK Ministry of Justice following this stimulating weekend. With the next events looking at innovation in business and at the impact of population trends on the UN's Millennium Development goals, the spring programme illustrated well the wide range of Ditchley's reach and the invigorating nature of the discussions, the records of which are well worth looking up on the Ditchley website. As this report went to the printer, we were gearing up for a well-timed conference on the prospects for Russia under President Medvedev.

Aside from our own series of conferences, Ditchley Park has been well used by other organisations, which themselves benefit from the excellent brainstorming environment and help the Foundation to balance its budget. A small number of leading British companies are now beginning to use Ditchley on a regular basis; and think tanks and policy groups are also making good use of our facilities. All this places a burden on our hard-working staff, but they have coped admirably over the past year. The kitchen is under increasingly professional freelance management and the maintenance of the buildings has kept pace with this rather higher use. When the several charity events a year for which the Wills family like to see Ditchley used are added, this amounts to significant and beneficial use of these splendid facilities.

We have again benefited from marvellous support from our North American sister Foundations. They have sent us a stream of high quality participants at conferences and have continued to take forward the search for financial support to back up the 50th Anniversary Fundraising Campaign. Together with Dr Catherine Wills and the Deputy Director, I visited the United States and Canada in November 2007 and New York in May 2008, coinciding with a splendid dinner given by the American Ditchley Foundation for the Chairman of the Council of Management. We continue to be hugely well supported by the American and Canadian Boards of Directors and Advisory Councils. Above all, we have received consistently helpful advice and backup from John O'Connor, Executive Director of American Ditchley, and John Banks, Vice President and Secretary of Canadian Ditchley. Rita Hauser, Chairman of American Ditchley and Pierre Lortie, President of Canadian Ditchley, have given them and us vigorous support. I am deeply grateful to all of them for sustaining a trilateral relationship which has no parallel in the transatlantic policy-making world.

The 2008-09 programme begins in September with a conference on the prospects in Latin America, a region which Ditchley visits perhaps too seldom. We move on to a pair of conferences on different aspects of the modern Europe: first, the future of NATO, in preparation for the Organisation's important summit in 2009; and then the European Union's capacity to deliver a global strategy, which will look in particular at the pros and cons of the new treaty arrangements. Our North American conference in 2008 will take place in November outside Seattle, where we will examine Chinese energy policy and its probable effects on the environment, within China and globally. In December we will be partnering the BBC World Service Trust with a conference on the changing role of the modern media, linking the subject to the health of modern democracy more widely.

The first half of 2009 will cover the role of international NGOs, the prospects for reform and security in the Gulf region, the future of universities in a changing world, society's resilience in withstanding disaster, the role of defence forces in today's world, the function of architecture in society and, next June, an examination of the results from overseas development assistance over the past decade or two and of the possible benefits of new approaches. There are a number of issues here which the Programme Committees and Advisory Councils on both sides of the Atlantic have wanted to have on the agenda for some time and I believe we shall be able to generate some very interesting conversations.

As a registered charity, Ditchley has to demonstrate the public benefit of its objectives and agenda. While Ditchley's product is largely unquantifiable, I have been left in no doubt from my four years experience so far that our conferences have a real and beneficial effect on the preparation of policy, in particular in the United Kingdom and in North America. It is so hard to achieve strategic depth on a policy desk when the pressures of the modern world intensify year by year that it is invaluable to have Ditchley there to organise cost- and time-effective events for wider brainstorming. Rarely do other institutions and seminar venues look at issues in their broad context in the way that Ditchley does. It is a task which we want to see continued well into the future. I have prepared a separate review of the lessons learnt from recent conferences, which will be distributed to all Governors and to a wider audience, through the website (www.ditchley.co.uk).

The Council of Management, the American and Canadian Board of Directors and the body of Governors have once again given the executive team wonderful support. I am deeply grateful to Sir John Major, Mr Anthony Loehnis, Mr John Weston and Sir Rodric Braithwaite for their guidance and advice; and I could not do without the encouragement and commitment of Eva and Catherine Wills. As Ditchley celebrates its 50th birthday, we can be confident of the strength of David Wills's superb legacy.

Financial Review

This year the financial results have been mixed, with a fair defensive performance in the management of the endowment, a busy and successful period for other income, but with work still to do on the Development Campaign.

Our investment managers, Morgan Stanley International, faced a tricky year with all the well-recorded problems in financial markets. They ended the financial year with an

overall decline of 0.8% in the portfolio value, which includes Development income. Nevertheless Morgan Stanley's performance since 2004, increasing the endowment capital (excluding fundraising) by 43% over a benchmark of 35%, has been very satisfactory.

As the global financial situation remains uncertain, the outcome of the Development Campaign remains important. Ditchley needs the endowment to fall no lower than £20 million at the bottom of any cycle (at the time of writing this report, it stands at £19.8 million). In spite of sterling work by the Development Committee, the target of £3.5 million (net of expenses) is looking increasingly unachievable: the final sum may be some 20% short.

Ditchley has to meet the gap between expenditure and endowment income (usually more than £150,000 per annum) through the business activity of Ditchley Park Conference Centre Limited (DPCC). In 2007-2008 we attracted a good level of interest from outside organisations wanting to return to us and from companies responding to Ditchley's relaxed brainstorming environment; and we benefited from the filming of the feature film "The Young Victoria", due on general release later this year. Thirteen "Guest Conferences" and a number of day functions were accommodated, bringing in almost £100,000. The film, shot during our quiet period in August, brought us £35,000; and other activities, including the part-time Butler School run by a former Ditchley butler, contributed another £10,000. Rents make up the other element.

Major works during the year included the loft conversion of one of the staff cottages to accommodate an expanding family, installation of a large cold room in the kitchen and the long-awaited hanging of the new gates at Kiddington Lodge. The cold room, at £6,000, has helped the catering staff enormously in dealing with larger conferences and the ever more stringent hygiene requirements. The new gates were largely funded by the Martin Wills Trust and are a welcome addition to the security of the Estate.

Overall, we met our budget on expenditure, with running costs coming to £1.048 million. Since our extra income was higher than usual, this meant drawing from the endowment at a rate of no more than 4.5% of capital, which is sustainable.

In 2008-09 we are expecting inflationary pressures to intensify. Given the probable outcome of the Development Campaign, income generated by DPCC activities will become increasingly important to the overall financial health of the Foundation. Bookings for guest conferences in the current financial year are good, but any contribution to further business which Governors can promote for 2009 is always welcome.

Plans for the Future

The Foundation intends to continue meeting its purpose by the holding of conferences, with a full participation of senior international experts, on the programme listed below. In an experimental move away from tradition, from October onwards our conferences will start on Thursday afternoon and conclude Saturday lunchtime. Within this two-day period, the timetable of the conferences will remain the same.

The Conference Programme

<i>The 2008-2009 Conference Programme</i>		
<i>2008</i>	<i>Title</i>	<i>Chairman</i>
Sept 26-28	Can Latin America's potential be realised?	The Rt Hon Michael Portillo
Oct 23-25	The future of NATO, in Europe and globally	The Hon Nicholas Burns
Nov 6-8	How can the EU deliver an effective global strategy?	Mr Charles Grant
Nov 13-15	China, energy and the environment (A conference in Seattle organised in partnership with the National Bureau of Asian Research)	tbc
Dec 4-6	The media and democracy	tbc
<i>2009</i>		
Jan 15-17	The nature and role of international NGOs	Dr Huguette Labelle
Feb 12-14	Stability and Reform in the Gulf Region	Lord Luce of Adur
Mar 5-7	Universities: securing the future	Mr Bahram Bekhradnia
Mar 19-21	Society's resilience in withstanding disaster	tbc
May 7-9	The changing role of the military	tbc
May 28-30	How do architecture and society interrelate?	tbc
Jun 11-13	Is Development Aid producing the right results?	tbc

Trustees' Responsibilities

As directors, the Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice. They are required by UK company law to prepare, for each financial year, financial statements which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the company and the group for that period.

The Trustees confirm that suitable accounting policies have been used and applied consistently and that reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 March 2008. They are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company in recognition of their responsibilities under the Companies Act 1985. The Trustees are responsible for taking reasonable steps to safeguard the assets of the company and the group and to prevent and detect fraud and other irregularities.

As far as the Trustees are aware, there is no relevant audit information (information needed by the Foundation's auditors in connection with preparing their report) of which the Foundation's auditors are unaware; each Trustee has taken all the steps that he ought to have taken as a Trustee in order to make himself aware of any relevant audit information and to establish that the Foundation's auditors are aware of that information. The Trustees are required to prepare financial statements on a going concern basis unless it is inappropriate to presume that the charity will continue in operation.

Principal activities and business review

The consolidated income and expenditure account for the year is set out on page 17. A review of the Foundation's business during the year is contained in the Chairman's Report starting on page 7 and the Director's Report on page 9.

Dividends

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.

By order of the Council of Management



NINA RICHARDSON
Secretary
3 June 2008

REPORT OF THE AUDITORS TO THE MEMBERS OF THE DITCHLEY FOUNDATION

We have audited the financial statements of The Ditchley Foundation for the year ended 31 March 2008 which comprise the consolidated statement of financial activities, the consolidated balance sheets and the related notes. These financial statements have been prepared under the historical cost convention and 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 trustees and auditors

The responsibilities of the trustees (who are also the directors of The Ditchley Foundation for the purpose of company law) for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether the information given in the Trustees' Annual Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charity 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 trustees' remuneration and transactions with the charity is not disclosed.

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

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 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 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 affairs of the Foundation and the Group as at 31st March 2008 and of its incoming resources and application of resources, including its income and expenditure for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

In our opinion the information given in the directors' report is consistent with the financial statements.

CRITCHLEYS

Chartered Accountants and Registered Auditors

Oxford

3 June 2008

THE DITCHLEY FOUNDATION

Consolidated Statement of Financial Activities for Year ended 31 March 2008

	Note	Unrestricted Funds Maintenance £	Other Funds £	Restricted Funds £	Total 2008 £	Total 2007 £
INCOMING RESOURCES						
Incoming Resources from generated funds						
Voluntary income	2		504,929	23,343	528,272	561,540
Activities for generating funds						
Trading turnover of subsidiary			194,959	0	194,959	112,896
Investment income	3		266,132	4,923	271,055	402,191
Other incoming resources			8,322	0	8,322	0
Total incoming resources			974,342	28,266	1,002,608	1,076,627
RESOURCES EXPENDED						
Costs of generating funds	4					
Trading costs of subsidiary			92,923	0	92,923	74,990
Fundraising costs			88,315	0	88,315	113,836
Investment management fees			33,440	0	33,440	42,081
			214,678	0	214,678	230,907
Charitable activity (see page 5) – conference programme	4		986,864	47,086	1,033,950	1,034,470
Governance costs	6b		8,673	0	8,673	8,424
TOTAL RESOURCES EXPENDED			1,210,215	47,086	1,257,301	1,273,801
NET INCOMING (OUTGOING) RESOURCES						
Transfers between Funds		71,500	(235,873) (62,489)	(18,820) (9,011)	(254,693) 0	(197,174) 0
GAINS/(LOSSES) ON INVESTMENT ASSETS						
Realised			(17,878)		(17,878)	682,644
Unrealised			2,601,372		2,601,372	367,428
NET MOVEMENT IN FUNDS		71,500	2,285,132	(27,831)	2,328,801	852,898
Fund balances brought forward as at 1 April 2007		71,500	22,602,251	142,000	22,815,751	21,962,853
FUND BALANCES CARRIED FORWARD AT 31 MARCH 2008	16	£143,000	£24,887,383	£114,169	£25,144,552	£22,815,751
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES						
Net surplus/(Deficit) for the year					(272,571)	485,470
Unrealised gains					2,601,372	367,428
Net gains recognised in the year					£2,328,801	£852,898

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 profit nor loss in either year.
- (2) The results for the years above are derived from continuing activities.
- (3) There is no difference between the operating surplus for the years stated above, and their historical cost equivalents.
- (4) Guest conference income relates to the turnover of Ditchley Park Conference Centre, details of which are shown on page 28.
- (5) Restricted Funds comprise the Dulverton Travel Fund, the Kiddington Gates Fund, The Music Fund and donations towards future conferences.

THE DITCHLEY FOUNDATION
Balance Sheets at 31st March 2008

	Note	Group	2008 Foundation £	Group	2007 Foundation £
FIXED ASSETS					
Tangible assets	7	3,336,388	3,336,388	1,825,107	1,825,107
Investments	8	21,848,410	21,848,410	21,096,656	21,096,656
Investment in subsidiary	9	0	2	0	2
		<u>25,184,798</u>	<u>25,184,800</u>	<u>22,921,763</u>	<u>22,921,765</u>
CURRENT ASSETS					
Stocks	10	24,045	22,355	21,963	19,507
Debtors	11	23,457	38,600	20,100	14,473
Bank balances and cash		118,463	81,419	60,414	45,993
		<u>165,965</u>	<u>142,374</u>	<u>102,477</u>	<u>79,973</u>
CURRENT LIABILITIES					
Creditors falling due within one year	12	(206,211)	(182,622)	(208,489)	(185,987)
		<u>(40,246)</u>	<u>(40,248)</u>	<u>(106,012)</u>	<u>(106,014)</u>
NET CURRENT LIABILITIES/ASSETS					
		<u>£25,144,552</u>	<u>£25,144,552</u>	<u>£22,815,751</u>	<u>£22,815,751</u>
NET ASSETS					
SHARE CAPITAL	13	Nil	Nil	Nil	Nil
FUNDS OF THE CHARITY					
General Fund	15	20,818,038	20,818,038	19,670,095	19,670,095
Maintenance Fund	15	143,000	143,000	71,500	71,500
Revaluation Reserve	15	4,069,345	4,069,345	2,932,156	2,932,156
Total Unrestricted Funds		<u>25,030,383</u>	<u>25,030,383</u>	<u>22,673,751</u>	<u>22,673,751</u>
Restricted Funds	15	114,169	114,169	142,000	142,000
Total Charity Funds		<u>£25,144,552</u>	<u>£25,144,552</u>	<u>£22,815,751</u>	<u>£22,815,751</u>

The accounts on pages 17 to 25 were approved and authorised for issue by the Council of Management on 3 June 2008 and were signed on its behalf by:

THE RT HON SIR JOHN MAJOR KG CH

Chairman of the
Council of Management

3 June 2008

THE DITCHLEY FOUNDATION

Notes to the Accounts - 31st March 2008

I. PRINCIPAL ACCOUNTING POLICIES

- (1) **Basis of Accounting** - The Foundation prepares its annual accounts in accordance with the historical cost convention modified by the revaluation of investment properties and other investments and in accordance with the principal provisions of the Statement of Recommended Practice for Charities, applicable accounting standards and, except for the non-depreciation of investment properties, with the Companies Act 1985. An explanation of the departure from the requirements of the Act is given below in section 5.
- (2) **Related Parties-** - The Foundation is related to The Ditchley Park Conference Centre Limited, a 100% subsidiary. The exemption available under FRS 8 re the non-disclosure of transactions with group companies is utilised by the Foundation as group accounts are prepared.
There are no other related party transactions or balances to be disclosed.
- (3) **Basis of Consolidation** - The Consolidated Statement of Financial Activities, Income and Expenditure Account and Balance Sheet include the financial statements of the Foundation and its subsidiary undertaking. Intra-group charges are eliminated fully on consolidation.
- (4) **Fixed Assets** - The house and land at Ditchley Park, acquired by gift, are not valued: staff properties were valued at 31 March 2008, and are depreciated (see Note 7). Expenditure on renovation and improvements is at cost less depreciation.

Individual fixed assets costing £500 or more are capitalised at cost.
- (5) **Depreciation** - Depreciation is calculated to write off, by equal instalments, the cost of tangible fixed assets over their useful lives, which are estimated to be:
- | | |
|--|---------------------------|
| Staff property, renovation and improvements to freehold property | - Between 20 and 50 years |
| Furniture, equipment and furnishings | - Between 3 and 10 years |
| Motor vehicles | - 5 years |
- Investment properties: in accordance with SSAP19, no depreciation is provided in respect of investment properties. This treatment may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. These properties are however held not for consumption but for investment and it is considered that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors in the annual valuation and the amount which would otherwise have been shown cannot reasonably be separately identified.

THE DITCHLEY FOUNDATION

Notes to the Accounts - 31st March 2008 (continued)

-
- | | | | |
|------|----------------------|---|---|
| (6) | Investments and Cash | - | <p>Investments, including property, are valued on the following basis:-</p> <p>(i) Freehold properties held for investment purposes are valued periodically on professional advice.</p> <p>(ii) Quoted investments have been valued at the middle market price at the close of business at the year end. The market value of unit trusts and managed funds units is taken as the average of the bid and offer prices at the year end as advised by the investment managers. Investments in overseas currencies are translated into sterling at the exchange rate ruling at the year end.</p> <p>(iii) Realised gains and losses on investments are calculated as the difference between sale proceeds and their market value at the start of the year or subsequent cost and are credited or charged to the statement of financial activities in the year of disposal.</p> <p>Unrealised gains and losses represent the movement in market values during the year and are credited or charged to the statement of financial activities based on the market value at the year end.</p> |
| (7) | Stocks | - | <p>Stocks are valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis.</p> |
| (8) | Income | - | <p>Income is accounted for on an accruals basis.</p> <p>Dividends are accounted for by reference to the declared payment date.</p> <p>Donations are accounted for in the period in which they are received.</p> <p>Guest conference income excludes value added tax and represents the invoiced value of goods and services supplied.</p> |
| (9) | Expenditure | - | <p>Expenditure is allocated to the cost of generating funds, charitable activities and governance costs on an actual basis except for certain overheads of the fundraising office which are allocated on the basis of the estimated usage of the related overhead.</p> |
| (10) | Cash Flow Statement | - | <p>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.</p> |
| (11) | Fund Accounting | - | <p>The Ditchley Foundation has the following types of funds for which it is responsible:</p> <p>Unrestricted Funds. Funds which are expendable at the discretion of the Council of Management in furtherance of the objects of the Foundation.</p> <p>Restricted Funds. Donations or funds received which are earmarked by the donor for specific purposes within the overall aims of the Foundation. These funds may be income only (where the capital must be retained) or income and capital (where the donation and income deriving therefrom may be utilised).</p> |
| (12) | Pension Costs | - | <p>The pension scheme is a defined contribution scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.</p> |

THE DITCHLEY FOUNDATION

Notes to the Accounts - 31st March 2008 (continued)

				2008	2007
2.	VOLUNTARY INCOME			£	£
	General purpose			504,929	519,040
	Restricted Funds:				
	Earmarked donations - conferences			4,950	7,500
	Kiddington Gates donation			0	35,000
	Music Fund			2,574	0
	DFID Travel Fund			15,819	0
				<u>£528,272</u>	<u>£561,540</u>
3.	INVESTMENT INCOME				
	Dividends on listed investments			228,224	356,345
	Bank interest			1,489	881
	Rents			36,419	40,043
				<u>266,132</u>	<u>397,269</u>
	Interest on Dulverton Travel Fund (restricted)			4,923	4,922
				<u>£271,055</u>	<u>£402,191</u>
4.	ANALYSIS OF TOTAL RESOURCES EXPENDED				
		Staff costs	Other	Depreciation	Total
		£	£	£	£
	Costs of generating funds				
	Trading costs of subsidiary (p28)	28,273	64,650	0	92,923
	Fundraising costs	74,878	10,967	2,470	88,315
	Investment management fees	0	33,440	0	33,440
		<u>103,151</u>	<u>109,057</u>	<u>2,470</u>	<u>214,678</u>
	Charitable activity see Note 6a	603,356	374,122	56,472	1,033,950
	Governance costs see Note 6b	0	8,673	0	8,673
	TOTAL	<u>£706,507</u>	<u>£491,852</u>	<u>£58,942</u>	<u>£1,257,301</u>
5.	STAFF COSTS				
	Expenditure includes the following amounts in respect of staff costs:				
	Salaries and wages			621,928	592,341
	Social security costs			47,843	41,798
	Other pension costs			36,737	37,130
				<u>£706,508</u>	<u>£671,269</u>
	<u>Average monthly number of staff</u>			No.	No.
	Administration			9	9
	Establishment			21	20
	Conference – part-time			9	11
	Development Office			2	2
				<u>41</u>	<u>42</u>

Note:

None of the Council of Management received any emoluments during the year (2007 £NIL).

The Foundation provided Public Liability insurance cover amounting to £10m (2007 £10m)

One member of staff earned more than £60,000 in the year (2007 £Nil)

THE DITCHLEY FOUNDATION

Notes to the Accounts - 31st March 2008 (continued)

	2008	2007
	£	£
6. OTHER EXPENDITURE		
a. OTHER CHARITABLE EXPENDITURE		
Administration		
Travelling	12,698	13,700
Representation abroad	5,815	5,830
Postage and telephones	9,970	14,859
Maintenance of office equipment	10,300	8,078
Printing, stationery and office expenses	15,332	11,251
Vehicle running costs	6,689	9,159
Architects' and surveyors' fees	3,047	125
Legal and professional fees	9,403	8,708
Bank charges	1,479	710
Interest payable	1,928	1,951
General expenses	9,804	7,539
	<u>£86,465</u>	<u>£81,910</u>
Repairs and Maintenance		
Buildings - Major works	35,254	63,618
- General repairs & maintenance	8,421	10,885
Repairs & renewals of furniture & equipment	26,499	25,084
Upkeep & maintenance of roads & gardens	20,424	18,523
	<u>£90,598</u>	<u>£118,110</u>
Household and Services costs		
Heating and lighting	37,531	34,067
Insurance	37,747	39,339
Rates and water	23,901	23,631
Household and cleaning	7,026	4,835
	<u>£106,205</u>	<u>£101,872</u>
Conference		
Catering	53,813	49,643
Participants' travel costs - to UK (partly funded by earmarked donations)	25,159	28,938
Participants' travel costs - from UK	12,660	14,187
Publications	259	109
Other conference expenditure	20,179	19,427
	<u>112,070</u>	<u>112,304</u>
Value Added Tax	<u>32,814</u>	<u>33,632</u>
	<u>428,152</u>	<u>447,828</u>
Less attributable to DPCC	<u>(54,030)</u>	<u>(34,317)</u>
	<u>£374,122</u>	<u>£413,511</u>
b. GOVERNANCE COSTS		
Audit fee	8,000	8,000
Trustees' costs	673	424
	<u>£8,673</u>	<u>£8,424</u>

THE DITCHLEY FOUNDATION
Notes to the Accounts - 31st March 2008 (continued)

7. TANGIBLE ASSETS - GROUP AND FOUNDATION

	Freehold Property	Furniture & Equipment	Furnishings	Motor Vehicles	Total
COST/OR VALUATION	£	£	£	£	£
At 31st March 2007	2,067,597	341,442	34,441	21,441	2,464,921
Additions	10,190	13,920	0	0	24,110
Disposals	0	0	0	0	0
Revaluation	1,546,113	0	0	0	1,546,113
At 31st March 2008	3,623,900	355,362	34,441	21,441	4,035,144
DEPRECIATION					
At 31st March 2007	258,291	325,641	34,441	21,441	639,814
Charge for year	49,509	9,433	0	0	58,942
Disposals	0	0	0	0	0
At 31st March 2008	307,800	335,074	34,441	21,441	698,756
NET BOOK VALUE					
At 31st March 2007	£1,809,306	£15,801	£0	£0	£1,825,107
At 31st March 2008	£3,316,100	£20,288	£0	£0	£3,336,388

The Freehold Property entry comprises expenditure on renovations and improvements. The house and associated land are valued at NIL since they were acquired by gift. No value has been attributed to this asset as, in accordance with the wishes of the donor, it is inalienable. Ditchley House was built in 1722 and is a listed Grade 1 building. Significant costs would be involved in valuing the property which, in the opinion of the Trustees, would be onerous compared with the additional benefit derived by users of the accounts in assessing the stewardship of assets. The House and outbuildings are currently insured for £37,241,306. Other properties occupied by staff and considered as permanent staff quarters have been valued at 31 March 2008 by Laws and Fiennes, Chartered Surveyors. The historical cost of the freehold properties is £1,232,580.

8. INVESTMENTS - GROUP AND FOUNDATION

	Listed Securities	Short Term Deposits	Investment Properties	Total
MARKET VALUE	£	£	£	£
At 31st March 2007	16,801,725	3,114,562	1,180,369	21,096,656
Additions	41,747,620	0	0	41,747,620
Disposals	(39,659,230)	(2,391,895)	0	(42,051,125)
Net unrealised gains/(losses)	144,484	2,144	908,631	1,055,259
At 31st March 2008	£19,034,599	£724,811	£2,089,000	£21,848,410
Cost at 31st March 2008	£18,489,218	£883,537	£787,439	£20,160,194

Disposals are at market value as at 1 April 2007, or cost if acquired during the year. Proceeds of disposals amount to £39,641,352 giving rise to a loss of £17,878.

The investment properties were valued at 31 March, 2008 by Laws and Fiennes, Chartered Surveyors.

9. INVESTMENT IN SUBSIDIARY

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 2008 (continued)

10. STOCKS	2008		2007	
	Group £	Foundation £	Group £	Foundation £
Wine cellar	13,032	13,032	14,917	14,917
Heating oil	9,323	9,323	4,590	4,590
Publications for resale	1,690	0	2,456	0
	<u>£24,045</u>	<u>£22,355</u>	<u>£21,963</u>	<u>£19,507</u>
11. DEBTORS (Due within one year)				
Trade debtors	16,713	944	11,778	1,256
Amount due by subsidiary (Ditchley Park Conference Centre Ltd)	0	30,912	0	4,895
Prepayments	5,426	5,426	7,001	7,001
Accrued Income & Other Debtors	1,318	1,318	1,321	1,321
	<u>£23,457</u>	<u>£38,600</u>	<u>£20,100</u>	<u>£14,473</u>
12. CREDITORS (Due within one year)				
Payments received in advance	85,653	62,664	109,346	87,644
Trade creditors	48,751	48,751	17,521	17,521
Taxation and social security payable	17,523	17,523	19,934	19,934
Other creditors & accruals	54,284	53,684	61,688	60,888
	<u>£206,211</u>	<u>£182,622</u>	<u>£208,489</u>	<u>£185,987</u>

Payments in advance include the balance of a grant from the Department for International Development amounting to £9,182 to fund travel from developing countries.

13. SHARE CAPITAL

The liability of 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 the 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.

14. PENSION SCHEMES

The Foundation maintains a pension scheme covering substantially all of its employees. It is a defined contribution scheme (employer 5-9%) administered by trustees. Its funds are kept separate from those of the Foundation. There were contributions outstanding at the balance sheet date of £843 (2007 - £7,037). The pension cost charge represents contributions payable by the Foundation in accordance with the rules of the Scheme. 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 5.

THE DITCHLEY FOUNDATION

Notes to the Accounts – 31st March 2008 (continued)

15. RESERVES

	Unrestricted Funds			Restricted Funds
	Maintenance Fund	General Fund	Revaluation Reserve	Total
	£	£	£	£
Balance at 31 March 2007	71,500	19,670,095	2,932,156	22,673,751
Net incoming resources	71,500	(298,362)	0	(27,831)
Gains	0	1,446,305	1,137,189	2,583,494
Balance at 31 March 2008	£143,000	£20,818,038	£4,069,345	£25,030,383

RESTRICTED FUNDS

	Dulverton Travel Fund	Kiddington Gates Fund	Music Fund	Total
	£	£	£	£
Balance at 31 March 2007	107,000	35,000	0	142,000
Incoming resources	4,923	0	2,574	7,497
Resources expended	(4,923)	(29,405)	(1,000)	(35,328)
Net resources expended	0	(29,405)	1,574	(27,831)
Balance at 31 March 2008	£107,000	£5,595	£1,574	£114,169

The General Fund comprises the original gift to the company by HDH Wills family and family trusts together with changes to the capital value of investments and surpluses and deficits on income and expenditure. The Maintenance Fund was instituted by the Council on 22 November 2005 when it was agreed that a certain amount be transferred from the General Fund from 2006/7 onwards for exceptional maintenance items, such as new boilers and rewiring.

Restricted Funds comprise the Dulverton Trust Travel Fund, the income from which offsets the cost of conference participants' travel, the Kiddington Gates fund, to be spent on renewing and maintaining the Kiddington Lodge gates and the Music Fund, to support occasional concerts as part of the conference programme.

16. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Unrestricted funds	Restricted funds	2008 Total funds	2007 Total funds
	£	£	£	£
Fund balances at 31 March 2008 are represented by:				
Tangible fixed assets	3,336,388	0	3,336,388	1,825,107
Investments	21,734,241	114,169	21,848,410	21,096,656
Current assets	165,965	0	165,965	102,477
Current liabilities	(206,211)	0	(206,211)	(208,489)
Total net assets	£25,030,383	£114,169	£25,144,552	£22,815,751

17. TRAVEL EXPENSES

£1,012 was disbursed for travel and associated expenses incurred by one member of the Council of Management while attending business directly associated with the purposes of the Foundation (2007 - £994).

18. CAPITAL COMMITMENTS

There were no capital commitments as at 31 March 2008 (2007 – none).

THE DITCHLEY PARK CONFERENCE CENTRE LIMITED

Report of the Directors

The directors present their report and the audited financial statements for the year ended 31 March 2008.

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 either by members of the public during any open period or by individuals and specialist groups at other times by prior arrangement.

A total of thirteen guest conferences were held during the financial year covered by this report, and these contributed largely to the company's operating profit of £102,036.

CHARITABLE CONTRIBUTIONS

During the period the company made a contribution of £102,036 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' INTEREST IN SHARES

Directors are Sir Jeremy Greenstock, GCMG, and Brigadier C C Galloway and neither 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 2008. 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 to prevent and detect fraud and other irregularities. This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

As far as the directors are aware, there is no relevant audit information (information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware; each Director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

A resolution to reappoint Critchleys as auditors for the year ending 31 March 2009 will be proposed at the Annual General Meeting.

By order of the Board,



NINA RICHARDSON
Secretary
3 June 2008

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

We have audited the financial statements of The Ditchley Park Conference Centre Limited for the year ended 31 March 2008 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the historical cost convention and 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

The responsibilities of the directors for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether the information given in the Directors' Annual Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charity 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 trustees' remuneration and transactions with the charity is not disclosed.

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

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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 31st March 2008 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

In our opinion the information given in the directors' report is consistent with the financial statements.


CRITCHLEYS
Chartered Accountants and Registered Auditors
Oxford
3 June 2008

THE DITCHLEY PARK CONFERENCE CENTRE LIMITED
Profit and Loss Account for Year Ended 31st March 2008

	2008 £	2007 £
TURNOVER		
Conference income	146,252	96,868
Visitors' entrance fees	4,106	4,094
Sale of publications	987	1,354
Other (including filming)	35,449	3,912
Sale of drinks	7,376	6,228
Bank interest	789	440
	<u>£194,959</u>	<u>£112,896</u>
 OPERATING EXPENSES		
Management and service fees	82,304	62,207
Cost of drinks sold	4,789	3,788
Publications for resale	765	981
Guiding fees	1,155	1,998
Auditors' remuneration	600	800
Other operating costs	3,310	5,216
	<u>£92,923</u>	<u>£74,990</u>
 OPERATING PROFIT	 102,036	 37,906
 PROFIT ON ORDINARY ACTIVITIES	 <u>£102,036</u>	 <u>£37,906</u>
 PAYMENT UNDER GIFT AID	 <u>(£102,036)</u>	 <u>(£37,906)</u>
 RETAINED PROFIT FOR THE YEAR	 <u>£NIL</u>	 <u>£NIL</u>

NOTES:

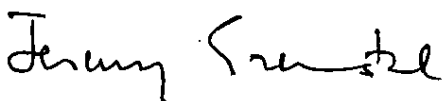
- (1) The results for the years above are derived from continuing operations.
- (2) The company has no recognised gains or losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented.
- (3) There is no difference between the profit on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

THE DITCHLEY PARK CONFERENCE CENTRE LIMITED

Balance Sheet at 31st March 2008

	Notes	2008 £	2007 £
CURRENT ASSETS			
Debtors		15,769	10,521
Stocks	2	1,690	2,456
Cash in bank and in hand		37,044	14,422
		<u>54,503</u>	<u>27,399</u>
CURRENT LIABILITIES			
Creditors falling due within one year	3	54,501	27,397
		<u>54,501</u>	<u>27,397</u>
NET ASSETS		<u>£2</u>	<u>£2</u>
CAPITAL AND RESERVES			
Called-up share capital	4	£2	£2
		<u>£2</u>	<u>£2</u>

The financial statements on pages 28 to 30 were approved and authorised for issue by the Board of Directors on 3 June 2008 and were signed on their behalf by:



SIR JEREMY GREENSTOCK GCMG

Chairman and
Managing Director

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

Notes to the Accounts

1. DIRECTORS AND EMPLOYEES

The company has no employees other than the Directors. (2007: NIL)
None of the directors received any remuneration during the year (2007: £NIL)

2. STOCKS

Stocks comprise publications for resale.

3. CREDITORS (Due within one year)

	2008	2007
	£	£
Payments received on account	22,989	21,702
Amount owed to parent company	30,912	4,895
Other	600	800
	<u>54,501</u>	<u>27,397</u>

4. CALLED-UP SHARE CAPITAL

Authorised		
100 ordinary shares of £1 each	£100	£100
	<u> </u>	<u> </u>
Issued, allotted, called-up and fully paid		
2 ordinary shares of £1 each	£2	£2
	<u> </u>	<u> </u>

5. ULTIMATE PARENT COMPANY

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