

Annual
Review
2016





In working to promote food, farming and rural life, our team have welcomed over a million visitors to the Royal Highland Centre, reached out to 30,000 young people in schools across Scotland and generated £7.85m in income. Here are some of the highlights from this year.

Alan Laidlaw, RHASS Chief Executive



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Work has begun on making the Royal Highland Centre fit for purpose with over £1.5m already invested.

A safe place for paths to cross



One of those investments has been the highly successful new livestock crossing at the showground. The crossing allows the paths of visitors and livestock to meet and cross in a safe environment. It is by no means the largest investment this year, but it neatly sums up the strength in much of the Society's work in this Brexit year of change.

As a strong body of influence with nearly 16,000 members we've brought many different people together this year with one aim - to strengthen the growth and economic resilience of the Scottish rural economy, whether that's by providing a platform for discussions post-Brexit, bringing women in agriculture together to share experiences, or children and urban dwellers closer to the farming and food that play such an important role in their lives.

Here are some of the notable achievements the Royal Highland and Agricultural Society of Scotland (RHASS) has made in helping to build business success for members and for rural Scotland as a whole.



As the cornerstone of the Society's annual activities, the Royal Highland Show truly represents the best of farming, food and rural life. It is a market for excellence in agriculture, and one of the biggest events in Scotland.

Welcoming record numbers to the Show

Over 2,350 livestock competitors prepare to get their animals in prime condition. Around 1,240 trade exhibitors have a presence at the Show marketing and selling equipment, goods and services. While a record 189,000 visitors enjoy the unique spectacle, atmosphere and experience.

A showcase for the riches in our larder

With Scotland's food and drinks industry continuing to enjoy rapid growth the Show provided an exciting platform for our nation's food producers to showcase their wares and launch new products. It was also a chance for visitors to develop an understanding of the importance of eating local, in season food. This year Scotland's Larder Live also brought us the hotly contested Scottish Cheese, Scottish Butter and Scottish Ice Cream Championships.





An economic powerhouse

The Show continues to be a major part of the events and festivals industry in Scotland delivering almost £50 million in economic benefit. It also generates over 7,500 bed nights for hotels and B&Bs and helps support over 80 full time equivalent jobs.

Jackie McCreery,
Yester Farm Dairies

"The Show attracts such a cross section of the population from farming folks, to foodies and the general public. That is why we chose RHS 2016 to launch our new range of soft cheeses and cultured creams. As an on-farm food producer we emphasise the provenance of our products 'from farm to fridge' and Scotland's Larder Live was the perfect platform to highlight this message."

Scott Landsburgh,
Chief Executive, Scottish
Salmon Producers
Organisation

“As Scotland’s top food export, our Highlands and Islands provenance is recognised all over the world. We are delighted to be associated with the Royal Highland Show as it is the showcase for great Highland products and Scotland’s food and farming tradition.”

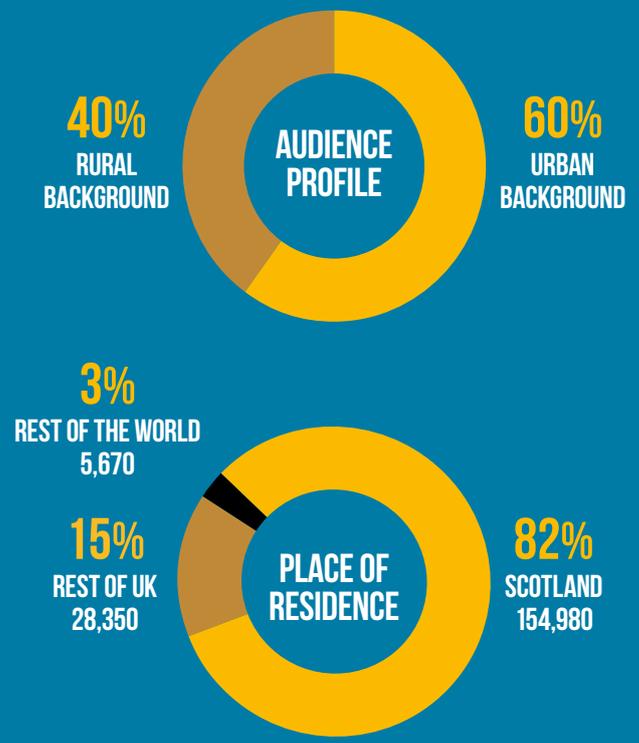
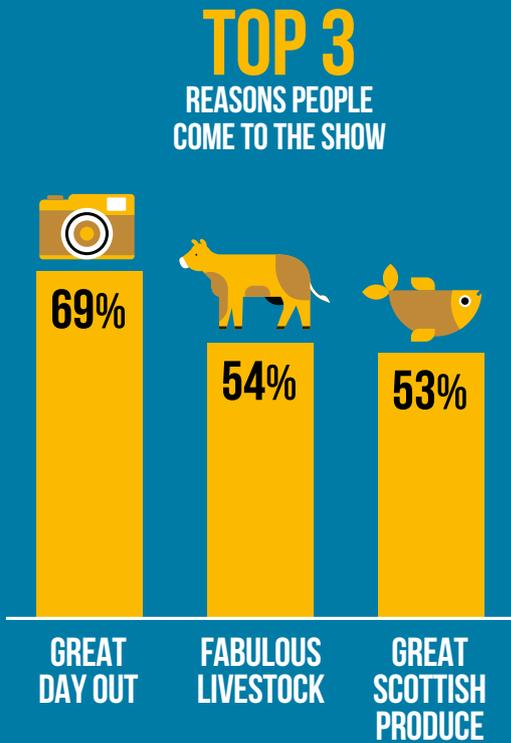


The Chairman’s Lunch – an opportunity to showcase the work of Scotland’s salmon producers

The Royal Highland Show provides plenty of informal opportunities to meet as well as a number of hugely popular organised events. This year’s Chairman’s Lunch was sponsored by the Scottish Salmon Producers Organisation.

Salmon farmers play a key role in the Highland rural economy and the Chairman’s Lunch brought primary producers of salmon, beef and other products together to share information and discuss common issues affecting everyone in the Highlands.





OVER 11 HOURS
OF TV AND RADIO COVERAGE



42 MILLION PEOPLE
HAD THE OPPORTUNITY TO READ, HEAR OR SEE INFORMATION ABOUT THE SHOW



This year's EU referendum result became another live event unfolding before the eyes of those at the Show.

Promoting food, farming and rural life

While the result of the referendum on 23 June 2016 may have come as something of a surprise to many, the fact large numbers of our members were together at such a momentous time quickly proved something of an advantage. The Royal Highland Show is always a place where important business decisions are made and this year it also gave those attending a chance to discuss what Brexit could mean for business going forward.

As a body of influence, RHASS frequently brings together groups whether it's to forge networks, share learning or invite new ideas. Here are just some of the ways the Society has encouraged wider thinking in and around the rural community.

RHASS hosts Bank of England Governor

In September, RHASS welcomed Bank of England Governor Mark Carney to its offices at Ingliston House to discuss challenges facing the rural economy post-Brexit. RHASS brought together a number of representatives from local communities and businesses across the agricultural sector to join the discussions. It was an opportunity to exchange views, discuss concerns openly and for the Bank of England to gain a useful temperature check on Scotland's agricultural business.



Sir John
Campbell,
Glenrath Farms

"RHASS plays a vital role in connecting individuals, businesses and organisations to help shape our industry. An example of this is when I, and other sector representatives, attended a round table with Mark Carney the Governor of the Bank of England, at Ingliston House to brief him on the impact of fiscal and monetary policies on food, farming and rural life."



Women in Agriculture

Women in Agriculture events aim to inspire women in farming, forestry and rural business, recognise their collective contribution and provide signposting for support and development opportunities. RHASS spearheaded two highly successful events in March and November 2016 with topics including 'Farm Diversification', 'Pathways to Public Appointments' and 'Resilience and Resourcefulness'. Guests commented that the events provided opportunities to network and share experiences in an open, friendly environment.



How does a farmer work out how much medicine to give his sheep? How do you grow the ingredients for a pizza? What are the benefits of GPS mapping?

Bringing the working countryside to life

In 2016, the Royal Highland Education Trust (RHET), the educational charity created by RHASS, delivered curriculum-linked educational activities and experiences to around 32,000 young people and 6,000 adults across Scotland.

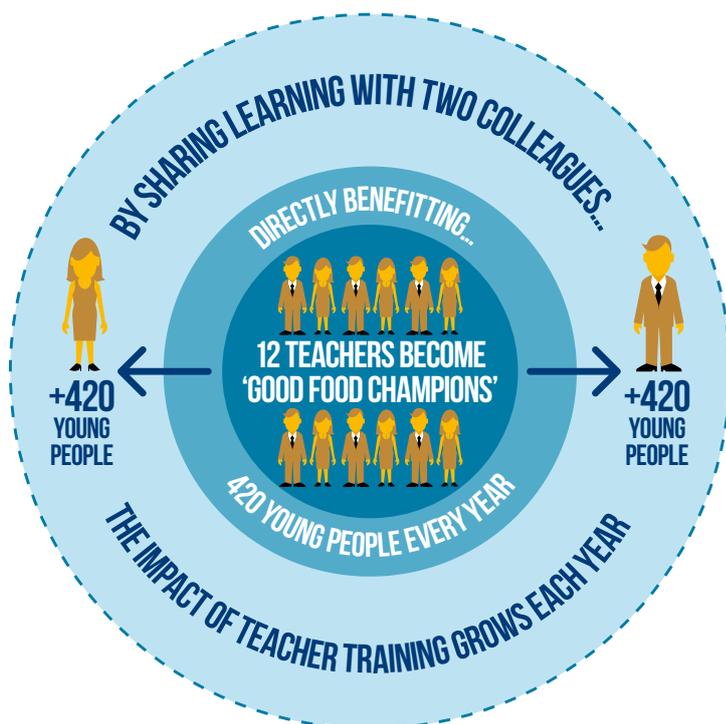
RHET classroom talks, visits to real working farms, and resource packs are provided to schools free of charge. This inclusive way of working ensures these exceptional learning opportunities are available to all schools throughout Scotland.

RHET's work in 2016 was only made possible thanks to the help of 500 passionate volunteers who brought the countryside to life for young people by giving an estimated £1.2m worth of their time. There is no other national programme like this anywhere else in the world, another example of Scotland leading the way.





ONGOING REACH AND IMPACT



New GTCS accredited programme for teachers

During 2016, in collaboration with the local RNCI team in Aberdeenshire, RHET led a new initiative with industry partners Quality Meat Scotland, SRUC, and the Rowett Institute to provide a General Teaching Council of Scotland (GTCS) accredited year-long professional learning programme for teachers. In the first year of running the course 12 teachers became 'Good Food Champions' for their schools with 20 teachers from the Strathclyde region signed up to take part in the 2017 programme.



Amanda Carter,
Teacher and recently
accredited 'Good Food Champion',
Inverurie Market Place School

"Good Food Champions Training has given me the knowledge and confidence to embed growing and cooking within my teaching programmes. I lead outdoor learning at Inverurie Market Place School and support other teachers, enabling the learning to cascade down to others and of course to the children. Every teacher and child has had the experience of growing their own food and preparing it for the plate."



BETWEEN 1 DECEMBER 2015 AND 30 NOVEMBER 2016, RHET ACHIEVED THE FOLLOWING:



32,300

YOUNG PEOPLE ENGAGED WITH RHET PROJECTS AT SCHOOL THROUGH TALKS, GROWING PROJECTS, FARMERS' MARKETS AND OUR MOBILE COUNTRYSIDE CLASSROOM.



17,700

YOUNG PEOPLE ENGAGED WITH OVER 800 RHET OUTSIDE SCHOOL VISITS/EVENTS TO THE WORKING COUNTRYSIDE.



7,500

YOUNG PEOPLE VISITED THE ROYAL HIGHLAND SHOW THROUGH THE RHET SCHOOLS PROGRAMME WITH A TOTAL OF OVER 28,000 YOUNG PEOPLE VISITING THE SHOW OVER THE FOUR DAYS.



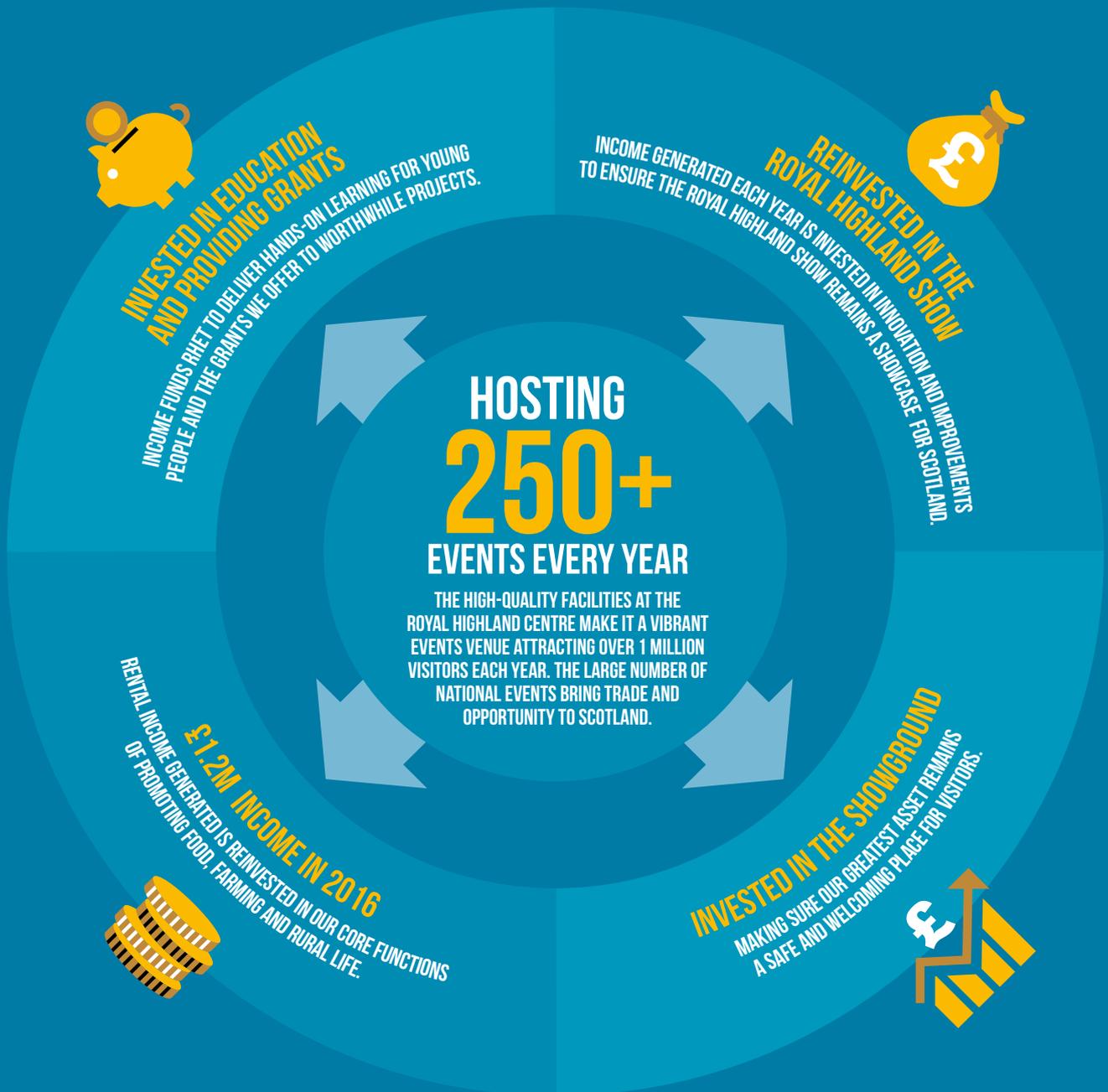
6,000

ADULTS BROUGHT CLOSER TO THE WORKING COUNTRYSIDE.

If you or your organisation would like to work more closely with RHET, perhaps to provide a grant, sponsorship or a donation in a specific area, please get in touch by emailing rhetinfo@rhass.org.uk



A model enabling success





As a charitable organisation RHASS needs enabling finance to commit to its charitable aims. In 2016 our land and assets at the Ingliston Showground generated £1.2m in income which was reinvested in the Royal Highland Show, RHET and our grant programme.



In the late 1950s our forebears had the foresight to acquire the site at Ingliston. Part of our role as custodians is to make sure the site remains fit for purpose.

Foresight is a wonderful thing

As part of the multimillion investment programme in the Royal Highland Centre, £1.6 million was invested this year to improve facilities and make large-scale improvements such as the livestock crossing.

Improved car parking

Around £220,000 was invested in the North car park. This is the most used area of the site and improvements to drainage, surface and the roundabout will ensure the area can stand up to rigorous use for the next 20-25 years. Phase two of our four phase development plan will start in 2017 bringing the rest of the car park space up to the required standard of top class venues in Scotland. This will include better disabled parking, lighting and improved walkways.





The 280-acre site adjacent to Edinburgh Airport is within 90 minutes reach of 60% of Scotland's population.

Sustainability

A further £300,000 was invested in Biomass energy and the LED infrastructure within the site. The new Biomass system is already a huge success. It replaced inefficient electric storage heaters and now provides renewable energy to Ingliston House and will support the replacement to the MacRobert Pavilion. A further £35,000 was invested in a switch to LED lightbulbs which will eventually pay for itself and provide energy efficient lighting long into the future.

Connectivity

The Show attracts the world's media with many live stream broadcasting from the site. Added to that our growing number of agri-business tenants also need uninterrupted connectivity to run their businesses successfully. RHASS took the decision this year to invest £100,000 in an underground fibre ring system. This is now providing an unrivalled level of outdoor wi-fi connectivity.

Livestock Crossing

The new livestock crossing at this year's Show greatly improved the flow of livestock and people through the showground. Not only is the new crossing safer, it has reduced delays and greatly improved the overall experience for everyone.

New digital advertising sign

Those of you passing the Royal Highland Centre recently will probably have noticed the new digital advertising board positioned at the east of the site advertising to local and airport travellers. This move with technology will add revenue to the business and provide significant value to the business community.



Grants were awarded throughout 2016 enabling individuals and SAYFC representatives to share learning at Commonwealth events and those close to home, such as the Oxford Farming Conference.

Investing in our next generation

RSABI

RHASS is a committed supporter of the RSABI who provide financial assistance and a helpline for those in land-based employment who through age, injury, employment or misfortune now experience hardship. The helpline team commonly deal with calls regarding financial enquiries, debt, business difficulties, emotional problems and welfare benefits. RHASS provides £14,000 (half the cost of running the helpline), as part of a three year programme of financial assistance.

Working in partnership - promoting opportunity

Sharing a united desire to boost the success of rural Scotland working with the Scottish Government, RHASS and SRUC joined forces to host a discussion event for 'New entrants to agriculture.' The aim was to provide support and advice for those looking to set up or further their fledgling rural businesses across Scotland. RHASS has a unique network of members and partners which can help to smooth the challenging landscape faced by those starting out in agriculture.

Nina Clancy,
RSABI

"RSABI is extremely grateful for the grant from RHASS. Without it we simply couldn't help as many people as we do. There are many people out there who are struggling and it is so difficult to ask for help. The RSABI helpline is unique because we understand what people in farming and crofting are going through. It is fitting that RHASS are our partners."



Stuart Jamieson,
National Chair, SAYFC

“Working with industry partners such as RHASS is an essential part of my role. Over the last twelve months we have focused on building our international programme and agricultural and rural affairs committee, both areas where the Society actively engages to ensure the opportunities we offer are beneficial to both individuals and Scottish agriculture as a whole.

I attended the Oxford Farming Conference with delegates from across the country and it was clear there is a real desire from the industry to hear from rural youth. This development of knowledge, skills and confidence will inevitably lead to Scotland’s next generation of rural leaders and could not be achieved without partners such as the Society.”





Investing in infrastructure and ideas

By RHASS Chief Executive, Alan Laidlaw

A handwritten signature in black ink, reading "Alan Laidlaw".

It is the beginning of a massive period of physical change for the showground as work begins in earnest on the multimillion pound programme of improvements planned for the Royal Highland Centre.

Thanks to the hard work and expertise of our team we now welcome in excess of a million visitors each year, both during the Show and at over 280 other events throughout the year. It's vital our facilities are modern, safe and welcoming, and capable of hosting world class events – whatever the weather.

I've been coming to the Show since I was six years old and it is always exciting to see the bar for standards of excellence and innovation raised a little higher every year, and this year's Show was no exception. I always enjoy the livestock competitions, whether big or small, and taking my family around the showground always gives me a great sense of pride in the Show and the organisation behind it. My role, with your help, is to ensure we continue to develop, grow and improve our industry as our forebears intended when they began all of this over 200 years ago.

Outside of Show time, our venue is an economic powerhouse for other industries too, hosting national and European trade fairs and events which bring employment, investment and opportunity to Scotland. When you consider we are within a 90 minute drive of 60% of Scotland's residents, it's easy to see the strength of our facilities.

As a charitable structure we are dependent on the enabling finance these events provide. By making the showground work hard for us we can safely continue to invest in our Show each year, and in our core functions of promoting food, agriculture and rural communities. To do that we must run a robust commercial business and our focus for the future is on making the most of our greatest assets – our people and our 280-acre site – for decades to come.

This year it meant making prudent business decisions, like not rushing to replace the MacRobert Pavilion straightaway. Instead we will use a high-quality temporary structure like those used at other premier and sporting events until the time is right to begin work on a permanent members' area.

We will continue to forge close relationships with our many partners, and be open to ideas. Our Camping Ninja service started life as a novel project and has been developed. It now provides a unique experience for thousands of visitors each year.

As always the strength of our Society is in our network of members spread over every region across Scotland. You feed us your expertise, you give your time so willingly to open the eyes of those we reach, and as we move forward in 2017, if there is something new and important happening in rural Scotland which should be at the Show or deserves our support, bring us your ideas too.

It's your Society.



We now welcome in excess of a million visitors each year, both during the Show and at over 280 other events throughout the year.





The Society represents the interests of our 16,000 members the length and breadth of the country.

Building on collaboration and connectivity

By RHASS Chairman Keith Brooke

A. K. Brooke

This year the Society has delivered another strong financial performance and in no small part due to the efforts of the Society's teams across the Royal Highland Show, Royal Highland Centre and Partnerships & Sponsorship.

This enabling finance has allowed the Society to carry out its charitable remit, particularly in relation to awards and grants that have been part of the Society since it was founded in 1784.

The Society represents the interests of our 16,000 members the length and breadth of the country and further afield. We are committed to identifying the best ways we can service their interests. We do this in collaboration with kindred organisations that support the rural communities, as well as creating new opportunities to inspire and innovate. One such example is our Women in Agriculture initiative that was launched in 2016. This is supported by a number of our partners, including the Royal Bank of Scotland that also this year extended its partnership with the Royal Highland Show for another five years.

The Royal Highland Show, our platform for showcasing the very best of farming, food and rural life, continues to grow. We welcomed a staggering 2,350 livestock competitors and 189,000 visitors across the four days.

The RHET Education Centre is also proving to be a must-see attraction of the Show with over 7,500 young people welcomed this year through the Centre's doors. Nearly 300 schools took part in talks, tastings and trying their hands at farming technology, a tremendous result. I would also like to recognise the volunteers who tirelessly pull out all the stops each year to make the Show happen, plus our own dedicated team at RHASS who won a well-deserved 'Best In House Event' award at the 2016 Scottish Event Awards.

A further 32,000 children across Scotland have benefitted this year too from the work RHET does in bringing the working countryside to life for young people. We extend our most grateful thanks to all those who support RHET by volunteering their time, or through generous grants and donations. Funding remains a challenge. If your business is looking for ways to give back to the community, or connect to real life STEM subjects, come and talk to us about getting involved.

The Royal Highland Centre is benefiting from significant infrastructure investment. By attracting world-class events, HCL generated £1.6 million income (an increase of £225,000 on the previous year). One popular meeting place that is no more is the MacRobert Pavilion, better known as the Members' Area. This building was used for the last time for the 2016 Show and is now demolished ready to host a temporary structure for the 2017 event.

It is a great honour to be the Chairman of RHASS as it strives to remain at the forefront of Scottish agriculture. We all have a duty and responsibility to maintain our standing and our relationships and I know that I can count on your support to continue delivering the aims that our Society has successfully cultivated over many years.



Report of the Trustees

The Trustees of The Royal Highland & Agricultural Society of Scotland present their annual report for the year ended 30 November 2016.

The Financial Statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Charity's trust deed, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard application in the UK and Republic of Ireland published on 16 July 2014.

Reference and Administrative Information

The Society, founded in 1784, is registered with the Office of the Scottish Charity Regulator (OSCR) under Scottish Charity Number SC4561. The Trustees and Officers are listed on page 34 and 35 as are the Society's principal address and those of the Society's professional advisers.

Structure, Governance and Management

Governing Document

The Royal Highland and Agricultural Society of Scotland is a Society constituted by Royal Charter dating from 1784, last amended in 2012. The Royal Charter is supplemented by the Bye-Laws, last amended in 2012.

Governing Bodies

The Directors are the Trustees of the Society and are elected by the Society's membership, as are the President and Vice-Presidents at the Annual General Meeting of Members, in April. As a body, the Directors represent a

membership of around 16,000. The qualifications required for election and the rules governing the procedures for both Members and Directors are contained in the Society's Royal Charter and Bye-Laws.

The Board is comprised of up to 59 Directors, all are Charity Trustees and all are equally responsible for the management of the Charity, regardless of title.

Recruitment and Training of Directors

Vacancies on the Board are advertised annually to Members. Procedures for election are stated within the Royal Charter and Bye-Laws.

Once elected in line with the constitution and OSCR's requirements, Directors are provided with a comprehensive induction pack which includes the Royal Charter and Bye-laws, up-to-date information about the activities of the Society and an outline of the role, responsibilities and liabilities of Directors, and the remit of any subcommittees.

Each year, prior to commencing their directorship term, new and existing Directors are invited to an induction at Ingliston House. This gives the Directors an opportunity to meet with the Executive team and RHASS management.

A formal presentation reinforces the information provided by the induction pack. During their term, Directors are also required to undertake relevant Health & Safety training.

Organisational Management

The Trustees of the Charity are legally responsible for the overall

management and control of the Society and meet at least eight times a year. The work of implementing most of their policies is carried out by the Members of the Standing Committees, who meet four times a year.

The Executive Committee, of up to eight, is made up of the Chairman, Immediate Past Chairman/Chairman Designate, Honorary Secretary, Honorary Treasurer, up to two Directors (elected by the Board each year to serve a three-year term) and the Chief Executive. The Executive Committee meet around eleven times per year and may appoint external specialist advisers on an annual basis.

There are four other principal Committees, these are:

1. The Finance Committee, chaired by AJ Murray
2. The Public Relations and Education Committee, chaired by WF Arnot
3. The Development and General Purposes Committee, chaired by CGM Shepherd
4. The Risk Management, Health & Safety Committee, chaired by AK Brooke

The Chairman of each of these standing Committees reports to the Board of Directors making recommendations to the Board for approval.

Key Management Personnel Remuneration

The Trustees consider the Board of Trustees, the Chief Executive, the Finance Manager and the Society Secretary as comprising the key management personnel of the Charity

in charge of directing and controlling the Charity and running and operating the Charity on a day to day basis. All Trustees give of their time freely and no Trustee remuneration was paid in 2015-16. Details of Trustee expenses and related party transactions are disclosed in note 29.

The pay of the Society's Chief Executive, the Finance Manager and the Society Secretary is reviewed annually and normally increased with reference to average earnings.

Group Structure and Relationships

The Society has a wholly owned subsidiary, Highland Centre Ltd. The activities of this company are consolidated with those of the Society.

The Royal Highland Society Development Trust has also been consolidated within these financial statements as it is controlled by the Society.

The Royal Highland Education Trust is controlled by the Society, but not consolidated, on the basis of materiality in these financial statements.

The Roy Watherston Memorial Trust and the Royal Agricultural Society of the Commonwealth are administered by the Society and not consolidated within these financial Statements.

Risk Management

The Board of Directors is responsible for the management of the risks faced by the Society. Detailed considerations of risks are delegated to the relative Committees assisted by the Chief Executive and his management team.

Risks are identified, assessed and controls are established throughout the year.

The key risk controls used by the Society include:

- Formal agendas and minutes for all Committee and Board activity
- Detailed terms of reference for all Committees
- Comprehensive strategic planning, budgeting and management accounting
- Business Risk Register reviewed formally on a quarterly basis
- Established organisational structure and lines of reporting
- Clear authorisation and approval levels
- Health and safety audits and reports
- Vetting procedures required by law for the protection of the vulnerable
- Training for Directors and staff

Through the risk management processes established for the Society, the Board of Directors is satisfied that the major risks identified have been adequately mitigated. The risk register is revisited at regular intervals throughout the year and updated as necessary.

Reserves Policy

The Society has considered the reserves required and have taken into account their current and future liabilities. In line with OSCR Guidance that a charity should maintain adequate reserves to ensure its ability

to deliver its charitable objectives, the Society holds unrestricted reserves for two purposes which are set out in note 22. These reserves are summarised as follows:

- Paintings restoration fund of £5,125 representing funds held for the restoration of paintings and other ephemera held by the Society
- Stockmen's facility fund of £90,000 for future capital expenditure for stockmen's accommodation or facilities

The balance on unrestricted reserves after the above designations is £14,782,662, of which £2,343,618 are regarded as free reserves after allowing for funds tied up in tangible assets funds. This will provide working capital for the society and Highland Centre Ltd, its trading subsidiary. This is considered sufficient to satisfy the Society's policy of and to fund the cost of at least six months of the Societies activities.

Objectives and Activities

The Society's Royal Charter and Bye-Laws define its name, objectives, powers, constitution and system of election of Directors, in addition to defining their duties and those of the Society's staff. Its objectives are defined in Clause 2 of the Royal Charter as follows:

1. The advancement of education
2. The advancement of citizenship and community development
3. The advancement of heritage, culture and science
4. The advancement of environmental protection and improvement
5. The advancement of animal welfare

Review of achievements and performance

Ever mindful of the need to create a sustainable source of funding to support its charitable objectives, the Society is pleased to note the strength of performances linked to the following key aims.

Creatively advance the interests and priorities of rural communities and land-based industries

The Society is committed to promoting and protecting the interests of our Members. It does this in numerous ways including:

The Royal Highland Show - a showcase for the best in farming, food & rural life.

At the record-breaking 2016 show, the Society welcomed over 189,000 visitors including numerous politicians, industry leaders, media and key influencers all of whom experienced first hand the vibrancy of rural Scotland.

Stakeholder engagement – RHASS Directors and staff attend numerous events, debates and conferences throughout the year to ensure our Members' views and interests are represented.

This includes the Oxford Farming Conference, NFUS Annual General Meeting, CARAS Annual General Meeting, and various agricultural shows throughout the UK. Our Directors and management team are represented on various industry groups including the SAYFC, Royal Agricultural Society of the Commonwealth, Royal Highland Education Trust, Government working groups and many others.

In February, RHASS joined RHET at the Scottish Parliament to lobby ministers on the case for further funding to inspire and educate young people in food literacy. This was a successful mission with funding from The Scottish Government from the Good Food Nation fund.

Disseminate knowledge of agriculture and allied industries to farmers and the community at large by supporting courses of study, awarding certificates or scholarships, nurturing education and understanding of young people and the public at large in relation to the management of land, rural resources, the environment and the social fabric of the countryside

As a main funder of The Royal Highland Education Trust (RHET), RHASS supports RHET's work to deliver curriculum-linked educational activities and experiences to around 32,000 young people and 6,000 adults across Scotland.

The Society continues its support of the Gaelic language by providing a medal and monetary award to the Gaelic Learner of the year, chosen by An Comunn Gàidhealach, organisers of the Royal National MoD.



The Society also provides academic achievement award medals to students at Glasgow School of Veterinary Studies, the Royal (Dick) School of Veterinary Studies, and University of Stirling.

In 2016 the Society provided awards and grants to RHET Countryside Initiatives to enable them to continue their work throughout Scotland in educating young people about food, farming and rural life.

Hold and support shows, trade fairs, exhibitions, conferences or other events relating to livestock and other animals, agricultural and other machinery and implements and agriculture and rural produce.

The Society staged its 176th Royal Highland Show (RHS) in June 2016 attracting record number of visitors totalling 189,000. The focus of the four-day event is to showcase the best of farming, food and rural life and the RHS plays a significant role in bridging the gap between rural and urban audiences. Research undertaken identified that 60% of visitors were non-rural and two of the top three reasons for attending were to see the livestock and experience Scotland's Larder Live, the food exhibition at the Show.

The RHS is also an important way of influencing the next generation of food consumers and, in order to support this, RHASS provides free access to the show for anyone aged 15 or under. Over 28,000 children visited the 2016 event with 7,500 attending as part of organised school visits.

The Society awarded one gold medal, three silver medals and five certificates of commendation under its Technical Innovation Award scheme in 2016. With a remit to reward innovation in the design and manufacture of machines, equipment and appliances, the awards are the oldest presented by RHASS, which gave its first award for an implement in 1793 to a newly-invented plough of an improved construction adapted for the culture of Highland farms.

Encourage good husbandry, conservation, rural employment, training, craftsmanship, forestry and long service in such activities

The Society's headquarters, Ingliston House, is a Grade A listed building that houses various works of art, artefacts, books and historical documents relating to the Society's history. The Society holds extensive records and books about Scotland's historic geographical plans, roads and bridges infrastructure, land holding data, genealogy and agricultural information, as well as archives on some leading influencers and politicians over a 130 year period.

Much of this information is still of interest today but was inaccessible to the general public. To facilitate the sharing of this information, the Society was successful in securing a £10,000 Heritage Lottery Fund which allowed for the transfer of the information onto a highly accessible online archive via the Society's website. This facility has been well-received across Scotland.

The Society is proud to recognise the achievements of long-serving and talented employees and each year recognises individuals who have worked in the industry for the same employer for a considerable number of years. This year 53 awards were presented to individuals in recognition of careers spanning up to 52 years service in the land-based and rural industries.

In 2016 RHASS set up an academic grant scheme with the Glasgow School of Veterinary Studies and the Royal (Dick) School of Veterinary Studies to provide a monetary award to students undertaking summer-time studies which will be of benefit to Scottish agriculture or equestrianism. The awards, of up to £1,500 each, are given to those students selected by each University who will be undertaking a project during their summer break which will be considered to be of benefit to rural Scotland. The results of these projects will be presented to the RHASS Board of Directors and shared with the Society's Members and the wider rural community as appropriate.

Assist, financially or otherwise, and confer and cooperate with agriculture, rural, horticultural, forestry, scientific, educational, charitable, cultural and other societies, institutes or other entities in Scotland and elsewhere (including, without prejudice to the foregoing generality, support for The Royal Highland Education Trust)

The Society's investments are managed to ensure there are sufficient funds to distribute, and processes are in place for approving allocating and monitoring awards. During the 2015-16 year, awards of £292,094 were awarded showing an increase of 38% on the previous year.

Significant awards were made in the field of education, notably to the Royal Highland Education Trust. Furthermore, the Society continued its long term support of RSABI, as committed in 2015, for a total of £42,000 over three years.

Cooperate with government departments and other organisations concerned with or interested in agriculture, food and rural affairs

RHASS continues its role in actively participating in industry initiatives and promoting the interests of the membership, as well as facilitating discussions with industry partners on key issues impacting the industry.

In 2016, the Society launched Women in Agriculture and RHASS hosted two highly successful events in March and November 2016 with topics including 'Farm Diversification', 'Pathways to Public Appointments' and 'Resilience and Resourcefulness'. Guests commented that the event gave them a valuable opportunity to network and share experiences in an open, friendly environment.

This initiative is a collaborative project including representatives from Scottish Association of Young Farmer Clubs (SAYFC) with which the Society has strong ties. RHASS continues to support government policy development in various ways with engagement in working groups and parliamentary cross party meetings.

This year RHASS continued its partnership with Scotland Food & Drink and is a major supporter of the Scotland Food & Drink Excellence awards. With a significant number of RHASS' Members reliant on a thriving food & drink sector, the Society is committed to supporting the industry, which generated a record annual turnover of £14.4bn in 2014.

RHASS also sponsored several industry events throughout this financial year including Scottish Rural Awards, LANTRA Land Based Learner of the Year, and Scottish Business Insider's Made in Scotland Awards.

Theme	Awarded to	Value of award (£)
Education	Royal Highland Education Trust	241,113
	Royal Highland Education Trust – Countryside Initiatives	7,290
	LANTRA	500
	Nuffield Scholarship	6,000
	Academic Achievement Medals	2,278
Science	Moredun Foundation	1,000
Culture & citizenship	RSABI	15,000
	Bursary to attend Commonwealth Agricultural Conference, Singapore	2,000
	Scottish Farriery Teams	2,600
	Scottish Shearing Circuit	8,000
	Long Service Certificates & Ploughing Medals	4,113

Investment Policy and Performance

The Trustees' primary objectives are to invest the assets in such a way as to maximise capital growth, subject to an acceptable level of risk. This is done by agreeing and monitoring appropriate benchmarks and performance targets for investments managers Smith and Williamson Investment Management LLP, allowing early withdrawal of funds, if necessary, without penalties but accepting that the timing of the withdrawal may reflect lower market values. The investment timeframe is in excess of five years.

The portfolio delivered a total return of 10.82% for the year ended 30th November 2016. A relatively large proportion of the Society's portfolio is currently invested in UK equities, with overseas exposure primarily obtained through collective investment funds.

Since the UK decided to leave the European Union, equity markets have witnessed a rebound in cyclical sectors including energy, financials and materials. There has been a rotation out of more defensive sectors such as utilities, telecoms and consumer staples which tend to generate solid cash flows and returns on invested capital.

With an uncertain political timetable in the Eurozone, Brexit negotiations on the horizon and uncertainty over US President Donald Trump's policy implementation, the investment managers believe it is important to retain exposure to a broadly diversified spread of geographic regions and industry sectors. The long-term aim of this strategy is to ensure a diverse source of income and returns that are not all susceptible to identical risks.



Financial Review 2016

The Society generated a total income of £7.85million in 2016; this was a significant increase from a total income of £7.07million in 2015.

Whilst income generally was up over all revenue streams, we have enjoyed particular growth in revenue for the Royal Highland Show, which in the financial year generated £4.35million - an increase of £284k from 2015.

Whilst show income showed general improvement overall, this extra revenue came primarily from Gates Income and Sponsorship.

With £544k of Subscriptions received, membership income saw modest growth in 2016. Income from Other Activities, which includes income from the Holiday Inn Express hotel, car parking and signage, generated £1.29million, an increase of £286k from the previous financial year.

Trading income, income generated exclusively by the Society's wholly owned subsidiary Highland Centre Ltd, raised income of £1.6million, a new high and an increase of £225k from 2015.

Total expenditure in the year was £7.67million, an increase of £1.34million from 2015-16.

Show Related Activities (i.e. Costs related to the production of the Show) generated expenditure of £3.56million in this financial year, an increase of £201k from 2015. The increase was due in part to the extra cost of Police & Ambulance services, site services, Advertising & Promotion, as well as increases in health and safety costs.

Membership costs show a substantial increase from 2015. The demolition of the MacRobert Pavilion has required that we write off £75k, being the residual value of the building.

Expenditure on other charitable activities increased once again. Investment in a new Health & Safety team contributed to an increase in Estates Department payroll costs, increasing these from £301k in 2015 to £377k in 2016.

Governance costs have remained relatively static, costing £378k which included costs of Directors meetings throughout the financial year, audit and other professional fees, as well as incorporating 50% of key management salaries.

Trading Activity costs, which include Highland Centre Ltd payroll, letting and contracted services costs, depreciation and support costs saw an increase of £258k to £1.38million.

Overall then the consolidated statement of financial activities, generated a surplus of £262k. This reduced surplus, belies an underlying strong set of results however, since it should be noted that the income statements are carrying a total development cost figure of £663k.

A figure which includes £493k of one off historical development costs from projects considered no longer viable and more specifically consultancy fees associated with the construction of the new member's facility. The shelving of this project requiring us to write off these costs.

Added to this, the introduction of good strong new income streams, place the society in a solid position as we move forward into 2017.

Investments performed well in 2016, enjoying a total growth from 2015 of £108k. This growth was mainly due to the management of the investment portfolio held with the Royal Highland Society Development Trust. By the end of the year this portfolio had increased in value to £1.213million, delivering a total return of 10.8%.

Tangible assets show a year on year increase of just over £1million this year, a corresponding reduction of £870k in net current assets, confirming the Society's position of yielding some cash liquidity for the benefit of increased investment on the Ingliston site's infrastructure.

The total funds value of £14.997million in the Consolidated Balance sheet, represents an increase of £238k from the previous financial year.

Plans for future period

The Society is committed to becoming a sustainable, dynamic and progressive membership organisation playing a supportive and influential role in a thriving and innovative rural economy in Scotland.

It aims to achieve this by:

1. Being a well-governed Society with a clarity of aims and a strategic approach. The Society is undertaking its regular strategy and policy review with the aim of creating a robust strategic plan for 2017-2030
2. Maximising the opportunities to be financially sustainable and secure. This will be achieved by maintaining and building on the current performance of the Royal Highland Show and reviewing opportunities for new income streams from events and land-related income. We will continue to invest in the Royal Highland Centre to meet our goal of becoming a leading events venue in Scotland
3. Supporting and adding value to our Members by developing clear Member benefits. A comprehensive membership research piece will be undertaken to identify opportunities for strengthening our membership offering
4. Bringing farming and the working countryside and its practices to life for young people and supporting the next generation of rural leaders by maintaining our investment in grants and awards
5. Enabling and developing our activities to fulfil our stated charitable aims including successfully delivering the class leading Royal Highland Show
6. Remaining an influential body in the promotion of Scotland's farming, food and rural life and providing a safe place for debate around Scotland-wide rural matters

A. K. Brooke

A K Brooke
Chairman
29 March 2017



Trustees, Officers and Advisers

The Directors of The Royal Highland & Agricultural Society of Scotland are the Charity Trustees of The Royal Highland & Agricultural Society of Scotland.

Listed below are those Charity Trustees who commenced their term in office on 21 July 2016 and were in office at the end of the financial year 2016.

President

Lord Aberdeen, Marquess of Aberdeen and Temair

Vice Presidents

James Brown MBE
Neil Godsmann
Sir Moir Lockhead
Alistair MacPhie

Chairman

A Keith Brooke

Immediate Past Chairman

William L Gill

Honorary Secretary

J A Clark Stewart

Honorary Treasurer

Allan J Murray

Area Directors

Aberdeen

Robert J Maitland
Christopher G M Shepherd
Eric A Mutch
Andrew Rennie

Lothian

John G Sinclair
John Hamilton
William G Gray
James Grant-Suttie

Borders

Allan J Murray
Archie C Stewart
Ewan M Brewis
Neil Thomson

Dumfries & Galloway

John Mackie
A Keith Brooke
James G Dunlop
Ian Beck

Highland

Alistair J Mackay
Robert Newlands
Kenneth Matheson
Dennis Bridgeford

Perth

William F Arnot
Andrew S Reid
Mrs Susan Lawrie
D Bruce Lang

Stirling

James Muir
Mrs Anne Logan BVMS
Andrew Hornall
Gordon Sutherland

Strathclyde

John (Ian) D McKerrell
James F Warnock
David C S Alexander
Keith Campbell

Extraordinary Directors

John Sleight
James Logan
Ian Watson
Willie Purdie
William Downie
Neil Butler

Andrew Burnett
Bryce Sloan
John D McWilliam
Colin J Lowrie
A Kenneth Sutherland
James C Warnock
C Malcolm Coubrough
William R Ferguson
Alistair R H MacMillan
William L Gill

Extraordinary Director representing the British Agricultural and Garden Machinery Association (BAGMA):

Alasdair Straker

Extraordinary Director representing the Agricultural Engineers' Association (AEA):

Les Davidson

The following Honorary Directors were in office at the end of the financial year

Sir ID Grant CBE
M Hall

Chaplain

Rev Kevin Gruer

The following Trustees also served during the year, from 17 July 2015 until 23 July 2016

President

Lord David Kennedy, Marquess of Ailsa

Vice Presidents

John Cunningham
Hugh Guthrie
Jack Lawson
Alexander C Wilkie

Chaplain

Rev Jamie Milliken

Directors

W Tom Arnott
 Alexander Bankier
 Bryan Chalmers
 Hugh M Fraser
 Mrs June M Geyer
 Mrs Helen S Goldie
 M James B Hastings
 Russell Kingan
 Colin MacPhail
 Mrs Isobel McCallum
 Mrs Fiona Roebuck
 Mrs Mary Munro
 William S Young

Management Team**Chief Executive**

A Laidlaw (Appointed 2nd August 2016 replacing S Hutt who stepped down on 30th April)

Society Secretary

D R Alcorn

Finance Manager

S Brown

Show Manager

D A Jackson

Head of Operations

M Currie

Partnership & Fundraising Manager

Ms A Taylor

Royal Highland Education Trust Manager

Ms K Barclay

Commercial Director

Mrs L Maule

Address

Ingliston House
 Royal Highland Centre
 Ingliston
 Edinburgh EH28 8NB

Registered Number: SC4561

Website: www.rhass.org.uk

Telephone: 0131 335 6200

Advisers**Bank**

The Royal Bank of Scotland
 30 Old Liston Road
 Newbridge
 Edinburgh EH28 8SS

Independent Auditor

Ernst & Young LLP
 Ten George Street
 Edinburgh EH2 2DZ

Solicitors

Shepherd & Wedderburn LLP
 5th Floor
 1 Exchange Crescent
 Conference Square
 Edinburgh EH3 8UL

Actuary

JLT Benefit Solutions Ltd
 Bond House
 The Bourse
 Boar Lane
 Leeds LS1 5EN

Insurance Brokers

Marsh Brokers Limited
 Orchard Brae House
 30 Queensferry Road
 Edinburgh EH4 2HS

Planning Advisers

Muir Smith Evans
 10A Alva Street
 Edinburgh EH2 4QG

Public Relations Consultants

Represent
 57 Calton Road
 Edinburgh EH8 8FJ

Statement of Trustees' Responsibilities in respect of the Financial Statements

The Charity's Trustees are responsible for preparing a Trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards.

The law applicable to charities in Scotland requires the Charity Trustees to prepare financial statements for each year which gives a true and fair view of the Charity and of the incoming resources and application of resources, of the Charity for that period. In preparing the financial statements the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the applicable Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departure disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and to enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charity Accounts (Scotland) Regulations 2006 (as amended), and the provisions of the Trust deed (as amended). The Trustees are also responsible for safeguarding the assets of the Charity and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the Charity and financial information included on the Charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Trustees and signed on their behalf by:



A Keith Brooke
Chairman
Date: 29 March 2017

Independent auditor's report to the Trustees and Members of The Royal Highland and Agricultural Society of Scotland

We have audited the financial statements of the Royal Highland and Agricultural Society of Scotland for the year ended 30 November 2016 which comprise the Consolidated and Charity Statement of Financial Activities (incorporating the income and expenditure account), the Consolidated and Charity Statement of Financial Position, the Consolidated Statement of Cash Flows and accompanying notes 1 to 31. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Charity's Trustees and Members, as a body, in accordance with our appointment under, section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the Trustees and 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 Charity and the Charity's Trustees and Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 36 the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements.

Independent auditor's report to the Trustees and Members of The Royal Highland and Agricultural Society of Scotland (cont'd)

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements, and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Charity's affairs as at 30 November 2016, and of the Group's and of the Charity's incoming resources and application of resources, including the Group's and Charity's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'; and
- have been prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the Group and Charity has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit; or
- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements

Ernst & Young LLP
Statutory Auditor
Edinburgh
Date: 29 March 2017

Ernst & Young LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Consolidated Statement of Financial Activities (including consolidated income and expenditure account) for year ended 30 November 2016

Scottish Charity: SC4561

		Unrestricted Funds £	Restricted Funds £	2016 Total £	2015 Total £
Income from					
Donations and Legacies	2	-	-	-	41,875
Charitable Activities					
- Show related activities	3	4,346,829	-	4,346,829	4,063,050
- Memberships	3	544,053	-	544,053	525,810
- Other Activities	3	1,292,239	-	1,292,239	1,006,580
Trading Activities	4	1,602,011	-	1,602,011	1,374,847
Investments	5	63,092	4,273	67,365	61,101
Total income		7,848,224	4,273	7,852,497	7,073,263
Expenditure on:					
Cost of Raising Funds	6	282,025	-	282,025	141,108
Charitable Activities					
- Show Related Activities	8	3,811,183	-	3,811,183	3,683,392
- Memberships	9	1,358,930	-	1,358,930	682,619
- Other activities	10	838,577	3,915	842,492	702,690
Trading Activities	11	1,379,668	-	1,379,668	1,119,302
Total expenditure		7,670,383	3,915	7,674,298	6,329,111
Net expenditure on operating activities		177,841	358	178,199	744,152
(Losses)/Gains on investments					
Realised gains on investments		1,947	-	1,947	816
Unrealised (losses)/gains on investments		78,800	3,200	82,000	(13,027)
Net Income/(Expenditure)		258,588	3,558	262,146	731,941
Actuarial (losses)/gains on defined benefit pension schemes	31	(24,000)	-	(24,000)	(67,000)
Net movement in funds		234,588	3,558	238,146	664,941
Reconciliation of funds					
Total Funds Brought Forward		14,643,199	115,577	14,758,776	14,093,835
Total Funds carried forward		14,877,787	119,135	14,996,922	14,758,776

Charity Statement of Financial Activities (including income and expenditure account) for year ended 30 November 2016

Scottish Charity: SC4561

		Unrestricted Funds £	Restricted Funds £	2016 Total £	2015 Total £
Income from:					
Donations and Legacies	2	-	-	-	41,875
Charitable Activities					
- Show related activities	3	4,346,829	-	4,346,829	4,063,050
- Memberships	3	544,053	-	544,053	525,810
- Other Activities	3	2,094,239	-	2,094,239	1,756,581
Investments	5	16,818	4,273	21,091	25,341
Total income		7,001,939	4,273	7,006,212	6,412,657
Expenditure on:					
Cost of Raising Funds	6	282,025	-	282,025	141,108
Charitable Activities					
- Show Related Activities	8	3,813,183	-	3,813,183	3,687,142
- Memberships	9	1,358,930	-	1,358,930	682,619
- Other activities	10	1,457,294	3,915	1,461,209	1,240,683
Total expenditure		6,911,432	3,915	6,915,347	5,751,552
Net Income/(Expenditure) and net movement in funds before gains and losses on investments		90,507	358	90,865	661,105
Unrealised gains/(losses) on investments		-	3,200	3,200	(513)
Net Income/(Expenditure)		90,507	3,558	94,065	660,592
Actuarial (losses)/gains on defined benefit pension schemes	31	(24,000)	-	(24,000)	(67,000)
Net movement in funds		66,507	3,558	70,065	593,592
Reconciliation of Funds					
Total Funds Brought Forward		12,432,005	115,577	12,547,582	11,953,990
Total Funds carried forward		12,498,512	119,135	12,617,647	12,547,582

Consolidated Statement of Financial Position as at 30 November 2016

	Notes	2016 £	2015 £
Scottish Charity: SC4561			
Fixed Assets			
Tangible Assets	18	12,653,304	11,651,610
Investments	19	1,537,277	1,429,059
		<u>14,190,581</u>	<u>13,080,669</u>
Current Assets			
Stock		5,158	8,535
Debtors	20	642,615	642,482
Cash at Bank and in Hand		1,678,184	2,027,821
		<u>2,325,957</u>	<u>2,678,838</u>
Creditors: Amounts falling due within one year	21	1,519,616	1,000,731
Net Current Assets		<u>806,341</u>	<u>1,678,107</u>
Total Net Assets before Pension Asset		14,996,922	14,758,776
Pension Scheme Asset	31	-	-
Net Assets		<u>14,996,922</u>	<u>14,758,776</u>
Represented by:			
General (Unrestricted) Fund:			
Capital Account	22	14,782,662	14,548,074
Unrestricted - Designated Funds	22	95,125	95,125
Special (Restricted) Funds:	23	119,135	115,577
Total Funds		<u>14,996,922</u>	<u>14,758,776</u>

APPROVED ON BEHALF OF THE TRUSTEES:

A Keith Brooke
Chairman

Allan J Murray
Honorary Treasurer

29 March 2017

Charity Statement of Financial Position as at 30 November 2016

	Notes	2016 £	Scottish Charity: SC4561 2015 £
Fixed Assets			
Tangible Assets	18	12,607,858	11,638,389
Investments	19	324,355	320,555
		<u>12,932,213</u>	<u>11,958,944</u>
Current Assets			
Stock		5,158	8,535
Debtors	20	572,896	530,339
Cash at Bank and in Hand		403,524	803,697
		<u>981,578</u>	<u>1,342,571</u>
Creditors: Amounts falling due within one year	21	1,296,144	753,933
Net Current Assets		<u>(314,566)</u>	<u>588,638</u>
Total Net Assets before Pension Asset		12,617,647	12,547,582
Pension Scheme Asset	31	-	-
Total Net Assets		<u>12,617,647</u>	<u>12,547,582</u>
Represented by:			
General (Unrestricted) Fund:			
Capital Account	22	12,493,387	12,426,880
Unrestricted - Designated Funds	22	5,125	5,125
Special (Restricted) Funds:	23	119,135	115,577
Total Charity Funds		<u>12,617,647</u>	<u>12,547,582</u>

APPROVED ON BEHALF OF THE TRUSTEES:

A Keith Brooke
Chairman

Allan J Murray
Honorary Treasurer

29 March 2017

Consolidated Statement of Cash Flows for the year ended 30 November 2016

	Notes	2016 £	2015 £
Net Cash inflow from operating activities	24	1,575,565	968,159
Cash flows from investing activities			
Interest and dividends received		72,128	56,338
Payments to acquire tangible fixed assets		(1,982,677)	(1,463,072)
Sale of tangible fixed assets		9,618	-
Payments to acquire investments		(84,771)	(692,504)
Movement of cash within investments		21,895	(27,317)
Sale of investments		38,605	56,622
Net cash used by investing activities		(1,925,202)	(2,069,933)
Cash flows from financing activities			
Repayments of borrowings		-	(107,016)
Interest paid		-	(977)
Net cash used by financing activities		-	(107,993)
Increase/ (decrease) in cash and cash equivalents		(349,637)	(1,209,767)
Cash and cash equivalents at 1 December 2015		2,027,821	3,237,588
Cash and cash equivalents at 30 November 2016		1,678,184	2,027,821

Notes to the Financial Statements

1 Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

a) Basis of preparation and assessment of going concern

The financial statements have been prepared under the historical cost convention with the exception of investments which are included at market value. The Financial Statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The Royal Highland and Agricultural Society of Scotland (the Society) constitutes a public benefit entity as defined by FRS102.

The Trustees consider that there are no material uncertainties about the Society's ability to continue as a going concern with sufficient free reserves to draw on if required.

b) Group Financial Statements

These financial statements consolidate the financial statements of the charity and its wholly owned subsidiary Highland Centre Limited with the addition of the Royal Highland Society Development Trust. The financial statements of the Royal Highland Education Trust, the Roy Watherston Memorial Trust and the Royal Agricultural Society of the Commonwealth are not consolidated in the financial statements as they are independent trusts and not under the control of the Society.

c) Reconciliation with previous Generally Accepted Accounting Practice

This is the first year that the Society has prepared its financial statements under the Charities SORP (FRS102). The date of transition to the Charities SORP was 1 December 2015. In preparing the financial statements, the Trustees have considered whether in applying policies required by FRS102 and the Charities SORP (FRS102) a restatement of comparative items was needed.

At the date of transition in applying the requirement to recognise liabilities arising from employee benefits a liability was recognised for holiday pay. The initial liability recognised at the date of transition was for the holiday entitlement arising in the year which was due but not taken. The liability was £20,774 for 2013/14 and £18,835 for 2014/15.

No other restatements were required. In accordance with the requirements of FRS102 a reconciliation of opening balances is provided. All adjustments relate to unrestricted funds only.

Reconciliation of group funds and balances:	Total Funds 30/11/2015	Total Funds 01/12/2014
Fund balance as previously stated	14,777,611	14,114,609
Holiday Pay Accrual	(18,835)	(20,774)
	<u>14,758,776</u>	<u>14,093,835</u>
Reconciliation of net income and expenditure	Total Funds 30/11/2015	
Net income under GAAP	730,002	
Adjustment for holiday pay	1,939	
Net income restated under FRS102	<u>731,941</u>	

d) Funds Structure

Unrestricted income funds comprise those funds which the trustees are free to use for any purpose in furtherance of the charitable objects. Unrestricted funds include designated funds where the trustees, at their discretion, have created a fund for a specific purpose.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor or trust deed.

e) Income recognition

Incoming resources represent the total income receivable during the year comprising members subscriptions, rental income from shows, income from its trading subsidiary, investment income, legacies, donations and sundry other income.

Donations and legacy income are recognised in the financial statements when there is entitlement, probability of receipt and the amount is quantifiable.

Grants received in support of the Society's promotions are taken into income in the year to which the support relates. Grants received towards capital developments are set against the costs of the related fixed assets.

Subscriptions for Life by Instalments, Term and Annual Membership are released as income wholly in the year of receipt. Fully paid Life Memberships since 2005, are released over a five year period commencing from the year of receipt.

Show income primarily includes ticket sales, trade stand sales, catering commission and other sundry show income such as catalogues and car parking sales. Income in advance for shows and other activities is recognised at the time of the show or other activity.

Trading income is generated by Highland Centre Limited, the trading subsidiary of the Society. Its activities relate primarily to the letting out of event space.

Rents received from leased land and buildings are included on a straight line basis over the term of the lease.

f) Expenditure

All expenditure is accounted for on an accruals basis and has been allocated to the appropriate heading in the financial statements. Where costs cannot be directly attributed to a particular heading they have been allocated to activities on a basis consistent with the use of the resource.

Expenditure on raising funds

The costs of raising funds include expenditure related to the fundraising activities of the Society. This includes staff costs and organised events.

Expenditure on charitable activities

The costs of charitable activities include all expenditure associated with achieving the objectives of the Society.

Grants payable in cash are included in the heading of Prizes and Awards in Note 17 in the Notes to the Financial Statements. Wherever possible such grants are accounted for on an accruals basis so that they appear for the year to which the award relates. Institutions awarded cash grants are identified in the notes to the financial statements. Where applicable cash grants awarded to individuals are shown in aggregate.

Grants given by way of free entry to or discounted rates on exhibitors' trade stand sites at the Royal Highland Show are netted off in the total of trade stand rental income.

Prize money awarded during the Royal Highland Show is taken wholly in the year of payment.

g) Taxation

The Society is exempt from corporation tax on its charitable activities.

h) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is calculated to write off the cost of fixed assets by equal instalments over their expected useful lives. The depreciation rates are as follows:

Assets under Construction - not depreciated
 Freehold property and infrastructure - 15, 25 and 50 years
 Exhibition Halls - up to 50 years
 Exhibition Halls - Fixtures and Fittings - 5 years
 Show Equipment - 3, 5, 10 and 20 years
 Plant, Furniture and Furnishings - 5, 10 and 15 years
 Office Equipment - 3 years
 Motor Vehicles - 5 years

Many of the properties which are owned by RHASS have been held for a considerable number of years and are not identified separately in the balance sheet. It would therefore not be practical to identify the costs of the component parts, without considerable cost and effort. However, whilst we have considered this impractical, going forward all assets will be componentised on an appropriate basis.

Assets under construction (including development costs) are not depreciated until the asset is in operation; when in operation, the asset is transferred to the appropriate fixed asset class and depreciated at the appropriate rate from the first year of use.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

i) Investments

Details of investments together with the cost and market values at the beginning and end of the financial year appear in the notes to the Financial Statements.

Where the Society has investments in listed entities with a readily ascertainable market value, these are held at market value.

Investment in unlisted companies are held at cost and are subject to tests of impairment when indicators exist.

Investments are stated at fair value on the balance sheet date. The Statement of Financial Activities includes the net gains and losses arising on revaluations and disposals throughout the year. The funds are largely invested to generate an above inflationary return.

j) Gains and losses on investments

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are recognised in the Statement of Financial Activities.

k) Stocks

Stock is made up of the show and society supplies and is represented at lower cost and net realisable value.

l) Deferred Income

Deferred income arises from Members' subscriptions paid in advance, income for future shows and income for the future hire of our exhibition halls and facilities.

m) Operating leases

Operating Lease rentals are charged to the Statement of Financial Activities on the basis of initial deposits and periodic rentals paid in the course of the financial year.

n) Heritage Assets

Heritage assets are not recognised in the Statement of Financial Activities. The Society's heritage assets comprise over 90 works of art and artefacts and 340 silverware and trophies. The artwork is mainly displayed in Inghliston House and the silverware and trophies used for Royal Highland Show prizegivings. No material acquisitions occurred in the year, and there were no disposals. The Society chooses not to recognise these assets due to the cost involved in valuing them.

o) Pensions**i) Defined benefit pension scheme**

The Society contributes to a Defined Benefits Scheme at a rate set by the scheme trustee. This scheme was closed to new entrants on 31 March 2004 and closed to future service accruals on 1 December 2010. The pension scheme is administered by Trustees and the assets are held separately from those of the Society. Independent actuaries complete valuations triennially.

The Defined Benefits Scheme is being accounted for under Section 28 of FRS102 with any annually calculated deficit on the funding of the scheme shown in the financial statements a designated fund entitled "Pension Reserve" which is included with unrestricted funds in the Balance Sheet. The Society considers it prudent not to include any pension surplus on the balance sheet.

As a result of the adoption of FRS102, the opening balance of the fair value of plan assets has had to be restated. Originally stated as £186,000 in 2015, this has been adjusted to £166,000. An adjustment, which has no impact on the financial statement. (See note 31 Pension scheme).

ii) Personal Pension Plans

The Society contributes to Personal Pension Plans operated by Standard Life for its eligible employees. These contributions are accounted for on a defined contribution basis in accordance with FRS102. The amounts are charged as expenditure and represent the contributions payable to those plans in respect of the accounting period. The assets of the scheme are held separately from those of the Society in an independently administered fund.

p) Judgements in applying accounting policies and key sources of estimation uncertainties

There are a number of actuarial assumptions used in the quantification of the groups pensions commitments which are described in Note 31. With the exception of the above, there are no estimates applied in the preparation of these statements.

2	Income from Donations and Legacies	Group		Charity	
		2016 £	2015 £	2016 £	2015 £
	Legacies	-	41,875	-	41,875

No income was received in donations or legacies in 2016.

In 2015, the balance of a bequest was received from the estate of Mrs Mary Rutherford, amounting to £41,832. An amount of £43 being the balance of an earlier bequest from the estate of Mr Frederick G Whyte was also received in 2015.

3		Income from Charitable Activities	
		2016 £	2015 £
Income from Royal Highland Show			
	Entry fees for livestock and competitions, trade stand income and royalties.	1,986,939	1,943,969
	Gates and car park revenue	1,776,699	1,635,261
	Sponsorship, advertising and publication sales	489,009	373,680
	Other Income	94,182	110,140
		<u>4,346,829</u>	<u>4,063,050</u>
Income from memberships			
	Membership Subscriptions	544,053	525,810

	Group		Charity	
	2016 £	2015 £	2016 £	2015 £
Income from Other Charitable Activities				
Rents from buildings, hotel, signage and car parks	1,238,823	953,768	2,040,823	1,703,769
Other Society income	53,416	52,812	53,416	52,812
	<u>1,292,239</u>	<u>1,006,580</u>	<u>2,094,239</u>	<u>1,756,581</u>

Life memberships are amortised over a period of five years. At the end of 2016, £120,174 of income from this source has been deferred (2015: £107,395). In 2016 £54,685 was released from existing life subscriptions (2015: £71,684).

4		Income from Trading Activities	
The wholly owned trading subsidiary Highland Centre Ltd (HCL) is incorporated in the United Kingdom (company number SC265245).			
		2016 £	2015 £
Income from Highland Centre Ltd			
	Outside Areas	427,513	425,895
	Exhibition Hall Lets	750,550	514,313
	Income from car parks	148,986	164,041
	Other Income	274,962	270,598
		<u>1,602,011</u>	<u>1,374,847</u>

5		Investment Income		
	Group		Charity	
	2016 £	2015 £	2016 £	2015 £
Unrestricted Funds				
	Dividends	51,630	45,044	13,761
	Bank Interest	11,462	15,085	3,057
		<u>63,092</u>	<u>60,129</u>	<u>16,818</u>
Restricted Funds				
	Dividend Income	4,273	972	4,273
		<u>67,365</u>	<u>61,101</u>	<u>21,091</u>
				<u>25,341</u>

6 Expenditure on raising funds	Group		Charity	
	2016 £	2015 £	2016 £	2015 £
Development Costs	219,318	84,617	219,318	84,617
Depreciation/Gain on Sale	14,707	9,491	14,707	9,491
Support costs	48,000	47,000	48,000	47,000
	<u>282,025</u>	<u>141,108</u>	<u>282,025</u>	<u>141,108</u>

7 Analysis of expenditure on charitable activities-Group	Direct	Support & Governance	2016 Total	2015 Total
Charitable expenditure				
Show related activities	2,915,469	895,714	3,811,183	3,355,261
Memberships	871,490	487,440	1,358,930	653,344
Other activities	525,691	316,801	842,492	1,060,096
	<u>4,312,650</u>	<u>1,699,955</u>	<u>6,012,605</u>	<u>5,068,701</u>

Analysis of expenditure on charitable activities-Charity	Direct	Support & Governance	2016 Total	2015 Total
Charitable expenditure				
Show related activities	2,929,457	883,726	3,813,183	3,359,011
Memberships	837,221	521,709	1,358,930	653,344
Other activities	699,402	761,807	1,461,209	1,598,089
	<u>4,466,080</u>	<u>2,167,242</u>	<u>6,633,322</u>	<u>5,610,444</u>

Support costs have been allocated across activities. These include occupancy costs, IT, finance, marketing and other central costs to the Charity's staff. The costs have been allocated on the basis of the proportion of staff time spent on each activity.

8 Expenditure on show related activities	Group		Charity	
	2016 £	2015 £	2016 £	2015 £
Showyard Preparation - Materials & Contractors	416,179	400,730	416,179	400,730
Showyard Preparation - Hire of Equipment	437,237	447,259	437,237	447,259
Supplementary Car Parking	2,880	-	2,880	-
Forage and Bedding	27,504	24,564	27,504	24,564
Remuneration and expenses of Show staff	373,800	310,978	373,800	310,978
Hotel and travelling expenses of Show officials	114,033	105,386	114,033	105,386
Music and special events	123,385	142,340	123,385	142,340
Police and Ambulance services	171,232	148,367	171,232	148,367
Advertising & Promotion	323,733	253,997	323,733	253,997
Other Expenditure	41,541	72,964	43,541	76,714
Payroll and related costs	285,317	271,498	285,317	271,498
Prizes & Awards	233,144	226,414	233,144	226,414
Depreciation/Gain on Sale	377,472	310,324	377,472	310,324
Support and Governance Costs	883,726	968,571	883,726	968,571
	<u>3,811,183</u>	<u>3,683,392</u>	<u>3,813,183</u>	<u>3,687,142</u>

9 Expenditure on membership	Group		Charity	
	2016 £	2015 £	2016 £	2015 £
Development costs	435,429	3,077	435,429	3,077
Prizes and awards	292,094	211,166	292,094	211,166
Depreciation/Gain on Sale	109,698	27,967	109,698	27,967
Support and Governance Costs	521,709	440,409	521,709	440,409
	<u>1,358,930</u>	<u>682,619</u>	<u>1,358,930</u>	<u>682,619</u>

10 Expenditure on other charitable activities	Group		Charity	
	2016 £	2015 £	2016 £	2015 £
Unrestricted Funds				
Payroll and related costs	376,605	300,729	376,605	300,729
Depreciation/Gain on Sale	120,564	107,880	120,564	107,880
Costs relating to subsidiary	-	-	198,318	140,763
Support and Governance Costs	341,408	294,081	761,807	691,311
	<u>838,577</u>	<u>702,690</u>	<u>1,457,294</u>	<u>1,240,683</u>
Restricted Funds				
Awards from Special Funds	3,915	-	3,915	-
	<u>842,492</u>	<u>702,690</u>	<u>1,461,209</u>	<u>1,240,683</u>
11 Expenditure on trading activities	Group		Charity	
	2016 £	2015 £	2016 £	2015 £
Payroll and related costs	376,624	296,855	-	-
Letting & contracting costs	243,708	195,411	-	-
Development costs	8,150	4,500	-	-
Depreciation/Gain on Sale	204,033	141,057	-	-
Support costs	547,153	481,479	-	-
	<u>1,379,668</u>	<u>1,119,302</u>	<u>-</u>	<u>-</u>
12 Expenditure on Governance	Group		Charity	
	2016 £	2015 £	2016 £	2015 £
Cost of AGM and other meetings	189,136	182,403	189,136	182,403
Audit Fees	34,750	19,900	28,250	16,700
Professional Fees	21,175	39,361	27,675	42,561
Key management salaries	132,548	139,051	132,548	139,051
	<u>377,609</u>	<u>380,715</u>	<u>377,609</u>	<u>380,715</u>
13 Support costs and analysis of expenditure by activity	Group		Charity	
	2016 £	2015 £	2016 £	2015 £
Society payroll	447,045	398,984	447,045	398,984
Professional fees	96,728	59,269	84,918	48,509
Estates costs	680,572	657,010	680,572	657,010
Vehicle costs	20,923	25,323	15,742	20,170
Rates	86,051	84,937	86,051	84,937
Insurance	159,113	158,174	159,113	158,174
Advertising and publicity	209,351	200,779	136,263	158,992
Printing, stationery and communications	65,366	68,128	56,121	59,913
Financial charges	52,258	50,449	43,165	42,249
Governance costs	377,609	380,715	377,609	380,715
Other costs	144,412	147,772	128,643	137,638
	<u>2,339,428</u>	<u>2,231,540</u>	<u>2,215,242</u>	<u>2,147,291</u>
Support costs have been allocated as follows:				
Cost of raising funds	48,000	47,000	48,000	47,000
Show related activities	883,726	968,571	883,726	968,571
Trading activities	544,585	481,479	-	-
Membership	521,709	440,409	521,709	440,409
Other	341,408	294,081	761,807	691,311
	<u>2,339,428</u>	<u>2,231,540</u>	<u>2,215,242</u>	<u>2,147,291</u>

The Society initially identifies the cost of its support functions. It then identifies those costs which relate to its governance function. Having identified its governance costs, the remaining support costs together with the governance costs are apportioned between the main charitable and trading activities. The costs have been allocated on the basis of staff time spent on each activity (see Note 7).

14 Staff Costs	2016 £	2015 £
Wages & Salaries	1,292,690	1,160,008
Social Security Costs	135,784	121,630
Pension Costs	189,665	125,479
	<u>1,618,139</u>	<u>1,407,117</u>
These have been allocated as follows:		
Fundraising Activities	48,000	47,000
Show related activities	385,078	359,494
Trading activities	476,385	384,851
Membership	99,761	87,996
Other	476,367	388,725
Governance	132,548	139,051
	<u>1,618,139</u>	<u>1,407,117</u>

The monthly average number of employees during the year was 41 (2015: 38) of which 37 were full-time and 4 were temporary (2015: 32 were full-time and 6 were temporary).

	2016 No.	2015 No.
Fundraising	1	1
Show related activities	11	11
Trading Activities	11	11
Membership	4	4
Other	11	8
Governance	3	3

The number of employees where salaries (including benefits in kind) were above £60,000 for the year were:

	2016 No.	2015 No.
Between £130,000 - £139,999	-	1
Between £100,000 - £109,999	1	-
Between £70,000 - £79,999	2	2
Between £60,000 - £69,999	1	1

The contribution towards Pension Costs for employees where salaries were above £60,000 for the year ended 30 November 2016 was £29,600 (2015: £31,900). Retirement benefits for these employees were accruing under a defined contribution scheme.

Key Management personnel for the group and the charity are the same and comprise the Chief Executive, Financial Manager and Society Secretary. The total employee benefits of the Key Management personnel are £265,100 (2015: £278,100). This financial year has seen a change in Key Management personnel resulting in the highest paid individual not representing the highest salaried individual for the period.

15 Trustees' Expenses and Remuneration

a) Trustees' expenses reimbursed	2016 £	2015 £
The aggregate amount of expenses reimbursed to Directors was:	34,400	30,500
Directors' expense claims for attending internal and external meetings		
Directors' expense claims for attending the Royal Highland Show	35,400	35,000

b) Trustees' Remuneration

In addition to the expenses reimbursed above, the following Trustees were paid for consultancy services:

Mr AK Brooke £8,500 (2015: £4,500), Mr WL Gill £6,450 (2015: £6,850), Mr HR Graham £Nil (2015: £2,000), Sir ID Grant £1,200 (2015: £1,100), Mr WG Gray £300 (2015: £500), Mr JB Hastings £1,400 (2015: £2,400), Mr M Hall £1,100 (2015: £1,400), Mr AJ Murray £7,000 (2015: £6,800), Mr JAC Stewart £1,800 (2015: £6,950).

The legal authority under which these payments are made is stated within the Society Bye-Laws. Note 14b states that members of the Executive Committee may be paid for attendance at each meeting of the Executive Committee, such sum as shall be determined from time to time by the Board of Directors.

16 Auditor's Remuneration

	2016 £	2015 £
Audit services	34,750	19,900
Non Audit services	8,300	8,050
In 2016, auditor remuneration included one off costs, in relation to the audit of FRS102.		

17 Grants Paid

Cash grants were paid to the following bodies during the year:

	2016 £	2015 £
Moredun Foundation	1,000	1,000
Royal Highland Education Trust	241,113	172,328
Scottish Shearing Circuit Committee	8,000	1,100
Lantra	500	500
Oxford Farming Conference	-	2,314
Chairman's Award	1,000	1,000
Nuffield Scholarship	6,000	11,000
Scotland's Rural College - Dublin Legionella Survey	-	(6,000)
Commonwealth Agricultural Conference, Singapore	2,000	-
RSABI	15,000	15,000
Blair Horse Trials	-	2,500
Various Countryside Initiatives	7,290	-
Scottish Farriery Team	2,600	-
Others - Miscellaneous	1,200	1,783
	<u>285,703</u>	<u>202,525</u>

The award to Scotland's Rural College made in 2014, was returned in 2015 as the study was not carried out.

Expenditure on certificates and medals for long service, skills and academic achievement was as follows:

	2016 £	2015 £
Long Service Certificates and Ploughing Medals	4,113	6,450
University Medals	2,278	2,192
	<u>6,391</u>	<u>8,642</u>
Total Grants Paid	<u>292,094</u>	<u>211,167</u>

18 Group Fixed Assets										
	Ingliston Showground	Ingliston Showsite	Assets under Construction	Exhibition Hall	Show Equipment	Plant	Office Equipment	Furniture, Paintings	Motor Vehicles	Total
Cost	£	£	£	£	£	£	£	£	£	£
As at 30 November 2015	2,761,918	6,599,760	885,527	6,223,816	431,366	496,982	315,368	90,350	25,151	17,830,238
Additions	-	1,409,641	383,212	-	9,123	449,385	129,554	14,112	-	2,395,027
Disposals	-	(790,644)	(557,243)	-	-	(88,613)	(35,023)	(30,617)	-	(1,502,140)
Transfer upon Completion	-	-	(211,210)	-	-	211,210	-	-	-	-
As at 30 November 2016	2,761,918	7,218,757	500,286	6,223,816	440,489	1,068,964	409,899	73,845	25,151	18,723,125
Depreciation										
As at 1 December 2015	-	3,085,892	-	2,093,744	241,983	394,465	254,426	82,969	25,149	6,178,628
Disposals	-	(713,449)	-	-	-	(88,601)	(35,002)	(30,573)	-	(867,625)
Charge for year	-	406,112	-	139,217	29,496	101,008	78,697	4,288	-	758,818
As at 30 November 2016	-	2,778,555	-	2,232,961	271,479	406,872	298,121	56,684	25,149	6,069,821
Net Book Value										
As at 30 November 2016	2,761,918	4,440,202	500,286	3,990,855	169,010	662,092	111,778	17,161	2	12,653,304
As at 30 November 2015	2,761,918	3,513,868	885,527	4,130,072	189,383	102,517	60,942	7,381	2	11,651,610
Charity Fixed Assets										
	Ingliston Showground	Ingliston Showsite	Assets under Construction	Exhibition Hall	Show Equipment	Plant	Office Equipment	Furniture, Paintings	Motor Vehicles	Total
Cost	£	£	£	£	£	£	£	£	£	£
As at 30 November 2015	2,761,918	6,599,760	885,527	6,223,816	431,366	458,705	283,752	90,350	6,000	17,741,194
Additions	-	1,409,641	383,212	-	9,123	449,385	83,464	14,112	-	2,348,937
Disposals	-	(790,644)	(557,243)	-	-	(80,363)	(32,594)	(30,617)	-	(1,491,461)
Transfer upon Completion	-	-	(211,210)	-	-	211,210	-	-	-	-
As at 30 November 2016	2,761,918	7,218,757	500,286	6,223,816	440,489	1,038,937	334,622	73,845	6,000	18,598,678
Depreciation										
As at 30 November 2015	-	3,085,892	-	2,093,744	241,983	368,989	223,229	82,969	5,999	6,102,805
Disposals	-	(713,449)	-	-	-	(80,353)	(32,589)	(30,573)	-	(856,964)
Charge for year	-	406,112	-	139,217	29,496	96,609	69,249	4,288	-	744,971
As at 30 November 2016	-	2,778,555	-	2,232,961	271,479	385,245	259,889	56,684	5,999	5,990,812
Net Book Value										
As at 30 November 2016	2,761,918	4,440,202	500,286	3,990,855	169,010	653,692	74,733	17,161	1	12,607,858
As at 30 November 2015	2,761,918	3,513,868	885,527	4,130,072	189,383	89,716	60,523	7,381	1	11,638,389

Works of art and items of historical interest are not recognised, since reliable cost information is not available for items acquired many years ago and significant costs are involved in arriving at valuations.

19 Investments	2016	2016	2015	2015
	£	£	£	£
	Group	Charity	Group	Charity
Listed investments	1,213,022	-	1,108,604	-
Investments in Special Funds	109,943	109,943	106,143	106,143
Investment in subsidiaries	-	100	-	100
Other investments	214,312	214,312	214,312	214,312
	<u>1,537,277</u>	<u>324,355</u>	<u>1,429,059</u>	<u>320,555</u>

Listed investments

Listed investments are held solely by the Royal Highland Development Trust a subsidiary of Royal Highland and Agricultural Society of Scotland. Investments are included at fair value, their market value, and are held primarily to provide an investment return for the Trust.

Holdings in common investment funds, unit trusts, open-ended investment companies and investments with collective investments in transferable securities schemes were valued by the Trust's investment manager as detailed below. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value). Gains or losses on sale of investments are accounted for in the Statement of Financial Activities.

Investments	2016 £	2015 £
Market value at 1 December 2015	1,081,287	456,466
Additions at cost	84,171	693,141
Disposals at current value	(36,658)	(55,806)
Unrealised Gains/(losses) on investments	78,800	(12,514)
Market value at 30 November 2016 excluding portfolio cash	<u>1,207,600</u>	<u>1,081,287</u>
Portfolio cash held pending reinvestment	5,422	27,317
Market value at 30 November 2016 including portfolio cash	<u>1,213,022</u>	<u>1,108,604</u>

Market Value at 30 November 2016

	2016	2015
Equities	1,149,229	1,025,898
Securities	58,371	55,389
Market value at 30 November 2016 excluding portfolio cash	<u>1,207,600</u>	<u>1,081,287</u>
Portfolio cash held pending reinvestment	5,422	27,317
Market value at 30 November 2016 including portfolio cash	<u>1,213,022</u>	<u>1,108,604</u>

Investments in special funds

Investments in special funds are investments which are held within restricted funds to provide an income to facilitate the specific purposes of the fund. During 2016 a total of £600 was received and subsequently invested in M&G Charifund Income Units for Trophy Maintenance.

Consolidated Investments	Units	Cost	Market Value 2016	Market Value 2015
Special Funds:		£	£	£
AJ Lilburn Forestry Trophy Fund				
M&G Charifund Income Units	87	500	1,284	1,252
Consolidated Prize Fund				
M&G Charifund Income Units	1,244	8,032	18,356	17,901
2.5% Treasury Stock 2024	1,500	5,047	5,419	5,139
Sir William Young Memorial Fund				
National Savings Bond	-	5,000	5,000	5,000
Council for Awards of Royal Agricultural Societies(CARAS)				
M&G Charifund Income Units	4,186	46,000	61,768	60,237
Trophy Maintenance Fund				
M&G Charifund Income Units	1,228	10,240	18,116	16,614
		<u>74,819</u>	<u>109,943</u>	<u>106,143</u>

Charity Investments

	Units	Cost	Market Value 2016	Market Value 2015
Special Funds:		£	£	£
AJ Lilburn Forestry Trophy Fund				
M&G Charifund Income Units	87	500	1,284	1,252
Consolidated Prize Fund				
M&G Charifund Income Units	1,244	8,032	18,356	17,901
2.5% Treasury Stock 2024	1,500	5,047	5,419	5,139
Sir William Young Memorial Fund				
National Savings Bond	-	5,000	5,000	5,000
Council for Awards of Royal Agricultural Societies(CARAS)				
M&G Charifund Income Units	4186	46,000	61,768	60,237
Trophy Maintenance Fund				
M&G Charifund Income Units	1,228	10,240	18,116	16,614
		<u>74,819</u>	<u>109,943</u>	<u>106,143</u>

During the year, £600 was invested in the Trophy Maintenance fund and there was an unrealised gain of £3,200 on the investments held within the funds.

Other Investments

The Society holds 3/7ths of the issued share capital of Scottish Agricultural & Rural Development Centre Ltd (SARDC). This investment is carried at a cost of £214,286. The value of the investment is considered to be at least equivalent to cost. The net assets of SARDC at 28 February 2016 were £1,255,204 and the profit for the year was £83,238 (2015: Profit of £69,542).

A dividend of £12,857 was received from SARDC during the year. (2015: £19,286)

The Society's shareholding in Tay Forth Machinery Ring Ltd is 25 shares of £1 each.

Investment in subsidiaries

Highland Centre Ltd

The Society has a £100 investment in Highland Centre Limited. Highland Centre Limited is a wholly owned subsidiary of the Society with an authorised share capital of £1,000,000.

Edinburgh Arena Limited

The Society owns the entire Share Capital of Edinburgh Arena Limited. This company is dormant and trading has not commenced.

20 Debtors and Prepayments	2016	2016	2015	2015
	£	£	£	£
	Group	Charity	Group	Charity
Trade Debtors	380,978	300,276	386,425	288,368
Amount due from subsidiary undertaking	0	40,141	0	35,106
Prepayments	151,777	122,619	165,490	122,037
Other Debtors	109,860	109,860	90,567	84,828
	<u>642,615</u>	<u>572,896</u>	<u>642,482</u>	<u>530,339</u>

21 Creditors and Accrued Charges	2016	2016	2015	2015
	£	£	£	£
	Group	Charity	Group	Charity
Trade Creditors	709,538	688,666	268,487	238,957
Accruals	581,613	543,697	485,020	458,677
Deposits	154,361	28,101	162,914	24,847
Social Security and other taxes	74,104	35,680	84,310	31,452
	<u>1,519,616</u>	<u>1,296,144</u>	<u>1,000,731</u>	<u>753,933</u>

22 Unrestricted Funds

The capital account consists of unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the society.

Designated funds are unrestricted funds earmarked by the Trustees for specific future purposes.

	£	£
	Group	Charity
Capital Account	14,782,662	12,493,387
Designated Funds	95,125	5,125
	<u>14,877,787</u>	<u>12,498,512</u>

Capital Account

This represents the net surpluses and deficits accumulated on the operations of the Society.

	2016	2016	2015	2015
	£	£	£	£
	Group	Charity	Group	Charity
As at 1 December 2015	14,548,074	12,426,880	13,883,592	11,833,747
Surplus for year	258,588	90,507	731,482	660,133
Actuarial Gains	(24,000)	(24,000)	(67,000)	(67,000)
	<u>234,588</u>	<u>66,507</u>	<u>664,482</u>	<u>593,133</u>
As at 30 November 2016	<u>14,782,662</u>	<u>12,493,387</u>	<u>14,548,074</u>	<u>12,426,880</u>

Designated Funds	2016	2016	2015	2015
	£	£	£	£
	Group	Charity	Group	Charity
Paintings Restoration Fund	5,125	5,125	5,125	5,125
Stockmen's Facilities	90,000	-	90,000	-
	<u>95,125</u>	<u>5,125</u>	<u>95,125</u>	<u>5,125</u>

There has been no movement in these funds for year ended 30 November 2016 (2015: Nil movement). The painting restoration fund has been designated for the maintenance and restoration of paintings and other ephemera owned by the Society. The funds set aside for stockmen's facilities have been designated to provide for future capital expenditure on stockmen's accommodation or facilities.

23 Special Restricted Funds	Balance	Incoming resources	Resources expended	Gains/ (losses)	Balance
	2015				2016
AJ Lilburn Forestry Trophy Fund	1,252	-	-	32	1,284
Sir William Young Memorial Fund	5,756	61	-	-	5,817
Consolidated Prize Fund	23,290	925	(916)	735	24,034
Trophy Maintenance Fund	16,613	600	-	903	18,116
Council of Awards for Royal Agricultural Societies	68,666	2,688	(3,000)	1,530	69,884
	<u>115,577</u>	<u>4,274</u>	<u>(3,916)</u>	<u>3,200</u>	<u>119,135</u>

AJ Lilburn Forestry Trophy Fund

The AJ Lilburn Forestry Trophy Fund is a restricted fund for the maintenance of the Alistair J Lilburn of Coull Trophy.

Sir William Young Memorial Fund

The Sir William Young Memorial Fund is a restricted fund for the annual award of a cash sum to the person considered by the Society's Directors to have made an outstanding contribution to livestockbreeding in Scotland.

	2016 £	2015 £
National Savings Bond (1 March 1984)	5,000	5,000
Gold Deposit Account with the Royal Bank of Scotland	817	756
	<u>5,817</u>	<u>5,756</u>

Consolidated Prize Fund

The Consolidated Prize Fund was created on 12 August 1987 by realising the individual investments held by the Prize Fund and amalgamating them into government stock and Charifund Income Units. The investment income and awards are distributed according to the ratio of each individual prize funds contribution to the total funds applied to the new investments, thus retaining the restricted nature of the individual prize funds. Awards are distributed annually in July and represent for this financial year the receipts for the period 1 July 2015 to 30 June 2016. Receipts from 1 July 2016 to 30 November 2016 are carried forward for distribution the following year.

	2016 £	2015 £
M&G Charifund Income Units	18,356	17,901
2.5% Treasury Stock 2024	5,419	5,139
Savings Account (dividends c/f to next distribution)	259	250
	<u>24,034</u>	<u>23,290</u>

Trophy Maintenance Fund

Since 1989 donors of new trophies have been required to supply a cash sum to purchase M&G Charifund Income Units to provide for Trophy Maintenance Costs.

	2016 £	2015 £
M&G Charifund Income Units	<u>18,116</u>	<u>16,613</u>

Council for Awards of Royal Agricultural Societies (CARAS)

In 2013 a fund was set up, from donations made by members of the Council for Awards of Royal Agricultural Societies (CARAS). The funds collected were used to purchase M&G Charifund Income Units. The monies earned from dividends received, fund an annual awards scheme that grants funding to candidates who have limited access to other forms of funding.

	2016 £	2015 £
M&G Charifund Income Units	61,767	60,237
Cash	8,117	8,429
	<u>69,884</u>	<u>68,666</u>

24 Reconciliation of Surplus for year to net cash inflow from operating activities	2016 £	2015 £
Net income	178,199	744,152
Pension fund charge less contributions made	(24,000)	(67,000)
Depreciation	758,818	596,697
(Gain)/loss on sales and disposals of fixed assets	67,654	35
Interest and dividend receivable	(67,365)	(61,101)
Loan Interest	-	555
(Increase)/decrease in stock	3,377	6,876
Decrease/(increase) in debtors and prepayments	(4,896)	(184,575)
Increase/(decrease) in creditors and accrued charges	106,535	(123,354)
Professional and development fees written off	557,243	55,874
	1,575,565	968,159

25 Analysis of cash and cash equivalents	2015	Cash Flow	2016
Bank	2,016,886	(349,395)	1,667,491
Fund bank accounts	9,435	(242)	9,193
Cash	1,500	-	1,500
	2,027,821	(349,637)	1,678,184

26 Analysis of net assets between funds - Group	Tangible Fixed Assets	Investments	Net Current Assets	Total
Unrestricted Funds	12,653,304	1,427,334	797,148	14,877,786
Restricted Funds	-	109,943	9,193	119,136
Total	12,653,304	1,537,277	806,341	14,996,922

Analysis of net assets between funds - Charity

	Tangible Fixed Assets	Investments	Net Current Assets	Total
Unrestricted Funds	12,607,858	214,412	(323,759)	12,498,511
Restricted Funds	-	109,943	9,193	119,136
Total	12,607,858	324,355	(314,566)	12,617,647

27 Operating Leases	2016 £	2015 £
The total future minimum lease payments under non-cancellable operating leases are as follows:		
Other assets:		
Within one year	28,737	19,260
Within two to five years	37,911	30,941
	66,648	50,201

28 Capital Commitments	2016 £	2015 £
As at the 30 November 2016, the group and charity had capital commitments as follows:		
Contracted for but provided in the financial statements	43,786	-

29 Related Party Transactions

During the year the Charity entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into were conducted at arms length and trading balances outstanding at 30 November 2016 are as follows:

Related Party	Related Directors	Sales to Related Party	Dividend Received
Scottish Agricultural & Rural Development Centre Ltd	2016 A Laidlaw, AK Brooke	£17,585	£12,857
	2015 SM Hutt, AJ Murray	£17,450	£19,286

The Charity has a 43% interest in SARDC Ltd. RHASS provides security services for SARDC. Included within sales to SARDC are fees of £2,000 in respect of provision of Directors for the company, which are paid directly to the Charity.

The Charity has taken advantage of the exemption in FRS102 not to disclose transactions with wholly owned subsidiaries. During the year funding of £241,113 (2015: £172,238) was paid to the Royal Highland Education Trust, a charity administered by RHASS. During the year a facility fee of £800,000 was paid by Highland Centre Ltd to the parent company Royal Highland and Agricultural Society of Scotland.

30 Connected Bodies

The Royal Highland Education Trust (Scottish Charity Number SC7492) is administered by the Society. No fee is charged for this service.

The Roy Watherston Memorial Trust (Scottish Charity Number SC7609) is administered by the Society. No fee is charged for this service.

The Royal Highland Society Development Trust was established on 16 November 1995 under Deed of Trust. It is a charitable trust (Scottish Charity Number SC24206) and has five trustees in common with RHASS.

The address of the Royal Highland Education Trust, the Roy Watherston Memorial Trust, and the Royal Highland Society Development Trust is Royal Highland Centre, Ingliston, Edinburgh EH28 8NB

The Royal Agricultural Society of the Commonwealth (Charity Number 1101337) is administered by the Society. A fee of £21,000 is charged for this service.

31 Pension Scheme

The Society operates a defined benefit scheme in the UK. This is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities. A full actuarial valuation was carried out at 30 November 2016 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

The most recent actuarial valuation showed a surplus of £649,000. The Society has agreed with trustees that it will pay three additional contributions each of £50,000, payable by 31 January 2016, 31 January 2017 and 31 January 2018, in order to improve the funding of the scheme on the solvency valuation basis. In addition, the Society will also pay annual contributions of £50,000 in respect of expenses and will reimburse the scheme for all Pension Protection Fund levies.

Present value of defined benefit obligation, fair value of assets and defined benefit asset (liability)

	%	2016	%	2015	%	2014
		£		£		£
Fair value of plan assets		5,664,000		4,948,000		4,592,000
Present value of defined benefit obligation		4,514,000		3,916,000		3,889,000
Surplus in plan		1,150,000		1,032,000		703,000
Unrecognised Surplus		1,150,000		1,032,000		703,000
Assets						
Overseas equities	29%	1,655,000	29%	1,443,000	35%	1,606,000
Corporate bonds	14%	773,000	12%	599,000	9%	407,000
Government bonds	44%	2,498,000	44%	2,168,000	41%	1,874,000
Property	7%	376,000	7%	328,000	10%	463,000
Cash	0%	28,000	2%	119,000	2%	76,000
Other	6%	334,000	6%	291,000	4%	166,000
		<u>5,664,000</u>		<u>4,948,000</u>		<u>4,592,000</u>

None of the fair values of the assets shown above include any direct investments in the Society's own financial instruments or any property occupied by, or other assets used by the Society.

Reconciliation of Opening and Closing Balances of the Present Value Scheme Liabilities

	2016	2015	2014
	£	£	£
Defined benefit obligation at start of period	3,916,000	3,889,000	3,673,000
Expenses	95,000	79,000	53,000
Interest expense	139,000	140,000	162,000
Contributions by scheme participants	-	-	-
Actuarial losses/(gains)	583,000	(17,000)	190,000
Benefits paid and expenses	(219,000)	(175,000)	(189,000)
Scheme liabilities at end of period	<u>4,514,000</u>	<u>3,916,000</u>	<u>3,889,000</u>

Reconciliation of Opening and Closing Balances of the Fair Value of Plan Assets

Under FRS17 it was acceptable to allow for an expected return on assets which was higher than the discount rate, in 2015 an expected return of 4.08% was assumed, compared to a discount rate of 3.65%. Under FRS102, this is not allowed, instead the expected return is taken as the discount rate of 3.65%. The interest income figure has been restated for 2015 as £166,000, a difference of £20,000.

As there is no change in the surplus of the financial statement compared to FRS17, this difference of £20,000 also impacts on the following two items:

- The actuarial gain on assets which was originally £245,000 has increased to £265,000 as a result of the assumed lower return of £20,000;
- The profit and loss account no longer has the reduction due to the higher expected return on assets.

	2016 £	2015 £
Fair value of plan assets at start of period	4,948,000	4,592,000
Interest Income	176,000	166,000
Actuarial gains /(losses)	640,000	245,000
Contributions by the Society	119,000	100,000
Contribution by scheme participants	-	-
Benefits paid and expenses	(219,000)	(175,000)
Fair value of plan assets at end of year	<u>5,664,000</u>	<u>4,928,000</u>

The actual return on the plan assets over the period ending 30 November 2016 was £816,000.

Defined Benefit Costs Recognised in Profit or Loss

	2016 £	2015 £
Expenses	95,000	79,000
Net interest cost	-	-
Losses (gains) due to benefit changes	-	-
Total expense recognised in profit and loss	<u>95,000</u>	<u>79,000</u>

Defined Benefit Costs Recognised in other Comprehensive Income

	2016 £	2015 £
Return on plan assets (excluding amounts included in net interest cost). Gain/(loss)	245,000	265,000
Experience gains and losses arising on the scheme liabilities Gain/(loss)	73,000	(2,000)
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities: Gain/(loss)	(656,000)	19,000
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) Gain/(loss)	(81,000)	(329,000)
Total amount recognised in statement of total recognised gains and losses Amount: Gain/(loss)	<u>(24,000)</u>	<u>(47,000)</u>

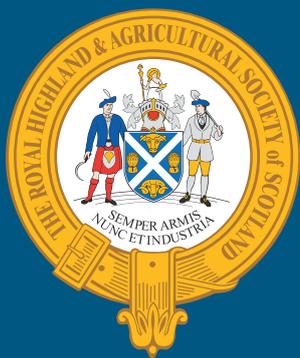
Assumptions

	2016 % per annum	2015 % per annum	2014 % per annum
Discount rate	2.90	3.60	3.65
Inflation (CPI)	2.60	2.20	2.20
Allowance for revaluation of deferred pensions of CPI or 5% pa, if less	2.60	2.20	2.20
Allowance for pension in payment increases of CPI or 5% pa, if less	2.50	2.10	2.10
Allowance for commutation of pension for cash at retirement	25% of Pension	25% of Pension	25% of Pension

The mortality assumptions adopted at 30 November 2016 imply the following life expectancies:

	2016	2015	2014
Male retiring at age 60 in 2016	25.70	25.50	25.70
Female retiring at age 60 in 2016	27.80	27.70	28.10
Male retiring at age 60 in 2036	27.90	27.80	28.10
Female retiring at age 60 in 2036	30.30	30.10	30.60

The best estimate of contributions to be paid by the Society to the scheme for the period commencing 1 December 2016 is £100,000. This is in respect of management and administration expenses.



The Royal Highland & Agricultural Society of Scotland
Royal Highland Centre, Ingliston, Edinburgh, EH28 8NB

T: 0131 335 6200
E: info@rhass.org.uk

www.rhass.org.uk  

Scottish Charity Number - SC4561