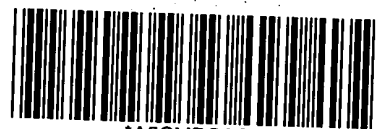


THE DITCHLEY FOUNDATION

THE COUNCIL'S ANNUAL REPORT AND ACCOUNTS 2015-2016

THURSDAY



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THE DITCHLEY FOUNDATION

Charity Number: 309657 Company Number: 599389

Registered Office:

The Ditchley Foundation, Ditchley Park, Enstone, Chipping Norton, Oxfordshire. OX7 4ER

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of the Foundation will be held on Saturday 9 July, 2016 at 2.15pm 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 31 March, 2016.
2. The following resolution to elect Council Members will be put to the Annual General Meeting:

Pursuant to Article 36, the following are elected to the Council:

THE RT HON DOMINIC GRIEVE QC MP

SIR MARTIN SMITH

MRS ELIZABETH PADMORE

3. A resolution to re-appoint *James Cowper Kreston* as auditors for the year ending 31 March 2017 will be put to the Annual General Meeting.
4. To transact any other business.

Dated this 8th day of June, 2016

By order of the Council of Management

KATIE WILLIAMS

Secretary


8 June 2016

Ditchley Park,
Enstone, Chipping Norton,
Oxfordshire. OX7 4ER.

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 their 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 24 February 1958, the Articles of Association having been subsequently amended on the 29 November 1966 and the 7 July 2007.

Members of the Foundation are currently designated "Governors". They 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 other business of the Foundation.

Trustees (Members of the Council of Management) are normally selected from the ranks of the Governors and are invited to join the Council by the Chairman, acting on the recommendations and advice of the existing 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 a four-year term, renewable for one further four-year term.

All Trustees 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.

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 salaries of senior members of staff are established with regard to pay levels in other sectors for similar positions. From time to time, an external review of pay levels for all staff is commissioned.

Ditchley Park Conference Centre Limited (DPCC) is the trading arm of the Foundation, and oversees events in the House when not in use by the Foundation. These events include visits (the House is a Grade I listed historic building), conferences and meetings organised by outside bodies and use of the House 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, assessed, and controls established throughout the year with a formal review undertaken annually. Work to prepare and implement a Disaster Recovery Plan is nearing completion, after which attention will focus on developing a Risk Register. This will address issues such as the following:

- Fire risk and precautions
- Security
- Finance
- Personnel

- Health and safety
- Legal matters and compliance
- Reputational risk
- Data Protection

The key controls used by the Foundation include:

- Tri-annual meetings of the Council at which the Director and his senior staff brief the Trustees;
- 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 House, 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;
- Three meetings a year between the Investment Sub-Committee of the Finance and General Purposes Committee and the investment managers of the endowment. Additionally, members of this Committee with particular investment experience liaise with the investment managers as often as market conditions warrant it;
- An annual meeting of the Director's Risk Committee, plus bi-annual meetings of the Director's Health and Safety Committee, to review risks and safety procedures and decide on any necessary policy adjustments in the light of legislative changes.

Through these processes the Trustees are satisfied that the major risks have been identified and adequately mitigated where necessary.

Aims, Objectives, Activities and their Public Benefit

The principal aim 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". The aim and outcome of its activities are the advancement of education and improvement of public policy-making in the UK, North America and beyond. It thereby benefits the public in all those countries and regions. This is encapsulated in the mission statement below, adopted in 2014:

The Ditchley Foundation brings together leading practitioners and experts from around the world to help shape policy on the major international issues of the day. Its unique blend of intellectual rigour, informality and discretion, in a glorious rural setting, promotes new understanding, fresh thinking, and better decision-making.

The Foundation organises conferences, by invitation only, aimed at improving policy approaches and problem-solving on complex issues of international concern. These include the promotion of international security, effective global governance, sustainable development and democracy. It does this by bringing together international experts on a chosen topic to exchange views using Ditchley Park to create a stimulating and confidential atmosphere. The Foundation achieves its aims and objectives for the public benefit by inviting well-informed people to its conferences, by providing a venue in which conference participants can safely and frankly share new ideas, by guiding and promoting discussion of relevant issues, by

encouraging contacts, study and mutual understanding, by facilitating more effective operational diplomacy, and by ensuring the conference conclusions are widely available. There is no restriction on who might be invited to attend conferences, other than the criterion of expertise or interest in the subject area being discussed. Travel funds are occasionally made available for participants unable to meet the cost of their travel to Ditchley Park, especially those from non-OECD countries.

The Foundation publishes the outcome and findings of conferences on its website and disseminates them to government ministers, civil servants, journalists and others. The website also contains information about recent events, discussions held, and changes to the Foundation's governance structure. The Foundation also uses social media to disseminate information, with an active presence on Facebook, and relevant content posted on Twitter via the Director's account.

The benefits generated by the conferences are a deeper understanding of issues of international concern and a subsequent improvement in public policy-making. These benefits are not quantifiable, but are clearly attested to by participants' feedback. As can be judged from the Director's reports on these meetings and the responses of the participants, the outcomes are directly relevant to policy development and are seen by government participants, and by other observers and commentators, as a valuable contribution to public life.

An integral part of the organisation's purpose is to maintain Ditchley Park as an effective location for wide-ranging debate and discussion which, in turn, encourages senior international experts to make use of it. Being a premier venue for discussion, policy development and intellectual exchange allows the Foundation to maximise the benefit to the public at large. No individual receives financial benefit from the Foundation. Board and accommodation are provided in exchange for participants' time and expertise.

The Foundation's main objectives over the past year have been met principally by the holding of the conferences listed in the relevant section below. It also hired out its facilities to other organisations convening similar events. All proceeds earned by Ditchley Park Conference Centre in this way were donated to the Foundation to be used for its charitable aims. In addition, as in past years, the Park's facilities were made available several times this year without charge to charities in Oxfordshire and the surrounding region for fundraising events.

The Foundation maintains Ditchley Park as a historic house, part of the national heritage. It is open to societies and individuals to study its history, art and architecture. The public is given access to the building in the form of pre-booked guided tours for a small charge.

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. They regularly meet with policy-makers in the UK, North America and beyond, to attract expert participants and disseminate the findings of previous conferences. They attend other organisations' seminars to pass on key findings of Ditchley conferences and encourage further debate and action. Smaller events at venues outside Ditchley Park, and sometimes abroad, are occasionally organised to raise the profile of the Ditchley Foundation and target new audiences. These include an annual event in the Houses of Parliament; ad hoc panel events, co-hosted with the Royal United Services Institute in London, to spread the conclusions of Ditchley conferences, and to explore in more depth key themes or issues arising from them; and co-hosting, with the Lowy Institute based in Sydney,

the annual Australia-UK 1.5 track Asia Dialogue, held in the UK and Australia on alternate years.

Some of the objectives stated in the Foundation's original Memorandum of Association of 1948 (such as "to establish fellowships, scholarships and prizes" and "to establish paid residential or other fellowships") cannot currently be fulfilled because of budgetary constraints.

The Trustees have paid due regard to the Charity Commission's guidance on public benefit in fulfilling their duties and in setting the Foundation's objectives and planning its activities.

The 2015-2016 Conference Programme

The Asia-Pacific: an agenda for new challenges

(18-20 September, 2015)

In partnership with the Canadian Ditchley Foundation and the Asia Pacific Foundation of Canada, conference held in Vancouver, Canada

Co-Chairs: His Excellency the Rt Honourable David Johnston CC CMM COM FRCPSC CD FRSC and Ms Janice Charette

The UK and the EU: redefining the relationship or heading for the exit?

(29-31 October, 2015)

Chair: The Rt Hon Baroness Ashton of Upholland GCMG

Free trade and investment: why are we losing the arguments?

(19-21 November, 2015)

Chair: Ambassador Charlene Barshefsky

The digital economy: power and accountability in the private sector

(10-12 December, 2015)

In partnership with Vodafone Group

Chair: Ms Nuala O'Connor

Nuclear energy: the future or the past?

(28-30 January, 2016)

Chair: Lady Judge CBE

Europe and migration: how can the flows be managed?

(18-20 February, 2016)

Chair: The Rt Hon Baroness Amos

Change in the Middle East: new lines in the sand?

(17-19 March, 2016)

Chair: Mr Majid Jafar

South Asia: peace, prosperity and regional cooperation

(21-23 April, 2016)

Chair: Mr Bill Emmott

Growth and jobs in Europe: the way forward

(19-21 May, 2016)

Chair: The Rt Hon. the Lord Willetts

Can the earth still sustain us? Biodiversity, resources and pollution

(16-18 June, 2016)

Chair: Dr Tony Juniper

Concluding Phase of the 2015-2016 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 2015 fell during the financial year 2015-2016 but were included in the list of conferences in last year's Annual Report. This year's report follows the same practice.

Report of the Chairman on Achievement and Performance

I am delighted to say that the Ditchley Foundation has had yet another excellent and varied year. Its ability to bring together senior decision-makers and help generate new thinking is needed more than ever in a fragmenting and dangerous world where internationalism seems increasingly under threat. Whatever the outcome of the EU referendum in the UK, uncertain as I write, the challenges we face look unlikely to be easier in the coming years than they are now. Keeping Ditchley relevant and able to have the necessary impact therefore remains vital.

The well-attended and productive conferences of the last year have been complemented by a range of other events and developments. I will focus particularly on these in my report, leaving the details of the conferences to the Director.

The 2015 Annual Lecture was a *tour de force* by the then UN High Commissioner for Human Rights, Antonio Guterres. He spoke without notes for almost an hour on the issue of refugees and displacement, tugging at our consciences while expounding the geopolitical background to the crisis just beginning to unfold across Europe, as the numbers fleeing Syria and other conflict zones began to accelerate dramatically. He reminded us that even in the previous year, 2014, some 60 million people were displaced by conflict, an increase of 60% in ten years, representing a staggering 42,500 people displaced every day. Meanwhile the international community's ability to solve conflicts seemed also to have taken a dramatic turn for the worse. New conflicts were therefore piling on top of the old ones, and while the traditional donors were responding generously, the gap between needs and resources was growing alarmingly. In the case of Europe, he urged us to keep a sense of proportion about the flows of people, which still bore no resemblance to what countries like Jordan and Lebanon were having to deal with. He ended with a passionate plea for a genuinely comprehensive European approach to the crisis, combining responsibility and solidarity.

This year's Annual Lecture promises to be fascinating in a different way as we welcome The Hon. Stephen Breyer, an Associate Justice (ie full member) of the US Supreme Court. A former assistant special prosecutor in the Watergate investigation, he was appointed to the Senate Judiciary Committee in 1979, and became Chief Judge of the US Court of Appeals in 1990, before joining the Supreme Court in 1994. He is an acclaimed writer on legal issues, with his latest book on 'The Court and the World' published in October 2015.

The October 2015 Ditchley Parliamentary event, with the continued support of the British American Parliamentary Group, was devoted to the dilemmas posed by the advances of digital technology and big data, and the balance to be struck between security and privacy. 80 members of both Houses listened to comments from Matthew Kirk (Vodafone), Hugh Stevenson (US Federal Trade Commission), Anthony Walker (TechUK) and David Omand (former head of GCHQ). The big issues were how to make sure the benefits of big data could be available, given their importance for all our economic futures, while maintaining control over the risks and downsides; how to resolve jurisdiction problems between countries when establishing the ownership and provenance of data could be so problematic; and how to make sure that intelligence agencies could act to make us safe through access to the internet, while not unreasonably or excessively infringing individual liberties. A lively debate followed on how to improve international cooperation in this area, not least across the Atlantic, following the ECJ ruling striking down previous Safe Harbour provisions; the merits or otherwise of the UK's then proposed Investigative Powers Act; and how to recreate public trust in both governments and the big private sector operators in this area. We plan to continue this tradition of an annual event in Parliament to help cement our links and improve our visibility there.

We have also been continuing our efforts to improve our ties with the business and financial communities, and to that end organised a dinner for senior representatives of both, in collaboration with the Canadian High Commission, at Canada House in early May. Sir John Major, my predecessor as Chair of the Council, kindly agreed to introduce a discussion about current global challenges, particularly the future of the UK in Europe, and did so with great vigour, leading to a lively debate around the table. We hope to form a group of corporate friends of Ditchley in due course, but that is very much work in progress for now.

Efforts to increase the number of women from business and finance around the Ditchley table have similarly continued. Another successful breakfast briefing hosted by Barbara Judge at Eversheds in the City in February attracted interest from high-level participants. They heard a presentation from Melanie Dawes, Permanent Secretary at the Department of Communities and Local Government, about the challenges for the civil service in implementing the pledges and priorities of the government elected in 2015. Chatham House rules prevent me from saying more, but those present were given a privileged insight into the dilemmas and opportunities of policy-making at a time of austerity and public lack of trust in authority of all kinds. Those present are again being given the chance to attend relevant conferences of interest to them. In this way we hope to build up a cadre of committed participants and supporters who will stand us in good stead for the future.

June 2015 also saw the second edition of the partnership between Ditchley and the Australian Lowy Institute, with the support of our respective foreign ministries, aimed at improving policy cooperation between the two countries in the Asia-Pacific. This takes the form of an annual gathering of outside experts and government officials to look at key developments in the region and how the two countries should be reacting to them. The 2015 meeting took place in Sydney, with well-focussed sessions on the regional economic prospects and opportunities, including the attitude to be taken to the Chinese-driven Asian Infrastructure Investment Bank; the continuing challenges presented by assertive Chinese maritime moves, especially around the disputed islands; the rise of Islamic extremism in the region; and the influence and scale of the US pivot or rebalance to Asia. Policy recommendations were made to the two governments in these areas, feeding into the annual bilateral ministerial consultations known as AUKMIN. This arrangement is a good fit for Ditchley's continuing

concern to strengthen our own links with the region in general, and access to Australian expertise in particular. The third meeting is planned for late November at Ditchley.

The arrangement I mentioned last year between Ditchley and RUSI, whereby the conclusions of occasional conferences of particular interest to a London audience are promulgated through a session at RUSI, has so far proved a significant success. Three conferences were given this treatment in the last year, on Intelligence, Security and Privacy in July 2015; the UK and the EU referendum in December 2015; and the European migration crisis in March 2016. On each occasion, the Director's Note of the conference was available, and three or four participants from the conference gave their impressions of the debate, followed by a wider discussion. We attracted good audiences, and plan to continue this in future. We owe a debt of gratitude to RUSI for allowing us to use their excellent premises in Whitehall for these events, and taking on the burden of organisation.

I hope this brief account is enough to show that Ditchley has continued to reach out to the wider world as well as continuing its basic task of helping better international decision-making and policy-making through its unique conference discussions. I have no doubt that the Foundation is in good shape and good heart. The House is also looking as good as anyone can remember, thanks to the improvements made possible by the Fabric Fund, to which so many have so generously contributed.

Nevertheless, the question of longer-term finance for the Foundation continues to be of great concern to the Council of Management. The risk of taking more out of the endowment than it can reasonably bear over time is high and rising, even though the last few years have been relatively favourable. The first priority is to raise funds for the planned changes to the House, in the shape of the development of the Stable Block, and the addition of bathrooms to the bedrooms on the second floor of the main House. These projects, for which we now have planning consent, are designed to improve what we can offer both to the Ditchley conferences themselves, and to guest conferences and other outside events which are so important for our future financing. We have already started efforts to raise the £1.5 million we think we will need to cover these vital enhancements, and would ideally like to begin work on the Stable Block in 2017, and the second floor in 2018. At the same time we also remain highly conscious of the need to improve our internet connectivity.

All this is already a major challenge. However we need to find on top of that either another significant slice of income or a decent chunk of capital to make sure the Foundation is sustainable for the long term, or some combination of the two. There is no easy or one-off solution to this, and we will all simply have to work very hard to reach our goals over the next few years, as well as making sure that expenditure remains under firm control. I hope all governors will think hard about how they might be able to contribute, either directly or through others whom you may know who might be willing to help on a significant scale. We will keep you in close touch with our plans as they develop.

The success of Ditchley is above all a team effort, and I know I speak for all the friends of Ditchley when I thank all the team there for the hard work and commitment they put in to make that success a reality. From those working on the conferences and the other events, through the Butler and Chef and their colleagues making sure that the hospitality is all it should be, to the Bursar and his garden, maintenance and cleaning teams, not forgetting the caretaker, all concerned deserve our thanks and congratulations for what they continue to do. But every team needs leadership, which brings me on to the Director, sadly leaving us this summer after six years at the helm.

John and Penny have been a formidable team over their six years at Ditchley. The reconstruction of our governance, the creation of the Parliamentary Day, the RUSI panels and the series of in-house fundraising events have been among innovations enriching the work and impact of the Foundation. John's energy has driven both modernisation and the maintenance of the core roles. Penny has been behind a loving attention to the fabric of the mansion and her success in protecting and improving the building has been rightly praised. We are profoundly grateful to both of them and they leave a lasting and significant legacy.

I look forward to welcoming James and Kerry Arroyo to Ditchley from 1 September. James has already been hard at work preparing for his new role, and I know will arrive brimming with enthusiasm and new ideas. I hope we can all do whatever we can to help him take Ditchley forward in the digital age.

Meanwhile let me take this opportunity to pay a warm tribute to all the people who give so freely of their time and energies to help Ditchley keep running smoothly: to my colleagues on the Council of Management, and on the Finance and General Purposes, Programme, Business and Nominations Committees; to all those who work so hard for the American and Canadian Ditchley Foundations, particularly the officers of both; and to the Governors for their support and suggestions throughout the year. Ditchley would not be able to continue and flourish without this well of support and goodwill from so many people. All have my special gratitude.

On a more sombre note, we have been saddened to learn of the deaths in the last year of Lord Howe who, prior to becoming an Honorary Governor in 2011, had served as a Governor of the Foundation from 1988, and the Honorable William Bader and James Kimsey, both members of the American Ditchley Advisory Council.

Finally I must thank particularly once again Lady Wills and Dr Catherine Wills for their unfailing support and commitment to the aims of the Foundation set up with such prescience and generosity by David Wills almost 60 years ago. They are a constant inspiration to us all.

Report of the Director

The past year has been another very challenging one for the world in general and for western countries in particular. If anyone thought last year that the situation in the Middle East and North Africa could hardly get worse, they will have been sadly disillusioned by the continuing conflict in Syria, now with heavy Russian involvement, the conflict and dysfunction in Iraq, the mess in Yemen, and the spiral into Somalia-style anarchy in Libya. There have been brighter spots – for example the Iran nuclear agreement, the partial truce in some of Syria, and a degree of success against IS in places – but overall the turmoil in Europe's backyard is still profoundly worrying, as are the immediate consequences in the shape of the refugee/migrant crisis. The doubtful, if not shameful, deal with Turkey may have slowed the flow for now, but the increased numbers attempting to get to Italy from Libya, a much less safe route than that from Turkey to Greece, show that the desperation has not reduced.

Meanwhile, we also have to confront the problems of coping with Russian and Chinese assertiveness, the uncertainties of the US Presidential election, with the scarcely believable emergence of Donald Trump as a serious contender, and the continuing turbulence within

Europe itself. Even if we in the UK do not stir the pot by voting to leave the EU (still in doubt as I write), the problems in the Eurozone remain profound, and the rising tide of populism truly alarming. The cause of free trade is looking shakier than for many years, under pressure from populist leaders and the anger from the losers of globalisation. Again not all the news is bad. The Paris agreement on climate change last December was a welcome sign of international seriousness. The economic recovery after the 2008 crisis has continued, albeit weakly and patchily. Interstate wars are mostly a thing of the past.

Against this background, the international community's ability to resolve the rising number of internal conflicts and find constructive ways forward for global problems, including cyber threats, seems to be at a particularly low ebb. Trust in governments and elites of all kinds is at a nadir in many countries. All this means that Ditchley, with the opportunities it provides to bring diverse groups together to examine the big issues calmly and look for new ways forward, is needed now more than ever. The subjects of the conferences over the last year have, I think, reflected both the main urgent issues and some slower burning questions, while maintaining my overall aim to ensure that we are doing justice to the salience of Asian and big economic questions.

The conference year started in September in Vancouver, a rare visit to the Canadian west coast, with the appropriate subject of **The Asia-Pacific: an agenda for new challenges**. It was chaired jointly by the Canadian Governor General, David Johnson (the first head of state to chair a Ditchley conference, I guess), and Secretary to the Cabinet, Janice Charette, with the sponsorship of Canadian Ditchley and the support of the Asia Pacific Foundation of Canada. We spent a lot of time on the significance of the Trans Pacific Partnership (TPP) trade and investment agreement, then on the verge of signature. But we did not neglect the issues posed by the slowing of the Chinese economy, and the continuing tensions over rival territorial claims in the south and east China seas. We remained optimistic about the region's prospects overall, and the likelihood of cooperation not confrontation, but uncomfortably aware that regional spending on defence is rising steadily.

October saw us back at Ditchley taking an early look at the prospects for the British referendum, under the title **The UK and the EU: redefining the relationship or heading for the exit?**, with Baroness Ashton in the chair. The timing meant that we discussed in a fair degree of detail the Prime Minister's negotiation with the other members of the EU, then under way, but we were clear that this would not involve fundamental change and was not likely to sway opinions much when it came to the referendum itself. The non-British participants were frankly incredulous that we could be seriously contemplating leaving the EU, but had to accept that it was a serious possibility. We correctly predicted that a lot of the campaign would be driven by emotion as much as facts or detailed arguments.

In November, we tackled **Free trade and investment: why are we losing the arguments?**, with former US trade Representative Charlene Barshefsky in the chair, and sponsorship from the American Ditchley Foundation. There was the usual debate about how far major regional deals were obstacles to multilateral agreements, or building blocks for them, but consensus that in any case the WTO needed to be revived and allowed to play its proper role. We worried about the apparent stagnation of global trade, and the need to focus more on encouraging investment, given the current reality of global supply chains. But we were most concerned about the decline of support for free trade in much of the western world, as populist opposition to both the TPP and the proposed Transatlantic Trade and Investment Partnership (TTIP) grows. We would have been even more worried if the conference had

taken place this summer, given the nature of the current trade debate in both the US and Europe.

Our pre-Christmas conference was the first of three being co-sponsored by Vodafone on the digital world, this one on the issue of **The digital economy: power and accountability in the private sector**. US expert Nuala O'Connor chaired, and we had excellent representation from governments, regulators and the major private companies involved. If the background to the conference was the usual concern about the balances to be struck between security and privacy, and the benefits and downsides of big data, we spent most of our discussion on how the rules of the digital game were to be set. In principle, governments alone had the legitimacy and power to do this, together with independent regulators, but in practice their ability to keep up with technological change was limited and the big companies would have to take on a lot of the responsibility themselves. Meanwhile, there was a major problem about international jurisdiction over abuses when data origins and ownership could be so hard to establish. An underlying worry was lack of debate about the ethical issues posed by big data and the rise of artificial intelligence, and the need for a new social contract to cover these fundamental questions.

The beginning of 2016 found Ditchley returning after a long period to the issue of nuclear power, with Lady Judge chairing a lively discussion of **Nuclear energy: the future or the past?** While most of the participants were supporters of nuclear power, and we agreed it should be part of the answer to the need for more electricity in an age of climate change, we also acknowledged the extra safety doubts raised by the Fukushima accident in Japan in 2011, and the continuing worries about waste, decommissioning and proliferation. The road ahead would inevitably be rocky. There was meanwhile a major difference between Asia, where nuclear power was moving ahead rapidly in many places – with the exception of Japan – and the US and Europe, where fears about the rising costs were putting many projects in doubt. Small modular reactors could be one answer, but the best way forward was a steady national programme based on a consistent technological choice. The UK had missed that boat, which helped explain the current controversies about new nuclear plants here.

February was the occasion of a highly topical and important debate on **Europe and migration: how can the flows be managed?** Baroness Amos was our sixth female Chair or co-chair in succession, thereby hopefully making up a little for our continuing failure, despite multiple efforts, to improve significantly the overall participation rate of women in our conferences. We were agreed that the official European response hitherto to what was a long-term crisis of people on the move, not just an issue of refugees, had been lamentable. European governments had been in a state of panic, which had prevented sensible decision-making, and obscured the need to respect Europe's own fundamental values. We identified a number of steps which should be taken over time to manage the flows better and more humanely. But there were also profound disagreements about Europe's ability to provide asylum to so many and the future prospects of integrating large numbers of Muslims into European societies. This is an issue to which we will have to return.

In March, we went back to the Middle East for another look at the aftermath of the Arab risings, under the title of **Change in the Middle East: new lines in the sand?** Majid Jafar, a young businessman and thinker from the region, was the Chair for this conference, co-sponsored by the NGO, Forward Thinking. It was difficult to be optimistic about the prospects for the region, but we tried to look further ahead than the immediate conflicts, and focus on underlying economic and social trends. One area of agreement was that governments of the region needed to spend less time on political and sectarian issues and

more on getting basic governance right and looking after the interests of their citizens. Outsiders could help but not substitute for local decision-making. In the short term the most urgent need was for Saudi-Iranian reconciliation, but there was little sign of it so far. We tried to discuss the likelihood of different-shaped states arising, but found most participants from the region unwilling to contemplate this. No-one saw border changes as any kind of panacea, but most outside participants thought that at least some might be inevitable, not least to accommodate Kurdish aspirations.

Spring and April saw Ditchley putting a relatively rare focus on **South Asia: peace, prosperity and regional cooperation**, under the chairmanship of Bill Emmott, former editor of the Economist. We noted that, while economic growth rates looked promising, fundamental problems such as lack of infrastructure and basic services continued to loom large. Regional cooperation could help but remained lamentably absent for the most part, symbolised by tiny amounts of mutual trade and investment. Long-running enmities, and security and status concerns, meant that the governments of the region were unlikely to take the lead in changing this, but business and civil society might be able to move things over time. The younger generations in particular, with less historical baggage, and the new connections and possibilities afforded by modern communications technology, might take a different approach from their elders. However, we were also aware that one major incident between India and Pakistan could set back all such efforts. Meanwhile, we were agreed that the growing influence of China in the region meant that South Asia had been 'Asianised' and could no longer be looked at in isolation. The countries of the region would have to find their own salvation, but competing outside powers would inevitably be part of the story.

We went back to Europe for our May deliberations, with Lord Willetts presiding over a discussion of **Growth and jobs in Europe: the way forward**. Optimism was at a premium, as the differences of analysis and policy which have characterised the Eurozone in the last few years were once again fully on display. The austerity v. stimulus debate had plenty of air-time. But no-one thought that Europe was necessarily condemned to sclerosis. It had many advantages and plenty of entrepreneurial ambition and creativity which could be liberated by the right mix of policies. Obvious ways forward were completion of the single market in areas such as services, the digital economy and energy, and an approach to innovation more on the lines of some successful US policies.

Our final conference of the year in June, and my last as Director, was an ambitious tilt at mankind's future on the planet, under the theme of **Can the earth still sustain us? Biodiversity, resources and pollution**. The Chair was Tony Juniper, an expert on the issues, with the participation of not only environmentalists but also business people. This Annual Report went to press before the conference, but the conference report is available on the Ditchley website, along with those of the other conferences listed above.

Looking ahead to the second half of 2016 and the first half of 2017, there is plenty of meat for my successor to get his teeth into. The programme starts in September with a fresh look at the **transatlantic partnership**, ahead of the US Presidential election, in the New York venue we discovered two years ago, Greentree, the Long Island estate of the Whitney family. This will be sponsored by the American Ditchley Foundation and co-chaired by Nick Burns and Jami Miscik, both Vice-Presidents of the Foundation. October back at Ditchley is the occasion for consideration of the future role of **ASEAN** in the fortunes of the continent, as China slows economically but flexes her muscles politically, with Lord Williams of Baglan in the chair. November sees us return to the digital economy, with co-sponsorship from Vodafone, and the question of whether the present **single global internet** can survive the

pressures on it, chaired by John Higgins, Director General of DIGITALEUROPE. December's subject is the nature of **manufacturing in the 21st Century** and whether it will continue to produce jobs as well as growth. Co-sponsored by the Canadian Ditchley Foundation, it will be chaired by Linda Hasenfratz, the CEO of Linamar Corp, a Canadian global manufacturing company.

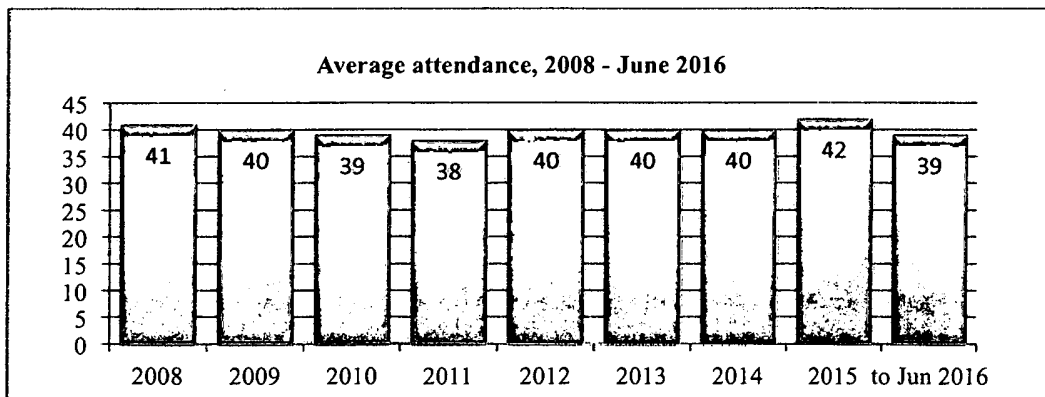
January to June 2017 will see conferences on **investment and security in Africa** (co-sponsored by the Brenthurst Foundation); the legality and morality of **remote weapons such as drones**; the changing internal and external policies of **Saudi Arabia**; the **changing nature of conflict** and the role of non-state actors, co-sponsored by the UN University; the **state of the European Union**; and prospects for cooperation (or competition) in the Arctic.

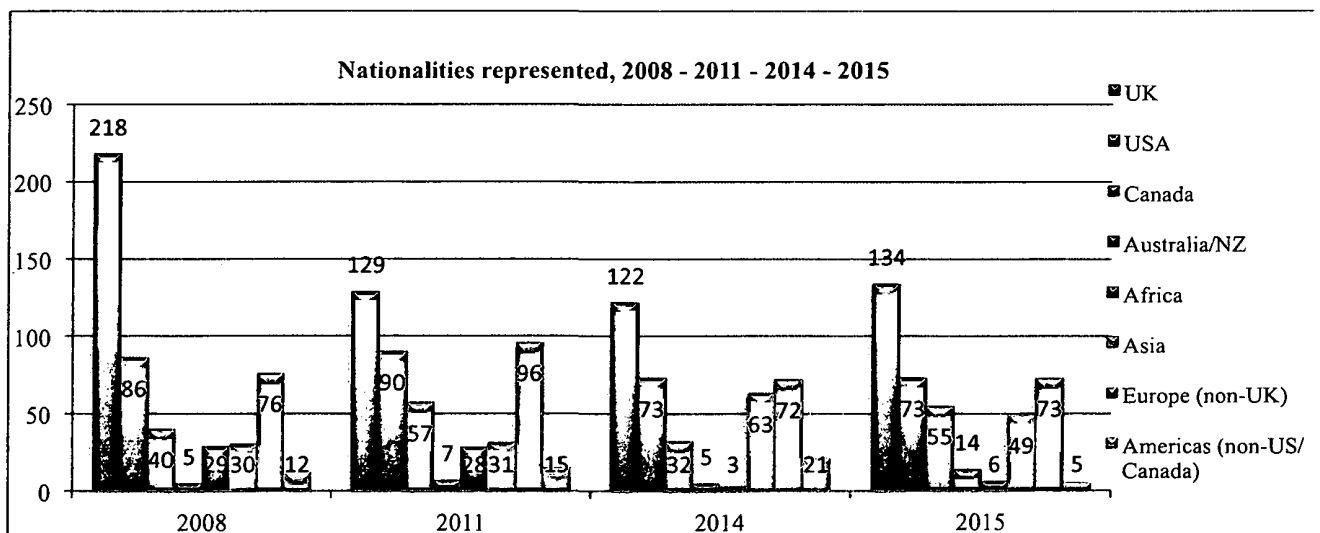
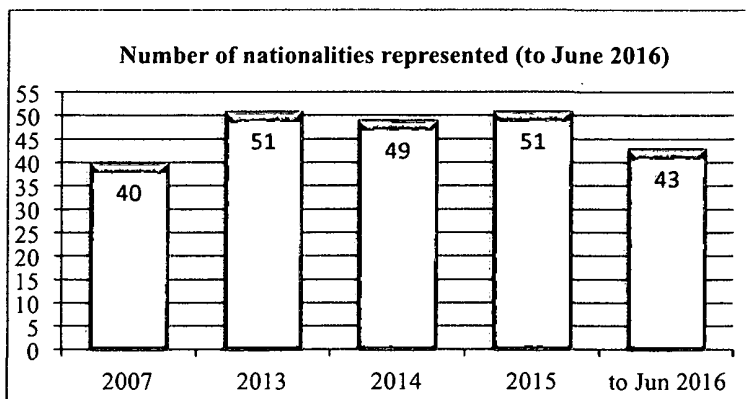
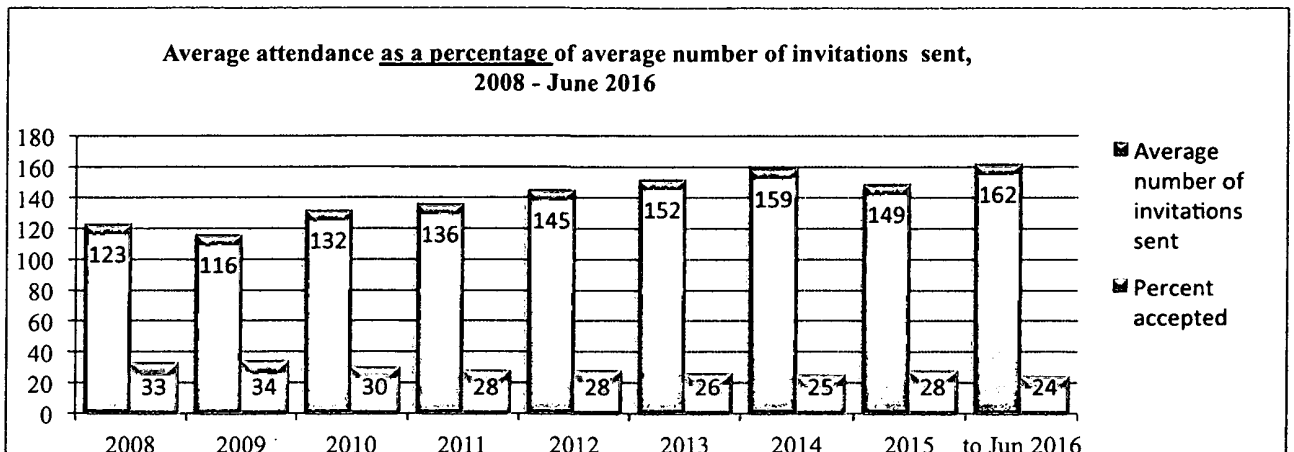
Participation and Impact

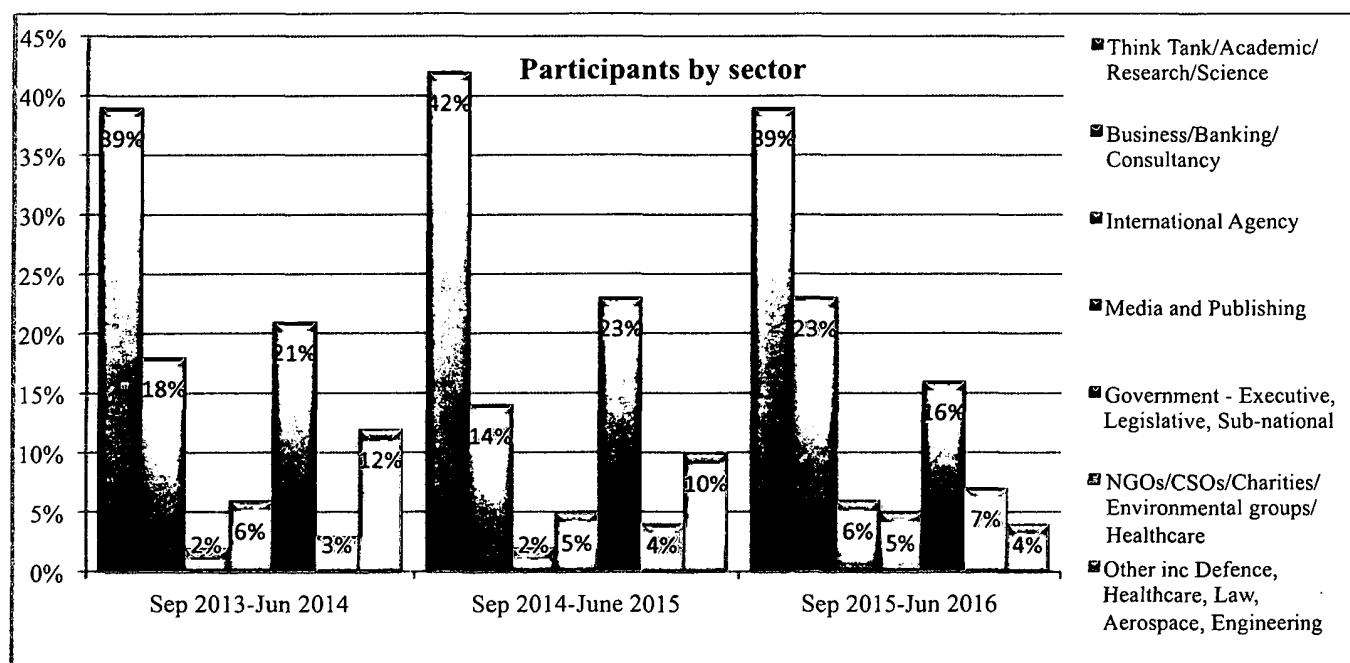
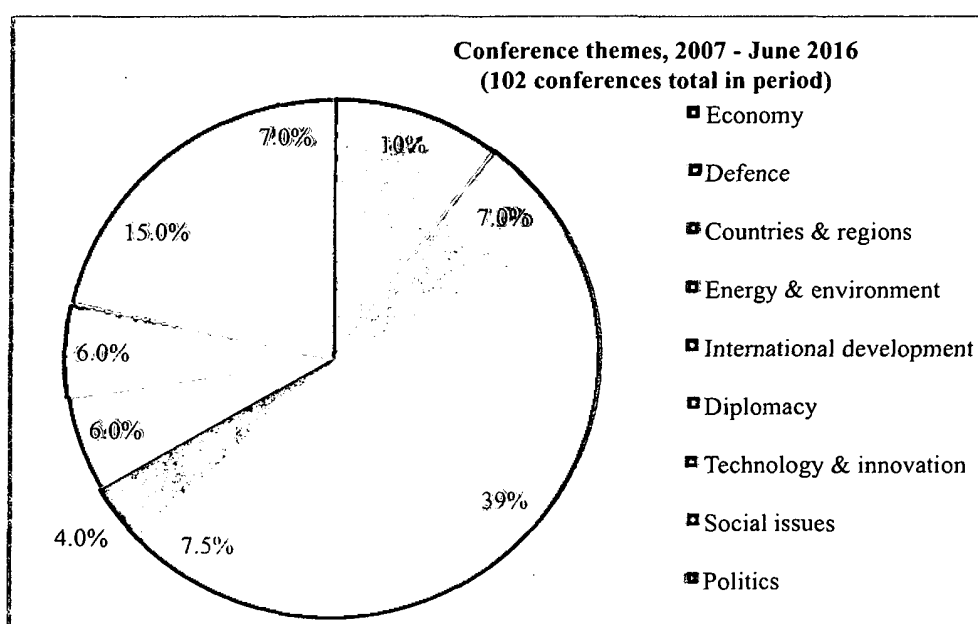
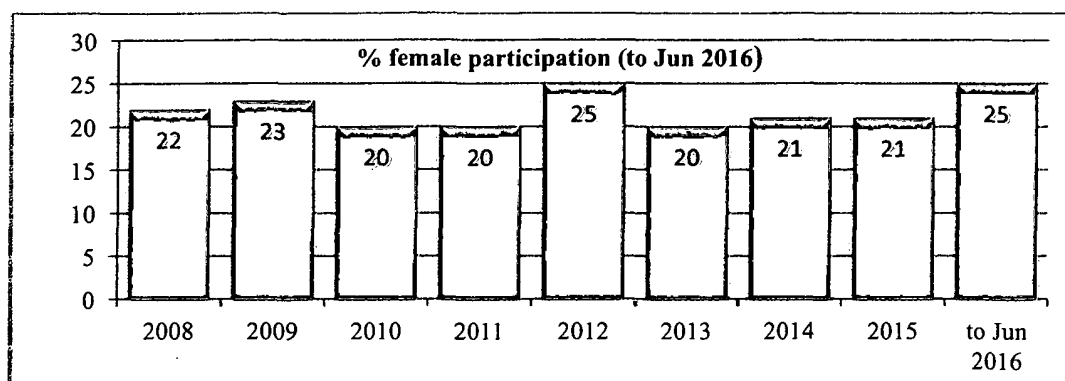
Attendance at the conferences over the last year showed a high degree of continuity over previous years, with the average number of participants at 39. We have been sending out more invitations than in the past to ensure the right diversity of participation, geographically and otherwise, but have still had to engage in careful management of numbers to deal with (encouragingly frequent) cases of early oversubscription. We have continued to work hard to attract more representation from the big emerging economies and the business and financial worlds. The efforts of the Business Committee in suggesting appropriate names, and the Businesswomen's breakfasts, have helped considerably with the latter.

However, there is still room for greater progress, as there is with the gender balance. There were notable differences in our success in the latter area depending on the subject of the conferences. Some, particularly those on economic issues, were heavily male-dominated, while others such as the June conference on environmental sustainability were much more evenly balanced. I continue to have the strong impression that the average age of attendees is falling, helped by the practice of having a student from one of the major scholarship schemes, and/or the Blavatnik School of Government in Oxford, at nearly all conferences. We are also now working with the Saïd Business School to attract some of the business figures attending their short courses.

The graphs below help to illustrate the trends in participation and themes.







Included below, as last year, is a selection of quotes from participants to show the kind of feedback we receive, either directly or via the online questionnaire we send out after the conferences. The overwhelming majority of comments are positive and almost always highly complimentary, but some negative ones are also included to show concerns occasionally raised.

"What I most enjoyed about the conference was the platform it provided for the participants to listen and understand each other, and share facts and opinions in an atmosphere which engendered reasoned dialogue, rather than adversarial debate."

"I would like to say thank you for what was an incredible event on free trade and investment, one of the most meaningful and memorable conferences I have ever attended. The two days in Ditchley Park were worth a year of independent study on the topic."

"There was a good mix of people from different backgrounds who brought to the table a refreshing diversity of experiences and viewpoints. I've been to a few conferences, this one ranks among the very best."

"The combination of current and former practitioners, industry, lawyers, politicians and journalists worked very well."

"The willingness of participants to speak what they truly believed, rather than simply restate their organization's official position, greatly improved the quality of the discussion."

"I certainly had my thinking challenged by some of the leading minds in the world on issues of digital privacy and security."

"Unparalleled opportunity to escape from the day-to-day burdens and excitement of work to focus on something I care deeply about, but never have quite enough time to think about for a chunk of time or brainstorm about with others."

"There was a bit of a lack of continuity between the working group sessions and the closing plenary."

"Too few women."

"Not being able to communicate with one's office from one's room after the program is highly problematic."

"I did find the lack of mobile signal and lack of wi-fi an impediment in terms of keeping certain work items back at the office moving."

"There is some inconvenience in the lack of connectivity, but on balance this is a good thing."

"Lack of showers/en-suites still an issue."

"Sharing of bathrooms is a nuisance, but the room was lovely and the place is so wonderful so an acceptable trade off."

Some of the statistics emerging from the questionnaires may also be of interest. More than 80% of respondents said they had gained new insights and perspectives in their area of expertise from the conference they attended, and more than 90% regarded the level of expertise around the conference table, and the quality of the discussions, to be above average or excellent. 95% of the respondents said they were either “Quite likely” or “Very likely” to use the Director’s Note and what they learned at the conference in their work. 83% of the respondents found the overall experience to be excellent.

Future challenges

As is made clear elsewhere in this Annual Report, financial predictability and stability are the main challenges for the future. I congratulate the Bursar and his team on the record income they managed to generate in the last financial year from commercial lettings of the House. This will need to be maintained and even increased if at all possible, together with other income-raising initiatives we have in mind such as the corporate friends of Ditchley. However, we will not manage to make ends meet sustainably without more capital in the endowment too.

Meanwhile, we have managed to keep up the restoration and improvement works thanks to the Fabric Fund, which has raised nearly £300,000 over the last two years. Around two thirds of this money has already been spent and the rest is committed to works under way or about to start. I hope the differences are visible to all. Individual generosity has been complemented by some larger donations from organisations we have approached, including a £50,000 pledge from the Monument Trust for repair work on the terraces. We have had three fund-raising events for the Fabric Fund over the year – a lecture by Lord Hennessy on Churchill as a wordsmith, a one-woman play on Eleanor Roosevelt and her visit to Britain in 1942, and a garden performance of *Midsummer Night’s Dream*, together with the Oxford School of Drama.

We now have planning consent for the project to convert the Stable Block into six en-suite bedrooms, and to add bathrooms to the second floor of the main House to ensure that all the bedrooms there are either en-suite or have a dedicated bathroom. If we can raise the money in time, the aim is to begin work on the Stable Block in 2017 and on the second floor in 2018. The latter is likely to involve a short closure of the House for conferences because of the inevitable dust and disruption from the works. Before we can start work on the Stable Block, we also have to build a new workshop to replace the one in the current building. Fund-raising for all this is about to start in earnest.

We also continue to have ambitious plans to enhance dramatically the internet connectivity, and our digital profile. I know this will be a top priority for my successor.

Envoi

This is my last Annual Report as I move on at the end of August after six happy and rewarding years here. I commend warmly to you my successor, James Arroyo, and his wife Kerry. It will be a stimulating change for Ditchley to have a relatively young director, and children as residents. I am sure the whole family will be as delighted to be here as we have been.

I leave Ditchley more convinced than ever that it is an essential part of the international policy scene. While its practical impact may always be hard to measure, other conferences

and institutions simply do not bring diverse, high-level international thinkers and practitioners together in the same thoughtful way, with time and space to reflect and discuss in conducive surroundings. The House is an essential part of this, but so is the prestige of Ditchley, which somehow reaches far-flung corners of the globe as well as policy-makers in Europe and North America. The format of two days in the Oxfordshire countryside is not for everyone. Senior ministers and company CEOs are unlikely to see that as possible within the schedules of today, where even a trip to China or India is given less than two days. However, as long as we can continue to attract enough rising stars and policy practitioners, as well as experts and journalists, the game is well worth the candle.

If it is to be successful, Ditchley has to be a collective effort. Let me therefore, as I leave, thank again all who work here once more most warmly for their dedication and commitment. What brings everyone on the payroll together is the belief that Ditchley is not only a beautiful place to work, but also a unique and uniquely valuable institution, and therefore one to which it is worth giving one's maximum. Our small group of permanent staff continue to perform miracles on a shoestring, with the essential help of all those who join us for the conferences to help cater and serve. I also have to thank Penny for the application and flair she has shown in helping keep up standards in every department and making an extraordinary contribution in particular to the décor of the House. It would not look as it now does without all her many hours of research, work and attention to detail.

I want also to pay a warm tribute to the support I have had from the Chair and other members of the Council of Management – the perfect combination of absence of micro-management with the availability of help and advice whenever necessary. The time given freely by so many, not least on the various committees, is surely under-appreciated, though not by me. I have also greatly valued the backing and understanding of the Governors over the past six years.

Great gratitude is also owed to the leaders and members of the American and Canadian Ditchley Foundations, who have selflessly made available time and funds to help keep us functioning successfully. Each of these two sister Foundations finances one conference each year, in turn in their respective countries and at Ditchley, and provides essential help in finding the right participants from their countries, and helping them with travel where necessary. American Ditchley also helps us with an annual grant to help with travel costs for invitees from developing countries who would not be able to get to Ditchley conferences otherwise.

Finally, it is a pleasure and privilege to sign off with the warmest possible tribute to the constant support of Lady Wills and Dr Wills, who make sure, with the lightest of touches, in particular through their encouragement, devotion and presence, that we remain faithful to Sir David's vision and legacy.

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 preliminary programme listed below. It will also continue to be available for hire as a venue for debate and study to outside organisations.

The 2016-2017 Conference Programme

The US and Europe: renewing the Transatlantic Partnership

(16-18 September, 2016)

In partnership with the American Ditchley Foundation - conference to be held at Greentree, New York

Co-Chairs: Professor Nicholas Burns and Ms Jami Miscik

ASEAN: the key to East Asia's future?

(13-15 October, 2016)

Chair: The Lord Williams of Baglan Ph.D, M.Sc (Econ)

Will we still have a single global internet in 2025?

(17-19 November, 2016)

In partnership with Vodafone Group

Chair: Mr John Higgins CBE

21st-century manufacturing: the jobs, workers and technology for a new era

(8-10 December, 2016)

In partnership with the Canadian Ditchley Foundation

Chair: Ms Linda S Hasenfratz

Investment in Africa: new frontier v. old insecurities

(26-28 January, 2017)

In partnership with The Brenthurst Foundation

Chair: President Olusegun Obasanjo

Drones, remote weapons and robots: the military, commercial, legal and ethical implications

(16-18 February, 2017)

Chair: to be confirmed

Saudi Arabia: regional influence and national renewal

(16-18 March, 2017)

Chair: to be confirmed

Non-state actors and the changing nature of conflict

(6-8 April, 2017)

In partnership with the United Nations University

Chair: to be confirmed

Europe: the state of the Union

(18-20 May, 2017)

Chair: to be confirmed

The Arctic at the crossroads: cooperation or competition?

(June, 2017 – dates to be confirmed)

In partnership with the Canadian Ditchley Foundation – conference to be held in Canada

Chair: to be confirmed

Office Holders, Trustees and Committee Members

HONORARY LIFE PRESIDENT

Lady Wills JP

COUNCIL OF MANAGEMENT

[Trustees of the Foundation]

Chairman

The Right Honourable Lord Robertson of Port Ellen KT GCMG Hon. FRSE

Vice-Chairman

Mr Philip Stephens

Members of the Council

The Lord Aldington

* His Excellency Dr Peter Ammon

* His Excellency the Honorable Matthew W Barzun

The Lord Bilimoria of Chelsea CBE DL

* His Excellency Mr Gordon Campbell

The Lord Chadlington of Dean

Mr Charles Grant CMG

The Lord Hennessy of Nympsfield FBA

Mr Joseph Johnson MP

The Right Honourable the Baroness Jowell DBE

Professor Sir David King FRS FRSC

Ms Rachel Lomax

Ms Bronwen Maddox

Dr Pippa Malmgren

Mr Paul Newman

Sir Nigel Sheinwald GCMG

Dr Catherine Wills

Secretary

Ms Katie Williams

** The Ambassadors for the United States of America and Germany, and the High Commissioner for Canada, serve as ex-officio members of the Council of Management for the duration of their tenure as representatives to the Court of St James.*

THE FOUNDATION'S EXECUTIVE STAFF

Director: Sir John Holmes GCVO KBE CMG

Bursar: Colonel Mike Montagu

Communications Officer and Company Secretary: Ms Katie Williams

Auditors: James Cowper Kreston

Bankers: Barclays Bank plc, Oxford

Investment Managers: Partners Capital LLP

Solicitors: Herbert Mallam Gowers & Co., Oxford

FINANCE AND GENERAL PURPOSES COMMITTEE

Chairman

The Lord Aldington

Members

Mr Martin Hall

Sir John Holmes GCVO KBE CMG

Mr Paul Newman

Mrs Elizabeth Padmore

Dr Catherine Wills

Secretary

Colonel Mike Montagu

INVESTMENT SUB-COMMITTEE

Chairman

Mr Nicholas Ferguson

Members

The Lord Aldington

Mrs Elizabeth Padmore

Secretary

Colonel Mike Montagu

PROGRAMME COMMITTEE

Chairman

Mr Charles Grant CMG

Members

Ms Elizabeth Dibble
Ms Tania Freiin von Uslar-Gleichen
Dr Dougal Goodman OBE FREng
The Lord Hennessy of Nympsfield FBA
Mr Peter Hill
Sir John Holmes GCVO KBE CMG
Lady Judge CBE
Dr Ian Kearns
Mr Alan Kessel
Mr Jonathan Lacôte
Ms Bronwen Maddox
Mr Peter Mather
Dr Edwina Moreton OBE
Mr Yo Osumi
Mr Virander Paul
Professor Sir Adam Roberts KCMG FBA
Mr Shao Zheng
Mr Rory Stewart OBE MP
Ms Gisela Stuart MP
Ms Jo Swinson
Mrs Xenia Wickett
Dr Catherine Wills

Secretary

Ms Katie Williams

BUSINESS COMMITTEE

Chairman

The Lord Bilimoria of Chelsea CBE DL

Members

The Lord Aldington
The Right Honourable Baroness Bottomley DL
Lady Judge CBE
Dr Philippa Malmgren
Sir Richard Mottram GCB
Mrs Elizabeth Padmore
Mr John Weston CBE

Secretary

Mrs Yvonne Arnold

Financial Review

The Foundation budget continues to face long-term strains, and to require further fundraising for both capital and income to ensure that the Foundation remains viable and stable. For the time being these pressures are containable, but this cannot last. In FY 2015/2016 expenditure, less major works, was just over £1.6m, on budget after donations were credited to cover Fabric Fund-related spends. An unusually high level of income, nearly £980k and well over budget expectation, met just over half the spend before major works, due mainly to a successful, retrospective one-off VAT reclaim, conference sponsorship, and DPCC achieving £355k in turnover. Drawdown from the endowment was therefore below expectation, with cash withdrawals amounting to 5.2% of current endowment value. However, expenditure in 2016/2017 is currently budgeted to be just over £1.6M, with income anticipated at around £500k, and the requirement from investments is forecast to be between 6.5 and 7%, much higher than is prudent in the long term. The financial position is potentially exacerbated by the Foundation's development ambitions, including the upgrading of guest accommodation and communications connectivity to the standard increasingly expected by our conferees. We are working up fundraising plans accordingly.

The Foundation's endowment portfolio made a return of 5% in calendar year 2015, a gain of £0.9M, before withdrawals. However, at the end of the Foundation's financial year (March 2016), its value had declined to a little under £17.7m due to the market downturn that commenced in the latter half of last year. The relationship with Partners Capital, the endowment managers, continues to work well under the scrutiny of the Investment Sub-Committee. The balanced asset allocation strategy, which leads to respectively slightly stronger and weaker growth against benchmarks in bear and bull markets, had been bearing fruit until the latest market downturn, where the strategy is now being applied to minimise losses in such conditions. The Committee has continued to temper its conservative approach with a further commitment to private equity investments.

Ditchley Park Conference Centre (DPCC) enjoyed a consistently solid level of bookings throughout the year, experiencing an unprecedented final quarter of FY 2015/2016. However, this has been followed by an unusually quiet start to FY 2016/2017. DPCC profit increased to £148k, a 78% rise on the previous year. In spite of the slow start to the new FY, DPCC gross forecast income for the coming year is £315K. In addition to DPCC events, the push for additional revenue, including from the recently instituted hybrid conferences, continues.

A number of conferences have received financial assistance in this financial year, including contributions from: American Ditchley for *Intelligence, security and privacy*; Canadian Ditchley and the Asia Pacific Foundation of Canada for *The Asia-Pacific: an agenda for new challenges*; Vodafone for *The digital economy: power and accountability in the private sector*, and Forward Thinking for *Change in the Middle East: new lines in the sand?*.

Income from the Government Renewable Heat Incentive and heat sales from the biomass plant, now into its fourth year of operation, exceeded budget. In addition to projects, the maintenance team has remained busy with the usual level of repairs, works and support to Fabric projects. While the augmented level of spending on repair and replacement of old, but essential, equipment is being sustained, this requirement is past its peak, enabling a lower level of spend in the coming years.

Spending on the 2015/2016 major works programme spend was double compared to that of the previous year, with the main effort being the external decoration of the East Wing and a

comprehensive refurbishment of one of the staff properties. The effort to upgrade the properties, which have suffered from under-investment since the shrinking of the endowment in 2008, is to continue.

In parallel, the Fabric Fund, which has raised just over £300K in donations and pledges since its launch in 2014, has continued to boost the restoration effort, including refurbishment of the second Clock Tower, the Little Temple, the Rotunda, the Nancy Lancaster Writing Room, and three of the state bedrooms, in addition to regilding of pictures and ornamental mirrors and upgrading the décor of several of the State Rooms. For the coming FY, a major liability for the major works programme will be the relocation of the maintenance and gardens team workshop and operation to the Bothy area to enable the Guest Accommodation upgrade works to commence in the Stables building, if fundraising allows. This preliminary relocation effort will necessitate Listed Build Consent and Planning approval and will come at considerable cost.

At the April 2016 meeting of the Council of Management, and after reviewing the position with Partners Capital, it was agreed that the Foundation would maintain liquid reserves of £600,000 available for withdrawal from the portfolio within one week, a policy which will be reviewed periodically.

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 ending 31 March, 2016. 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 2006. 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; Trustees individually have taken all the steps that they ought to have taken as Trustees in order to make themselves 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 an ongoing concern basis, unless it is inappropriate to presume that the charity will continue in operation.

Principal activities and business review

The consolidated statement of financial activities for the year is set out on page 28. 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 10.

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 21.

By order of the Council of Management,



KATIE WILLIAMS
Secretary
8 June, 2016

THE DITCHLEY FOUNDATION

**INDEPENDENT AUDITOR'S REPORT TO THE
MEMBERS OF THE DITCHLEY FOUNDATION**

We have audited the financial statements of The Ditchley Foundation for the year ended 31 March 2016 set out on pages 28 to 40. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the charitable company and its members as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and Auditor

The trustees' (who are also the directors of the company for the purposes of company law) responsibilities for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), and for being satisfied that the financial statements give a true and fair view, are set out in the Statement of Trustees' responsibilities.

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 March 2016 and of the group's income and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report, incorporating the Group Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Michael Farwell MA FCA DChA
Senior Statutory Auditor
For and on behalf of James Cowper Kreston

Date: 16/6/2016

James Cowper Kreston
2 Chawley Park
Cumnor Hill
Oxford
OX2 9GG

THE DITCHLEY FOUNDATION
Company Number 599389

Consolidated Statement of Financial Activities for Year ended 31 March, 2016
(Including consolidated income and expenditure account)

	Note	Unrestricted Funds	Restricted Funds	Total 2016	Total 2015
		£	£	£	£
INCOME FROM:					
Donations, grants and legacies	2	35,711	220,858	256,569	247,337
Trading turnover of subsidiary		356,538	0	356,538	294,325
Investments (see note iii) below	3	293,013	0	293,013	404,613
Other		69,891	0	69,891	42,388
TOTAL INCOME		755,153	220,858	976,011	988,663
EXPENDITURE ON:					
Raising funds:					
Trading costs of subsidiary	4	218,194	0	218,194	211,511
Investment management fees		12,662	0	12,662	4,723
		230,856	0	230,856	216,234
Charitable activities:					
Conference programme		1,211,294	225,348	1,436,642	1,543,404
TOTAL EXPENDITURE		1,442,150	225,348	1,667,498	1,759,638
NET EXPENDITURE BEFORE INVESTMENT GAINS/(LOSSES)		(686,997)	(4,490)	(691,487)	(770,975)
GAINS ON INVESTMENT ASSETS					
Realised		71,108	0	71,108	62,858
Unrealised		(208,961)	0	(208,961)	2,420,158
NET EXPENDITURE		(824,850)	(4,490)	(829,340)	1,712,040
Transfers between Funds	15	107,000	(107,000)	0	0
NET MOVEMENT IN FUNDS		(717,850)	(111,490)	(829,340)	1,712,040
Fund balances brought forward as at 1 April 2015		24,697,268	205,394	24,902,662	23,190,622
FUND BALANCES CARRIED FORWARD AT 31 MARCH 2016	15	£23,979,418	£93,904	£24,073,322	£24,902,662

Notes:

(i) All activities relate to continuing operations.


(ii) Guest conference income relates to the turnover of Ditchley Park Conference Centre, details of which are shown on page 43.

(iii) For information, total cash drawn down from the investment portfolio was £910,000 (2015: £960,000).

THE DITCHLEY FOUNDATION
Company Number 599389
Balance Sheets at 31 March, 2016

	Note	2016		2015	
		Group	Foundation	Group	Foundation
		£	£	£	£
FIXED ASSETS					
Tangible assets	8	3,607,480	3,607,480	3,701,873	3,701,873
Investments	9	20,234,023	20,234,023	21,014,954	21,014,954
Investment in subsidiary	10	0	2	0	2
		<u>23,841,503</u>	<u>23,841,505</u>	<u>24,716,827</u>	<u>24,716,829</u>
CURRENT ASSETS					
Stocks	11	40,067	38,874	46,618	45,170
Debtors	12	122,524	147,480	182,563	145,314
Bank balances and cash		268,523	192,758	167,973	160,924
		<u>431,114</u>	<u>379,112</u>	<u>397,154</u>	<u>351,408</u>
CURRENT LIABILITIES					
Creditors falling due within one year	13	(199,295)	(147,295)	(211,319)	(165,575)
		<u>231,819</u>	<u>231,817</u>	<u>185,835</u>	<u>185,833</u>
NET CURRENT ASSETS					
		<u>£24,073,322</u>	<u>£24,073,322</u>	<u>£24,902,662</u>	<u>£24,902,662</u>
CHARITY FUNDS					
General Funds		23,407,418	23,407,418	24,125,268	24,125,268
Maintenance Fund	15	572,000	572,000	572,000	572,000
		<u>23,979,418</u>	<u>23,979,418</u>	<u>24,697,268</u>	<u>24,697,268</u>
Unrestricted Funds		23,979,418	23,979,418	24,697,268	24,697,268
Restricted Funds	15	93,904	93,904	205,394	205,394
		<u>£24,073,322</u>	<u>£24,073,322</u>	<u>£24,902,662</u>	<u>£24,902,662</u>

The accounts on pages 28 to 40 were approved by the Council of Management on 8 June 2016 and were signed on its behalf by:



The Right Honourable Lord ROBERTSON of Port Ellen KT GCMG HON FRSE
Chairman of the Council of Management

Date: 8 June 2016

THE DITCHLEY FOUNDATION

CONSOLIDATED CASH FLOW STATEMENT – for Year ended 31 March, 2016

	Note	2016 £	2015 £
Cash flows from operating activities	17	(944,265)	1,558,127
Cash flows from investing activities			
Distributions and interest from investments		246,182	366,061
Purchase of tangible fixed assets		(53,408)	(19,406)
Net investment activities		2,061,845	(130,777)
Purchase of investments		(1,209,804)	(1,654,945)
Net cash provided by/(used in) investing activities		1,044,815	(1,439,067)
Change in cash equivalents in the year	18	100,550	119,060
Cash and cash equivalents brought forward		167,973	48,913
Cash and cash equivalents carried forward		£268,523	£167,973

THE DITCHLEY FOUNDATION

Notes to the Accounts – 31 March, 2016

1. PRINCIPAL ACCOUNTING POLICIES

- (1) Basis of Accounting - The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:
- a) Basis of preparation
- The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statements of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.
- The Ditchley Foundation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.
- b) Reconciliation with previous Generally Accepting Accounting Practice
- In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP (FRS 102) the restatement of comparative items was required.
- No subsequent restatement of items has been required in making the transition to FRS 102. The transition date was 1 April 2014.
- c) Preparation of the accounts on a going concern basis
- Council are of the view that the Foundation has sufficient funds to enable the Foundation to continue its activities on a going concern basis for a period of at least 12 months from the date of approval of these accounts.
- (2) Related Parties - The Foundation is related to Ditchley Park Conference Centre Limited, a 100% subsidiary.
- (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 8). Expenditure on renovation and improvements is at cost less depreciation.
- Individual fixed assets costing £1,000 or more are capitalised at cost.

THE DITCHLEY FOUNDATION

Notes to the Accounts – 31 March, 2016

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- (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 |
- (6) Investments and Cash - Investments, including property, are valued on the following bases:
- (i) Freehold properties held for investment purposes are valued periodically on professional advice.
- (ii) Quoted investments have been valued at the bid market price at the close of business at the year end. The market value of unit trusts and managed funds units is either taken as the bid or Net Asset Value price at the year end as advised by the investment managers.
- (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.
- 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.
- (7) Stocks - Stocks are valued at the lower of cost and net realisable value.
- (8) Income - Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.
- For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Foundation and that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executors intention to make distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.
- Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.
- Guest conference income excludes value added tax and represents the invoiced value of goods and services supplied.
- (9) Expenditure - Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:
- Costs of raising funds, comprising the costs of commercial trading including activities of Ditchley Park Conference Centre Ltd
 - Expenditure on charitable activities comprising the costs of running the conference programme
- Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

THE DITCHLEY FOUNDATION

Notes to the Accounts – 31 March, 2016

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- (10) Fund Accounting - The Ditchley Foundation has the following types of funds for which it is responsible:
- Unrestricted Funds:** Funds which are expendable at the discretion of the Council of Management in furtherance of the objects of the Foundation.
- 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).
- (11) Pension Costs - The pension scheme is a defined contribution scheme. Contributions are charged to the Statement of Financial Activities as they become payable in accordance with the rules of the scheme.
- (12) Financial Instruments - **Debtors:** Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.
- Cash at bank and in hand:** Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.
- Creditors and provisions:** Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.
- Financial instruments:** The trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.
- (13) Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as the remaining life of the asset and projected disposal values.

THE DITCHLEY FOUNDATION

Notes to the Accounts – 31 March, 2016

				2016	2015	
2.	DONATIONS, GRANTS and LEGACIES			£	£	
	General purpose (unrestricted)			35,711	31,620	
	Restricted Funds:					
	Earmarked donations – conferences			91,003	110,881	
	Donations for travel			19,974	44,692	
	Fabric Fund			109,881	60,144	
				<u>£256,569</u>	<u>£247,337</u>	
3.	INVESTMENT INCOME			2016	2015	
				£	£	
	Distributions from investments			246,136	361,480	
	Bank interest			46	31	
	Rents			46,831	38,552	
				<u>293,013</u>	<u>400,063</u>	
	Interest on Dulverton Travel Fund (restricted)			0	4,550	
				<u>£293,013</u>	<u>£404,613</u>	
4.	ANALYSIS OF TOTAL EXPENDITURE					
		Staff costs	Other	Depreciation	Total 2016	Total 2015
		£	£	£	£	£
	Raising funds:					
	Trading costs of subsidiary	49,428	168,766	0	218,194	211,511
	Investment management fees	0	12,662	0	12,662	4,723
		<u>49,428</u>	<u>181,428</u>	<u>0</u>	<u>230,856</u>	<u>216,234</u>
	Charitable activities:					
	Conference programme costs	816,015	461,967	147,802	1,425,784	1,537,266
	Governance costs	0	10,858	0	10,858	6,138
		<u>816,015</u>	<u>472,825</u>	<u>147,802</u>	<u>1,436,642</u>	<u>1,543,404</u>
	TOTAL	<u>£865,443</u>	<u>£654,253</u>	<u>£147,802</u>	<u>£1,667,498</u>	<u>£1,759,638</u>

See note 7 for further analysis of Other expenditure.

THE DITCHLEY FOUNDATION
Notes to the Accounts – 31 March, 2016 (continued)

5.	STAFF COSTS	2016 £	2015 £
	Expenditure includes the following amounts in respect of staff costs:		
	Salaries and wages	738,160	745,467
	Social security costs	57,609	58,318
	Other pension costs	69,674	66,943
		£865,443	£870,728
	<u>Average monthly number of staff</u>	No.	No.
	Administration	9	9
	Establishment	15	15
	Conference – part-time	6	6
		30	30

Note:

No members of the Council of Management received any emoluments during the year (2015: £Nil).

One employee had employee benefits in excess of £60,000 (2015: one).

No members of the Council of Management received payment for professional or other services supplied to the charity (2015: £nil).

The key management personnel of the Foundation, comprise the Council of Management, the Director and the Bursar. The total employee benefits of the key management personnel of the Trust were £125,841 (2015: £123,110).

6. RELATED PARTIES

During the year a director of Ditchley Park Conference Centre and one of his close family members utilised the facilities of the conference centre on commercial terms amounting to £445 (2015 - £360)

THE DITCHLEY FOUNDATION
Notes to the Accounts – 31 March, 2016 (continued)

7. OTHER EXPENDITURE		2016	2015
		£	£
a.	Administration		
	Travelling	13,601	13,002
	Postage and telephones	11,592	12,836
	IT Systems	32,227	22,633
	Maintenance of office equipment	9,738	350
	Printing, stationery and office expenses	10,594	37,948
	Vehicle running costs	6,523	8,260
	Legal and professional fees	29,822	7,700
	Bank charges	1,072	1,220
	General expenses	<u>19,964</u>	<u>37,346</u>
		<u>£135,133</u>	<u>£141,295</u>
	Repairs and Maintenance		
	Buildings - Major works	51,386	32,420
	- General Repairs and maintenance	25,012	27,583
	Repairs and renewals of furniture and equipment	153,758	85,583
	Upkeep and maintenance of roads and gardens	<u>22,207</u>	<u>21,755</u>
		<u>£252,363</u>	<u>£167,341</u>
	Household and Services costs		
	Heating and lighting		
	Insurance	92,354	95,942
	Rates and water	48,363	47,209
	Household and cleaning	39,719	32,581
		<u>9,149</u>	<u>7,962</u>
		<u>£189,585</u>	<u>£183,694</u>
	Conference		
	Catering	66,802	71,073
	Participants' travel costs to UK (partly funded by earmarked donations)	15,874	32,840
	Participants' travel costs – from UK	9,587	3,120
	Other conference expenditure	<u>46,891</u>	<u>46,660</u>
		<u>139,154</u>	<u>153,693</u>
	Value Added Tax regarding prior years reclaimed	(130,540)	0
	Irrecoverable Value Added Tax	14,296	64,078
		<u>599,991</u>	<u>710,102</u>
	Less attributable to DPCC	(138,024)	(143,323)
		<u>£461,967</u>	<u>£566,778</u>
b.	GOVERNANCE COSTS		
	Audit fee	8,474	6,110
	Trustees' meeting costs	2,384	28
		<u>£10,858</u>	<u>£6,138</u>

THE DITCHLEY FOUNDATION
Notes to the Accounts – 31 March, 2016 (continued)

8. TANGIBLE FIXED ASSETS - GROUP AND FOUNDATION

	Freehold Property	Furniture & Equipment	Furnishings	Motor Vehicles	Total
COST/OR VALUATION	£	£	£	£	£
At 31 March, 2015	4,542,502	407,150	16,287	39,873	5,005,812
Additions	34,673	18,736	0	0	53,409
Disposals	0	0	0	0	0
At 31 March, 2016	4,577,175	425,886	16,287	39,873	5,059,221
DEPRECIATION					
At 31st March, 2015	876,370	373,344	16,287	37,938	1,303,939
Charge for year	127,785	18,082	0	1,935	147,802
Disposals	0	0	0	0	0
At 31 March, 2016	1,004,155	391,426	16,287	39,873	1,451,741
NET BOOK VALUE					
At 31 March, 2015	£3,666,132	£33,806	£0	£1,935	£3,701,873
At 31 March, 2016	£3,573,020	£34,460	£0	£0	£3,607,480

Freehold Property

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 these assets 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 £44,520,687. Other properties occupied by staff and considered as permanent staff quarters were valued at 31 March 2008 by Laws and Fiennes, Chartered Surveyors.

9. INVESTMENTS - GROUP AND FOUNDATION

	Listed Securities	Short Term Deposits	Investment Properties	Total
MARKET VALUE	£	£	£	£
At 31 March, 2015	18,818,956	107,000	2,089,000	21,014,956
Additions	1,209,804	0	0	1,209,804
Disposals	(1,674,776)	(107,000)	0	(1,781,776)
Net unrealised gains/(losses)	(621,961)	0	413,000	(208,961)
At 31 March, 2016	£17,732,023	£0	£2,502,000	£20,234,023
Cost at 31 March, 2016	£13,839,388	£107,000	£787,439	£14,733,827

Disposals are at market value as at 1 April, 2015, or cost if acquired during the year. Proceeds of disposals amount to £1,745,884 giving rise to a profit of £71,108. The investment properties were valued at open market value at 31 March 2016 by Savills, Chartered Surveyors.

10. 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 – 31 March, 2016 (continued)

11. STOCKS	2016		2015	
	Group £	Foundation £	Group £	Foundation £
Wine cellar	9,917	9,917	11,669	11,669
Heating oil	3,737	3,737	2,225	2,225
Biomass fuel	25,220	25,220	31,276	31,276
Publications for resale	1,193	0	1,448	0
	<u>£40,067</u>	<u>£38,874</u>	<u>£46,618</u>	<u>£45,170</u>

12. DEBTORS (Due within one year)				
Trade debtors	47,027	10,147	120,163	82,914
Amount due from subsidiary (Ditchley Park Conference Centre Ltd)	0	61,836	0	0
Prepayments	63,441	63,441	27,855	27,855
Accrued Income & Other Debtors	12,056	12,056	34,545	34,545
	<u>£122,524</u>	<u>£147,480</u>	<u>£182,563</u>	<u>£145,314</u>

13. CREDITORS (Due within one year)				
Payments received in advance	57,889	6,689	119,627	4,227
Trade creditors	104,084	104,084	38,672	38,672
Amount due to subsidiary (Ditchley Park Conference Centre Ltd)	0	0	0	70,455
Taxation and social security payable	3,879	3,879	31,305	31,305
Other creditors & accruals	33,443	32,643	21,715	20,915
	<u>£199,295</u>	<u>£147,295</u>	<u>£211,319</u>	<u>£165,574</u>

14. LEGAL STATUS OF THE FOUNDATION						
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.						

15. CHARITY FUNDS	Unrestricted Funds		Restricted Funds			
	Maintenance Fund £	General Fund £	Fabric £	Travel £	Other £	Total £
Balance at 31 March 2015	572,000	24,125,268	60,145	8,316	136,933	24,902,662
Net income/(expenditure)	0	(686,997)	12,510	12,933	(29,933)	(691,487)
Investment gains/(losses)	0	(137,853)	0	0	0	(137,853)
Transfers	0	107,000	0	0	(107,000)	0
Balance at 31 March, 2016	<u>£572,000</u>	<u>£23,407,418</u>	<u>£72,655</u>	<u>£21,249</u>	<u>£0</u>	<u>£24,073,322</u>

THE DITCHLEY FOUNDATION

Notes to the Accounts – 31 March, 2016 (continued)

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. With effect from the start of 2013/14 this transfer was suspended on a trial basis as the measure was a paper transfer between funds and was not perceived by the Finance and General Purposes Committee as being of practical value. The view of the Committee has remained unchanged and the Maintenance Fund will stay at its current value subject to periodic review.

Restricted Funds brought forward comprise the Dulverton Trust Travel Fund, the income from which offsets the cost of conference participants' travel, the Fabric Fund and other restricted donations. During the year, the Dulverton Trust Travel Fund was released to unrestricted funds with the permission of the donor.

16. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total Funds £
Fund balances at 31 March, 2016 are represented by:				
Tangible fixed assets	3,607,480	0	3,607,480	3,701,873
Investments	20,234,023	0	20,234,023	21,014,954
Current assets	337,210	93,904	431,114	397,154
Current liabilities	(199,295)	0	(199,295)	(211,319)
Total net assets	<u>£23,979,418</u>	<u>£93,904</u>	<u>£24,073,322</u>	<u>£24,902,662</u>

17. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2016 £	2015 £
Net expenditure for the year (see Statement of Financial Activities)	(829,340)	1,712,040
Adjustment for:		
Depreciation charges	147,802	145,431
Gains on investments	(71,108)	(62,858)
Loss on disposal of assets	0	2,800
Distributions and other investment income	(246,182)	(366,061)
Decrease in stock	6,551	(15,365)
Decrease in debtors	60,039	71,183
Decrease in creditors	(12,027)	70,957
	<u>£(944,265)</u>	<u>£1,558,127</u>

18. ANALYSIS OF CASH AND CASH EQUIVALENTS

Cash at bank and in hand	<u>£268,523</u>	<u>£167,973</u>
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THE DITCHLEY FOUNDATION

Notes to the Accounts – 31 March, 2016 (continued)

19. PENSION SCHEMES

The Foundation maintains a pension scheme covering, all of its permanent and casual employees. It is a defined contribution scheme (employer 10%) administered by the trustees. Its funds are kept separate from those of the Foundation. There were contributions outstanding at the balance sheet date of £10,116 (2015 - £6,769). 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.

20. TRAVEL EXPENSES

£1,669 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 (2015 - £28).

21. CAPITAL COMMITMENTS

There were no capital commitments as at 31 March, 2016. (2015 - Nil).

22. CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 March, 2016 (2015 - Nil).