

Think
new things
Make
new connections

THE COUNCIL'S
ANNUAL REPORT
AND ACCOUNTS
2018-2019



DITCHILEY

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Office Holders, Trustees and Committee Members

HONORARY LIFE PRESIDENT

Lady Wills JP

COUNCIL OF MANAGEMENT

[Trustees of the Foundation]

Chairman

The Right Honourable the Lord Hill of Oareford CBE

Vice-Chairman

Mr Philip Stephens

Members of the Council

The Lord Aldington

The Lord Bilimoria of Chelsea CBE DL

The Lord Chadlington of Dean

* Her Excellency Ms Janice Charette

Mr Charles Grant CMG

The Right Honourable Mr Dominic Grieve QC MP

The Lord Hennessy of Nympsfield FBA

Professor Sir David King FRS FRSC

Ms Rachel Lomax

Mr Paul Newman

Mrs Elizabeth Padmore

Ms Emma Reynolds MP

The Most Honourable The Marquess of Salisbury KCVO PC DL

Sir Nigel Sheinwald GCMG

Sir Martin Smith

Dr Catherine Wills

Company Secretary

Ms Katie Williams

** The High Commissioner for Canada serves as an ex-officio member of the Council of Management for the duration of their tenure as representative to the Court of St James.*

THE FOUNDATION'S EXECUTIVE STAFF

Director: Mr James Arroyo OBE

Bursar: Colonel Mike Montagu

Major Events and Projects Lead and Company Secretary: Ms Katie Williams

Auditors: James Cowper Kreston

Bankers: Barclays Bank plc, Oxford

Investment Managers: Partners Capital LLP

Solicitors: Julian Taylor Solicitors, Bicester

FINANCE AND GENERAL PURPOSES COMMITTEE

Chairman

The Lord Aldington

Members

Mr James Arroyo OBE

Ms Rachel Lomax

Mr Paul Newman

Mrs Elizabeth Padmore

Dr Catherine Wills

Secretary

Colonel Mike Montagu

INVESTMENT SUB-COMMITTEE

Chairman

Mr Nicholas Ferguson CBE

Members

The Lord Aldington

Mrs Elizabeth Padmore

Secretary

Colonel Mike Montagu

PROGRAMME COMMITTEE

Chairman

Mr Charles Grant CMG

Members

Mr Bim Afolami MP

Mr James Arroyo OBE

Ms Sarah Fountain Smith

Dr Dougal Goodman OBE FREng

The Lord Hennessy of Nympsfield FBA

Lady Judge CBE

Dr Ian Kearns

Mr Chris Leslie MP

Ms Elizabeth Linder

Mr Peter Mather

Dr Edwina Moreton OBE

Mr Rajay Naik

Mr Takashi Okada

Professor Sir Adam Roberts KCMG FBA

Dr Liane Saunders OBE

Mr Rory Stewart OBE MP

Ms Jo Swinson CBE MP

Mrs Xenia Wickett

Dr Catherine Wills

Secretary

Mrs Sandra Ricks

The Trustees' Annual Report

Aims, Objectives, Activities and their Public Benefit

The overarching 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”. More specifically its objectives are the advancement of education and improvement of public policy-making in the UK, North America and beyond.

The Ditchley Foundation brings thoughtful doers together to think new things and to make new connections. Ditchley’s strength is its power to convene and sustain the frank conversations that are needed to address the problems that today face the world, and particularly democracies. We generate new ideas and new connections that otherwise would not happen by convening opposing views and different silos of expertise in an atmosphere and format designed to grow trust. Events take place both at Ditchley Park and elsewhere, including overseas. Ditchley is about purpose and not just a place, no matter how special.

Through our events, and in future a planned residency programme, Ditchley gathers together leaders at different stages in their careers and across generations and countries, including politicians, scientists, philosophers, financiers, business figures, innovators, tech entrepreneurs, artists and civil servants. Bringing such diverse experiences together creates new and often challenging perspectives, and some unexpected and productive friendships. All events are by invitation only to allow Ditchley to fine tune the right mix of people. No individual receives financial benefit from the Foundation. Board and accommodation are provided in exchange for participants’ time and expertise.

Current priority themes for Ditchley focus on redefining and renewing democratic societies, states, markets and alliances; making the most of the potential for technological innovation to transform society; the development of a sustainable global economy that contains climate change and other grave environmental risks; and how to reduce the threat from bad actors and the disruption of mass migration.

The Foundation publishes the outcomes of conferences on its website, and also shares them with government ministers, civil servants, journalists, business and technology leaders and others in a targeted way, either by direct briefings or through subsequent panel discussions. Ditchley has a wide range of partnerships with other convening organisations and think tanks (such as the Royal United Services Institute, Chatham House, Brookings, the Annenberg Foundation, the Bellagio Institute and others) and seeks to work on issues in coordination rather than isolation, aiming to achieve maximum impact and efficiency.

The public benefits generated by Ditchley are a deeper understanding amongst decision makers and influencers of issues of international concern across different fields, delivering in turn a wider public good. Ditchley addresses the deep problems we face, and so benefits are often difficult to quantify in terms of short-term metrics but are clearly attested to by participants’ feedback. Exceptionally busy and influential people continue to make time to attend Ditchley events, which in the case of the core conference programme, is an investment of nearly three days. The Ditchley experience is educative even for those at the height of their careers and widely appreciated as a valuable contribution to public life. Ditchley conversations inform the reporting of many respected news organisations from the BBC to the Washington Post and also new forms of media.

The Foundation’s main objectives over the past year have been met principally by the delivery of a programme of events. It also hired out its facilities to other organisations convening similar events, such as Chatham House and the FCO. All proceeds earned by Ditchley Park

Conference Centre Limited 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 now well-established Festival of Ideas, which involves around 250 people, is also making Ditchley Park accessible to a new audience of brilliant early career academics and other professionals. The networks project brought an additional 80 outstanding mid-career people to Ditchley as the conclusion to a series of seminars in London.

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 policy-makers in the UK, North America and beyond, to attract expert participants and to share the outcomes of previous conferences. They attend other organisations' seminars to pass on key findings of Ditchley conferences and to encourage further debate and action.

Some of the objectives stated in the Foundation's original Memorandum of Association of 1958 (such as "to establish fellowships, scholarships and prizes" and "to establish paid residential or other fellowships") cannot currently be fulfilled because of budgetary constraints but are under review as part of Ditchley's development plans.

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.

All new Trustees are provided with a copy of the Charity Commission's guidance "The Essential Trustee (CC3)" together with Ditchley's Articles of Association. Ongoing training is provided by the Foundation's auditors, currently James Cowper Kreston, on a biannual basis together with an annual reminder of Trustee responsibilities by means of the Charity Commission guidance document referenced above.

The 2018-2019 Programme of Events

The Ditchley programme of events for 2018-2019 included ten three-day conferences, one two-day conference and forty-four other events. These ranged from the large-scale Annual Lecture and Festival of Ideas in July for approximately 250 people each to, as an example, a small roundtable discussion on the future of the family hosted at No 10 in partnership with the No 10 Policy Unit as a follow up to the Ditchley conference on the future of the family. The Ditchley programme year runs from September to June and therefore does not correspond to the financial year to which this report, strictly speaking, relates. Thus several events, including three conferences during the period April-June 2018, fell during the financial year 2018-2019 but were included in the list of conferences in last year's Annual Report.

Details of all conferences can be found on the Ditchley website:

<https://www.ditchley.com/events/past-events>

Report of 2018-2019

Ditchley's ability to bring together senior decision makers and to help generate new thinking is needed more now than at any time since the end of the Cold War. Popular frustration with politics-as-usual remains the order of the day. The resulting political paralysis is blocking the

effective functioning of formal multilateral organisations. Not much in international governance and politics is working well. Ditchley is one of the few places, globally perhaps, where opponents from each side of a range of schisms can come together for quiet dialogue despite their differences.

Developing a New Palette of Ideas and Options for Democracies

The Ditchley programme is designed to work up a range of new ideas and options for the renewal of democratic societies, states, markets and alliances. Ditchley was founded at a time of great global uncertainty and we are back in those times today, poised between hope and fear. We need to find a new model to sustain and defend what is best about the democracies, without slipping needlessly into confrontational relationships with China and other rising powers.

Making the best of the technological revolution is a central element in this. Ditchley is exploring how to reap its benefits on efficiencies and the new economy, whilst mitigating its potentially harmful effects on privacy, democracy and the labour force through the rapid disruption of work.

Multilateralism is under challenge just as it becomes clear that many of the most serious difficulties we face – climate change, threats to the ocean, food security for the fast-growing global population – are multilateral and can only be tackled through concerted international action. Ditchley is doing its part in building international cooperation on these urgent issues.

Closer to home in Europe the threats of renewed terrorism and war driven mass migration from the Middle East, with Iran now in focus, remain real concerns. The climate change driven mass movement of people northwards is perhaps a looming strategic longer-term challenge.

Ditchley stands at the crossroads of government, business and technology. This is where the challenges of globalisation are unfolding, but also where the solutions will be found from innovative combinations of regulation, capital and technology. The challenges to multilateralism; the questions about American international leadership; the rise of China; and the impact of technology are broad themes that crop up in almost all our discussions as well as featuring in specific conferences.

The gold standard Ditchley conference will remain the backbone of our activities, but these are now augmented by a wide range of other events such as small lunch gatherings, panel discussions, and one-to-one meetings. We start with the aim of impact and then judge what type of event could best push forward that aim at that moment. We have increased our capacity to follow up on conferences and other discussions in order both to generate further impact and to assess impact.

Developing Ditchley's Capabilities, Impact and Finances

We are in the quiet early phases of a major fundraising campaign to take Ditchley to a new level of impact and profile and to preserve its future with close to £2 million raised so far. A range of initiatives and pilot projects are now underway. These projects include: new work on impact after conferences; new work on expanding and understanding and visualising Ditchley's networks of people on our priority themes; new work on a better and fuller digital archive so it is easier to learn from Ditchley's history of discussions and to make the most of our community; and completion of ultrafast connectivity so that participants at Ditchley events can withdraw from the world to the extent that they want to but connect easily when they need to. Building on the connectivity we have plans to introduce state of the art video connectivity (and in time virtual reality) to extend our reach to people who cannot get to Ditchley.

Ditchley is grateful to the extraordinary support offered by the Wills family in honour of Ditchley's founder Sir David Wills through the HDH Wills Trust and the Dulverton Trust but is also attracting a range of other supporters, including individuals, foundations and companies. Grateful thanks are also due to the Board and Committee Members of American and Canadian Ditchley who continue to offer their support, encouragement and guidance, as well as financial support by means of travel bursaries and the sponsorship of the annual conference in the US and biannual conference in Canada. Ditchley is greatly in the debt of all those who contribute their money, time, energy and expertise to the Ditchley project.

The Ditchley Team and Governance

The chairman of the Foundation is Lord Hill, formerly European Commissioner for Financial Stability, Financial Services and Capital Markets Union, and Leader of the House of Lords. He is working closely with the director on shaping the vision for Ditchley and the plans to realise it.

The Ditchley team has risen to the challenge and is delivering an expanded programme of events and initiatives with only minimal reinforcement. As well as through strong personal commitment this is being delivered through stronger teamwork as we work to develop Ditchley's systems and culture. The team now also increasingly includes a range of consultants and volunteers, giving us more flexibility and expertise on which to draw.

This year we have introduced term limits for Governors and a number of Governors were promoted to become Honorary Governors. We are in the process of identifying the right new people to complement our existing Governor networks and profile.

All associated with Ditchley were greatly saddened by the news of Sir Nigel Broomfield's passing in October 2018. Sir Nigel's quiet charm belied a rigorous intellect which coupled with his broad experience were invaluable assets in his role as Director of Ditchley. He was a much-loved leader, remembered with great affection and warmth by those who worked at Ditchley during his tenure from 1999-2004.

Ditchley Park

Work to maintain and enhance the house and park at Ditchley have continued with the in-house maintenance team working in partnership with specialist contractors to restore Bedroom 29 and the East Staircase, both of which were badly damaged by water ingress following heavy rainfall in June 2018. The team have also completed a project to turn the executive team offices in the East Wing into a more open and updated working space with allocated and hot desk spaces to accommodate the expanded team. Around the Estate many small improvements are raising standards of presentation and restoration. We are investing in the skills and equipment to enable as much work as possible to be done in house to the requisite high level whilst also enabling projects to be delivered to tighter deadlines and more cost effectively.

Plans for the Future

Ditchley aims to combine its rich heritage with 21st century technology to become one of the world's most effective and powerful connecting and convening organisations.

The Foundation intends to continue meeting its purpose by the holding of conferences, with the full participation of senior international experts and decision makers. Ditchley Park will also continue to be available for hire as a venue for debate and study to outside organisations.

The preliminary programme listed for the central three-day conference programme can be found on the website: <https://www.ditchley.com/events/programme>.

Financial Review

The strategic imperative remains for the Foundation to grow its capability and invested portfolio (the 'endowment'). Continued tight control on spending and early fundraising momentum, which has to date secured close to £2m in donations and pledges, have enabled the portfolio to hold its ground, in nominal terms, after the temporary but significant market downturn in the last quarter of 2018. The now established Campaign Committee is adding impetus to the ramping up of the fundraising campaign, which is targeting £6m in the initial phase. The need to sustain and commit the appropriate resource to the development plan is essential if Ditchley is to attract substantial contributions from visionary supporters to extend and sustain its impact.

FY 2018/2019 expenditure in the Annual Accounts was just under £2.6m, while income was close to £2.02m. The spend included over £330k of Council of Management-authorized campaign, programme, and estate development, and income was boosted by a total of £1.224m in donations. In the management accounts, which exclude investment income and management fees, there was an overall 13% overspend, but, with the development spend factored out, the operational liability came out at just under budget. Income outturn was £400k above forecast. Drawdown from the endowment at year end was £1.7m, reflecting the additional outlay for programme development.

Expenditure in 2019/2020 is budgeted, in the management accounts, to be just over £2.85m: this includes both normal running costs and an element of £560k, earmarked for additional staff for programme development as well as for planned infrastructure upgrades. The extent of the latter spend will be dependent upon the inflow of new donations and the use of restricted donations already received for specified projects (including the Library). Income in the management accounts for the year is anticipated at a little below £2.05m, although that figure includes a default drawdown of 4% of the endowment's value. Overall, drawdown from the endowment is forecast to be £1.7m, although the assessed cashflow forecasts a net balance of over £340k, which should facilitate a drawdown undershoot.

The Foundation's endowment portfolio made a return of -0.1% in calendar year 2018 in sterling terms due to the significant market downturn in the last quarter. However, the portfolio recovered to £19m after fees and withdrawals by end March following growth of nearly 6%. The Investment Sub-Committee (ISC), remains satisfied with the performance of investment managers Partners Capital in the current challenging conditions. The continued, conservative balanced asset allocation strategy has enabled the portfolio to retain its nominal value, while accommodating the increased spending required to make the Foundation a compelling proposition.

Ditchley Park Conference Centre (DPCC) enjoyed a strong year. Overall income, in the Annual Accounts, was £352k, 38% above target, realising a pure return to the Foundation of £113.3k once costs and management charges had been deducted. For the new financial year, the forecast turnover has been set at a similar level. The push for additional revenue will continue, with a more bespoke and remunerative offer for the private sector now in place.

Financial assistance in this financial year for conferences was received from both Canadian Ditchley (*Oceans at Ditchley Park*) and American Ditchley (*Crisis of Democracy at Greentree*,

New York). The model of sponsorship for conferences continues to be developed, whereby partners are identified to fund gatherings on specific themes.

Collective income from the Government Renewable Heat Incentive and heat sales from the biomass plant, now in its seventh year of operation, exceeded budget again by a comfortable margin. The maintenance team has expanded both its capabilities and scope for contingency repairs and major projects: the repair budget ended up overspent, but the increased activity levels in this area resulted in a considerable reduction in major works allowing the combined budget to come in underspent. £34k of work, funded by Fabric Fund donations and the dedicated allocation from the Foundation budget was undertaken in the period on Fabric refurbishment and restoration, including a notably successful project in the 'Countess' state bedroom.

The Foundation has continued the policy of maintaining a minimum liquid reserve of £400,000 available for withdrawal from the portfolio within one week.

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, 7 July 2007 and 7 July 2018.

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 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 the sector for similar positions. From time to time, an external review of pay levels for all staff is commissioned, the most recent instance being the remuneration review conducted in this last financial year and implemented at the start of FY 2018/2019.

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.

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 the Disaster Recovery Plan remains

close to completion, following adjustments to align the plan with the new staff structure in the Bursary. A high-level Risk Register was introduced in the last reporting period to be reviewed biannually, including at F&GP Committee level in the autumn: The Register assesses the following risks:

- Health and safety
- Damage to infrastructure and heritage, including by fire
- Loss of impact and relevance of the Foundation
- Failure to adapt to change
- Financial probity and compliance
- Sustainability of business model
- Data loss and privacy breaches
- Business continuity
- Reputational risk

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.

Reserves Policy

The Foundation considers its investment portfolio (valued at £19m as at end March 2019) to be the main source of any reserve requirements. The Council of Management regard these investments as the financial endowment of the Foundation. Although these funds do not meet the legal definition of endowment funds under charity law, they are intended to provide a capital base for income generation in perpetuity as well as a source of funds for urgent needs such as major repairs. The Council of Management consider it a matter of essential financial discipline that the value of the capital is preserved as far as possible.

Short term reserve

The financial endowment is invested across multiple asset classes and is managed by Partners Capital to have a minimum of £400,000 of liquid reserves available to the Foundation within a week. £400,000 was identified by the Investment Sub-Committee, under the auspices of the Finance and General Purposes Committee, as a suitable amount of short-term reserve requirements, for example to cover emergency major repairs. As at March 2019, the financial portfolio had close to £1.1m available within a week, with the majority [some 60%] of the £19m portfolio being able to be liquidated within a 4 month to 7 month period.

Strategic long-term reserves

The Foundation's strategic aim or policy is to build its reserves through fundraising to the point where it would take no more than 4% of income from the held funds each year. At current rates of expenditure to meet this target would require increasing the reserves by approximately £18m, which would generate an additional £720k of income per annum. It should be stressed that this figure is a target and aspiration. The Council of Management are currently developing fundraising plans accordingly.

As at 31 March 2019, total funds stood at £25,027,858 of which £312,264 were restricted. The level of unrestricted free reserves, after excluding tangible fixed assets and designated funds, stood at £21,448,143.

Fundraising compliance notice

The Ditchley Foundation receives income from donations and has a trading subsidiary, Ditchley Park Conference Centre Limited. The Ditchley Foundation has signed up to the Code of Practice issued by the Fundraising Regulator. We do not carry out any direct marketing to the public and give clear instructions as to how individuals can be removed from our mailing lists. We do not use professional fundraisers or involve commercial participators but have engaged professional fundraising consultants to assist with the development of a major fundraising campaign. There have been no complaints about fundraising in the year.

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 2019. 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 16. A review of the Foundation's business during the year is contained in the Trustee's Annual Report starting on page 4.

Dividends

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

Directors

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

By order of the Council of Management,



KATIE WILLIAMS
Company Secretary

Dated: 29th May 2019

THE DITCHLEY FOUNDATION
(A company limited by guarantee)

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

OPINION

We have audited the financial statements of The Ditchley Foundation (the 'parent charity') and its subsidiary (the 'group') for the year ended 31 March 2019 set out on pages 16 to 35. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2019 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.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

THE DITCHLEY FOUNDATION
(A company limited by guarantee)

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

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' Report and from the requirement to prepare a Group Strategic Report.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Trustees' responsibilities statement, 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, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

THE DITCHLEY FOUNDATION
(A company limited by guarantee)

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

USE OF OUR REPORT

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, Part 4 of the Charities (Accounts and Reports) Regulations 2008. 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.



Michael Farwell MA FCA DChA (Senior Statutory Auditor)

for and on behalf of

James Cowper Kreston

Chartered Accountants and Statutory Auditor

2 Chawley Park

Cumnor Hill

Oxford

Oxfordshire

OX2 9GG

11 June 2019

THE DITCHLEY FOUNDATION
(A company limited by guarantee)

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND
EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds restated 2018 £
INCOME FROM:					
Donations - restricted	2	1,160,233	63,305	1,223,538	431,458
Trading turnover of subsidiary		352,528	-	352,528	284,031
Investment income	3	335,451	-	335,451	296,993
Other sources		108,311	-	108,311	67,582
TOTAL INCOME		1,956,523	63,305	2,019,828	1,080,064
EXPENDITURE ON:					
Raising funds:					
Voluntary income		63,254	-	63,254	-
Fundraising trading		239,199	-	239,199	220,546
Investment management fees	20	82,669	-	82,669	158,644
Charitable activities: Conference programme costs	4,6	1,983,654	192,085	2,175,739	1,850,257
TOTAL EXPENDITURE	7	2,368,776	192,085	2,560,861	2,229,447
NET EXPENDITURE BEFORE INVESTMENT GAINS		(412,253)	(128,780)	(541,033)	(1,149,383)
Net gains on investments	10,11	723,369	-	723,369	616,913
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		311,116	(128,780)	182,336	(532,470)
NET MOVEMENT IN FUNDS		311,116	(128,780)	182,336	(532,470)
RECONCILIATION OF FUNDS:					
Total funds brought forward		24,404,478	441,044	24,845,522	25,377,992
TOTAL FUNDS CARRIED FORWARD		24,715,594	312,264	25,027,858	24,845,522

All activities relate to continuing operations.

	2019 £	Restated 2018 £
Income from investments	335,451	296,993
Net gains on investment assets	723,369	616,913
Total	1,058,820	913,906

For information, total cash drawn down from the investment portfolio was £1,700,000 (2018: £1,320,000).

The notes on pages 20 to 35 form part of these financial statements.

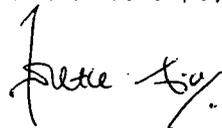
THE DITCHLEY FOUNDATION
(A company limited by guarantee)
REGISTERED NUMBER: 00599389

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2019

	Note	£	2019 £	£	2018 £
FIXED ASSETS					
Tangible assets	9	3,302,384		3,400,734	
Investment property	10	2,580,000		2,580,000	
		<u>5,882,384</u>		<u>5,980,734</u>	
Total tangible assets			5,882,384		5,980,734
Investments	11		19,016,351		18,850,012
			<u>24,898,735</u>		<u>24,830,746</u>
CURRENT ASSETS					
Stocks	12	43,458		43,479	
Debtors	13	198,655		98,750	
Cash at bank and in hand		130,809		52,473	
		<u>372,922</u>		<u>194,702</u>	
CREDITORS: amounts falling due within one year	14	(243,799)		(179,926)	
			<u>129,123</u>		<u>14,776</u>
NET CURRENT ASSETS			129,123		14,776
NET ASSETS			<u>25,027,858</u>		<u>24,845,522</u>
CHARITY FUNDS					
Restricted funds	15		312,264		441,044
Unrestricted funds	15		24,715,594		24,404,478
			<u>25,027,858</u>		<u>24,845,522</u>
TOTAL FUNDS			25,027,858		24,845,522

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees on 29 May 2019 and signed on their behalf, by:



The Right Honourable the Lord Hill of Oareford
CBE

The notes on pages 20 to 35 form part of these financial statements.

THE DITCHLEY FOUNDATION
(A company limited by guarantee)
REGISTERED NUMBER: 00599389

COMPANY BALANCE SHEET
AS AT 31 MARCH 2019

	Note	£	2019 £	£	2018 £
FIXED ASSETS					
Tangible assets	9	3,302,384		3,400,734	
Investment property	10	2,580,000		2,580,000	
		<u>5,882,384</u>		<u>5,980,734</u>	
Total tangible assets			5,882,384		5,980,734
Investments	11		19,016,353		18,850,014
			<u>24,898,737</u>		<u>24,830,748</u>
CURRENT ASSETS					
Stocks	12	42,701		42,693	
Debtors	13	156,772		81,195	
Cash at bank and in hand		101,181		40,969	
		<u>300,654</u>		<u>164,857</u>	
CREDITORS: amounts falling due within one year	14	(171,533)		(150,083)	
NET CURRENT ASSETS			<u>129,121</u>		<u>14,774</u>
NET ASSETS			<u>25,027,858</u>		<u>24,845,522</u>
CHARITY FUNDS					
Restricted funds			312,264		441,044
Unrestricted funds			24,715,594		24,404,478
TOTAL FUNDS			<u>25,027,858</u>		<u>24,845,522</u>

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees on 29 May 2019 and signed



The Right Honourable the Lord Hill of Oareford
CBE

The notes on pages 20 to 35 form part of these financial statements.

THE DITCHLEY FOUNDATION
(A company limited by guarantee)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 £	Restated 2018 £
Cash flows from operating activities			
Net cash used in operating activities	17	(690,130)	(1,295,394)
Cash flows from investing activities:			
Dividends, interest and rents from investments		45,640	296,993
Purchase of tangible fixed assets		(53,780)	(66,168)
Drawdowns from investments		1,700,494	1,320,000
Cash injection to investments		(923,888)	(314,695)
Net cash provided by investing activities		768,466	1,236,130
Change in cash and cash equivalents in the year		78,336	(59,264)
Cash and cash equivalents brought forward		52,473	111,737
Cash and cash equivalents carried forward	18	130,809	52,473

The notes on pages 20 to 35 form part of these financial statements.

THE DITCHLEY FOUNDATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement 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 financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following the Charities SORP (FRS 102) published on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

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.

The Statement of financial activities (SOFA) and Balance sheet consolidate the financial statements of the company and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

No separate SOFA has been presented for the company alone as permitted by section 408 of the Companies Act 2006.

1.2 Company status

The liability 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 a 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.

1.3 Going concern

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 financial statements.

THE DITCHLEY FOUNDATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES (continued)

1.4 Income

All income is recognised once the company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

For legacies, entitlement is taken as the earlier of the date on which either: the company is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust 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 company has been notified of the executor's intention to make a distribution. Where legacies have been notified to the company, or the company 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.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

Guest conference income excludes value added tax and represents the invoiced value of goods and services supplied.

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Governance costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds, including the activities of Ditchley Park Conference Centre Limited.

Expenditure on Charitable activities comprises the costs of running the conference programme.

All resources expended are inclusive of irrecoverable VAT.

1.6 Basis of consolidation

The financial statements consolidate the accounts of The Ditchley Foundation and its subsidiary undertaking, Ditchley Park Conference Centre Limited.

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Income and expenditure account.

THE DITCHLEY FOUNDATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES (continued)

1.7 Tangible fixed assets and depreciation

The house and land at Ditchley Park, acquired by gift, are not valued. Expenditure on improvements is at cost less depreciation.

Individual fixed assets costing £1,000 or more are capitalised at cost.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	between 20 and 50 years
Motor vehicles	-	5 years
Fixtures and fittings	-	between 3 and 10 years
Office equipment	-	between 3 and 10 years

1.8 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of financial activities.

Freehold properties held for investment purposes are valued periodically on professional advice and are included in the financial statements at their market value at the year end.

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 are managed funds units is either taken as the bid or Net Asset Value price at the year end as advised by the investment managers.

Realised gains and losses on investments are calculated as the difference between sales 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 value during the year and are credited or charged to the Statement of financial activities based on the market value at the year end.

The investment in the subsidiary undertaking is valued at cost less provision for impairment.

1.9 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Foundation; this is normally upon notification of the interest paid or payable by the Bank.

THE DITCHLEY FOUNDATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES (continued)

1.10 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

1.11 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.12 Cash at Bank and in hand

Cash at bank and 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.

1.13 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.14 Financial instruments

The Foundation 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.

1.15 Pensions

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.

1.16 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

THE DITCHLEY FOUNDATION
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

1. ACCOUNTING POLICIES (continued)

1.17 Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

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.

Investment properties:

Property valuations are performed annually by the Council, based upon external indications of value (including periodic valuations by qualified Independent Chartered Surveyors) and consideration of market conditions.

2. INCOME FROM DONATIONS, GRANTS AND LEGACIES

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Donations, grants and legacies	1,160,233	63,305	1,223,538	431,458
Total 2018	1,942	429,516	431,458	

THE DITCHLEY FOUNDATION
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

3. INVESTMENT INCOME

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Distributions from investments	289,811	-	289,811	251,168
Rents	45,279	-	45,279	45,819
Bank interest	361	-	361	6
	<u>335,451</u>	<u>-</u>	<u>335,451</u>	<u>296,993</u>
Total 2018	<u>296,993</u>	<u>-</u>	<u>296,993</u>	

4. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds restated 2018 £
Conference programme costs	1,973,924	192,085	2,166,009	1,841,465
Total 2018	<u>1,768,954</u>	<u>72,511</u>	<u>1,841,465</u>	

5. CONFERENCE PROGRAMME COSTS

	Conference programme costs £	Total 2019 £	Total 2018 £
Administration	287,251	287,251	213,245
Repairs and maintenance	221,112	221,112	233,671
Household and services costs	237,857	237,857	206,849
Conferences / Events	174,751	174,751	112,731
Irrecoverable VAT	76,752	76,752	46,006
Development programme costs	183,936	183,936	107,509
Costs attributable to DPCC	(216,941)	(216,941)	(195,123)
Wages and salaries	915,688	915,688	842,878
National insurance	73,049	73,049	72,969
Pension cost	60,424	60,424	63,090
Depreciation	152,130	152,130	137,640
	<u>2,166,009</u>	<u>2,166,009</u>	<u>1,841,465</u>
Total 2018	<u>1,841,465</u>	<u>1,841,465</u>	

THE DITCHLEY FOUNDATION
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

6. GOVERNANCE COSTS

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Auditor's remuneration	9,180	-	9,180	8,010
Trustees' meeting costs	550	-	550	782
	<u>9,730</u>	<u>-</u>	<u>9,730</u>	<u>8,792</u>

7. ANALYSIS OF EXPENDITURE BY EXPENDITURE TYPE

	Staff costs 2019 £	Depreciation 2019 £	Other costs 2019 £	Total 2019 £	Total 2018 £
Expenditure on raising voluntary income	-	-	63,254	63,254	-
Expenditure on fundraising trading	49,933	-	189,266	239,199	220,546
Expenditure on investment management	-	-	82,669	82,669	158,644
Costs of raising funds	<u>49,933</u>	<u>-</u>	<u>335,189</u>	<u>385,122</u>	<u>379,190</u>
Conference programme costs	1,049,161	152,130	964,718	2,166,009	1,841,465
Expenditure on governance	-	-	9,730	9,730	8,792
	<u>1,099,094</u>	<u>152,130</u>	<u>1,309,637</u>	<u>2,560,861</u>	<u>2,229,447</u>
Total 2018	<u>1,004,360</u>	<u>137,640</u>	<u>928,803</u>	<u>2,070,803</u>	

THE DITCHLEY FOUNDATION
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

8. STAFF COSTS

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries	965,621	868,301
Social security costs	73,049	72,969
Other pension costs	60,424	63,090
	<u>1,099,094</u>	<u>1,004,360</u>

The average full time equivalent number of persons employed by the company during the year was as follows:

	2019 No.	2018 No.
Programme	10	9
House and estates	14	13
Conference, events and administration	3	3
	<u>27</u>	<u>25</u>

As many of the staff are employed on an ad hoc basis for conferences and events, the average FTE number of persons employed is considered to be the most appropriate number to disclose.

The number of higher paid employees was:

	2019 No.	2018 No.
In the band £100,001 - £110,000	1	1

Note:

No members of the Council of Management received any emoluments during the year (2018: £Nil).

No members of the Council of Management received payment for professional or other services supplied to the charity (2018: £Nil).

During the year, there was £550 of disbursements for travel and associated expenses incurred by one member of the Council of Management while undertaking activities directly associated with the purposes of the Foundation (2018: £782 disbursed to one member of the Council of Management).

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 £191,565 (2018: £181,734).

During the year, redundancy costs totalled £11,471 (2018: £nil) including pay in lieu of notice.

THE DITCHLEY FOUNDATION
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

9. TANGIBLE FIXED ASSETS

Group	Freehold property £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
Cost					
At 1 April 2018	4,577,175	39,873	26,387	483,054	5,126,489
Additions	-	-	20,000	33,780	53,780
At 31 March 2019	<u>4,577,175</u>	<u>39,873</u>	<u>46,387</u>	<u>516,834</u>	<u>5,180,269</u>
Depreciation					
At 1 April 2018	1,254,894	39,873	26,387	404,601	1,725,755
Charge for the year	121,408	-	-	30,722	152,130
At 31 March 2019	<u>1,376,302</u>	<u>39,873</u>	<u>26,387</u>	<u>435,323</u>	<u>1,877,885</u>
Net book value					
At 31 March 2019	<u>3,200,873</u>	<u>-</u>	<u>20,000</u>	<u>81,511</u>	<u>3,302,384</u>
At 31 March 2018	<u>3,322,281</u>	<u>-</u>	<u>-</u>	<u>78,453</u>	<u>3,400,734</u>
Company					
Cost					
At 1 April 2018	4,577,175	39,873	26,387	483,054	5,126,489
Additions	-	-	20,000	33,780	53,780
At 31 March 2019	<u>4,577,175</u>	<u>39,873</u>	<u>46,387</u>	<u>516,834</u>	<u>5,180,269</u>
Depreciation					
At 1 April 2018	1,254,894	39,873	26,387	404,601	1,725,755
Charge for the year	121,408	-	-	30,722	152,130
At 31 March 2019	<u>1,376,302</u>	<u>39,873</u>	<u>26,387</u>	<u>435,323</u>	<u>1,877,885</u>
Net book value					
At 31 March 2019	<u>3,200,873</u>	<u>-</u>	<u>20,000</u>	<u>81,511</u>	<u>3,302,384</u>
At 31 March 2018	<u>3,322,281</u>	<u>-</u>	<u>-</u>	<u>78,453</u>	<u>3,400,734</u>

Freehold property comprises expenditure on 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 intended that the House and associated land will be held in perpetuity to support the objectives and activities of the Foundation. 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 £47,800,000. Other properties occupied by staff and considered as permanent staff quarters are included at deemed cost based upon a valuation performed at 31 March 2008 by Laws and Fiennes, Chartered Surveyors.

THE DITCHLEY FOUNDATION
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

10. INVESTMENT PROPERTY

Group	Freehold investment property £
Valuation	
At 1 April 2018 and 31 March 2019	2,580,000

Investment properties comprise properties and farmland on the estate rented on a commercial basis. The last professional valuation of the properties was undertaken in 2019 by Savills, Chartered Surveyors, on an open market value for existing use basis. Council have considered this valuation and its appropriateness. The farmland was last valued in 2018 and the Council considers this valuation to be materially correct.

Company	Freehold investment property £
Valuation	
At 1 April 2018 and 31 March 2019	2,580,000

Investment properties comprise properties and farmland on the estate rented on a commercial basis. The last professional valuation of the properties was undertaken in 2019 by Savills, Chartered Surveyors, on an open market value for existing use basis. Council have considered this valuation and its appropriateness. The farmland was last valued in 2018 and the Council considers this valuation to be materially correct.

11. FIXED ASSET INVESTMENTS

Group	Investment securities £	Uninvested cash £	Total £
Market value			
At 1 April 2018	18,366,195	483,817	18,850,012
Additions	1,838,108	-	1,838,108
Disposals	(2,425,566)	-	(2,425,566)
Revaluations	723,369	-	723,369
Other movements	(5,789)	36,217	30,428
At 31 March 2019	18,496,317	520,034	19,016,351

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

11. FIXED ASSET INVESTMENTS (continued)

Group investments at market value comprise:

	2019 £	2018 £
Investment securities	18,496,317	18,366,195
Uninvested cash	520,034	483,817
Total market value	19,016,351	18,850,012

All the fixed asset investments are held in the UK

Company	Investment securities £	Uninvested cash £	Subsidiary £	Total £
Market value				
At 1 April 2018	18,366,195	483,817	2	18,850,014
Additions	1,838,108	-	-	1,838,108
Disposals	(2,425,566)	-	-	(2,425,566)
Revaluations	723,369	-	-	723,369
Other movements	(5,789)	36,217	-	30,428
At 31 March 2019	18,496,317	520,034	2	19,016,353

Company investments at market value comprise:

	2019 £	2018 £
Investment securities	18,496,317	18,366,195
Uninvested cash	520,034	483,817
Subsidiary	2	2
Total	19,016,353	18,850,014

All the fixed asset investments are held in the UK.
Details of the subsidiary are provided in note 21.

12. STOCKS

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Finished goods and goods for resale	43,458	43,479	42,701	42,693

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**NOTES TO THE FINANCIAL STATEMENTS
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13. DEBTORS

	<u>Group</u>		<u>Company</u>	
	2019 £	2018 £	2019 £	2018 £
Trade debtors	124,212	31,211	14,834	13,656
Amounts owed by group undertakings	-	-	67,495	-
Other debtors	55,925	45,728	55,925	45,728
Prepayments and accrued income	18,518	21,811	18,518	21,811
	<u>198,655</u>	<u>98,750</u>	<u>156,772</u>	<u>81,195</u>

14. CREDITORS: Amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	2019 £	2018 £	2019 £	2018 £
Bank loans and overdrafts	256	-	256	-
Trade creditors	99,050	109,932	96,948	109,932
Amounts owed to group undertakings	-	-	-	2,740
Other taxation and social security	26,227	19,944	26,227	19,944
Other creditors	4,198	-	-	-
Accruals and deferred income	114,068	50,050	48,102	17,467
	<u>243,799</u>	<u>179,926</u>	<u>171,533</u>	<u>150,083</u>

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NOTES TO THE FINANCIAL STATEMENTS
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15. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

	Balance at 1 April 2018 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 March 2019 £
Unrestricted funds					
General Funds - all funds	24,404,478	1,956,523	(2,368,776)	723,369	24,715,594
Restricted funds					
Fabric fund	77,718	3,685	(16,726)	-	64,677
Travel fund	15,326	10,000	(9,830)	-	15,496
Earmarked donations	-	49,620	(49,620)	-	-
Dulverton Trust Grant	348,000	-	(115,909)	-	232,091
	<u>441,044</u>	<u>63,305</u>	<u>(192,085)</u>	<u>-</u>	<u>312,264</u>
Total of funds	<u>24,845,522</u>	<u>2,019,828</u>	<u>(2,560,861)</u>	<u>723,369</u>	<u>25,027,858</u>

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 April 2017 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 March 2018 £
General funds					
General Funds - all funds	25,293,953	650,548	(1,998,292)	458,269	24,404,478
Restricted funds					
Fabric fund	76,356	47,057	(45,695)	-	77,718
Travel fund	7,683	11,458	(3,815)	-	15,326
Earmarked donations	-	23,001	(23,001)	-	-
Dulverton Trust Grant	-	348,000	-	-	348,000
	<u>84,039</u>	<u>429,516</u>	<u>(72,511)</u>	<u>-</u>	<u>441,044</u>
Total of funds	<u>25,377,992</u>	<u>1,080,064</u>	<u>(2,070,803)</u>	<u>458,269</u>	<u>24,845,522</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

SUMMARY OF FUNDS - CURRENT YEAR

	Balance at 1 April 2018 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 March 2019 £
General funds	24,404,478	1,956,523	(2,368,776)	723,369	24,715,594
Restricted funds	441,044	63,305	(192,085)	-	312,264
	<u>24,845,522</u>	<u>2,019,828</u>	<u>(2,560,861)</u>	<u>723,369</u>	<u>25,027,858</u>

SUMMARY OF FUNDS - PRIOR YEAR

	Balance at 1 April 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2018 £
General funds	25,293,953	650,548	(1,998,292)	-	458,269	24,404,478
Restricted funds	84,039	429,516	(72,511)	-	-	441,044
	<u>25,377,992</u>	<u>1,080,064</u>	<u>(2,070,803)</u>	<u>-</u>	<u>458,269</u>	<u>24,845,522</u>

The General Fund comprises the original gift to the Foundation by HDH Wills family and family trusts together with the changes to the capital value of investments and surpluses and deficits on income and expenditure.

Restricted funds comprise monies specifically provided to offset the cost of conferences, including participants' travel, and donations to the Fabric Fund. In the prior year a restricted grant was received from the the Dulverton Trust for a clutch of specific development projects. The Dulverton Trust is an independent grant-making charity established by the HDH Wills family.

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Tangible fixed assets	3,267,451	34,933	3,302,384
Fixed asset investments	18,739,020	277,331	19,016,351
Investment property	2,580,000	-	2,580,000
Current assets	372,924	-	372,924
Creditors due within one year	(243,801)	-	(243,801)
	<u>24,715,594</u>	<u>312,264</u>	<u>25,027,858</u>

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NOTES TO THE FINANCIAL STATEMENTS
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16. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £
Tangible fixed assets	3,359,284	41,450	3,400,734
Fixed asset investments	18,550,012	300,000	18,850,012
Investment property	2,580,000	-	2,580,000
Current assets	95,108	99,594	194,702
Creditors due within one year	(179,926)	-	(179,926)
	<u>24,404,478</u>	<u>441,044</u>	<u>24,845,522</u>

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

	Group	
	2019 £	Restated 2018 £
Net income/(expenditure) for the year (as per Statement of Financial Activities)	182,336	(532,470)
Adjustment for:		
Depreciation charges	152,130	137,640
Gains on investments (note 11)	(723,369)	(616,913)
Dividends, interest and rents from investments (note 3)	(335,451)	(296,993)
Decrease/(increase) in stocks	21	(11,219)
(Increase)/decrease in debtors	(105,239)	43,886
Increase in creditors	69,207	58,675
Investment property revaluation	-	(78,000)
Other investment movement	70,235	-
Net cash used in operating activities	<u>(690,130)</u>	<u>(1,295,394)</u>

18. ANALYSIS OF CASH AND CASH EQUIVALENTS

	Group	
	2019 £	2018 £
Cash in hand	130,809	52,473
Total	<u>130,809</u>	<u>52,473</u>

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FOR THE YEAR ENDED 31 MARCH 2019

19. PENSION COMMITMENTS

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. Contributions outstanding at 31 March 2019 were £nil (2018: £nil). 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.

20. RESTATEMENT TO THE STATEMENT OF FINANCIAL ACTIVITIES

The comparative figures have been restated to separately disclose the investment management fees from net gains on investments. The resultant impact is an increase in expenditure and an increase in net gains on investments of £158,644 in the prior year. There was no overall impact on the net movement in funds.

21. PRINCIPAL SUBSIDIARY

Ditchley Park Conference Centre Limited

Subsidiary name	Ditchley Park Conference Centre Limited
Basis of control	100% shareholding
Total assets as at 31 March 2019	£ 137,661
Total liabilities as at 31 March 2019	£ (137,659)
Total equity as at 31 March 2019	£ 2
Turnover for the year ended 31 March 2019	£ 352,528
Expenditure for the year ended 31 March 2019	£ (352,528)
Result for the year ended 31 March 2019	£-