

The Ditchley Foundation

THE COUNCIL'S
ANNUAL REPORT
AND ACCOUNTS
2004-2005



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TABLE OF CONTENTS

The Ditchley Foundation

List of Office Holders	page 1
Programme Committee	page 2
Notice of Meeting	page 3
Report of the Chairman of the Council of Management	page 4
The Director's Report	page 6
The Conference Programme	page 10
Report of the Council of Management	page 11

Consolidated Accounts

Report of the Auditors	page 12
Statement of Financial Activities	page 13
Income and Expenditure Account	page 14
Balance Sheets	page 15
Cashflow Statement	page 16
Notes to the Accounts	page 17

The Ditchley Park Conference Centre Ltd

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

The Purposes and Management of the Foundation

Inside back cover

HONORARY LIFE PRESIDENT

Lady Wills JP

COUNCIL OF MANAGEMENT

Chairman

The Rt Hon Sir John Major KG CH

Vice-Chairman

Lord Windlesham CVO PC

Members of the Council:

Sir Michael Angus DL

The Rt Hon Baroness Bottomley

Lord Butler of Brockwell KG GCB CVO

Baroness Chalker of Wallasey PC

Robert Conway

Professor Malcolm Grant CBE MA LLD

Andrew Knight

Anthony Loehnis CMG

HE Thomas Matussek

Sir Richard Mottram KCB

Baroness O'Neill of Bengarve CBE FBA

Sir Crispin Tickell GCMG KCVO

John Weston CBE

Baroness Williams of Crosby PC

Dr Catherine Wills

FOUNDATION STAFF

Director: Sir Jeremy Greenstock GCMG

Deputy Director and Secretary: Ashish Bhatt

Bursar: Brigadier Christopher Galloway

Registered Office: The Ditchley Foundation, Ditchley Park, Enstone, Oxfordshire

Auditors: Critchleys

Bankers: Barclays Bank plc, Oxford

Investment Managers: Morgan Stanley International Limited

Solicitors: Herbert Mallam Gowers & Co, Oxford

PROGRAMME COMMITTEE

Chairman

Sir Rodric Braithwaite GCMG

Members

Tom Bentley
Hans-Henning Blomeyer-Bartenstein
Sir Samuel Brittan
Robert Cooper CMG MVO
Dr Steven Everts
David Goodhart
Sir Jeremy Greenstock
Professor Peter Hennessy
David Johnson
Bronwen Maddox
Michael Moore MP
Ms Anne Pringle
James Purnell MP
Professor Sir Adam Roberts FBA
David Willetts MP
Dr Catherine Wills

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of the Foundation will be held on Saturday, 9 July 2005, at 11.00 a.m. at Ditchley Park, Enstone, Chipping Norton, Oxfordshire.

BUSINESS:

1. To receive the Statement of Accounts and Report of the Council of Management for the year ended 31st March, 2005.
2. To elect Council Members.

The following Council Members have retired by rotation pursuant to Article 42 and, being eligible, offer themselves for re-election:

SIR MICHAEL ANGUS, DL

ROBERT CONWAY

ANDREW KNIGHT

SIR RICHARD MOTTRAM, KCB

3. A resolution to reappoint Critchleys as auditors for the year ending 31 March 2006 will be put to the Annual General Meeting.
4. To transact any other business.

Dated this 25th day of June 2005

By order of the Council of Management

ASHISH BHATT

Secretary

Ditchley Park,
Enstone, Chipping Norton,
Oxford.

NOTE:

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

Report of the Chairman of the Council of Management

At the end of my fifth year as Chairman of the Council of Management I am delighted to report on another successful year for Ditchley in meeting our main objective: that of strengthening and deepening the transatlantic relationship by holding conferences for senior policy-makers, politicians, businessmen and academics.

The last year has been one of transition, but Ditchley's main purpose of frank and open dialogue on policy matters of importance to both sides of the Atlantic has been taken forward with enthusiasm and energy by Sir Jeremy and Lady Greenstock. Jeremy and Anne have settled in well and, in a short space of time, added their own touch, building on the excellent foundation left by Nigel and Valerie Broomfield. Ditchley is not only attracting the highest levels of participation from the UK and North America, but also increasingly reaching into a pool of talented younger people and, just as important, attracting participation from the wider global community.

Jeremy and Anne are grateful for the warm welcome with which they have been received at Ditchley and I should also like to add my own thanks to the Council, Governors and permanent staff of the Foundation who have made their transition into life at Ditchley so smooth. The House and grounds continue to look splendid and provide the perfect backdrop for Ditchley's main work.

The Director, in his Report, details a successful year. In his first year, he deserves to be congratulated on maintaining Ditchley's high standards and creating a conference programme that has been prescient and of benefit to those attending the conferences.

A look back over the programme of conferences for the last year shows how relevant Ditchley continues to be in both setting the agenda and responding to the needs of senior policy-makers on both sides of the Atlantic. Conferences have been spirited, well attended and productive. Of particular note were 'Challenges to Global Economic Governance', which was attended by two serving Cabinet Ministers, and the more sensitive 'The role of intelligence in the policy making process' which, even though it would be inappropriate to comment on it in detail, was by all accounts amongst the best ever seen at Ditchley for relevance and intensity.

As the Director reports in his Financial Review (page 8 of the Annual Report) the value of the Foundation's assets and our income from them has increased. We continue to be grateful to the individual and corporate donors who have given their support this year. On behalf of the Council I record our thanks for their part in sustaining the Foundation's work.

We are still faced with a significant shortfall in income and, as I reported last year, the Council has agreed a programme of fundraising. A Development Committee under the chairmanship of Mr John Weston has been at work for a year now and we have appointed a Head of Development, Ms Carol McCall, and a Deputy Head of Development, Mr Adam Middleton. The Development Office at Ditchley opened in October and Carol and Adam have settled in well. The campaign seeks to raise a

minimum of £3.5 million by 2008. Considerable progress has been made. The Wills family have themselves contributed £1million and other significant pledges have been received from Members of the Development Committee, Members of the Council and Governors. I should like to express my own deep gratitude to Lady Wills and Dr Catherine Wills for their generosity in ensuring that Sir David's vision continues to thrive, as well as to the other members of the 'Ditchley Family' who have set such an important example.

I offer once again my warmest gratitude to the American and Canadian Ditchley Foundations. Their continuous efforts to sustain a strong level of participation from North America are much appreciated and valued. Particular thanks go to The Hon John Brademas and Mr John O'Connor, Chairman and Executive Director of American Ditchley, and to Mr Bill Robson and Mr John Banks, President and Vice President of Canadian Ditchley. Mr Grant Reuber, as Chairman of Canadian Ditchley, continues to provide his wisdom and guidance. I look forward to another successful year with their involvement and support.

Sir Patrick Nairne has elected to retire from the Council of Management after sixteen years of service. We shall miss his wisdom and good humour, but I am reassured that his involvement with Ditchley will continue as a Governor. The Hon William Farish left his post as Ambassador of the United States and we await the announcement of his successor, whom we shall look forward to welcoming to Ditchley.

I am pleased to report that in the course of the last year the following have accepted invitations to become Governors: Mr Karan Bilimoria, Sir Nigel Broomfield, Sir John Gieve, Sir Roderick Lyne, The Hon Roy MacLaren, Ms Elizabeth Padmore, Mr Alan Rusbridger and Mr John Sawers. We have expanded the range of ambassadors who have been invited, ex officio, to be Governors for the duration of their postings to London. In addition to the Italian Ambassador, H.E Signor Giancarlo Aragona, the Japanese Ambassador, H.E. Mr Yoshiji Nogami, and the Spanish Ambassador, H.E. Mr Carlos Miranda, I am pleased to report that the new Indian High Commissioner, H.E. Mr Kamallesh Sharma, and the Brazilian Ambassador, H.E. Mr José Bustani, have joined our ranks. This not only reflects the growing voice in international affairs of India and Brazil but also boosts our ability to have that voice represented around the Ditchley table. Two Governors have elected to retire: Sir Robert Horton and Sir Richard Lloyd. They take with them our sincere thanks for their years of support to Ditchley. It is with sadness that I report the death in the last year of Sir David Calcutt, who many of us will remember fondly for his commitment to Ditchley.

We welcome Mr Norman Ornstein to the American Ditchley Advisory Council and note with sadness the death of Mr Wayne Fredericks and Mr Lloyd Cutler, both valued members of the Advisory Council

We also welcome to the Canadian Board Mr Pierre Lortie and offer our warm congratulations to Mr Ron Ritchie, Honorary Chairman of Canadian Ditchley, on his appointment to the Order of Canada.

I am required under the revised 'Statement of Recommended Practice: Accounting and Reporting by Charities', to confirm that the Trustees have reviewed the major risks to which the Foundation is exposed. These lie in the areas of conferences, personnel, finance and the level of insurance held. As a result of this review, full insurance cover against terrorist acts has been included in our policy.

The major risk to the Foundation's work is the non-availability of the Mansion as a conference venue, both for Ditchley and Guest Conferences. In view of the availability of alternative conference facilities in the local area and the level of 'additional cost of working' cover held, the Trustees are content that the Foundation's immediate commitments are covered. Key personnel have deputies who can cover in the case of their non-availability.

A formal Statement of Investment Policy is lodged with the investment managers and the Finance Committee's regular meetings with them will continue. At these meetings the level of cash reserves is constantly monitored. Over the last few years the interest from the investment portfolio has been insufficient to fund the day to day business of the Foundation. Although we can continue in the short term, the Council wishes to ensure the long-term future and has thus decided to form the Development Committee mentioned above.

The insurance policies are reviewed annually, and as a result of a recent risk assessment the liability cover was increased this year.

My final thanks, personally and on behalf of the Council, are to the staff of the Foundation, all of whom continue to work very hard to keep up the high standards, in all departments, with which Ditchley is synonymous. Ditchley can look forward to another year of success, in what will undoubtedly be a challenging political and economic climate, in maintaining the uniqueness of a conference setting and style which has won such favour over the years.

Report of the Director

I am delighted to present my first report as Director, having succeeded Nigel Broomfield in August 2004. The shape of the Ditchley conference programme up to the end of 2005 is very much Nigel's legacy. I should like to pay tribute to the immense contribution which Nigel and Valerie made to the continuing health of the Foundation and to the vibrancy and relevance of the conference programme.

I was delighted that the first conference of the autumn season connected my old life with my new one. Ambassador Lakhdar Brahimi chaired a discussion on the practical implications of post-conflict peace-building for the international community, which attracted strong participation from the United Nations and from others with deep experience of the UN's work. It was the largest Ditchley conference that anyone can remember, 54 in all – perhaps not something to be repeated often, but the atmosphere

was lively and constructive. We then finished the year with conferences on regular Ditchley themes, Europe, the emerging powers (this time China) and the prospects for reform in the Middle East. All three left a number of questions unanswered and we shall need to return to their subject-matter again before too long. Indeed, we held a follow-up to the China conference in March, when Ditchley hosted a restricted policy discussion between China experts and Whitehall policy-makers on the conclusions to be drawn from our October analysis. I intend to do this on occasions with our main thematic areas.

2005 began in spirited fashion with excellent conferences on the global economy, on the role of intelligence in the policy-making process and on the prospects for the second Bush term. Since we decided not to put the Director's Note of the Intelligence conference on the website, I should report that it was a remarkable weekend on a very sensitive subject. Professionals and policy-makers from both sides of the Atlantic took advantage of an opportunity that comes to them all too rarely for a frank examination of the real value of intelligence to political leaders, and the results will be fed in to policy thinking in both capitals. The commitment to open, honest discussion was continued with the debate on the American political scene at the end of February. It too brought home how Ditchley fills the need so seldom supplied elsewhere for hard-hitting exchanges between experts in a secure private environment.

We continued with our "emerging countries" theme with a conference on Iran in March, chaired by Lord Hurd. Nigel Broomfield's prescience hit the target once again and we held an excellent discussion on, in particular, the options for dealing with Iran's nuclear ambitions: no easy answers, certainly, but still room for good diplomacy. I am pleased to report that, for this group of conferences with a strong US policy interest, we had senior and lively American participation. In April we returned to the theme of international development with the first conference theme introduced by the new Director (and his wife), the role of women in the developing world. The 75%-25% female-male participation ratio reminded us how much we miss if we lack a solid proportion of women around the table at every conference. Not only did we listen to a remarkable range of experience on some of the hardest problems of the developing world, but we also witnessed an enthusiasm for Ditchley's surroundings and format which could only do the home team's morale good.

Against this positive background, I should mention one or two areas where we still need to improve our performance. The conference and seminar scene, both in the UK and internationally, is crowded with events clamouring for senior participation and we have to recognise that the level of attendance which Ditchley likes to expect must be won against the competition. We have not been successful enough in securing the participation of senior business at our conferences; and I would also like to see more regular acceptances from Members of Parliament. Part of the answer lies in getting invitations out well in advance of the conference date and we are gradually working to extend the notice period. Part of it also requires those who know and value Ditchley to spread the word amongst their acquaintances of the worth to be gained by committing a weekend to a conference. It is also increasingly the case that, for international participants, particularly those from the developing world, we need to be able to offer

more by way of travel assistance. I look forward to productive discussion on all of this with the Council of Management, the Finance and General Purposes Committee and Governors as we take forward Ditchley policy over the coming period.

The programme for the next eighteen months is more or less set and can be studied on the Ditchley website. With the support of the Programme Committee, for which I am most grateful, I shall be pursuing some central themes: international development, the Middle East, counter-terrorism and counter-proliferation, the environment, the difficulties of governing in the modern world and important emerging countries. We shall also leave the familiar track of foreign policy issues from time to time, with events on the world's cities (in Ontario in September), the British constitution, the aerospace industry and government support for the arts. I shall be leaving one or two dates open for late decisions, so that we can sure of covering items of real topical interest if our longer-term forecasts go astray in this respect.

An important step in Ditchley's evolution was taken in the 2004/05 season with the opening of a Development Campaign Office in the basement of the main house. My Financial Review gives further details. While the public launch of the campaign will not take place until March 2006, we have spread early news of it to Ditchley's closest associates, including the Governors, and have been encouraged by the positive response so far received.

As I come up to the close of my first year at Ditchley, I should like to express my warm appreciation to Eva and Catherine Wills and to the Chairman of the Council of Management for their valuable support and encouragement to me in my early stages. I am likewise grateful to the many committee members and Governors who have shown strong interest in Ditchley's performance and its future health. Ditchley's family of supporters is as great a strength as the House itself. Finally, I would like to record that the backing I have had from Ashish Bhatt, my Deputy, from the Bursar, Chris Galloway, and from all the Ditchley home team, without whom we would be able to achieve none of the substance on which I am reporting, has been consistently impressive and I thank them all.

Financial Review

The two major financial factors in the last twelve months have been the change of investment managers and the establishment of the Development Office.

As reported last year, the Finance Committee selected Morgan Stanley International as the new Fund Managers and the handover from Cazenove took place very smoothly during May. The new team was given until the end of June to rearrange the portfolio to suit their House philosophy and was then set the target of 4.5% total return plus inflation. They have achieved this and are ahead of the established benchmark up to 31 March 2005. As a change to the previous procedure, the dividend return is now re-invested by Morgan Stanley; and a regular sum is transferred into the Bursar's Account

each month for 'house-keeping'. We have established a good rapport with the Morgan Stanley team and look forward to a successful relationship.

The current circumstances, however, make it impossible for Ditchley to maintain its present level of activity on the basis of the present endowment. The preparation of a Development campaign therefore began in the summer of 2004. The Head of Development, Ms Carol McCall, was appointed in July and she and her Deputy, Adam Middleton, opened the Development Office in mid-October. They have made an excellent start under the direction of John Weston, to whom we are extremely grateful for his energetic leadership of the Development Committee. The Wills family have set a wonderful example of generosity to get the campaign going and other important commitments have followed. All members of the Development Committee have made significant pledges. Our target is to raise a minimum of £3.5 million by the time of Ditchley's 50th Anniversary in 2008.

Nine Guest Conferences were held during the course of the year and produced a gross income of £125,000 (£83,600 net). Other activities, including photography for a furniture catalogue, short film clips for the Churchill series for BBC 4 and visits, brought in a further £5,000. Including rents (£36,000), the target income of £100,000 for Ditchley-generated income was comfortably exceeded.

In spite of tight controls, expenditure overran the budget estimate by 4%, principally because of the higher price of heating oil, unscheduled road repairs and increased costs of travel and works. I am keen to encourage good participants from the developing world and have proposed a 50% increase in the conference travel budget. On the works side it has been a period of consolidation, with new kitchen and laundry equipment to cope with a series of "full house" conferences, a new kitchen in the West Wing, oil central heating to replace the solid fuel boilers in the staff cottages and a new garage for Gardens Cottage. External redecoration is high on the priority list for next year as it has been postponed several times recently.

The Mansion continues to create the ambience which lies at the heart of the Ditchley formula, but it needs a continual round of minor repairs and improvements. I have asked the Bursar to allocate a regular annual sum to maintenance, so that the Budget avoids shocks in challenging years. Overall, I have concluded that I have taken over a sound and well run financial regime, which will keep Ditchley going into the indefinite future if the Development Campaign reaches its target.

The Conference Programme

Concluding Phase of the 2003-2004 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 two conferences during the period April-June 2004 fell during the financial year 2004-2005 but were included in the list of conferences in last year's annual report. This year's report follows the same practice.

The 2004-2005 Conference Programme

<i>2004</i>	<i>Title</i>	<i>Chairman</i>
Sept 17-19	The practical implications of post conflict peacebuilding for the international community.	Mr Lakhdar Brahimi
Oct 1-3	The future direction of an enlarged Europe.	Lord Kerr of Kinlochard
Oct 29-31	China: a power for the 21 st Century.	Sir John Boyd
Nov 12-14	Political, social and economic change in the Middle East.	Mr Mark Malloch Brown
<i>2005</i>		
Jan 14-16	Challenges to global economic governance.	Sir Nigel Wicks
Jan 28 -30	The role of intelligence in the policy making process.	Sir David Omand
Feb 25-27	The US Election: prospects for the new administration.	Sir Christopher Meyer
March 11-13	Iran's future path.	Lord Hurd of Westwell
April 8-10	The role of women in the developing world.	Baroness Prosser of Battersea
May 6-8	World opinion and public diplomacy: how should policy makers influence and be influenced? (Joint conference with the Chicago Council on Foreign Relations in the United States)	Lord Kinnock of Bedwellty
June 10-12	The politics and problems of water.	Baroness Chalker of Wallasey
June 24-25	Nuclear Energy: time to move ahead.	(Special Workshop)

Report of the Council of Management (The Trustees)

The Council of Management (having powers of directors under the Articles of Association) submit their report and audited financial statements for the year ended 31 March 2005.

Principal activities and business review

The consolidated income and expenditure account for the year is set out on page 14 .

The constitution of the Ditchley Foundation and its principal activities are set out inside the back cover. A review of the Foundation's business during the year is contained in the Chairman's Report on pages 4 - 6 and the Director's Report on pages 6 - 9.

Dividends

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

Directors

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

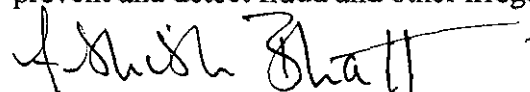
The Members of Council retiring by rotation at the Annual General Meeting are Sir Michael Angus, DL, Robert Conway, Andrew Knight and Sir Richard Mottram, KCB. Being eligible they offer themselves for reappointment.

Trustees responsibilities

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

The Members of the Council of Management confirm that suitable accounting policies have been used and applied consistently and that reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 March 2005. The Members of Council also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going-concern basis.

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



By order of the Council of Management

ASHISH BHATT

Secretary

25 May 2005

THE DITCHLEY FOUNDATION

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

REPORT OF THE AUDITORS TO THE MEMBERS OF THE DITCHLEY FOUNDATION

We have audited the financial statements of The Ditchley Foundation for the year ended 31 March 2005 which comprise the consolidated statement of financial activities, the consolidated income and expenditure account, the consolidated balance sheet, and consolidated cash flow and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described on page 11 the Foundation's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Foundation has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Foundation is not disclosed.

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

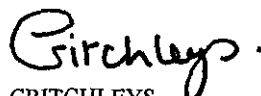
Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Foundation's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Foundation and the Group as at 31st March 2005 and of its incoming resources and application of resources, including its income and expenditure for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



CRITCHLEYS
Chartered Accountants and Registered Auditors
Oxford
25th May 2005

THE DITCHLEY FOUNDATION

Consolidated Statement of Financial Activities for Year ended 31 March 2005

	Unrestricted Funds £	Restricted Funds £	Total 2005 £	Total 2004 £
INCOMING RESOURCES (notes 2 & 3)				
Voluntary				
Donations & gifts	774,100	0	774,100	24,678
Other activities for generating funds				
Trading turnover of subsidiary	137,164	0	137,164	134,791
Investment income	402,171	328	402,499	556,392
Other incoming resources	2,269	7,500	9,769	23
Total incoming resources	1,315,704	7,828	1,323,532	715,884
RESOURCES EXPENDED (Note 4)				
Cost of generating funds				
Trading costs of subsidiary	86,496	0	86,496	78,925
Fundraising costs	56,338	0	56,338	26,627
Net income available for charitable application	1,172,870	7,828	1,180,698	610,332
Charitable expenditure				
Conference costs	59,364	8,648	68,012	74,345
Support costs	644,671	0	644,671	592,603
Management & administration	165,552	0	165,552	149,012
Total charitable expenditure	869,587	8,648	878,235	815,960
Total expenditure	1,012,421	8,648	1,021,069	921,512
NET INCOMING (OUTGOING) RESOURCES	303,283	(820)	302,463	(205,628)
Transfer between Funds	16,001	(16,001)	0	0
GAINS/(LOSSES) ON INVESTMENT ASSETS				
Realised	682,261	8,350	690,611	804,206
Unrealised	881,301	0	881,301	2,307,667
NET MOVEMENT IN FUNDS	1,882,846	(8,471)	1,874,375	2,906,245
Fund balances brought forward as at 1 April 2004	17,489,036	115,471	17,604,507	14,698,262
FUND BALANCES CARRIED FORWARD AT 31 MARCH 2005 (note 18)	£19,371,882	£107,000	£19,478,882	£17,604,507

THE DITCHLEY FOUNDATION

Consolidated Income and Expenditure Account for Year Ended 31st March 2005

		Note	2005 £	2004 £
INCOME				
DIVIDENDS, INTEREST AND RENTS		2	402,649	556,481
DONATIONS		3	62,121	24,678
HDH Wills 1965 Charitable Trust – Martin Wills Fund		18	711,979	0
GUEST CONFERENCES			129,291	115,304
OTHER			17,419	19,421
			<u>£1,323,459</u>	<u>£715,884</u>
EXPENDITURE				
ADMINISTRATION	Executive and office staff costs	5	273,641	258,282
	Non-staff costs	7	89,818	110,940
			<u>363,459</u>	<u>369,222</u>
ESTABLISHMENT	Household and services staff costs	5	198,921	195,240
	Non-staff costs - Repairs	8	72,715	62,666
	- Other	9	88,895	78,423
			<u>360,531</u>	<u>336,329</u>
CONFERENCES	Costs of extra staff	5	45,440	53,246
	Non-staff costs	10	107,551	98,815
			<u>152,991</u>	<u>152,061</u>
DEVELOPMENT OFFICE	Staff cost	5	37,134	0
	Non staff costs		15,785	0
			<u>52,919</u>	<u>0</u>
DEPRECIATION	Tangible assets	11	62,248	39,527
VALUE ADDED TAX			28,848	24,372
TOTAL			<u>£1,020,996</u>	<u>£921,512</u>
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR (page 13)			£302,463	(£205,628)
REALISED GAINS/LOSSES			690,611	804,206
NET SURPLUS FOR THE YEAR			<u>£993,074</u>	<u>£598,578</u>
Statement of Total Recognised Gains & Losses				
	Net surplus/(deficit) for the year		993,074	598,578
	Unrealised gains/(losses)		881,301	2,307,667
	Net gains/(losses) recognised in the year		<u>£1,874,375</u>	<u>£2,906,245</u>

Notes:

- As permitted by Section 230 of the Companies Act 1985, a separate Income and Expenditure Account for the Foundation alone has not been included in these accounts. The subsidiary company retained neither a profit nor a loss in either year.
- The results for the years above are derived from continuing activities.
- There is no difference between the operating results for the years stated above and their historical cost equivalents.
- Total income comprises £1,315,704 for unrestricted funds and £7,828 for restricted funds. A detailed analysis of income by source is provided in the Statement of Financial Activities on page 13.
- Guest conference income relates to the turnover of Ditchley Park Conference Centre Ltd, details of which are shown on page 28.
- The Consolidated Income and Expenditure Account is derived from the Statement of Financial Activities on page 13 which, together with the notes to the accounts on pages 17 to 25, provides full information on the movements during the year on all the funds of the Group.

THE DITCHLEY FOUNDATION

Balance Sheets at 31st March 2005

	Note	2005		2004	
		Group	Foundation	Group	Foundation
		£	£	£	£
FIXED ASSETS					
Tangible assets	11	1,939,903	1,939,903	1,963,606	1,963,606
Investments	12	17,525,751	17,525,751	15,659,276	15,659,276
Investment in subsidiary	13	0	2	0	2
		<hr/>	<hr/>	<hr/>	<hr/>
		19,465,654	19,465,656	17,622,882	17,622,884
CURRENT ASSETS					
Stocks	14	27,032	22,402	28,332	22,729
Debtors	15	44,206	68,989	9,892	31,712
Bank balances and cash		76,784	52,025	79,940	57,103
		<hr/>	<hr/>	<hr/>	<hr/>
		148,022	143,416	118,164	111,544
CURRENT LIABILITIES					
Creditors falling due within one year	16	(134,794)	(130,190)	(136,539)	(129,921)
		<hr/>	<hr/>	<hr/>	<hr/>
NET CURRENT ASSETS		13,228	13,226	(18,376)	(18,377)
		<hr/>	<hr/>	<hr/>	<hr/>
NET ASSETS		£19,478,882	£19,478,882	£17,604,507	£17,604,507
		<hr/>	<hr/>	<hr/>	<hr/>
SHARE CAPITAL	17	Nil	Nil	Nil	Nil
RESERVES					
Unrestricted Fund	18	19,371,882	19,371,882	17,489,036	17,489,036
[includes revaluation reserve of £2,175,215 (2004 - £1,328,504)]					
Restricted Fund	18	107,000	107,000	115,471	115,471
		<hr/>	<hr/>	<hr/>	<hr/>
		£19,478,882	£19,478,882	£17,604,507	£17,604,507
		<hr/>	<hr/>	<hr/>	<hr/>

The accounts on pages 13 to 25 were approved by the Council of Management on 25th May 2005 and were signed on its behalf by:

THE RT HON SIR JOHN MAJOR KG CH

25th May 2005

Chairman of the
Council of Management

THE DITCHLEY FOUNDATION

Consolidated Cash Flow Statement - Year Ended 31st March 2005

	Notes Below	2005 £	2004 £
Net cash outflow from net incoming resources	A	329,952	(156,787)
Investing activities and capital expenditure			
Purchase of tangible fixed assets		(38,545)	(12,925)
Purchase of investments		(23,837,442)	(3,778,597)
Purchase of investment property		(10,013)	(44,109)
Proceeds from sale of investments		24,259,351	4,488,241
(Increase) in short term deposits		(706,459)	(477,521)
Net cash inflow from capital expenditure and investing activities		(333,108)	175,089
		(3,156)	18,302
Management of liquid resources:			
Cash deposited on 14 days notice	B	23,558	5,311
Decrease in cash during year	B	£20,402	£23,613

Notes to the Cash Flow Statement		2005	2004
A.	Reconciliation of net cash flow from net incoming resources:	£	£
	Net operating surplus/(deficit)	302,463	(205,628)
	Depreciation	62,248	39,527
	Increase/(decrease) in creditors	(1,745)	881
	(Increase)/decrease in debtors	(34,314)	10,939
	(Increase)/decrease in stocks	1,300	(2,506)
		(£329,952)	(£156,787)
B.	Bank balances and cash:		
	At 1st April 2004	Current 47,651	Deposit 32,289
	Increase/(decrease) in year	20,402	(23,558)
	At 31st March 2005	£68,053	£8,731
		£76,784	£79,940

THE DITCHLEY FOUNDATION

Notes to the Accounts - 31st March 2005

I. PRINCIPAL ACCOUNTING POLICIES

- (1) Basis of Accounting - The Foundation prepares its annual accounts in accordance with the historical cost convention modified by the revaluation of investment properties and other investments and in accordance with the principal provisions of the Statement of Recommended Practice for Charities, applicable accounting standards and, except for the non-depreciation of investment properties, with the Companies Act 1985. An explanation of the departure from the requirements of the Act is given below in section 5.
- (2) Related Parties - There are no 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) Freehold Property - The house and land at Ditchley Park, acquired by gift, are not valued (see Note 11). Expenditure on renovation and improvements is at cost less depreciation.
- (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:
- | | |
|--|---------------------------|
| Renovation and improvements to freehold property | - Between 20 and 50 years |
| Furniture, equipment and furnishings | - Between 3 and 10 years |
| Motor vehicles | - 5 years |

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

THE DITCHLEY FOUNDATION

Notes to the Accounts - 31st March 2005 (continued)

-
- | | | | |
|------|--------------------------|---|---|
| (6) | Investments and Cash | - | Investments, including property, are valued on the following basis:- |
| | (i) | | Freehold properties held for investment purposes are valued each year at the balance sheet date and on professional advice. |
| | (ii) | | Quoted investments have been valued at the middle market price at the close of business at the year end. The market value of unit trusts and managed funds units is taken as the average of the bid and offer prices at the year end as advised by the investment managers. Investments in overseas currencies are translated into sterling at the exchange rate ruling at the year end. |
| (7) | Stocks | - | Stocks are valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis. |
| (8) | Maintenance and Renewals | | Expenditure on repairs and maintenance, together with renewals of minor items of equipment and furnishings, is charged to the Income and Expenditure Account. |
| (9) | Income | - | Income is accounted for on an accruals basis.
Dividends are accounted for by reference to the declared payment date.
Donations are accounted for in the period in which they are received.
Guest conference income excludes value added tax and represents the invoiced value of goods and services supplied. |
| (10) | Expenditure | - | Where possible, expenditure is allocated to conference costs, support costs and management and administration costs on an actual basis. Where staff divide their time between functions, staff costs are allocated on the basis of the estimated time the member of staff spends on the related function. An estimate of the allocation of other costs not directly attributable to conference, support or administration is also made. |
| (11) | Cash Flow Statement | - | Although the Foundation qualifies as a small company under the terms of section 247 of the Companies Act 1985 and as a consequence is exempt from the requirement to publish a cash flow statement, the Council of Management believes that such a statement provides useful information. It is therefore included in the accounts. |

THE DITCHLEY FOUNDATION

Notes to the Accounts - 31st March 2005 (continued)

- (12) Fund Accounting - The Ditchley Foundation has the following types of funds for which it is responsible:
- Unrestricted Funds.** Funds which are expendable at the discretion of the Council of Management in furtherance of the objects of the Foundation.
- Restricted Funds.** Donations or funds received which are earmarked by the donor for specific purposes within the overall aims of the Foundation. These funds may be income only (where the capital must be retained) or income and capital (where the donation and income deriving therefrom may be utilised).
- (13) 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 - 31st March 2005 (continued)

				2005	2004
2.	DIVIDENDS, INTEREST AND RENTS			£	£
	Dividends on listed investments			362,841	498,016
	Interest on short term deposits			4,004	27,882
				366,845	525,898
	Rents			35,804	30,583
				£402,649	£556,481
3.	DONATIONS				
	For general purposes			62,121	9,521
	Earmarked			0	15,157
				£62,121	£24,678
4.	ANALYSIS OF TOTAL RESOURCES EXPENDED				
		Staff costs	Other	Depreciation	Total
		£	£	£	£
Conference costs		22,869	45,143	0	68,012
Support costs:					
Maintenance of land & buildings		119,473	81,402	48,921	249,796
Other		239,138	151,183	4,554	394,875
		358,611	232,585	53,475	644,671
Management & administration		113,952	46,246	5,354	165,552
Fundraising costs		37,134	15,785	3,419	56,338
Trading cost of subsidiary		22,571	63,925	0	86,496
		£555,137	£403,684	£62,248	£1,021,069
5.	STAFF COSTS				
	Expenditure includes the following amounts in respect of staff costs:				
	Salaries and wages			481,822	438,397
	Social security costs			37,573	33,780
	Other pension costs			35,742	34,591
				£555,137	£506,768
	<u>Average monthly number of staff</u>			No.	No.
	Administration			9	9
	Establishment			19	20
	Conference – part-time			9	9
	Development Office			2	0
				39	38

Note:

None of the Council of Management received any emoluments during the year (2004: £NIL).

The Foundation provided Public Liability insurance cover amounting to £10m (2004 - £10m)

No members of staff earned more than £50,000 in the year (2004 – nil)

THE DITCHLEY FOUNDATION

Notes to the Accounts - 31st March 2005(continued)

6. PENSION SCHEMES

The Foundation maintains a pension scheme covering substantially all of its employees. It is a defined contribution scheme (employer 5-9%) administered by trustees. Its funds are kept separate from those of the Foundation. There were contributions outstanding at the balance sheet date of £759 (2004 - £6,222). 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.

	2005	2004
	£	£
7. ADMINISTRATION - NON-STAFF COSTS		
Travelling	13,650	10,472
Representation abroad	5,995	6,429
Postage and telephones	7,403	8,416
Maintenance of office equipment	3,551	4,165
Printing, stationery and office expenses	12,451	13,214
Vehicle running costs	8,337	5,907
Auditors' remuneration	8,100	7,866
(Foundation £7,400 (2004: £7,206))		
Architects' and surveyors' fees	480	450
Legal and professional fees	13,433	19,612
Bank charges	676	568
Interest payable	4,023	3,093
Fundraising expenditure	0	26,627
General expenses	11,719	4,121
	<u>£89,818</u>	<u>£110,940</u>
8. ESTABLISHMENT - REPAIRS		
Buildings - Major works	21,949	26,314
- General repairs & maintenance	11,218	3,074
Repairs & renewals of furniture & equipment	18,960	16,383
Upkeep & maintenance of roads & gardens	20,588	16,915
	<u>£72,715</u>	<u>£62,666</u>
9. ESTABLISHMENT - NON-STAFF COSTS - OTHER		
Heating and lighting	29,694	25,256
Insurance	32,683	28,079
Rates and water	21,896	21,037
Household and cleaning	4,622	4,051
	<u>£88,895</u>	<u>£78,423</u>

THE DITCHLEY FOUNDATION

Notes to the Accounts - 31st March 2005(continued)

				2005	2004	
10.	CONFERENCES - NON-STAFF COSTS			£	£	
	Catering			61,895	55,965	
	Participants' travel costs - to UK (partly funded by earmarked donations)			27,977	15,346	
	Participants' travel costs - from UK			306	10,340	
	Publications			1,300	1,071	
	Other conference expenditure			16,073	16,093	
				<u>£107,551</u>	<u>£98,815</u>	
11.	TANGIBLE ASSETS - GROUP AND FOUNDATION					
		Freehold Property	Furniture & Equipment	Furnishings	Motor Vehicles	Total
	COST/OR VALUATION	£	£	£	£	£
	At 31st March 2004	2,051,555	307,544	34,441	21,441	2,414,981
	Additions	16,042	22,503	0	0	38,545
	Disposals	0	0	0	0	0
	Transfer from investment properties	0	0	0	0	0
	Revaluation	0	0	0	0	0
	At 31st March 2005	<u>2,067,597</u>	<u>330,047</u>	<u>34,441</u>	<u>21,441</u>	<u>2,453,526</u>
	DEPRECIATION					
	At 31st March 2004	114,477	291,379	34,441	11,078	451,375
	Charge for year	48,921	9,039	0	4,288	62,248
	Disposals	0	0	0	0	0
	At 31st March 2005	<u>163,398</u>	<u>300,418</u>	<u>34,441</u>	<u>15,366</u>	<u>513,623</u>
	NET BOOK VALUE					
	At 31st March 2004	£1,937,078	£16,165	£0	£10,363	£1,963,606
	At 31st March 2005	<u>£1,904,199</u>	<u>£29,629</u>	<u>£0</u>	<u>£6,075</u>	<u>£1,939,903</u>
The net book value at 31st March 2005 represents fixed assets used for:						
	Direct charitable purposes	1,904,199	19,617	0	5,467	1,929,283
	Administration	0	10,012	0	608	10,620
		<u>£1,904,199</u>	<u>£29,629</u>	<u>£0</u>	<u>£6,075</u>	<u>£1,939,903</u>

The Freehold Property entry comprises expenditure on renovations and improvements. The house and 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. Other properties occupied by staff and considered as permanent staff quarters, have been included at their insurance value at 31 March 2005, and are due to be revalued in 2007.

The historical cost of the freehold properties is £1,232,580. The historical accumulative depreciation is £146,696.

THE DITCHLEY FOUNDATION

Notes to the Accounts - 31st March 2005 (continued)

12. INVESTMENTS - GROUP AND FOUNDATION

	Listed Securities	Short Term Deposits	Investment Properties	Total
MARKET VALUE	£	£	£	£
At 31st March 2004	13,557,904	931,016	1,170,356	15,659,276
Additions	23,837,442	706,459	10,013	24,553,914
Disposals	(23,568,740)	0	0	(23,568,740)
Transfer to tangible assets	0	0	0	0
Net unrealised gains/(losses)	887,724	(6,423)	0	881,301
At 31st March 2005	£14,714,330	£1,631,052	£1,180,369	£17,525,751
Cost at 31st March 2005	£13,760,638	£1,637,475	£787,439	£16,185,552

Disposals are at market value as at 1 April 2004, or cost if acquired during the year. Proceeds of disposals amount to £24,259,351 giving rise to a profit of £690,611.

The investment properties were valued at 31 March, 2002 by Laws and Fiennes, Chartered Surveyors, and have subsequently been compared with insurance valuations. Since the properties are inalienable, the Trustees are content with this until the next formal valuation in 2007.

13. 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.

14. STOCKS

	2005		2004	
	Group £	Foundation £	Group £	Foundation £
Wine cellar	18,422	18,422	19,808	19,808
Heating oil	3,980	3,980	2,921	2,921
Publications for resale	4,630	0	5,603	0
	£27,032	£22,402	£28,332	£22,729

15. DEBTORS (Due within one year)

Trade debtors	23,065	1,357	217	217
Amount due by subsidiary (Ditchley Park Conference Centre Ltd)	0	46,491	0	21,820
Taxation recoverable	0	0	443	443
Prepayments	19,820	19,820	7,512	7,512
Accrued Income & Other Debtors	1,321	1,321	1,720	1,720
	£44,206	£68,989	£9,892	£31,712

THE DITCHLEY FOUNDATION

Notes to the Accounts - 31st March 2005 (continued)

16. CREDITORS (Due within one year)	2005		2004	
	Group	Foundation	Group	Foundation
	£	£	£	£
Payments received in advance	47,876	43,972	37,252	31,294
Trade creditors	31,093	31,093	34,535	34,535
Taxation and social security payable	16,026	16,026	10,886	10,886
Other creditors & accruals	39,799	39,099	53,866	53,206
	<u>£134,794</u>	<u>£130,190</u>	<u>£136,539</u>	<u>£129,921</u>

17. 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.

18. RESERVES	Unrestricted Funds			Restricted Funds	
	General Fund	Revaluation Reserve	Total	Dulverton Travel Fund	David Wills Restoration Fund
	£	£	£	£	£
Balance at 31 March 2004	16,160,532	1,328,504	17,489,036	100,000	15,471
Net incoming resources	303,283	0	303,283	(8,350)	7,350
Transfer between Funds	16,001	0	16,001	7,000	(23,001)
Realised Gains	682,261	0	682,261	8,350	0
Unrealised Gains	0	881,301	881,301	0	0
Transfer re realised gain	34,590	(34,590)	0	0	0
	<u>£17,196,667</u>	<u>£2,175,215</u>	<u>£19,371,882</u>	<u>£107,000</u>	<u>£0</u>

Unrestricted funds comprise the original endowment gifted 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 Dulverton Travel Fund was established from a gift by the Dulverton Trust. Under the terms of the gift the income is used to offset the cost of conference participants' travel from overseas. The capital is invested in short term deposits. £100,000 was received in 2000 from the Dulverton Trust to redecorate the Great Hall in memory of Sir David Wills. Interest received has been added to this Fund.

£711,979 was received during the year from the HDH Wills 1965 Charitable Trust – Martin Wills Fund. The Trustees stated that £500,000 should be directed to the Development Fund.

THE DITCHLEY FOUNDATION

Notes to the Accounts – 31st March 2005 (continued)

19. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Unrestricted funds £	Restricted funds £	2005 Total funds £	2004 Total funds £
Fund balances at 31 March 2005 are represented by:				
Tangible fixed assets	1,939,903	0	1,939,903	1,963,606
Investments	17,425,751	100,000	17,525,751	15,659,276
Current assets	141,022	7,000	148,022	118,164
Current liabilities	(134,794)	0	(134,794)	(136,539)
Total net assets	<u>£19,371,882</u>	<u>£107,000</u>	<u>£19,478,882</u>	<u>£17,604,507</u>

20. TRAVEL EXPENSES

£2,577 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 (2004 - £2,111).

21. 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.

22. CONTROL

The ultimate control of the Foundation lies with the Council of Management.

23. CAPITAL COMMITMENTS

There were no capital commitments as at 31 March 2005 (2004 – none).

THE DITCHLEY PARK CONFERENCE CENTRE LIMITED

Report of the Directors

The directors present their report and the audited financial statements for the year ended 31 March 2005.

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 nine guest conferences were held during the financial year covered by this report, and these contributed largely to the company's operating profit of £50,668.

CHARITABLE CONTRIBUTIONS

During the period the company made a contribution of £50,668 to the Ditchley Foundation.

RESULTS AND DIVIDENDS

The retained profit for the year amounted to £NIL.

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

DIRECTORS' INTEREST IN SHARES

Directors are Sir Jeremy Greenstock, GCMG, and Brigadier C C Galloway and neither has had any interest in the shares of the company at any time during the period.

DIRECTORS' RESPONSIBILITIES

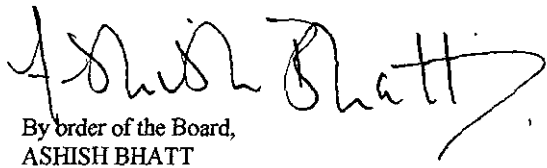
The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 March 2005. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going-concern basis.

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

AUDITORS

A resolution to reappoint Critchleys as auditors for the year ending 31 March 2006 will be proposed at the Annual General Meeting.



By order of the Board,
ASHISH BHATT
Secretary
25th May 2005

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

We have audited the financial statements of The Ditchley Park Conference Centre Limited for the year ended 31 March 2005 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

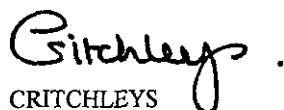
Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we consider necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st March 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



CRITCHLEYS
Chartered Accountants and Registered Auditors
Oxford
25th May 2005

THE DITCHLEY PARK CONFERENCE CENTRE LIMITED

Profit and Loss Account for Year Ended 31st March 2005

	2005 £	2004 £
TURNOVER		
Conference income	125,693	109,641
Visitors' entrance fees	2,746	2,819
Sale of publications	1,513	1,379
Other (including filming)	3,465	15,200
Sale of drinks	3,598	5,663
Bank interest	150	88
	<u>£137,165</u>	<u>£134,790</u>
OPERATING EXPENSES		
Management and service fees	78,629	69,180
Cost of drinks sold	1,754	3,405
Publications for resale	974	946
Guiding fees	1,385	1,254
Auditors' remuneration	700	660
Other operating costs	3,055	3,479
	<u>£86,497</u>	<u>£78,924</u>
OPERATING PROFIT	<u>50,668</u>	<u>55,866</u>
PROFIT ON ORDINARY ACTIVITIES	<u>£50,668</u>	<u>£55,866</u>
PAYMENT UNDER GIFT AID	<u>(£50,668)</u>	<u>(£55,866)</u>
RETAINED PROFIT FOR THE YEAR	<u>£NIL</u>	<u>£NIL</u>

NOTES:

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

THE DITCHLEY PARK CONFERENCE CENTRE LIMITED

Balance Sheet at 31st March 2005

	Notes	2005 £	2004 £
CURRENT ASSETS			
Debtors		21,708	0
Stocks	2	4,630	5,603
Cash in bank and in hand		24,759	22,837
		<u>51,097</u>	<u>28,440</u>
CURRENT LIABILITIES			
Creditors falling due within one year	3	51,095	28,438
		<u></u>	<u></u>
NET ASSETS		<u>£2</u>	<u>£2</u>
CAPITAL AND RESERVES			
Called-up share capital	4	£2	£2
		<u></u>	<u></u>

The financial statements on pages 28 to 30 were approved by the Board of Directors on 25th May 2005 and were signed on their behalf by:



SIR JEREMY GREENSTOCK GCMG

Chairman and
Managing Director

ACCOUNTING POLICIES

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

BASIS OF ACCOUNTING

The accounts are prepared under the historical cost convention.

STOCKS

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

TURNOVER

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

CASH FLOW STATEMENT

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

THE DITCHLEY PARK CONFERENCE CENTRE LIMITED

Notes to the Accounts

1. DIRECTORS AND EMPLOYEES

The company has no employees other than the Directors. (2004: NIL)
None of the directors received any remuneration during the year (2004: £NIL)

2. STOCKS

Stocks comprise publications for resale.

3. CREDITORS (Due within one year)

	2005	2004
	£	£
Payments received on account	3,904	5,958
Amount owed to parent company	46,491	21,820
Other	700	660
	<u>51,095</u>	<u>28,438</u>

4. CALLED-UP SHARE CAPITAL

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

5. ULTIMATE PARENT COMPANY

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

THE DITCHLEY FOUNDATION

(printed to comply with Statement of recommended Practice for Charities
issued by the Accounting Standards Committee)

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

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

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

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

The administration of the Foundation is carried out by the Council of Management, through the Finance and General Purposes Committee. The day-to-day management of the Foundation is conducted by the Director, who is appointed by, and responsible to, the Council of Management.

Copies of the Articles of Association are available for inspection.

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