



THE DITCHLEY FOUNDATION

THE COUNCIL'S ANNUAL REPORT AND ACCOUNTS 2014-2015

SATURDAY



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COMPANIES HOUSE

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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

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

Professor The Lord Hennessy of Nympsfield FBA

Mr Joseph Johnson MP

The Right Honourable Dame Tessa Jowell DBE MP

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

THE FOUNDATION'S EXECUTIVE STAFF

Director: Sir John Holmes GCVO KBE CMG

Bursar: Colonel Mike Montagu

Communications Officer and Secretary: Ms Katie Williams

Auditors: Rees Russell

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

Secretary

Colonel Mike Montagu

Members

Mr Francis Findlay CMG OBE
Sir John Holmes GCVO KBE CMG
Mr Paul Newman
Mrs Elizabeth Padmore
Dr Catherine Wills

INVESTMENT SUB-COMMITTEE

Chairman

Mr Nicholas Ferguson

Secretary

Colonel Mike Montagu

Members

The Lord Aldington
Mrs Elizabeth Padmore

PROGRAMME COMMITTEE

Chairman

Mr Charles Grant CMG

Members

Sir Rodric Braithwaite GCMG
Ms Elizabeth Dibble
Ms Tania Freiin von Uslar-Gleichen
Dr Dougal Goodman OBE FREng
Professor 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
Dr Edwina Moreton OBE
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

BUSINESS COMMITTEE

Chairman

The Lord Bilimoria of Chelsea CBE DL

Secretary

Mrs Yvonne Arnold

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

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of the Foundation will be held on Saturday 11 July, 2015 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, 2015.
2. The following resolution to elect Council Members will be put to the Annual General Meeting:

Pursuant to Article 42, the following Council Members have retired at the end of their current term and, being eligible, offer themselves for re-election:

THE LORD BILIMORIA OF CHELSEA CBE DL

THE LORD CHADLINGTON OF DEAN

PROFESSOR THE LORD HENNESSY OF NYMPFIELD FBA

PROFESSOR SIR DAVID KING FRS, FRSC

3. A resolution to appoint *James Cowper Kreston* as auditors for the year ending 31 March 2016 will be put to the Annual General Meeting.
4. To transact any other business.

Dated this 3rd day of June, 2015

By order of the Council of Management

KATIE WILLIAMS

Secretary



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 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. A formal review of this process is undertaken annually.

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.

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 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.

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.

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 2014-2015 Conference Programme

The global role of the United States

(19-21 September, 2014)

In partnership with the American Ditchley Foundation – conference held at Greentree, USA

Chair: Professor Joseph Nye

France's European and global role: can she lead?

(23-25 October, 2014)

Chair: Mrs Christine Ockrent

Post-NATO Afghanistan: neighbours and friends

(20-22 November, 2014)

Chair: Mr Francesc Vendrell CMG

Future military capabilities and their uses
(11-13 December, 2014)
Chair: General The Lord Richards GCB, CBE, DSO

The Future of Democracy in the World: Magna Carta 800th Anniversary Conference
(29-31 January, 2015)
In cooperation with the Magna Carta Trust 800th Committee
Chair: The Rt Hon. The Lord Judge QC

European security and the Ukraine crisis: a post-Helsinki world?
(26-28 February, 2015)
Chair: Sir Nigel Sheinwald GCMG

Global ambitions and local grievances: understanding political Islam
(19-21 March, 2015)
In partnership with Open Society Foundations
Chair: Ambassador Akbar Ahmed

Climate and energy risk
(16-18 April, 2015)
Chair: Mr Tom Burke CBE

Intelligence, security and privacy
(14-16 May, 2015)
In partnership with the American Ditchley Foundation
Chair: Sir John Scarlett KCMG OBE

China: economic growth and political reform
(18-20 June, 2015)
Chair: The Lord Powell of Bayswater KCMG

Concluding Phase of the 2014-2015 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 2014 fell during the financial year 2014-2015 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 happy to report that The Ditchley Foundation has had another successful year, with an excellent and well-attended Annual Lecture; 10 varied and highly relevant conferences; and a number of outreach events, including a debate in the Palace of Westminster on transatlantic defence issues. The Foundation also continued other initiatives this year, including Businesswomen Breakfast Briefings, and the Australia-UK 1.5 track dialogue on Asia.

The Director will use his report to focus on the conferences, while I concentrate on other aspects of the Foundation's year.

Last year's Annual Lecturer, Michael Ignatieff, gave a fascinating address on the world order in the light of developments in Ukraine. His thesis was that many of our assumptions had been shattered by Russia's behaviour, and we were still struggling to make sense of developments and our reactions to them. He saw a new political competitor to liberal democracy in the shape of authoritarian capitalism, with Russia and China, for all their differences, as the exemplars and working together in many ways. To make sure that we could withstand their challenge, we needed renewal of western policies and narratives both overseas and at home. This provoked a lively exchange, which showed that, if not all his ideas were accepted, they had certainly achieved their aim of provoking debate and reflection.

This year we welcome Antonio Guterres, UN High Commissioner for Refugees and former Portuguese Prime Minister. His theme will be the challenges of human displacement, at a time when the numbers of refugees and internally displaced people are at their highest for very many years, and the tragedies in the Mediterranean are bringing home to us all the suffering and death this brings with it.

The fourth Ditchley Parliament Event was again held in partnership with the British-American All-Party Parliamentary Group in the Speaker's State Rooms last autumn. The theme was European security and its challenges, with the situations in Ukraine and the Middle East uppermost in everyone's minds. Seventy members of both Houses listened to a powerful discussion focussing on the need for Europe to do much better in this area, led by a panel of James Townsend, US Deputy Assistant Secretary of State at the Pentagon; Francois Heisbourg, a distinguished thinker from Paris; James Arbuthnot, former chair of the Commons Select Committee on Defence; and yours truly. Our US guest was particularly forthright on the need for the UK and other European countries to spend more on their own defence, if they wanted the US to continue to fulfil its part in this.

As part of the continuing effort to increase the number of women around the Foundation's conference table, especially from the private sector, a second Breakfast Briefing for senior women in business and finance was held in London in January. Hosted again by Ditchley Governor Lady Judge, the speaker this year was Jo Swinson, then an MP as well as a Governor and member of Ditchley's Programme Committee. She briefed the group eloquently not only on the problems of maintaining a work-life balance as an MP (basically an impossible task), but also on the ways in which government could help level up the playing field for women in the work-place. Once again we had a high-level and interested group around the table, and a lively debate. Some of those present have again been invited to appropriate conferences.

Last year saw a new partnership between Ditchley and the prestigious Sydney-based Lowy Institute for International Policy. With the support of the Australian Department of Foreign Affairs and Trade and the British Foreign and Commonwealth Office, we took on the British end of an annual 1.5 track dialogue meeting on Asia (i.e. involving outside experts as well as government representatives). This is part of the so-called AUKMIN process, which brings together the foreign and defence ministers of the two countries on an annual basis. The first meeting at Ditchley last June was a significant success, and this is being built on at the end of June this year in Sydney. It is an excellent way of extending our reach into Australia, which fits well with our aim of focussing more on the Asia-Pacific in general, and improving our links in the international affairs communities in both countries.

A new initiative for the coming year is to find ways of raising awareness of the conclusions of our conferences among those who cannot manage to attend themselves, including those in the Westminster bubble. We are therefore partnering with RUSI to organise occasional briefings at their premises in central London on conferences likely to be of special interest, using some of those who have attended as well as the Director, and inviting a wide range of MPs and others. The first of these events is due to take place shortly after the AGM. This is an exciting new opening, which I hope will prove successful, and another way of making sure that what Ditchley has to offer does not get lost.

The successful planning and management of the Foundation conferences, the numerous guest events, and the outreach initiatives, are down to the dedication and hard work of the Ditchley team. They do an astonishingly effective job, despite their small number and limited resources. The high standards for which Ditchley is rightly known continue to be met, and the House in particular is looking better now than for many years, not least due to the extra improvement projects being taken forward thanks to generous donations to the Fabric Fund, launched at last year's AGM.

I know I speak for the whole Ditchley family in expressing our gratitude for what the staff continue to achieve. It is of course above all a team effort led by the Director – those in the 'office' mainly dedicated to the Foundation conferences; the Bursary, with its guest event and management focus; the Chef and the Butler and all those working with them; the maintenance group; the gardeners; the cleaning staff; and last but by no means least the caretaker and his wife. The Director's wife, Penny, deserves a special word of thanks, as a non-member of staff, for her efforts to make sure that all that the house has to show and offer is of the highest quality.

Putting the Foundation on a fully sustainable financial basis for the future remains the major preoccupation of the Council of Management. The temporary bonus of extra funds transferred from the US, originally raised as part of the last appeal, has now come to its expected end. We face the risk of starting to draw from the endowment more than is sensible for the longer term – in the region of 6% per year rather than the 4-5% usually recommended. For the moment, happily, the endowment has had a couple of good years, and we are on an even keel, but this will obviously not last, as markets go through their inevitable gyrations. We are therefore looking in a number of directions for the extra funds we need, including more income as well as more capital. We are also simultaneously aiming to improve and modernise what the Foundation has to offer, not least in the way of accommodation and bathrooms, and WIFI connectivity. I and others will say more about this at the AGM, but rest assured that we are dedicated to the Foundation not only surviving but flourishing in new ways for the long term.

At the end of another year, I would like to pay particular tribute to all the Governors, members of the Council of Management, and the chairs and members of the Council Committees, whose voluntary work over the past year has helped sustain the quality and status of this unique institution. We have been delighted to welcome during that time His Excellency Dr Peter Ammon to the Council of Management.

The work of the Programme Committee, the Finance and General Purposes Committee, plus its Investment Sub-Committee, and the Business Committee, remains essential to the Foundation and is much valued. On the Programme Committee, I would like to welcome Ms Tania Freiin von Uslar-Gleichen, Mr Jonathan Lacôte and Mr Shao Zheng. I would like to

thank departing member Dr Rudolf Adam, whose London posting came to an end in late 2014.

I would also like to express special thanks to Baron von Richthofen, who has stepped down as an Honorary Governor. He has been a great friend of Ditchley over many years, having been a member of Council from 1988 until 1993 and then a Governor and Honorary Governor. We were all saddened by the death of Lord Brittan, who had been a Governor and then Honorary Governor of Ditchley for many years, and a great supporter and participant in conferences.

We continue to be indebted to both the American and Canadian Ditchley Foundations. The dedicated, unpaid work of all involved in both Foundations is vital to ensure good participants from their respective countries, and to help financially with our programme, particularly the conferences held every two years in the US and Canada respectively, and the conferences at Ditchley they generously sponsor in the alternate year. The North American core to all our work remains an essential feature of the Foundation.

In the US, I am particularly grateful to Chairman Strobe Talbott and President Cary Koplin for their continuing support, as well as to their deputies and other members of the Board. Art Hickok's administrative support has once again been much appreciated.

In Canada, special thanks go to Chairman Kevin Lynch, President Pierre Lortie, Treasurer Stephen Browne, and Vice-President/Secretary Don McCutchan. I would also like to express Ditchley's particular sadness at the passing of Joe Rotman, a long-time member of the Canadian Board, and devotee of Ditchley. He is much missed.

Above all, let me thank Lady Wills and Dr Catherine Wills once again for their continued commitment to the Foundation and all it stands for over the last year. Their presence and support constantly remind us why Ditchley exists, and what it is trying to achieve. We are eternally grateful to our Founder, Sir David Wills, for his vision and his generosity.

Report of the Director

I think it is safe to say that Ditchley has had a better year than the world of which we are trying to make sense. Economically, there has been slow progress towards recovery, but fragility remains a constant in several areas, not least much of Europe. Politically, the Middle East and North Africa have plumbed new depths of instability, and Ukraine is a major challenge to European security, though Asia looks a little calmer than at the same time last year. More widely, cyber security threats have gone on increasing, while the world continues to be absurdly complacent about the threat from climate change. Global governance remains at a sadly low ebb, which decreases the chances of tackling some of the major challenges we face. Against that background it was hardly surprising that gloom was a characteristic of many of our discussions. We nevertheless tried particularly hard to identify useful ways forward, and often succeeded

I was pleased that most of our conferences in the last year seemed to hit the target particularly well in terms of topicality and relevance. Several were right on the money, as our American colleagues would say. I hope the brief accounts below will give a flavour and whet appetites to look at the full Notes on the website.

Our first conference of the 2014/2015 season was at the wonderful location of the Greentree estate on Long Island, New York, the former home of the Whitney family. It provided a similarly exclusive and charming setting to Ditchley itself, and helped stimulate a fascinating exchange on the **US's future role in the world**. We rejected the thesis that the US was in any kind of decline, though the world was now more polycentric. The questions were more about the state of the US political system, seen as increasingly dysfunctional, and the readiness of American politicians and public to go on playing an active and even at times interventionist global role, given the setbacks and disappointments of recent years. In any case we were in no doubt that the world still needed US leadership (no-one else was stepping up or was likely to), though we hoped it would be more consultative and multilateral than had sometimes been the case in the past.

October saw us looking at **France's European and global role**. We thought the widespread gloom about the state of France and its economy was overdone, while not denying the seriousness of some of the problems. On the international side, we worried that France was failing to articulate a vision for the future of the EU, and that Franco-German relations were in particularly poor shape. There was also more scope for UK-France discussion on the risks of British exit from the EU. The picture was more positive on the wider international front, where France remained active, more so than the UK, for example, and a particularly effective player in some areas of the Middle East and North Africa. This was welcome, even if we inevitably had doubts about its sustainability over time if the economy did not improve.

Afghanistan after the NATO drawdown was the issue in November. There was a great opportunity to make a fresh start if the new President and CEO could work together, but this had to be seized quickly if Afghanistan was to be changed into a functioning polity and productive economy. The Taliban were not strong enough to defeat the Afghan armed forces for now, but talking to them as well as fighting them would probably be necessary. A better relationship with Pakistan would be crucial and now seemed to be on offer. The international community should not walk away now, politically or financially, but Afghanistan would have to stand on its own two feet before too long. Overall we had a degree of optimism that the country could go on muddling through, but the risks were still great.

Our pre-Christmas mental exercise was a look at **future military capabilities and their uses**. Europeans and Asians were not necessarily agreed about whether the world was now a more dangerous place, or about what sort of capability was most useful, but there was consensus that soft power could not be the answer to all threats, that military spending had to be kept up, and that people were usually more important than weapons systems. Very few countries besides the US could afford full spectrum capability today, which meant that hard choices had to be made. Unfortunately the processes for deciding on the threats, the resources and the resulting capability needs were sub-optimal in nearly all countries. Muddle was likely to continue to be the order of the day, but there was a need to find ways of convincing politicians that deterrence, conventional as well as nuclear, continued to matter, and that it was no good willing security or foreign policy ends without also willing the means.

The start of 2015, and the 800th anniversary of the sealing of Magna Carta, found us looking at the current **state of democracy round the world**. We were agreed that democracy remained the worst form of government, except for all the others, and that authoritarian alternatives to it, while perhaps able to deliver results more quickly in areas like infrastructure, could not satisfy citizens' aspirations or economic requirements so well in the long term. Nevertheless democracies, including well-established ones, faced some severe challenges: voter apathy, lack of belief in the political classes, a digital disconnect for the

young. These needed to be addressed actively and rapidly if democratic accidents eg from populism were to be avoided. Democracy needed to be protected and promoted, not taken for granted.

In February we looked at **the implications of the conflict in Ukraine for wider European security**. We met just after the signing of the Minsk II ceasefire agreement, and Boris Nemtsov was murdered on a Moscow street during the conference, which made our deliberations all the more topical and emotional. We hoped that Minsk would work but were not convinced it would, depending on Russian intentions. Ukraine should be helped to maintain the western orientation it had chosen, but it needed to reform itself more seriously, and western ability to ensure a good outcome was limited. We were deeply worried about the future course of Russia, but keen not to isolate ourselves completely from either the government or civil society, while showing that unacceptable behaviour had consequences. There was a case for a fresh look at European security architecture if Russia came round, but not for abandoning the values of the Helsinki agreement.

Political Islam in its various forms was our March subject. Was there something about current Islam which was feeding extremism, or were the origins of the present wave of violence to be found in the political turmoil of the Middle East and South Asia, or failings of western policy and attitudes? We did not resolve these debates but agreed that there was a desperate need to counter the current extreme Islamist narrative, and that Muslims themselves needed to take the lead in this. Promoting tolerant versions of Islam and rejecting distorted versions of concepts like jihad were also vital. We all had a responsibility in these areas. There was hope meanwhile in the view that there was nothing fundamentally incompatible between Islam and democracy.

April was the opportunity to take a further look at **action to mitigate climate change and the role of energy policy** in this. We were gloomy about the lack of urgency with which climate issues continued to be tackled, and about slow changes in energy policy. Fossil fuels remained the source of most energy, and coal use would if anything increase in the next few years, given investments in India and China. Emissions would not therefore fall as needed, despite the role of gas as a transition fuel. Technological developments could help, for example electricity storage, as could a decent agreement in Paris later this year, but there was no silver bullet. It was important to hammer home the message that low carbon did not equate to low growth – on the contrary – and that we desperately needed a global carbon price. The current divestment campaigns aimed at fossil fuel companies might also have a significant impact over time. We could still shape our world if we so chose.

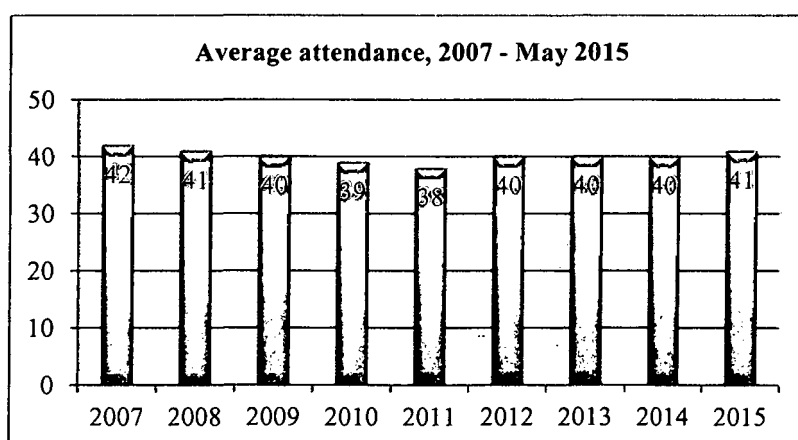
We delved into the world of **intelligence, security and privacy** in May, in the wake of the Snowden revelations. We did not think that our intelligence agencies were out of control – collection of bulk communications data to help find targets was not the same as mass surveillance - but the conditions of data retention and access to it were legitimate subjects of concern. Oversight and regulation could be improved further, and more transparency provided, without jeopardising operational effectiveness. Finding better ways for data to be shared legally and quickly across national boundaries was one urgent requirement. There was optimism that relations between private communications companies and internet providers could be regularised and improved post-Snowden, but access would henceforth have to be through front doors not back doors. In any case the flood of data was increasing exponentially, concerns about individual privacy would not go away any time soon, and legislation could not keep up with every change. We therefore tried to elaborate some principles of behaviour to which all liberal democracies at least could agree.

Our final conference of the year was on **the links between economic growth and political reform in China**. This came too late to be included in this report, but will be commented on orally at the AGM.

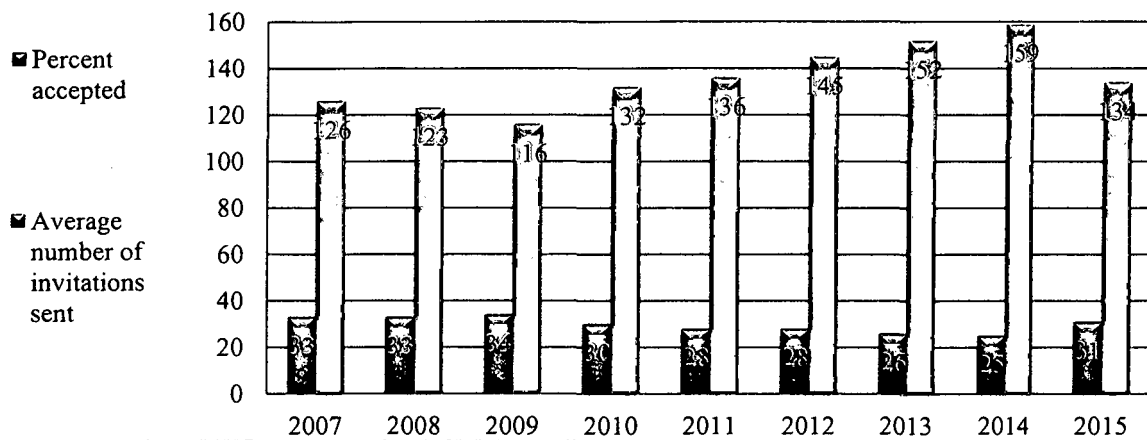
The 2015/16 season promises well already, with the first half of the year firmly in place. We start with a look at **Asia-Pacific challenges** in September in Vancouver, supported by Canadian Ditchley. October will see a look at the **relationship between the UK and the EU**, in the light of the referendum on our membership planned for 2016 or 2017. November is the occasion for a debate on the arguments about **free trade and investment** and why we seem to be losing too many of them. In December the topic will be the **digital economy and the responsibilities of the big private sector companies**, and in January we will be taking an in-depth look at the **future of nuclear energy**.

We were grateful for financial support for several of the 2014/2015 conferences, from the American and Canadian Ditchley Foundations, the Open Society Foundations, and the Magna Carta 800th Committee. We continue to seek such support where we can, including for occasional series of conferences on related subjects, while being mindful of the overriding need to retain our independence. We are also experimenting with a new form of 'hybrid' conference, which organisationally resembles our own Foundation conferences but is otherwise like a guest conference in being fully funded by an outside organisation on a commercial basis. Again we are mindful of our reputation and independence and are careful to distinguish these conferences from our own in our descriptions of them, through their non-appearance on our website, and in other ways.

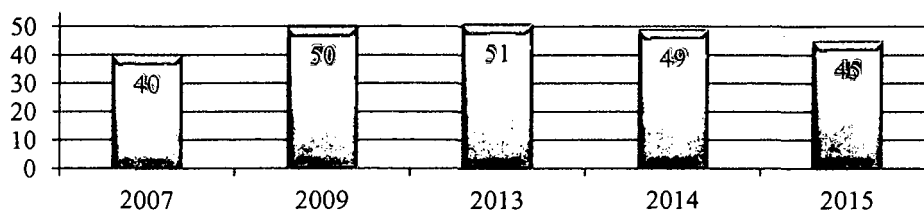
Conference attendance in 2014/15 was encouraging in many ways. Several conferences became oversubscribed early which, while presenting a real challenge in managing the numbers and the breadth of representation, helped prove that we were hitting the right subject targets. Attempts to attract participants from the major emerging economies as well as the usual western suspects continued to bear useful fruit, as did efforts to increase business and financial participation, with the help of the Business Committee. But we still have some way to go in both areas to meet my ambitions. Gender balance is also still not good enough, while my impression is that the average age of attendees is falling (we do not ask for ages, so can't prove this). The graphs on the following pages help to bring some of these trends to life.



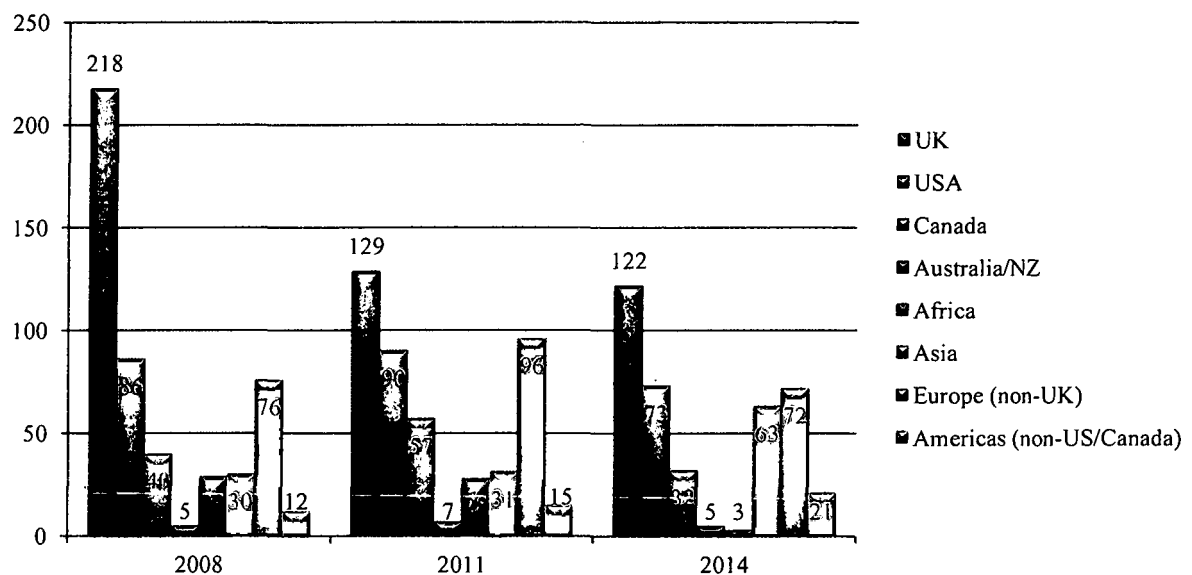
Average attendance as a percentage of average number of invitations sent, 2007 - May 2015

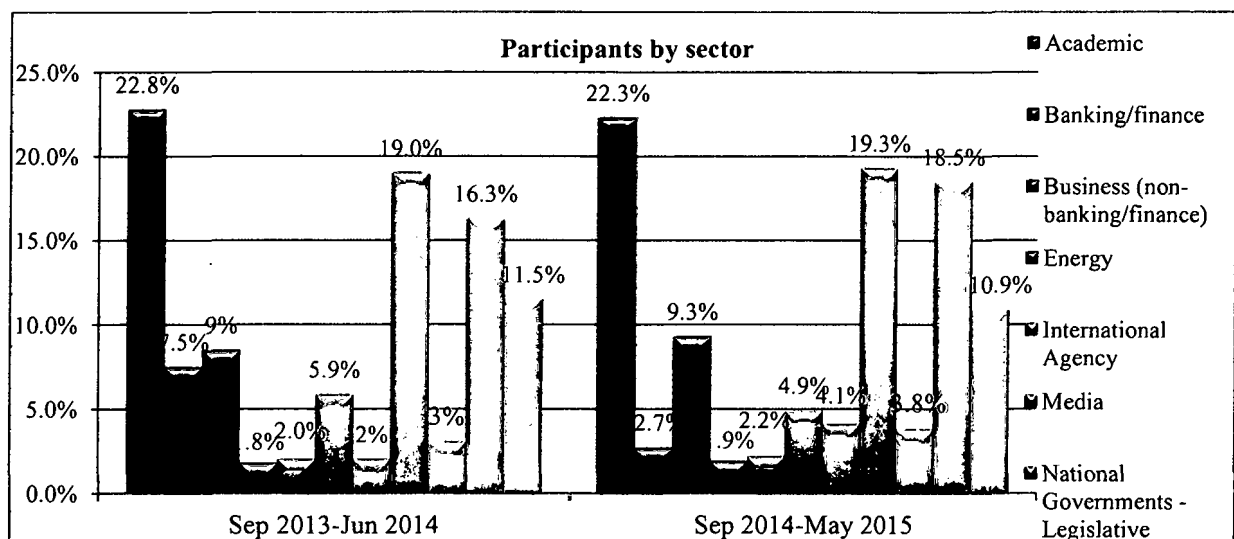
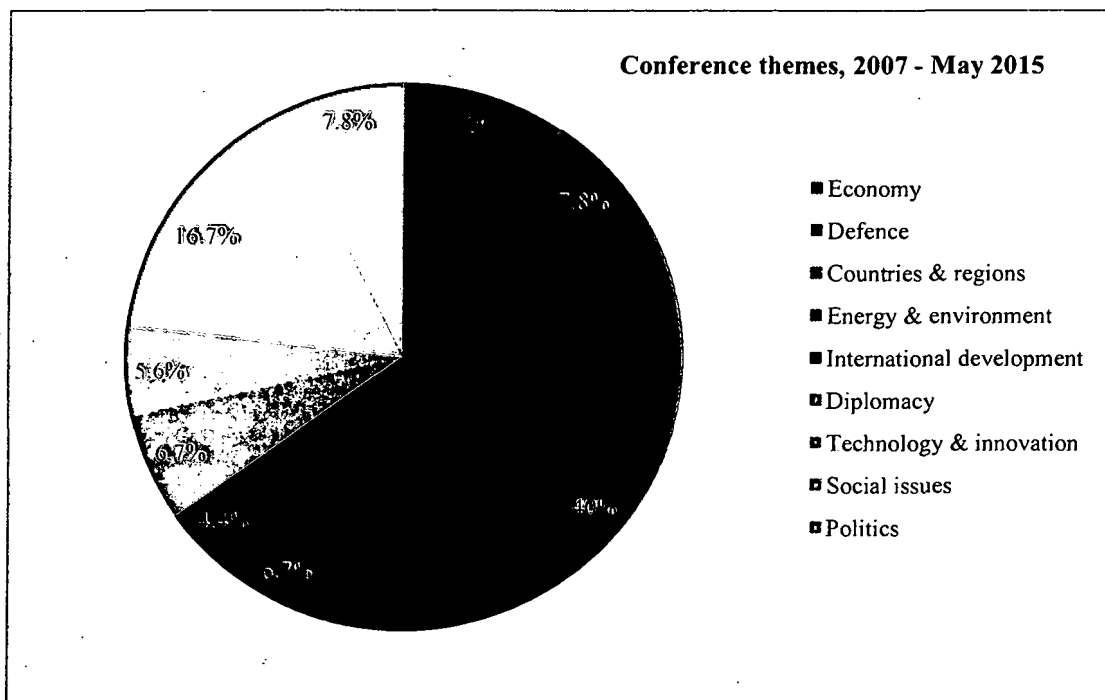
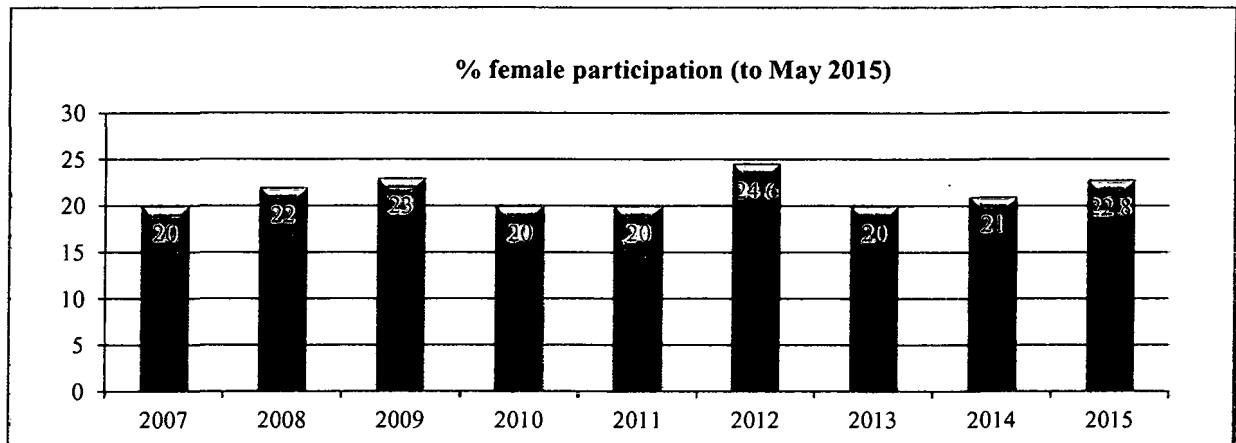


Number of nationalities represented (to May 2015)



Nationalities represented, 2008 - 2011 - 2014





Responses to our on-line questionnaires continue to be highly positive, as is the individual feedback we receive. These reactions help to reassure us that not only are people continuing to enjoy the Ditchley experience, as you would expect, but that it is also having an impact on

their subsequent thinking and behaviour. Impact in a space like that occupied by Ditchley is impossible to prove definitively, but I think we can be confident that we are continuing to offer something not only unique but also uniquely valuable. The quotes below again help to bring this to life, with a few less positive ones included too

"You have, of course, a fantastic setting and a very clever formula for the meetings, but most importantly the quality of the participants was outstanding. I enjoyed myself thoroughly and learned a great deal."

"The conversation was very rich, and I took away some important nuggets. It was a pleasure to be back at Ditchley and partake of the exceptional setting as well as the intellectual fare."

"One of the key reasons the Ditchley conferences are so successful is that you always have all of the administration and logistics so well thought through that participants can entirely focus on substantive discussions."

"The conference was one of the best I have attended in any venue--an incredibly knowledgeable and experienced group of people and great framing."

"Warm Thks for inviting me to participate in what was truly one of the most intellectually rewarding and enjoyable conferences I've attended."

"The most interesting and fruitful conference I've been to! Really excellent participants, and good discussions, and extremely thought-provoking."

"The schedule was perfectly balanced between interaction, reflection and socialisation."

"This was a particularly interesting and diverse group in terms of national origins and ideological orientation."

"Wifi and mobile phone availability. A serious problem, even in the so-called hot spots."

"Looking forward to the era of attached toilets!"

"In interventions in the final session (and in the overnight reports on the working groups), a greater focus on actions points or recommendations would be a good discipline."

Our main challenges for the future are financial stability, and continued policy relevance, but we have not allowed the grass to grow under our feet in terms of improving the physical environment at Ditchley. The Fabric Fund, launched on this occasion last year, has been a significant success and the over £100,000 of extra revenue raised so far, in general contributions and those tied to specific projects, is being put to excellent use, as I hope you will agree when you look round the House, and for example at the newly refurbished East Clock Tower.

We also have ambitious plans for the future. The aim is to redevelop the second floor to ensure that all the bedrooms have either en-suite or dedicated bathrooms, and (not least

because this work will involve a small reduction in the number of bedrooms in the house) to develop the Stable Block, just down the hill from the main house, into another half-dozen high-quality bedrooms. Plans are well under way, and planning permission is being sought. We will have to raise funds separately for these improvements, but I am confident that these practical and forward-looking projects will be attractive to potential donors, as well as a better basis for wider fund-raising in the future, and for attraction of more commercial business. Last but not least we also want to improve the speed and capacity of our internet connectivity significantly. We hope that local Oxfordshire plans for an early upgrade of speeds will do much of this for us, but if not we may have to lay our own fibre optic cable from the nearest access point, despite the high cost.

I would like to thank very warmly all members of the Ditchley team for their hard work and commitment. Most visitors find it hard if not impossible to believe what we achieve with such a small operation, but that only happens because of a lot of dedicated effort by them over many hours, including many weekends. I am also very grateful for all the support the team here have received from the wider Ditchley family, including the Governors, members of the Council and the various committees here, and from the American and Canadian Ditchley Foundations. Nothing would be possible without this help, financial and otherwise. Last but not least, I remain profoundly appreciative of the support, expressed above all in their constant presence at conferences and other Ditchley occasions, of Lady Wills and Dr Catherine Wills.

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 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 to be held in Vancouver, Canada

Chair: His Excellency the Right Honourable David Johnston CC CMM COM CD FRSC FRCPSC

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

(29-31 October, 2015)

Chair: The Right Honourable 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: The Baroness Shields OBE

2016

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: TBC

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

(17-19 March, 2016)

Chair: TBC

South Asia: is future prosperity possible without security cooperation?

(21-23 April 2016)

Chair: TBC

Growth and jobs in Europe: the way forward

(19-21 May 2016)

Chair: TBC

Can the earth still sustain us: resources, pollution and biodiversity

(16-18 June 2016)

Chair: TBC

Financial Review

The Foundation budget faces long-term strains, and requires further fundraising for both capital and income to ensure that the Foundation remains viable and stable. Plans are being developed accordingly. For the time being these pressures are containable, but this will not last long. In FY 2014/2015 expenditure, less major works, was just over £1.5m, 9% over budget, but this was partially offset by £489k of income, almost 100% of the budget forecast. Cash withdrawal from the endowment was a little lower than forecast at 5% of current endowment value. The requirement for this FY's return from investments is forecast to be 6.2% of endowment value. (American Ditchley funding support from money raised in the 2008 campaign was spent by the end of 2014, leaving an income gap of over £200k for this new financial year and beyond). Fundraising is also required for the Foundation to realise its nearer term development ambitions, including the upgrading of guest accommodation and communications connectivity to the standard increasingly expected by our conferees.

The Foundation's endowment portfolio made a return of 10.8% in 2014, a calendar year gain of £0.9M, net of cash withdrawals and fees, and at the end of the Foundation's financial year (March 2015) its value had risen to over £18.8m. 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, has been bearing fruit. Nonetheless, the Committee has continued to temper its conservative approach with a further commitment to private equity investments.

Ditchley Park Conference Centre (DPCC) once again enjoyed a high level of bookings in the summer and the last quarter of FY 2014, but this was followed by another quiet spring of 2015. The DPCC net contribution, from a gross income of £275k for the last FY, went up to £197.5k, a 10.5% increase on the previous year. Income was supplemented by three significant filming contracts and by the Butler School, although the latter continued to struggle to recruit its customary numbers. In spite of a slight change in their pattern, DPCC bookings for the coming year are encouraging, with the prospect of a marginally higher yield than 2014/2015's return, with a forecast net contribution of almost £230K. It is hoped that an additional income stream can be developed from the newly instituted hybrid conferences. Two will take place in 2015 under the sponsorship of the Mexican Embassy/HSBC and Statoil respectively.

A number of conferences have received financial assistance in this financial year, including contributions from: Canadian Ditchley for *The shale energy revolution and geopolitics*; American Ditchley for *The future global role of the US*; the Open Society Foundations for *Post-NATO Afghanistan: neighbours and friends* and *Political Islam*; and the Magna Carta 800th Committee for *Future of Democracy*.

Income from the Government Renewable Heat Incentive and heat sales from the biomass plant, now into its third year of operation, fell back to just 75% of expectation due to a significantly lower consumption of heat. In addition to projects, the maintenance team has remained busy with a higher than usual level of repairs, and increased spending on repair and replacement of old, but essential, equipment will of necessity continue.

The major works programme has continued on a relatively modest scale, the main effort being a comprehensive refurbishment, to budget, of Kiddington Lodge following the end of a 25 year occupancy. This will now start to produce rental income. Work has started on a major upgrade of 1 Ivy Nook, a staff residence also recently vacated after a very long occupancy. The successful launch of the Fabric Fund, which has raised £107k since its launch in July of last year, has boosted the restoration effort, including refurbishment of the East and West Wing Clock Towers, the Little Temple, the Nancy Lancaster Writing Room, and work in some of the state bedrooms.

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, 2015. 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 24. A review of the Foundation's business during the year is contained in the Chairman's Report starting on page 9 and the Director's Report on page 12.

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 2.

By order of the Council of Management,



KATIE WILLIAMS

Secretary

3 June, 2015

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 2015 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Company Balance Sheets and the related notes. 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 and to the charitable company's trustees, as a body, in accordance with regulations made under Section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charitable company'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

As explained more fully in the Trustees' Responsibilities Statement set out on page 22, the trustees (who are also the Directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustee's Annual Report to identify material inconsistencies with the audited financial statements, and to identify any information that is apparently materially incorrect based on or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2015 and of the group's incoming resources 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 and the Charities Act 2011.

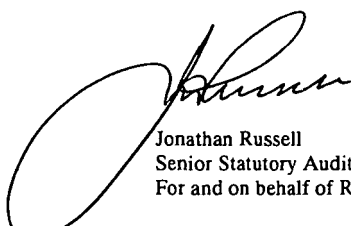
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual 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 and the Charities Act 2011 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.



Jonathan Russell
Senior Statutory Auditor
For and on behalf of Rees Russell LLP

Date: 3 June, 2015

Rees Russell LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006.

Rees Russell
37 Market Square
Witney
Oxfordshire
OX28 6RE

THE DITCHLEY FOUNDATION
Company Number 599389

Consolidated Statement of Financial Activities for Year ended 31 March, 2015

	Note	Unrestricted Funds Maintenance £	Other £	Restricted Funds £	Total 2015 £	Total 2014 £
INCOMING RESOURCES						
Incoming Resources from generated funds						
Voluntary income	2	0	31,620	215,718	247,337	280,500
Activities for generating funds						
Trading turnover of subsidiary		0	294,325	0	294,325	266,597
Investment income	3	0	400,062	4,550	404,613	36,454
Other incoming resources		0	42,387	0	42,387	68,226
Total incoming resources			768,395	220,268	988,663	651,777
RESOURCES EXPENDED						
Costs of generating funds						
Trading costs of subsidiary	4	0	211,511	0	211,511	172,053
Investment management fees		0	4,723	0	4,723	16,316
		0	216,234	0	216,234	188,369
Conference programme		0	1,394,294	142,972	1,537,266	1,345,834
Governance costs			6,138		6,138	6,546
TOTAL RESOURCES EXPENDED		0	1,616,666	142,972	1,759,638	1,540,750
NET OUTGOING RESOURCES BEFORE TRANSFERS			(848,271)	77,296	(770,976)	(888,973)
Transfers between Funds				0	0	0
GAINS ON INVESTMENT ASSETS						
Realised			62,858	0	62,858	(63,605)
Unrealised			2,420,157	0	2,420,157	708,286
NET MOVEMENT IN FUNDS		0	1,634,744	77,295	1,712,040	(244,292)
Fund balances brought forward as at 1 April 2014		572,000	22,490,524	128,098	23,190,622	23,434,914
FUND BALANCES CARRIED FORWARD AT 31 MARCH 2015		£572,000	£24,125,268	£205,394	£24,902,662	£23,190,622
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES						
Net Surplus/(Deficit) for the year					(708,118)	(952,577)
Unrealised gains/(losses)					2,420,157	708,286
Net gains/(losses) recognised in the year					£1,712,039	(£244,292)


Notes:

- (1) As permitted by Section 408 of the Companies Act 2006 the Foundation's Income and Expenditure Account has not been included in these accounts. The subsidiary company retained neither profit nor loss in either year.
- (2) The results for the years above are derived from continuing activities.
- (3) There is no difference between the operating surplus for the years stated above, and their historical cost equivalents.
- (4) Guest conference income relates to the turnover of Ditchley Park Conference Centre, details of which are shown on page 35.
- (5) Restricted Funds comprise the Dulverton and other Travel Funds and other restricted donations.
- (6) It is the policy of the Foundation to budget for a deficit in each year which is funded from the total returns received on investments within the endowment.

THE DITCHLEY FOUNDATION
Company Number 599389
Balance Sheets at 31 March, 2015

	Note	2015		2014	
		Group	Foundation	Group	Foundation
		£	£	£	£
FIXED ASSETS					
Tangible assets	8	3,701,873	3,701,873	3,830,697	3,830,697
Investments	9	21,014,954	21,014,954	19,166,374	19,166,374
Investment in subsidiary	10	0	2	0	2
		<u>24,716,827</u>	<u>24,716,829</u>	<u>22,997,071</u>	<u>22,997,073</u>
CURRENT ASSETS					
Stocks	11	46,618	45,170	31,253	29,937
Debtors	12	182,563	145,314	253,746	246,043
Bank balances and cash		167,973	160,924	48,913	22,046
		<u>397,154</u>	<u>351,407</u>	<u>333,912</u>	<u>298,026</u>
CURRENT LIABILITIES					
Creditors falling due within one year	13	(211,319)	(165,574)	(140,361)	(104,478)
		<u>185,835</u>	<u>185,833</u>	<u>193,551</u>	<u>193,549</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>185,835</u>	<u>185,833</u>	<u>193,551</u>	<u>193,549</u>
NET ASSETS		<u>£24,902,662</u>	<u>£24,902,662</u>	<u>£23,190,622</u>	<u>£23,190,622</u>
SHARE CAPITAL					
RESERVES					
General Funds - includes revaluation reserve of £7,688,745 (2014 - £5,268,588)	15	24,125,268	24,125,268	22,490,524	22,490,524
Maintenance Fund	15	572,000	572,000	572,000	572,000
Unrestricted Funds		<u>24,697,268</u>	<u>24,697,268</u>	<u>23,062,524</u>	<u>23,062,524</u>
Restricted Fund	15	205,394	205,394	128,098	128,098
Total Charity Funds		<u>£24,902,662</u>	<u>£24,902,662</u>	<u>£23,190,622</u>	<u>£23,190,622</u>

The accounts on pages 24 to 32 were approved by the Council of Management on 3 June 2015 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

3 June, 2015

THE DITCHLEY FOUNDATION

Notes to the Accounts – 31 March, 2015

1. PRINCIPAL ACCOUNTING POLICIES

- (1) Basis of Accounting - The Foundation prepares its annual accounts in accordance with the historical cost convention modified by the revaluation of investment properties and other investments in accordance with the principal provisions of the Statement of Recommended Practice for Charities, applicable accounting standards and, except for the non-depreciation of investment properties, with the Companies Act 2006. An explanation of the departure from the requirements of the Act is given below in section 5.
- (2) Related Parties - The Foundation is related to The Ditchley Park Conference Centre Limited, a 100% subsidiary. The exemption available under FRS 8 re the non-disclosure of transactions with group companies is utilised by the Foundation as group accounts are prepared.
- There are no other related party transactions or balances to be disclosed.
- (3) Basis of Consolidation - The Consolidated Statement of Financial Activities, Income and Expenditure Account and Balance Sheet include the financial statements of the Foundation and its subsidiary undertaking. Intra-group charges are eliminated fully on consolidation.
- (4) Fixed Assets - The house and land at Ditchley Park, acquired by gift, are not valued: staff properties were valued at 31 March 2008, and are depreciated (see Note 7). Expenditure on renovation and improvements is at cost less depreciation.
- Individual fixed assets costing £500 or more are capitalised at cost.
- (5) Depreciation - Depreciation is calculated to write off, by equal instalments, the cost of tangible fixed assets over their useful lives, which are estimated to be:
- | | |
|--|---------------------------|
| Staff property, renovation and improvements to freehold property | - Between 20 and 50 years |
| Furniture, equipment and furnishings | - Between 3 and 10 years |
| Motor vehicles | - 5 years |

Investment properties: in accordance with SSAP19, no depreciation is provided in respect of investment properties. This treatment may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. These properties are, however, held not for consumption but for investment, and it is considered that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors in the annual valuation and the amount which would otherwise have been shown cannot reasonably be separately identified.

THE DITCHLEY FOUNDATION

Notes to the Accounts – 31 March, 2015

-
- | | | |
|------|----------------------|--|
| (6) | Investments and Cash | <p>- Investments, including property, are valued on the following basis:</p> <p>(i) Freehold properties held for investment purposes are valued periodically on professional advice.</p> <p>(ii) Quoted investments have been valued at the 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.</p> <p>(iii) Realised gains and losses on investments are calculated as the difference between sale proceeds and their market value at the start of the year or subsequent cost and are credited or charged to the statement of financial activities in the year of disposal.</p> <p>Unrealised gains and losses represent the movement in market values during the year and are credited or charged to the statement of financial activities based on the market value at the year end.</p> |
| (7) | Stocks | - Stocks are valued at the lower of cost and net realisable value. |
| (8) | Income | - Income is accounted for on an accrual basis. Donations are accounted for in the period in which they are received. Guest conference income excludes value added tax and represents the invoiced value of goods and services supplied. |
| (9) | Expenditure | - Expenditure is allocated to the cost of generating funds, charitable activities and governance costs on an actual basis. |
| (10) | Cash Flow Statement | - The company qualifies as a small company under the terms of the Companies Act 2006. As a consequence it is exempt from the requirement under Financial Reporting Standard No. 1, 'Cash Flow Statements', to publish a cash flow statement. |
| (11) | Fund Accounting | <p>- The Ditchley Foundation has the following types of funds for which it is responsible:</p> <p>Unrestricted Funds: Funds which are expendable at the discretion of the Council of Management in furtherance of the objects of the Foundation.</p> <p>Restricted Funds: Donations or funds received which are earmarked by the donor for specific purposes within the overall aims of the Foundation. These funds may be income only (where the capital must be retained) or income and capital (where the donation and income deriving therefrom may be utilised).</p> |
| (12) | Pension Costs | - The pension scheme is a defined contribution scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme. |

THE DITCHLEY FOUNDATION

Notes to the Accounts – 31 March, 2015 (continued)

				2015	2014
				£	£
2.	VOLUNTARY INCOME				
	General purpose			31,620	17,422
	Restricted Funds:				
	Earmarked donations – conferences			110,881	244,832
	Donations for travel			44,692	18,246
	Other donations restricted			0	0
	Fabric Fund			60,144	0
				£247,337	£280,500
3.	INVESTMENT INCOME				
	Dividends on listed investments			361,480	0
	Bank interest			31	141
	Rents			38,552	34,313
				400,062	34,454
	Interest on Dulverton Travel Fund (restricted)			4,550	2,000
				£404,613	£36,454
4.	ANALYSIS OF TOTAL RESOURCES EXPENDED				
	Staff costs	Other	Depreciation	Total 2015	Total 2014
	£	£	£	£	£
	Costs of generating funds				
	Trading costs of subsidiary	45,672	165,840	211,511	172,053
	Investment management fees		4,723	4,723	16,316
		45,672	170,563	216,234	188,369
	Charitable activity	825,056	566,778	1,537,266	1,345,834
	Governance costs		6,138	6,138	6,546
	TOTAL	£870,728	£743,479	£1,759,638	£1,540,750
5.	STAFF COSTS				
	Expenditure includes the following amounts in respect of staff costs:				
	Salaries and wages			745,467	700,296
	Social security costs			58,318	58,715
	Other pension costs			66,943	26,710
				£870,728	£785,721
	<u>Average monthly number of staff</u>			No.	No.
	Administration			9	9
	Establishment			15	15
	Conference – part-time			6	6
				30	30
	Note:				
	None of the Council of Management received any emoluments during the year (2014: £Nil)				
	The Foundation provided Public Liability insurance cover amounting to £10m (2014: £10m)				
	One member of staff earned more than £60,000 in the year (2014: 1)				

THE DITCHLEY FOUNDATION

Notes to the Accounts – 31 March, 2015 (continued)

6.	RELATED PARTIES		
	During the year Sir John Holmes utilised the facilities of the conference centre on commercial terms amounting to £360 (2014 - £1,979)		
		2015	2014
7.	OTHER EXPENDITURE	£	£
	OTHER CHARITABLE EXPENDITURE		
a.	Administration		
	Travelling	13,002	17,683
	Representation abroad	0	2,034
	Postage and telephones	12,836	13,189
	IT Systems	22,633	11,352
	Maintenance of office equipment	350	0
	Printing, stationery and office expenses	37,948	49,816
	Vehicle running costs	8,260	8,682
	Architects' and surveyors' fees	0	0
	Legal and professional fees	7,700	5,850
	Bank charges	1,220	1,641
	General expenses	37,346	17,614
		<u>£141,295</u>	<u>£127,861</u>
	Repairs and Maintenance		
	Buildings - Major works	32,420	24,857
	- General Repairs and maintenance	27,582	26,765
	Repairs and renewals of furniture and equipment	85,583	57,547
	Upkeep and maintenance of roads and gardens	21,755	15,324
		<u>£167,341</u>	<u>£124,493</u>
	Household and Services costs		
	Heating and lighting		
	Insurance	95,942	69,805
	Rates and water	47,209	46,940
	Household and cleaning	32,581	33,072
		<u>7,962</u>	<u>7,482</u>
		<u>£183,694</u>	<u>£157,299</u>
	Conference		
	Catering	71,073	70,214
	Participants' travel costs to UK	32,840	31,948
	(partly funded by earmarked donations)		
	Participants' travel costs – from UK	3,120	1,699
	Other conference expenditure	46,660	17,479
		<u>153,693</u>	<u>121,340</u>
	Value Added Tax	64,078	42,840
		<u>710,102</u>	<u>573,832</u>
	Less attributable to DPCC	(143,323)	(115,329)
		<u>£566,778</u>	<u>£458,503</u>
b.	GOVERNANCE COSTS		
	Audit fee	6,110	6,500
	Trustees' costs	28	46
		<u>£6,138</u>	<u>£6,546</u>

THE DITCHLEY FOUNDATION

Notes to the Accounts – 31 March, 2015 (continued)

8. TANGIBLE ASSETS -- GROUP AND FOUNDATION

	Freehold Property	Furniture & Equipment	Furnishings	Motor Vehicles	Total
COST/OR VALUATION	£	£	£	£	£
At 31 March, 2014	4,542,502	393,344	16,287	39,873	4,992,005
Additions	0	19,406	0	0	19,406
Disposals	0	(5,600)	0	0	(5,600)
At 31 March, 2015	4,542,502	407,150	16,287	39,873	5,005,812
DEPRECIATION					
At 31st March, 2014	747,302	363,196	16,287	34,523	1,161,308
Charge for year	129,068	12,948	0	3,415	145,431
Disposals	0	(2,800)	0	0	(2,800)
At 31 March, 2015	876,370	373,344	16,287	37,938	1,303,939
NET BOOK VALUE					
At 31 March, 2014	£3,795,200	£30,148	£0	£5,349	£3,830,698
At 31 March, 2015	£3,666,132	£33,806	£0	£1,935	£3,701,873

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 this asset as, in accordance with the wishes of the donor, it is inalienable. Ditchley House was built in 1722 and is a listed Grade 1 building. Significant costs would be involved in valuing the property which, in the opinion of the Trustees, would be onerous compared with the additional benefit derived by users of the accounts in assessing the stewardship of assets. The House and outbuildings are currently insured for £44,079,619. Other properties occupied by staff and considered as permanent staff quarters have been 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, 2014	16,850,132	227,242	2,089,000	19,166,374
Additions	1,654,945	0	0	1,654,945
Disposals	(2,106,280)	(120,242)	0	(2,226,522)
Net unrealised gains/(losses)	2,420,157	0	0	2,420,157
At 31 March, 2015	£18,818,954	£107,000	£2,089,000	£21,014,954
Cost at 31 March, 2015	£12,629,584	£107,000	£787,439	£13,524,023

Disposals are at market value as at 1 April, 2014, or cost if acquired during the year. Proceeds of disposals amount to £2,150,705 giving rise to a profit of £44,425. The investment properties were valued at 31 March, 2008 by Laws and Fiennes, Chartered Surveyors. Trustees are not aware of any material changes since last valuation.

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, 2015 (continued)

11. STOCKS	2015		2014	
	Group	Foundation	Group	Foundation
	£	£	£	£
Wine cellar	11,669	11,669	12,216	12,216
Heating oil	2,225	2,225	3,685	3,685
Biomass fuel	31,276	31,726	14,036	14,036
Publications for resale	1,448	0	1,315	0
	<u>£46,618</u>	<u>£45,170</u>	<u>£31,253</u>	<u>£29,937</u>
12. DEBTORS (Due within one year)				
Trade debtors	120,164	82,914	52,745	3,353
Amount due by subsidiary (Ditchley Park Conference Centre Ltd)				41,690
Prepayments	27,855	27,855	57,444	57,444
Accrued Income & Other Debtors	34,545	34,545	143,556	143,556
	<u>£182,563</u>	<u>£145,314</u>	<u>£253,746</u>	<u>£246,043</u>
13. CREDITORS (Due within one year)				
Payments received in advance	119,627	4,227	39,443	4,359
Trade creditors	38,672	38,672	44,717	44,717
Amount due to subsidiary (Ditchley Park Conference Centre Ltd)	0	70,455	0	0
Taxation and social security payable	31,305	31,305	22,798	22,798
Other creditors & accruals	21,715	20,915	33,404	32,604
	<u>£211,319</u>	<u>£165,574</u>	<u>£140,361</u>	<u>£104,478</u>
14. SHARE CAPITAL				
The liability of members is limited by guarantee and no shares are authorised or issued by the Foundation. Each Member undertakes to contribute £1 to the assets of the Foundation in the event of the same being wound up whilst a Member, or within one year of ceasing to be a member, for the payment of debts and liabilities of the Foundation contracted before ceasing to be a member, and of the cost, charges and expenses of winding up, such as may be required not exceeding £1.				
15. RESERVES	Unrestricted Funds			Restricted Funds
	Maintenance Fund	General Fund	Revaluation Reserve	Total
	£	£	£	£
Balance at 31 March 2014	572,000	17,221,936	5,268,588	23,062,524
Net incoming resources	0	(848,271)		(848,271)
Gains	0	62,858	2,420,157	2,483,015
	<u>£572,000</u>	<u>£16,436,523</u>	<u>£7,688,745</u>	<u>£24,697,268</u>
Balance at 31 March, 2015				£205,394

THE DITCHLEY FOUNDATION

Notes to the Accounts – 31 March, 2015 (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 comprise the Dulverton Trust Travel Fund, the income from which offsets the cost of conference participants' travel, the Fabric Fund and other restricted donations.

16. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Unrestricted funds £	Restricted funds £	2015 Total funds £	2014 Total funds £
Fund balances at 31 March, 2015 are represented by:				
Tangible fixed assets	3,701,873		3,701,873	3,830,698
Investments	21,014,954		21,014,954	19,166,374
Current assets	191,760	205,394	397,154	333,912
Current liabilities	(211,319)		(211,319)	(140,361)
Total net assets	<u>£24,697,268</u>	<u>£205,394</u>	<u>£24,902,662</u>	<u>£23,190,622</u>

17. 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 £6,796 (2014 - £2,921). 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.

18. TRAVEL EXPENSES

£28 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 (2014 - £46).

19. CAPITAL COMMITMENTS

No capital commitments. (2014 - Nil).

20. CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 March, 2015 (2014 - Nil).

THE DITCHLEY PARK CONFERENCE CENTRE LIMITED

Report of the Directors

The Directors present their report and the audited financial statements for the year ended 31 March 2015.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

A total of 24 guest conferences and events were held during the financial year covered by this report, and these contributed largely to the Company's operating profit of £82,814.

CHARITABLE CONTRIBUTIONS

During the period the company made a contribution of £82,814 to the Ditchley Foundation.

RESULTS AND DIVIDENDS

The retained profit for the year amounted to £Nil.

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

DIRECTORS' INTEREST IN SHARES

Directors are Sir John Holmes, GCVO, KBE, CMG, and Colonel Mike Montagu, neither of whom have had any interest in the shares of the company at any time during the period.

DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Directors are required by company law to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of the financial period and of the profit or loss of the company for the period ending on that date. In preparing those financial statements, directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The Directors confirm that there is no relevant information that they know of, and which they know the auditors are unaware of.

This report is prepared in accordance with the small companies' regime under the Companies Act 2006.

By order of the Board,



KATIE WILLIAMS
Secretary
3 June, 2015

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE DITCHLEY PARK CONFERENCE CENTRE LIMITED
FOR THE YEAR ENDED 31 MARCH 2015**

We have audited the financial statements of The Ditchley Park Conference Centre Limited for the year ended 31 March 2015 set out on pages 35 to 37 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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 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 company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 33, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March, 2015 and of its result 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.

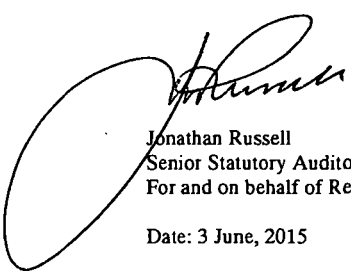
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' 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 disclosure of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Jonathan Russell
Senior Statutory Auditor
For and on behalf of Rees Russell LLP

Date: 3 June, 2015

Rees Russell
37 Market Square
Witney
Oxfordshire
OX28 6RE

THE DITCHLEY PARK CONFERENCE CENTRE LIMITED
Profit and Loss Account for Year Ended 31 March, 2015

	2015 £	2014 £
TURNOVER		
Conference income	275,159	247,141
Visitors' entrance fees	3,757	3,603
Sale of publications	954	528
Other	2,288	4,759
Sale of drinks	12,161	10,566
Bank interest	6	10
	<u>£294,325</u>	<u>£266,607</u>
 OPERATING EXPENSES		
Management and service fees	188,995	150,983
Cost of drinks sold	5,924	6,051
Publications for resale	(132)	534
Guiding fees	462	867
Auditors' remuneration	800	800
Other operating costs	15,462	12,818
	<u>£211,511</u>	<u>£172,053</u>
 OPERATING PROFIT	 <u>82,814</u>	 <u>94,554</u>
 PROFIT ON ORDINARY ACTIVITIES	 <u>£82,814</u>	 <u>£94,554</u>
 PAYMENT UNDER GIFT AID	 <u>(£82,814)</u>	 <u>(£94,554)</u>
 RETAINED PROFIT FOR THE YEAR	 <u>£NIL</u>	 <u>£NIL</u>

NOTES:

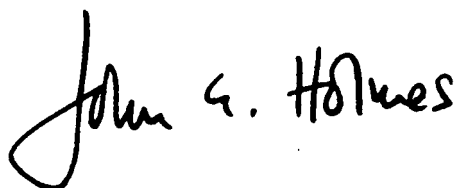
- (1) The results for the years above are derived from continuing operations.
- (2) The company has no recognised gains or losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented.
- (3) There is no difference between the profit on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

THE DITCHLEY PARK CONFERENCE CENTRE LIMITED

Balance Sheet at 31 March, 2015

	Notes	2015 £	2014 £
CURRENT ASSETS			
Debtors	2	37,250	49,392
Stocks	3	1,448	1,316
Cash in bank and in hand	4	7,049	26,867
		<u>45,747</u>	<u>77,575</u>
CURRENT LIABILITIES			
Creditors falling due within one year	4	45,745	77,573
		<u></u>	<u></u>
NET ASSETS		<u>£2</u>	<u>£2</u>
CAPITAL AND RESERVES			
Called-up share capital	5	<u>£2</u>	<u>£2</u>

The financial statements on pages 35 to 37 were approved and authorised for issue by the Board of Directors on 3 June 2015 and were signed on their behalf by:



SIR JOHN HOLMES GCVO, KBE, CMG

Chairman and
Managing Director

ACCOUNTING POLICIES

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

BASIS OF ACCOUNTING

The accounts are prepared under the historical cost convention.

STOCKS

Stocks are valued at the lower of cost and net realisable value.

TURNOVER

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

CASH FLOW STATEMENT

The company qualifies as a small company under the terms of the Companies Act 2006. As a consequence it is exempt from the requirement under Financial Reporting Standard No. 1, 'Cash Flow Statements', to publish a cash flow statement.

THE DITCHLEY PARK CONFERENCE CENTRE LIMITED

Notes to the Accounts

1.	DIRECTORS AND EMPLOYEES		
	The company has no employees other than the Directors. (2014: NIL)		
	None of the directors received any remuneration during the year (2014: £NIL)		
2.	DEBTORS	2015	2014
		£	£
	Trade Debtors	37,250	49,392
	Due from parent company	0	0
	Other debtors	0	0
		<u>37,250</u>	<u>49,392</u>
3.	STOCKS		
	Stocks comprise publications for resale.		
4.	CREDITORS (Due within one year)	2015	2014
		£	£
	Payments received on account	115,400	35,084
	Amount owed to parent company	(70,455)	41,689
	Other	800	800
		<u>45,745</u>	<u>77,573</u>
5.	CALLED-UP SHARE CAPITAL		
	Authorised		
	100 ordinary shares of £1 each	£100	£100
		<u></u>	<u></u>
	Issued, allotted, called-up and fully paid		
	2 ordinary shares of £1 each	£2	£2
		<u></u>	<u></u>
6.	ULTIMATE PARENT COMPANY		
	The company's ultimate parent company and ultimate controlling party is The Ditchley Foundation, a company limited by guarantee and incorporated in Great Britain.		
7.	RELATED PARTIES		
	During the year Sir John Holmes utilised the facilities on commercial terms amounting to £360. (2014: £1,979)		