

**ANNUAL REVIEW 2019**

# **INVESTING FOR THE FUTURE**



**ROYAL  
HIGHLAND &  
AGRICULTURAL  
SOCIETY OF  
SCOTLAND**

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## ROYAL HIGHLAND & AGRICULTURAL SOCIETY OF SCOTLAND

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THE PURPOSE OF RHASS IS TO SUPPORT AND ENCOURAGE THE BEST OF AGRICULTURE, TO COMMUNICATE AND BRING TO LIFE ITS VALUE, AS WELL AS DEVELOPING A GREATER APPRECIATION OF THE IMPACT OF AGRICULTURE ON EVERYDAY LIFE.

WE ACHIEVE THIS THROUGH OUR FLAGSHIP EVENT, THE ROYAL HIGHLAND SHOW, AS WELL AS WIDER WORK WITH OUR MEMBERS AND STAKEHOLDERS.

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A farrier is shown in profile, focused on shoeing a horse's hoof. The farrier is wearing a black t-shirt, glasses, and a headband. The horse is standing on a green metal hoof stand. The farrier is using a pair of black hoof pliers. The background is a blurred indoor arena setting.

Horse shoeing at the Scottish Farriery Championships at the Royal Highland Show

## CHIEF EXECUTIVE'S REPORT

# FUTURE-PROOFING THROUGH INVESTMENT

**When I joined the Royal Highland & Agricultural Society of Scotland (RHASS) as Chief Executive in 2016, one of the first things I did was to read a book entitled A Short History of RHASS 1784 – 1984.**

It was a good read, not just because it underlined the positive impact the Society has made over the generations, but also because it highlighted the brave and considered investments that we, as an organisation, have taken since we were founded over 230 years ago. RHASS's history of progressive decision-making has helped to shape the destiny of the Society, and Scottish agriculture, from hosting the first Royal Highland Show in Edinburgh in 1822, to the purchase of Ingliston Estate in 1959 and the building of the Highland Hall in the early 2000s.

This year, RHASS has continued to build on this legacy of forward-thinking investment with our ongoing programme of improvements to the Royal Highland Centre, our 300-acre site near Edinburgh Airport. The programme, which includes the development of the replacement Members' Pavilion, will help to ensure the Society remains a sustainable organisation with the ability to raise the funds necessary to carry out our valuable charitable remit supporting Scottish agriculture, allied industries and rural communities. The promotion and protection of the interests of rural Scotland has been our driving force from our inception and our investments are made with that in mind.

Throughout its long history, RHASS has weathered many a storm, including the outbreak of Foot and Mouth disease in 2001. The Royal Highland Show was cancelled that year as a result of the devastating impact the disease had on Scottish agriculture and rural communities. It is during turbulent times such as these that RHASS, as the leading sector membership organisation, truly demonstrates its value.

We will not shy away from challenging discussions around topics that matter to our members and beneficiaries – from farmers' wellbeing, to succession planning

and changes in consumer concerns and behaviours – we will work with industry partners and wider stakeholders to seek a way forward for the benefit of all.

Since this report was written, COVID-19 has resulted in the country going into lockdown and the cancellation of events well into the second half of 2020 including, sadly, the Royal Highland Show.

We are in unprecedented territory, dealing with significant challenges as an organisation and within the wider agricultural sector.

This year has been one of laying the foundations of a sustainable future for RHASS. To fund the planned investment, the Board budgeted for a deficit and COVID-19 has begun to and will continue to have a significantly adverse impact on the Society's operations for 2020. However, taking into account actions already taken and mitigations planned, the Directors have concluded that RHASS is a sustainable and viable business. More detail on this analysis, including the charity's future financial position, is contained within this report in the assessment of going concern in note 1 to the financial statements.

The Directors recognise that in the current exceptional circumstances there is a material uncertainty with regards to this assessment. However, the Board continues to believe we have good prospects with a strong underlying asset base and an excellent team and remain confident that RHASS will weather this storm.



Alan Laidlaw  
RHASS Chief Executive

A handwritten signature in black ink, which appears to read 'Alan Laidlaw'. The signature is fluid and cursive, written in a professional style.

Alan Laidlaw  
Chief Executive



Royal Highland Show  
2019  
PARTNER SINCE 1861  
Royal Bank  
of Scotland  
SUPREME  
CHAMPION

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THE PROMOTION AND PROTECTION  
OF THE INTERESTS OF RURAL  
SCOTLAND HAS BEEN OUR DRIVING  
FORCE FROM OUR INCEPTION

# SPEARHEADING A SUSTAINABLE STRATEGY

**RHASS is an organisation that embraces change and drives innovation, whilst staying true to its roots. It is committed to continuing and developing the important work undertaken by the charity throughout the decades and is uncompromising in its ambition to shape and support the rural sector in Scotland.**

## A SUSTAINABLE ORGANISATION

In common with all organisations, RHASS faces the challenge of developing new ways of working that have sustainability at their core.

Set against a backdrop of continued economic challenges, raised environmental concerns and declining living standards, RHASS continues to think creatively, be flexible in its approach and take considered yet brave steps to secure the charity's financial future so that it can continue to support Scottish agriculture and rural communities for the long-term.

The 2018/19 financial year has been another year of significant investment in the facilities and infrastructure at the Royal Highland Centre, continuing on from the £11m, 3-year investment in the Ingliston site we reported in last year's report.

Work has progressed on the exciting new event space and members' area, adjacent to the magnificent Ingliston House and overlooking the Main Ring. Coming to life on the site where the much-loved MacRobert Pavilion stood for over 50 years, the venue will provide a new meeting place at the heart of the showground for those involved in Scotland's agricultural industries and rural communities. It will be where organisations and individuals can come together to socialise, share ideas and connect with each other. The venue was on track and on budget to open in Spring 2020 with a number of events already booked. However, at the time of writing, the impact of COVID-19 has meant all planned events for 2020 have been cancelled or postponed until the second half of the year.

We are developing our strategy to relaunch the venue, and the wider Royal Highland Centre site, when restrictions on gatherings are lifted.

This building, alongside the other high quality event spaces at the Royal Highland Centre, will enable RHASS to make best use of its assets 365 days a year for the benefit of the charity, its beneficiaries and its members.

RHASS has also developed its fundraising and partnership resource during this financial year to help provide a sustainable platform for the delivery of its charitable objectives. Through collaboration and fundraising, RHASS aspires to increase the activities of the Society, engaging with and to the benefit of the wider rural sector and our members.

In 2018/19, RHASS was successful in raising over £620,000 in sponsorship, donations and collaborations with industry and commercial partners. This not only allows the organisation to provide more bursaries and grants in support of its charitable objects, it also helps RHASS, its beneficiaries and members to engage with businesses that are supportive of and important to the rural community. RHASS also received over £107,000 (estimated) of in-kind sponsorship in the financial year.

Driving this activity is RHASS's ambition to carry out its charitable remit with scale and impact while delivering a clear public benefit.



# CREATING A SUSTAINABLE CHARITY



SOURCE: STATEMENT OF FINANCIAL ACTIVITIES



The RHASS team at the RSABI Great Glen Challenge



Recycling at the Royal Highland Show



Office Bearers Committee at Ingliston



RHASS team before setting off on the RSABI Great Glen Challenge



## A COMMITTED & DIVERSE TEAM

RHASS is committed to supporting its team of staff, directors and volunteers to give their very best each day. Its aim is to ensure that everyone is invested in RHASS's goals and values, and motivated to contribute to the charity's success.

During this financial year, the organisation has worked hard to provide inspirational development and career progression opportunities for members of staff to support its ambition to develop homegrown talent.

This included international travel to leading agricultural shows, staff away days and an ongoing programme of training, coaching and mentorship for employees.

RHASS's enhanced welfare and support package for staff includes occupational health provision, a confidential employee assistance programme, a good holiday package and competitive pension contribution. This is reviewed regularly to ensure the charity continues to be a supportive and attractive employer so as to attract and retain the best talent to enable it to deliver against its charitable remit.

In terms of supporting the wider agricultural community, this year, two RHASS teams of staff and directors took part in the RSABI Great Glen challenge, walking, cycling, paddling and running their way to the finishing line to raise £3,000 for RSABI. This is in addition to RHASS's direct support of the RSABI helpline through its awards and grants programme.

## AN ORGANISATION WITH INTEGRITY

RHASS is committed to good governance which is a key component to building and retaining the trust and respect of members, sponsors, industry partners, directors, staff, volunteers and the general public.

A programme of continuous improvement of systems and processes has resulted in further developments around the transparency and accountability of the organisation. This ensures that RHASS embraces best practice as well as remaining compliant with relevant legislation and regulation.

Specific activity in the year under review included:

1. As part of the ongoing training provided to the Board, our legal advisors presented to the Directors at their Board away day on Charity Law, Regulation and Governance.
2. A review of the Executive Committee attendance allowance by an independent director-led working group and consequent revision to the Bye-Laws in line with constitutional and statutory requirements;
3. Formalisation of a policy on gifts and hospitality and creation of a searchable register;
4. Creation of a searchable register of conflicts of interest and related party transactions and improvements to the process of declaring and managing them;
5. Creation of role descriptions for specific governance roles including Honorary Secretary, Honorary Treasurer and Honorary Directors;
6. Creation of policies around awards and grants such as a policy on support for young people achieving national representation.

For the coming year a Membership Working Group has been set up to look at engagement and communication with RHASS's membership, structure, fees and benefits.

# ADVOCATING FOR THE RURAL SECTOR

As a leading organisation in the rural sector, RHASS continues to play an active part in shaping and supporting agriculture and allied industries.

From providing a safe place for debate around the thorny issues facing the sector, to helping to create a food-literate generation and providing life-changing learning experiences, RHASS is well-regarded as an enabling force for good.

We are informed and enthused by the passion and drive of our members and are keen to hear from members or other stakeholders with ideas to help promote or develop rural Scotland.

## OFFERING A HELPING HAND

The wellbeing of our farmers and rural workers continues to be a focus for RHASS and this year the organisation has continued its three-year commitment to fund the outreach helpline run by RSABI, the charity dedicated to the relief of hardship and poverty amongst people who have depended on the land for their livelihoods.

RHASS's grant ensures RSABI staff and volunteers can make outbound calls to those who might struggle to make that first call to the helpline and provide them with support to keep them safe until a visit or counselling services can be arranged. On occasion, this support can be lifesaving.

In addition, RHASS supports the National Rural Mental Health Forum with meeting and event space and supports their presence at the Royal Highland Show, enabling those attending the Show to drop in for support and advice – another great example of supporting the health and wellbeing of our agricultural community.



Cattle judging at the Royal Highland Show

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## RHASS CONTINUES TO CELEBRATE THOSE WHO DEDICATE THEIR LIVES TO THE AGRICULTURAL INDUSTRY IN SCOTLAND

### REWARDING DECADES OF LOYAL SERVICE

RHASS continues to celebrate those who dedicate their lives to the agricultural industry in Scotland. The Long Service awards are given to employees who have worked full-time continuously with one employer or on one site within the rural, agricultural and support service industries. Medals are awarded for service of 30 years and above and in this financial year, RHASS presented awards to 94 individuals totalling 4,210 years' service.

### PROVIDING LIFE-CHANGING LEARNING EXPERIENCES

RHASS is proud to award life-changing scholarships that unlock individual potential and broaden horizons through study and travel overseas.

Each year, RHASS funds a prestigious Nuffield scholarship for one individual who can demonstrate that they will use their learning to contribute to developing farming and agricultural industries here in Scotland.

This year, the organisation was pleased to support Penny Montgomerie, who embarked on a number of international visits, researching the leadership opportunities that exist for young people in agriculture across the globe and the levels of support available.



Alan Henderson of J&G Campbell, Oxtou, receiving his Long Service award for 49 years' service from BUAS President, His Grace, The Duke of Roxburghe



Penny Montgomerie

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## SCOTLAND'S LARDER AT THE ROYAL HIGHLAND SHOW IS THE COUNTRY'S LARGEST FOOD AND DRINK FESTIVAL

### SHOWCASING SUCCESS

The rural sector thrives on successful diversification and Scotland has many success stories whereby traditional farming is supplemented by additional finance streams. From food production to agri-tourism, diversification is helping to support family farms and create new and successful family businesses. RHASS's long-term sponsorship of the Rural Awards is an example of where we can shine a light on those forward-thinking businesses and inspire others to follow in their footsteps.

Scotland's Larder at the Royal Highland Show is the country's largest food and drink festival and the biggest celebration of Scottish provenance, regionality and seasonality. It is also where the Scottish National championships are judged to find the best Scottish bread, cheese, butter and ice-cream.

RHASS continues to support the Women in Agriculture programme and the Scottish Government taskforce through training, mentoring, advice and workshops for women who are either considering or are actively working in the sector. Supporting and encouraging diversity in agriculture is an identified focus for the Board. We are keen to ensure that everyone in rural Scotland has an opportunity to participate and enhance the sector.



Over 500- strawberry tarts are consumed at the Royal Highland Show



Scotland's Larder Live!

# FURTHERING OUR LEGACY OF INNOVATION

It is well understood that innovation enables organisations to stay relevant in a competitive market. Less considered is the important role that innovation plays in economic growth. The ability to resolve critical problems depends on new innovations and RHASS has been at the forefront of recognising and supporting such successes.

## ENCOURAGING INNOVATORS

New ideas, collaborations or inventions are the lifeblood of the agricultural industry and RHASS is committed to supporting and celebrating such initiatives through its Technical Innovation Awards. The awards are the oldest presented by RHASS, which gave its first “premium” for an implement in 1793 to a “new-invented plough of an improved construction adapted for the culture of Highland farms.”

In this financial year, RHASS awarded one Gold award, seven Silver and four Certificates of Commendations for innovations as diverse as an anti-lock braking system for ATVs, an animal feed system designed to optimise cow welfare and performance and a heat/chill system that can be used to dry grain or chill milk in the dairy parlour.

Demonstrating one of the ways RHASS and the wider sector is rising to the challenge presented by COVID-19, the Technical Innovations Awards for 2020 will go ahead, despite the cancellation of the Show, in a virtual format. We know how important these awards are to the industry and are determined to maintain that support during these difficult times.

## RECOGNISING EXPERIENCE

The Sir William Young Award is given to outstanding livestock breeders. It is considered to be a great honour to receive this prestigious accolade. Leading pedigree cattle and sheep breeder, Jim Goldie, was recognised in 2019 for his outstanding contribution to Scotland’s livestock industry over more than 50 years.



Immediate Past RHASS Chairman Jimmy Warnock with Sir William Young Award Winner, Jim Goldie



Chris Wilson, Product Support Engineer and Joe Bell, Managing Director, Gold Technical innovation winners Kverneland Group UK Ltd

## PROMOTING EXCELLENCE

RHASS signed a Memorandum of Understanding with Canadian Western Agribition during a CWA trade mission in 2019 where they attended the Royal Highland Show. The MOU outlines several collaborative efforts between the two organisations with the aim of promoting excellence in the trade of livestock breeding and beef cattle genetics, along with the free trade of the best practices, ideas and industry communication strategies.

In terms of public benefit, RHASS and the CWA are also aligned in their values of supporting public education in agriculture and the growing importance of international trade between producers and breeders.

In November 2019, RHASS's Competition Manager, David Tennant, headed out to Regina, Saskatchewan to share some of our best practice and to bring home new ideas to continue to strengthen the Royal Highland Show.

## SHARING BEST PRACTICE

RHASS recognises the importance of local agricultural shows to rural communities and the wider agricultural sector. Seven million people attend agricultural and countryside shows every year in the UK, according to the Association of Show and Agricultural Organisations (ASAO).

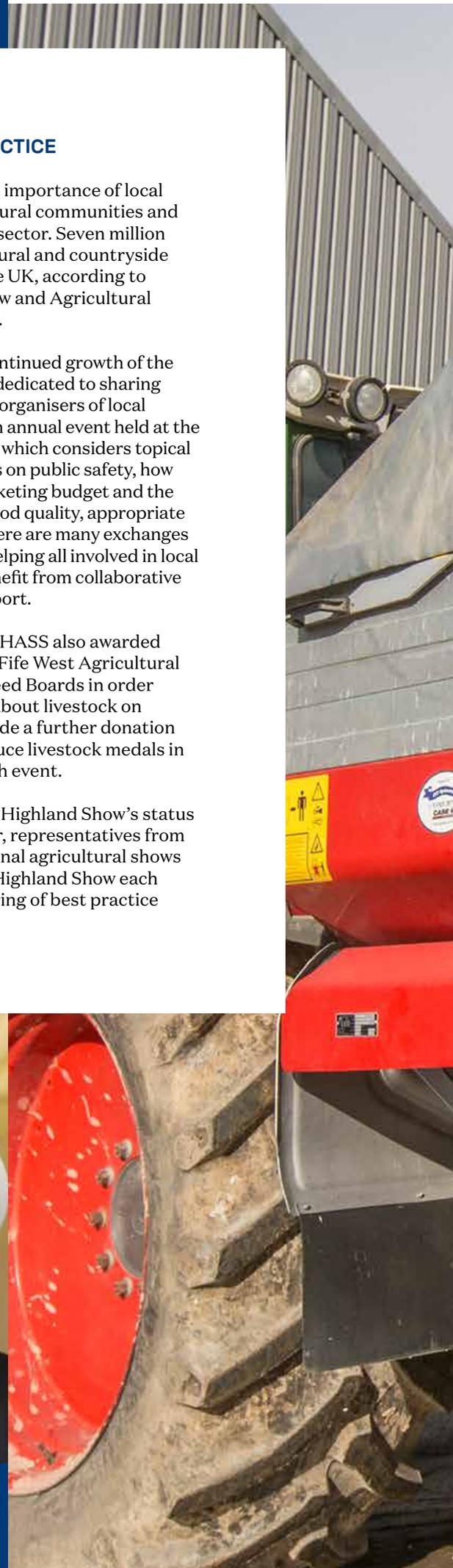
RHASS leads on the continued growth of the Scottish Show Forum, dedicated to sharing best practice amongst organisers of local shows. This includes an annual event held at the Royal Highland Centre which considers topical matters such as a focus on public safety, how to determine your marketing budget and the importance of using good quality, appropriate software packages. There are many exchanges throughout the year, helping all involved in local shows and event to benefit from collaborative thinking and peer support.

In this financial year, RHASS also awarded £600 to the Central & Fife West Agricultural Society to produce Breed Boards in order to educate the public about livestock on Scottish farms and made a further donation to Nairn Show to produce livestock medals in celebration of its 200th event.

Recognising the Royal Highland Show's status within the wider sector, representatives from a number of international agricultural shows also attend the Royal Highland Show each year, enabling the sharing of best practice internationally.



Canadian Western Agribition CEO Chris Lane and President Chris Lees at the 2019 Royal Highland Show



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## SEVEN MILLION PEOPLE ATTEND AGRICULTURAL AND COUNTRYSIDE SHOWS EVERY YEAR IN THE UK



### SETTING STANDARDS

Each year, judges from as far away as Australia are tasked with placing the country's top sheep, horses, cattle and goats at the Royal Highland Show, Scotland's premier showcase of the finest animals. To win at the Royal Highland Show is a significant accolade that enhances reputations, builds value and creates a legacy for generations to come.

Showcasing the highest standards serves to share best practice and increase standards of animal welfare and performance.



Sheep judging at the Royal Highland Show

# PRESERVING SCOTLAND'S RICH HERITAGE & CULTURE

Conservation of heritage is important, not least because it provides a sense of identity and continuity for future generations in a fast-changing world.

Scotland's rich heritage, much of it derived from rural roots, represents the history and culture of a nation. RHASS is proud to be a custodian of precious artefacts, paintings and records dating back to 1784, the year when RHASS was founded.

As well as maintaining past treasures, RHASS continues to build on its collection to reflect rural life as we live it today. From showcasing rural skills, to capturing contemporary images and film for future generations to enjoy.

## ADVANCING RURAL SKILLS

Rural skills play a vital role in maintaining Scotland's countryside and farming enterprises, from wood carving to sheep shearing and farriering, as well as handcrafts such as felting and sewing. RHASS supports the continuation of traditional skills through numerous grants and awards including working in partnership with the National Sheep Association at the Royal Highland Show and supporting two Scottish ploughing champions to attend the World Ploughing Championships in Minnesota, USA, where Andrew Mitchell from Forfar took the conventional Championship title having already been the reversible Champion six times over.





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**RHASS SUPPORTS THE CONTINUATION  
OF TRADITIONAL SKILLS THROUGH  
NUMEROUS GRANTS AND AWARDS**

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Artist Wil Freeborn's painting of the Beef Interbreed Champion 2019, Balthayock Nessie



RHASS Chief Steward of Shearing Bruce Lang and 2010 World Shearing Champion Cam Ferguson



Gaelic Learner of the Year Jenny Black



Young Beekeeper of the Year Martin Leahy

### PRESENTING SCOTLAND TO THE WORLD

Scotland prides itself on its open mindset that encourages a global outlook. RHASS is therefore delighted to have been successful in the bid to hold the World Shearing Council's Golden Shears in 2022. Announced in July at the 2019 Golden Shears World Championships in Le Dorat following a successful presentation by the RHASS project team, hosting the Golden Shears will be a great opportunity to showcase Scottish agriculture and welcome global delegates to Scotland.

### UNVEILING RURAL TREASURES

The RHASS headquarters at Ingliston House is a treasure trove of historic artefacts, from books and paintings to trophies and beautiful stained glass windows. The collection has grown over the Society's 235-year-old history and a dedicated team member oversees this important collection.

RHASS is delighted to welcome its members and members of the public to Ingliston House to browse the archives and library or to tour Ingliston House and its grounds. Historic transactions, annual records of the Society's business, can also be found on the RHASS website allowing people from all over the world to delve into Scotland's rural past.

### LINKING THE PAST AND THE PRESENT

This year's Royal Highland Show celebrated the Clydesdale Horse – the historical power behind farming – and the evolution of its use over the years up to present day. It also featured an exhibition providing a close-up of the technology that has shaped the farming industry as we know it today.

### SUPPORTING THE GAELIC LANGUAGE

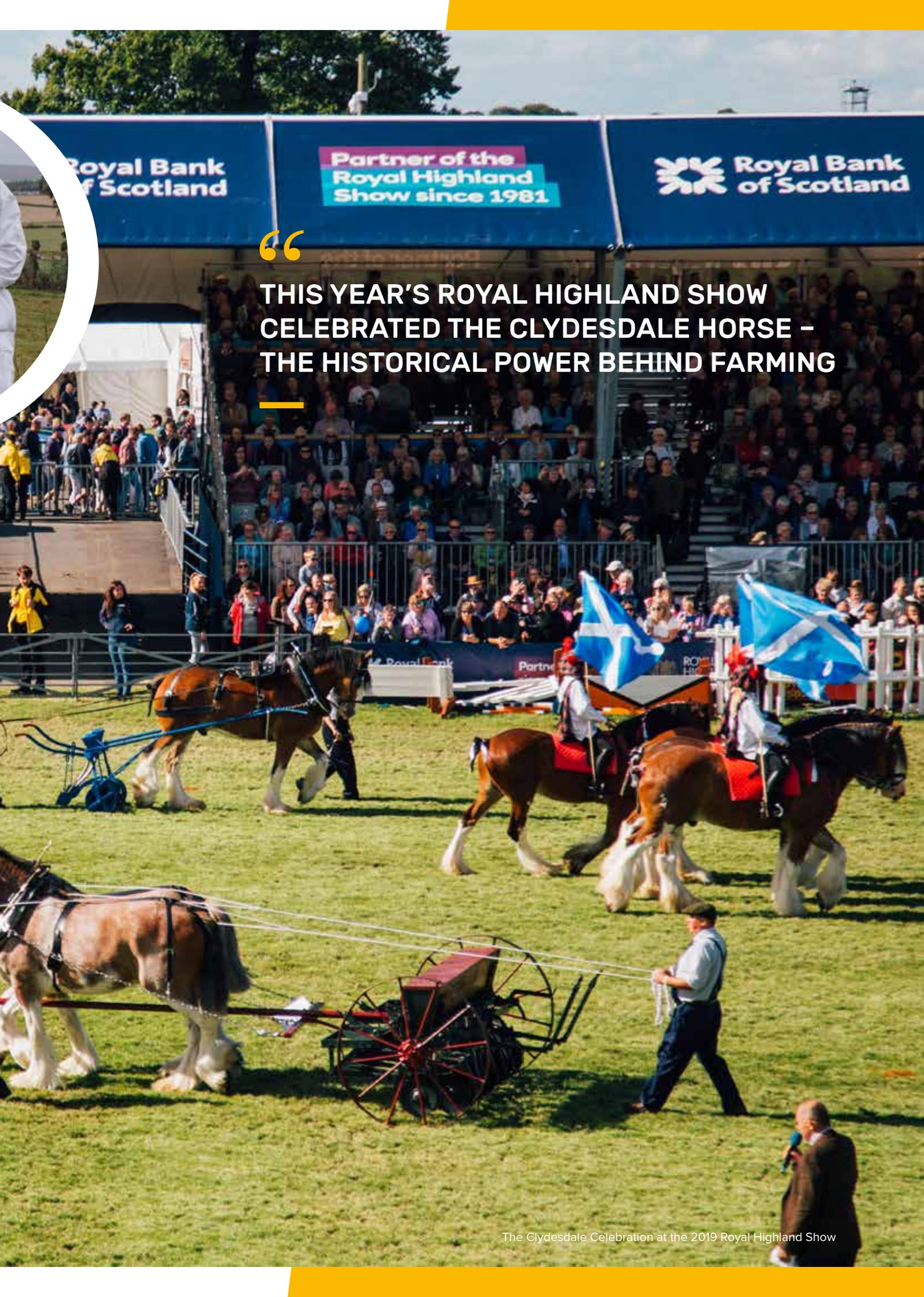
The advancement and preservation of the Gaelic language goes all the way back to RHASS's roots. 'The language, poetry and music of the Highlands' featured in the minutes of the Society's General Meeting of January 1785. RHASS is a proud sponsor of the Gaelic Learner of the Year award at the Royal National Mod, which this year was won by Jenny Black from Brechin in Angus.

### ENCOURAGING FOOD SECURITY

Beekeeping has a vital role to play in ensuring the security of our nation's food. RHASS was pleased to showcase the work of the Scottish Beekeepers' Association at this year's Royal Highland Show, promoting the plight of bees and supporting beekeepers around the country.

RHASS also supported the Scotland team to attend the International Meeting of Young Beekeepers in Slovakia with one young man, Martin Leahy, crowned the winner of the individual competition.





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**THIS YEAR'S ROYAL HIGHLAND SHOW CELEBRATED THE CLYDESDALE HORSE – THE HISTORICAL POWER BEHIND FARMING**

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# BRIDGING THE GAP BETWEEN CONSUMER AND PRODUCER

RHASS's role in promoting the work of rural Scotland is fundamental to its charitable remit. Connecting the consumer and producer through education and relationship building is key to ensuring a sustainable sector.

## NURTURING AN ENGAGED MEMBERSHIP

This year, the organisation has made significant progress in strengthening its communication with its members. A key objective is to raise awareness of the organisation's work to promote and protect the interest of rural Scotland and build trust amongst its varied stakeholders.

Alongside the membership magazine which highlights the charity's ongoing activities, this year, RHASS's directors and management team took to the road, meeting members the length and breadth of Scotland. It was an opportunity to hear about the issues impacting members in their regions and hear their suggestions as to how RHASS can better perform its charitable remit. The roadshow was well received with capacity attendance across many venues.

As part of this activity, a 'RHASS Memories' exhibition was displayed at the Royal Highland Show and at the roadshows, which revealed compelling stories about country life and detailed how RHASS and the RHS have been an integral part of our members' lives over generations. From winning awards, to meeting their life partner at the Show and purchasing Life Memberships for their children and grandchildren, RHASS plays an important role in members' lives and the organisation is proud to share these experiences.



RHASS Chairman Bill Gray, Fundraising & Partnerships Manager Jo Andrews



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**MY VERY FIRST MEMORY OF THE ROYAL HIGHLAND SHOW WAS GOING WITH MY FATHER IN 1939 WHEN I WAS JUST 7 YEARS OLD**



Willie Logan, East Lothian farmer, RHASS  
Director between 1984 and 1998

## STIMULATING ENQUIRING MINDS

RHASS is a major funder of the Royal Highland Education Trust (RHET), the charity that works with farmers, teachers, educators and businesses to provide the best possible learning experience for children aged between 3 and 18 in Scotland.

Thanks to a comprehensive network of farmer volunteers, RHET is the leading provider of fully risk-assessed farm visits throughout Scotland with the aim of bringing the working countryside and its practices to life for young people. RHET's free resources are also available to schools to help deliver the Curriculum for Excellence.

RHET was established in 1999 and is RHASS's educational charity. This year, RHASS provided funding of £252,000 to RHET, which included funding the charity's Central Team of staff, based at Ingliston House. This signifies the importance of RHET in helping RHASS to deliver its charitable remit in order to bridge the gap between producer and consumer by creating a food-literate generation.

This aim is further supported by RHASS's ongoing commitment to providing free entry to the Royal Highland Show for 30,000 school children who can experience the food journey from farm to plate through engaging workshops, hands-on sessions and farmer talks.

RHASS's long-term association with Lantra continued this year with the ongoing sponsorship of the Secondary Schools Award in recognition of exceptional standards in rural skills training. Congratulations to winners Lockerbie Academy.



Face of the 2019 Show,  
Highland Cow Skye  
of Little Rannoch

## CELEBRATING OUR SECTOR

The Royal Highland Show is, without doubt, the greatest celebration of the rural sector and an opportunity to showcase the finest in food, farming and rural life. Almost 200,000 people attend over four days to experience the best our countryside has to offer. It is where connections are made, awards are won and brands are launched. It is also where consumers form a greater appreciation and understanding of the role of farmers and producers in their day to day life. With over 30,000 children attending the RHS for free, the benefit to children and families is clear, however what is harder to quantify but cannot be underestimated is the benefit it brings to all in ensuring our next generation of consumers can make informed decisions on food, careers and active lifestyles.

Also at this year's show, Forestry and Land Scotland marked 100 years of development in Scottish forest management. Forestry has always been an integral part of the show with the Forestry Arena witnessing record-breaking attempts at the Scottish Pole Climbing and Utility Pole Climbing Championships. The Arena also hosts forestry demonstrations which give visitors a chance to gain an understanding of an industry that is often out of sight to the general public.

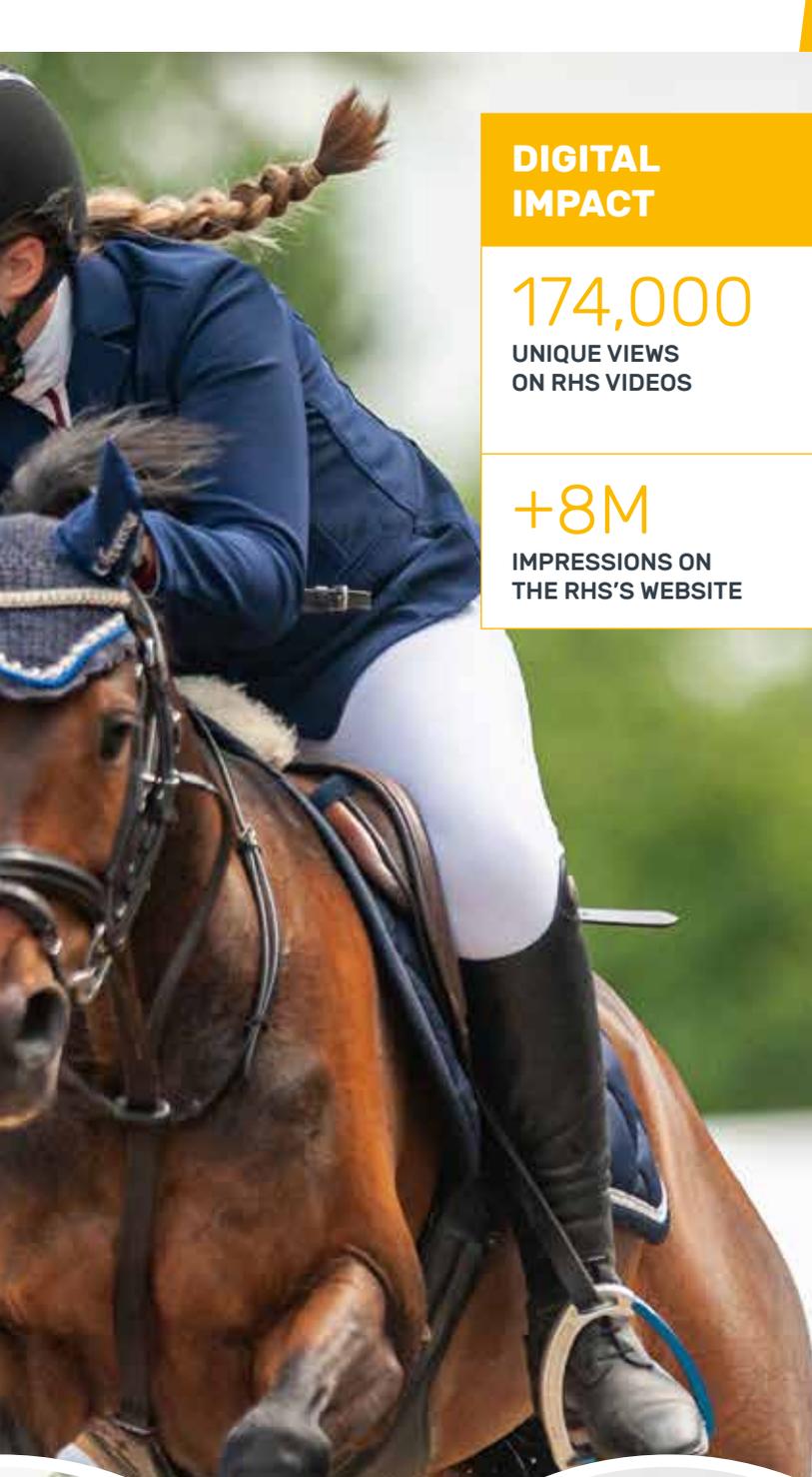
The Royal Highland Show is now established as 'must-visit' event for international visitors, with significant numbers making their way from far and wide to experience a show at the forefront of the global agricultural sector. RHASS actively encourages this exchange, which helps to reinforce Scotland's reputation in the global industry.

## COMMUNICATING WITH AND ABOUT OUR SECTOR

RHASS has a dedicated press team that works to ensure not only that RHASS's activities are widely communicated, but that every opportunity to highlight Scottish agriculture is grasped. Activities include regular press releases and briefings.

New for this year was RHASS's sponsorship of a visit by the International Federation of Agricultural Journalists to our shores, in which members of the international media experienced first-hand the quality and breath of our sector here in Scotland. Significant exposure was generated in global media as a result of the visit.





**DIGITAL  
IMPACT**

**174,000**

UNIQUE VIEWS  
ON RHS VIDEOS

**+8M**

IMPRESSIONS ON  
THE RHS'S WEBSITE

**SOCIAL MEDIA  
GROWTH**

**903,423**

SOCIAL MEDIA REACH  
20-23 JUNE 2019

Source: Social Media Insights

**+35%**

INSTAGRAM

**+13%**

FACEBOOK

**+8%**

TWITTER

**+8.7%**

AVERAGE ENGAGEMENT  
RATES ON COUNTRYFILE  
SOCIAL CHANNELS

**MEDIA  
IMPACT**

**12.7M**

COMBINED REACH  
IN PRINTED MEDIA

**120**

MINUTES OF  
BROADCAST COVERAGE

**9.4M**

BROADCAST REACH  
20-23 JUNE 2019

Source: Kantar

**232**

MEDIA ACCREDITED

**47**

PHOTOGRAPHERS  
BRIEFED & ACCREDITED

**5**

TV CREWS & SAT TRUCKS  
ATTENDED THE EVENT



## CONNECTING CITY AND COUNTRYSIDE

New for this year's Royal Highland Show was the Shindig at the Show, where over 320 dancers joined together for an eightsome reel in the Main Ring that inspired a 'pitch invasion' from members of the public wanting to take part. This powerful initiative summed up the power of the Show to connect rural and urban audiences.

## GROWING INTERNATIONAL RELATIONSHIPS

RHASS is an active member of the Royal Agricultural Society of the Commonwealth (RASC), a confederation of over fifty leading national and regional Agricultural Show Societies, Agricultural Associations and Research Bodies working in twenty Commonwealth countries.

RHASS provided Laura Ritchie from Dunfermline with a life-changing opportunity to attend the RASC Next Generation conference in the Caribbean in 2019.

## SHOWCASING THE OPPORTUNITIES TO WORK IN OUR SECTOR

Jobfarm was the Royal Highland Agricultural Society of Scotland's presidential team 2018 initiative. Its aim was to make young people aware of the wide range of careers and jobs in agriculture, food industries, science and rural businesses, coordinating work experience with a range of agricultural and rural employers within the Lothians.

The interest during the presidential year was so positive that RHASS continued funding the initiative to build on the existing work developed by the 2018 presidential team with the aim of rolling out Jobfarm to the whole of Scotland.

## SUPPORTING THE NEXT GENERATION

The charity also continued its long association with the Scottish Association of Young Farmer Clubs by providing in kind support, including tickets to attend the Royal Highland Show, supporting the Cultivating Leaders programme and by funding places for young people to attend a study tour to California. Attendee Nicky Wilson from Fife found the experience extremely valuable, "We crammed in a huge amount and saw a wide cross-section of agricultural businesses."

In July 2019, RHASS Directors approved a policy to support young people who achieve national representation relating to competitions that take place at the Royal Highland Show. One such example is Graham Babes who helped the British Young Rider Team win gold at the Young Rider European Championships in Fontainebleau, France. Graham is a regular rider at the Royal Highland Show.

RHASS also provides support in kind to the agricultural and wider rural community including providing complimentary tickets to the Royal Highland Show for long service award winners, and the SAYFC to facilitate their involvement in the Show, providing free meeting space within the Royal Highland Centre for rural organisations and through RHASS staff volunteering for RHET. The value of this is estimated to be around £114,000 in the year under review.



A RHET school farm visit



The Forestry Area at the Royal Highland Show



RASC Next Generation Conference scholar Laura Ritchie



The Shindig at the Show



Princess Anne visits  
Craigie's Farm in her role  
as Royal Patron of RHET



An international visitor at the  
Royal Highland Show

## GRANTS PAID

The following grants were paid during the year

	2019	2018
	£	£
Royal Highland Education Trust	252,466	226,569
Scottish Shearing Circuit	1,040	2,000
Lantra	458	1,000
Oxford Farming Conference - grant for delegates	2,249	1,512
SAYFC	3,500	2,700
horsescotland	5,000	5,000
Golden Shears Trophy	4,348	
Nuffield Scholarship 2017		12,000
Nuffield Scholarship 2018		12,000
Doug Avery Resilience Seminars		10,646
Glasgow Veterinary School	2,904	6,000
RHASS Presidential Initiative	10,000	10,000
RASC Next Generation	2,717	4,245
RSABI	16,000	
Moredun Institute	6,000	
Clydesdale Horse Society	6,002	
International Federation of Agricultural Journalists	4,000	
Scotland's Finest Woodlands	2,500	2,500
Rural Youth Project Innovation	2,000	
Scottish Beekeepers	1,800	
RHET Lothian event	933	
SAYFC Study Tour California		1,600
Scottish Ploughing Championships	1,500	
Showjumping European Championship support	1,000	1,000
Scottish Farriery Awards	1,000	1,000
Others - Miscellaneous	700	1,400
	<b>328,117</b>	<b>301,172</b>

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

	2019	2018
	£	£
Long Service Certificates and Ploughing Medals	9,635	10,461
Other Medals	1,984	426
	11,619	10,887
<b>Total Grants Paid</b>	<b>339,736</b>	<b>312,059</b>

## CHAIRMAN'S REPORT

# DELIVERING OUR CHARITABLE REMIT TO BENEFIT OUR INDUSTRY



There is a current trend for organisations to find their 'why', which for the layperson is finding a sense of purpose which provides a filter through which to make sound business decisions. I am thankful that RHASS has a clear and strong purpose, which is to promote and protect agriculture and the interests of rural Scotland – a purpose which has remained consistent throughout RHASS's long history. This guiding light keeps RHASS focused on delivering against its clear charitable remit.

I am therefore pleased to report that RHASS has again this year increased contributions to awards and grants and in doing so supported key initiatives within our sector. These contributions have also provided the next generations with opportunities to travel the world and experience innovative ways to drive our sector forward. Scotland has a strong track-record of supporting innovation, as demonstrated in RHASS's Technical Innovation awards, and we must continue this legacy by feeding curious minds through travel, education, leadership development and work experience.

The work RHASS undertakes to bridge the disconnect between producers and consumers continues and we take every opportunity to showcase the importance of farming to everybody's lives. One of the ways we do this is through our significant funding of the Royal Highland Education Trust (RHET), the education charity that works with farmers, teachers, educators and businesses to provide the best possible learning experience for children in Scotland.

Another way in which we champion farmers, and one of the key ways in which we fulfil our charitable remit, is the Royal Highland Show. By shining a light on the best in animal husbandry, the finest food, the vibrancy of rural life and the diversity of careers on offer in our sector, we can build stronger connections between town and country for the benefit of all.

Change is inevitable, however recent years have brought more upheavals than we would wish to encounter. The impact on some members of our farming communities has been significant with uncertainty taking its toll on our wellbeing. RHASS is very much aware of the stresses farmers feel under such pressures and are therefore proud of our continued association with RSABI which does such important work for our sector.

In my role of Chairman, I am honoured to work with such a committed team of directors and staff who have the competencies and capacity needed to place RHASS in a position of strength. The decisions taken to invest significantly in Royal Highland Centre, particularly in the new Pavilion, will see the charity on a firm footing to reap the rewards of this foresight.

Finally, members are the lifeblood of RHASS and I was pleased to have spent a month travelling Scotland to meet with the men and women who support the charity on their own patch. It was informative and rewarding, and we have taken away some key learnings which we will put in place over the next 12 months.

Since this report was prepared, we and society as a whole, have been impacted by the outbreak of COVID-19. At the time of writing, there are considerable uncertainties ahead but proactive planning and swift responses have mitigated the impact on the Society thus far and we will need to maintain our agility, proactivity and responsiveness to continue to protect RHASS and support the wider sector.

Together, we will come through this.

A handwritten signature in black ink that reads 'Bill Gray'. The signature is written in a cursive, slightly stylized font.

Bill Gray  
RHASS Chairman



Royal Highland Show  
2019  
PARTNER SINCE 1981  
Royal Bank  
of Scotland  
CHAMPION



ROYAL  
HIGHLAND &  
AGRICULTURAL  
SOCIETY OF  
SCOTLAND

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# REPORT OF THE TRUSTEES

## **The Trustees of The Royal Highland & Agricultural Society of Scotland (RHASS) present their annual report for the year ended 30 November 2019.**

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 Royal Charter, 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

RHASS, founded in 1784, is registered with the Office of the Scottish Charity Regulator (OSCR) under Scottish Charity Number SC004561. The Trustees and Officers are listed on page 32 as is RHASS's principal address and the addresses of RHASS'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 2019.

### Governing Body

The Directors are the Trustees of RHASS and are elected by RHASS's membership, as are the President and Vice Presidents, at the Annual General Meeting of Members, last held in April 2019. As a body, the Directors represent a membership of around 16,000. The criteria required for election and the rules governing the procedures for appointment of both Members and Directors are contained in RHASS'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 strategic management and governance 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 RHASS and an outline of the role, responsibilities and liabilities of Directors, and the remit of Board Committees.

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 Committee and RHASS's senior management.

A formal presentation supplements the information provided by the induction pack. During their term, Directors are also required to undertake relevant Health & Safety training and 3<sup>rd</sup> year Directors undertake a guidance and mentoring role for new Directors.

### Organisational Management

The Trustees of the Charity are legally responsible for the overall management and control of RHASS and meet at least seven times a year. The work of implementing the Board's strategy is carried out through the Executive Committee and the Board Committees, which meet regularly throughout the year.

The Executive Committee, which helps the Board of Directors properly discharge its duties with regard to the strategic oversight, direction and control of RHASS, is made up of up to eight Directors: the Chairman, Immediate Past Chairman/Chairman Designate, Honorary Secretary, Honorary Treasurer and up to four Directors (elected by the Board to serve a three-year term, renewable once on re-election) and is advised by the Chief Executive. The Executive Committee meet around eleven times per year and may appoint external specialist advisers.

On 17 March 2020, the RHASS Board decided (in the light of the current unprecedented circumstances around COVID-19 and on the basis that the Society might be required to take far-reaching decisions at short notice and it might not be practicable to convene a full Board meeting nor wait for a decision outwith a meeting) to delegate all of its powers, authorities and discretions to the Executive Committee until such time as that delegation is revoked or altered by the Board.

Since March 2020, the Executive Committee are meeting regularly as required to address immediate concerns or emerging matters and monitor operational matters.

There are seven other Board Committees, these are:

1. Development and General Purposes Committee, chaired by Neil Thomson
2. Finance Committee, chaired by the Honorary Treasurer, John Sinclair
3. Office Bearers Committee, chaired by the Chairman, Bill Gray
4. Partnerships Committee, chaired by Andrew Hornall
5. Public Relations and Education Committee, chaired by Susan Lawrie
6. Remuneration Committee, chaired by the Honorary Treasurer, John Sinclair
7. Risk Management, Health & Safety Committee, chaired by the Honorary Treasurer, John Sinclair in his capacity as Chief Steward of Public Safety

The Chair of each of these Committees reports to the Board of Directors and makes recommendations to the Board for approval.

The Board has also constituted an Audit Committee and a chair and members have been appointed with the Committee commencing work in early 2020.

### Key Management Personnel Remuneration

The Trustees consider the Board of Trustees, the Chief Executive, the Finance Manager and the Society Secretary to comprise 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.

Under the Bye-Laws and in line with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, members of the Executive Committee may be paid an allowance when on RHASS business. No other Trustee is remunerated. Details of Trustee remuneration and expenses are disclosed in note 15. Details of related party transactions are disclosed in note 31.

The pay of RHASS's Chief Executive, the Finance Manager and the Society Secretary, along with that of the wider staff team, is reviewed annually by the Remuneration Committee which makes recommendations to the Executive Committee, and normally increased with reference to average earnings, taking into account relevant benchmarks. Key Management Personnel remuneration is disclosed in note 14 to the accounts.

### Group Structure and Relationships

RHASS has a wholly owned trading subsidiary, Highland Centre Ltd. The activities of this company are consolidated into the financial statements of RHASS.

The Royal Highland Society Development Trust has also been consolidated within these financial statements as it is controlled by RHASS. RHASS administers the Trust and the Trust requires RHASS's consent to appoint new trustees.

The activities of the Royal Highland Education Trust are not consolidated on the basis that RHASS does not control the charity. RHET is an independent charity with a separate board of trustees from RHASS, of which two trustees are appointed by RHASS from a maximum of twelve (in 2018/19 there were ten Trustees in total). RHASS provides support functions such as payroll and other back office functions, but the strategic direction of RHET is controlled by the independent Trustees.

The Roy Watherston Memorial Trust has a separate board of trustees, is administered by RHASS and is not consolidated within these financial statements.

### Risk Management

The Board of Directors is responsible for ensuring that there are effective risk management and internal control systems in place to manage the major risks that could affect RHASS. Detailed consideration of such risks is delegated to the relevant Committees, assisted by the Chief Executive and his management team. Risks are identified, assessed and controls established and their effectiveness kept under review throughout the year.

The key risks identified by RHASS and their mitigations include:

- **Changes to West of Edinburgh through further development, including future expansion of Edinburgh Airport** – the Society has invested and continues to invest heavily in the Showground and site-wide infrastructure at Ingliston to ensure we can continue to attract events to the site and deliver them effectively, enabling the Society to deliver its charitable objectives. Further change to the local area is expected as the western urban fringe of the city moves towards Ingliston, presenting both opportunities and risks to the Society.
- One matter that has been identified as a potential risk for a long period of time has been any expansion of Edinburgh Airport. Whilst the Airport's current plans do not impact on RHASS's operations in the medium term, RHASS continues to monitor the situation and take steps to mitigate the risk. RHASS benefits from protection upon land situated at Norton (designated for future plans for Scotland's National Showground). RHASS is taking steps to ensure that this designation is protected and that future activity around transport, infrastructure and spacial planning, in the local development context, is monitored with RHASS able to input as required. The local development landscape is kept under review and discussed regularly by Directors.
- **Sustainability of the Royal Highland Show** – The RHASS Board has approved two key projects for the RHS, which consider long-term risk to the event and its sustainability:
  - **Transport and Travel to the Show** – RHASS benefits from great transport links as a result of RHASS's location in the West of Edinburgh close to Edinburgh airport. However, the Board is well aware of the challenges relating to capacity on the local road network and for parking. A 'Strategic Transport Project' has been implemented with the objective of influencing future travel behaviours of customers without reducing attendance figures. This project will ensure that the event can continue to meet the increasing attendance of the event without creating new and variable cost areas.
  - **Ticketing** - A 'Strategic Ticketing Plan' has been implemented with the objective of influencing customer buying behaviours and reducing the exposure of bad weather affecting ticket sales. This project will help protect future revenues from external and uncontrollable factors.
- **Directors' succession, recruitment and retention** – the Society has identified that the continued attraction, development and retention of appropriately skilled volunteers to act as trustees (known as directors within RHASS) is a key risk. Whilst this is a risk for all charities, it is of particular relevance to RHASS given its particular board structure with directors being drawn from the membership and representing all regions of Scotland. This risk is being mitigated through a series of measures, including increased training, strategic development and an increased focus on induction processes. RHASS has invested in video-conferencing technology to enable directors to attend meetings remotely, as well as amending its governance processes, at the AGM in 2018, to make more efficient use of director time and charitable resources. In the year under review, RHASS undertook a series of regional roadshows to improve engagement with its

members. One of the reasons for this was to generate interest amongst the wider membership in serving as a director. Mindful of the importance of diversity within an organisation, RHASS will be piloting unconscious bias training in the coming year.

- **Reputational risk** – the Society is a high-profile organisation both as a result of the nature and size of its membership and the type of events operated by RHASS and its trading subsidiary Highland Centre Limited. Directors have taken steps to review management processes and made appropriate investment in key risk areas that may impact on reputation, whether that be facilities, in terms of our new pavilion, or in infrastructure needed to deliver modern events. Directors and management are fully aware of and briefed on key reputation risks and, when issues arise, these are given appropriate scrutiny and mitigating actions taken.
- **Animal health during Royal Highland Show (RHS)/ human or animal disease outbreak** - A deep review of animal health processes and procedures relating to events at the Royal Highland Centre and the RHS was undertaken in 2018. Alongside the Animal and Plant Health Authority, we have had regular, high level meetings with Scottish Government and the Chief Veterinary Officer. Plans and mitigation measures are in place and are kept under review.

The advent of a black swan risk - the COVID-19 global pandemic - has resulted in the cancellation of the Royal Highland Show 2020 and the cancellation or postponement of all events scheduled for the Royal Highland Centre until Q3 2020 at the earliest. The directors are continuing to monitor the impact of Covid-19 and the latest Government guidance and communications around possible planned timeframes for the re-opening of large gatherings.

RHASS reacted quickly to the outbreak to mitigate health and safety risks to its staff, volunteers and event attendees by cancelling the 2020 Royal Highland Show, reducing the on-site staffing levels and moving other roles to working at home. The cancellation of the Show and wider events has had a significant financial impact on RHASS and its group and will continue to for the rest of the upcoming year.

RHASS has moved swiftly to discuss a package of support from its lenders, the Royal Bank of Scotland, and has taken advantage of the UK Government's Job Retention Scheme from March 2020. A programme of cost reduction to address the financial impact has also been planned and some parts of this have been implemented. More information on the financial impact on RHASS and its group is outlined in note 1 to the financial statements.

The Executive Committee and Senior Management continue to meet regularly and monitor the effectiveness of all these measures.

- **Data security/cyber risks** – In common with all organisations, RHASS faces an increased risk in terms of data, and wider cyber, security. Recognising this, the Board appointed a senior manager with lead responsibility for data privacy and security. A cybersecurity group has been set up to include key staff and our current IT and network contractor Why Settle. The group reviews key risks to the business

from a digital and physical perspective in relation to Cybersecurity and training is provided to staff and trustees. RHASS has strong technical defences in place, which are kept under regular review.

The key risk controls used by RHASS include:

- Business Risk Register reviewed on a quarterly basis to ensure identification and understanding of key risks and that appropriate and effective mitigation measures are in place.
- Comprehensive strategic planning, budgeting and management accounting.
- A framework of financial and non-financial controls.
- Governance framework including a governance calendar for meeting planning, terms of reference, reporting lines and delegated authority for decision-making. This framework is kept under review and revised as necessary to ensure it remains fit for purpose.
- Matters identified for action by Directors are maintained in a register and progress reported regularly back to the Board.
- Health and safety audits and reports.
- Training for Directors and staff in Health & Safety, Data Protection, Trustee responsibilities, fraud prevention and detection and other relevant matters.
- Appropriate types and levels of insurance.

Specific matters undertaken in the year under review include:

- **Crossing Points Working Group** – set up following an extensive debrief process of the 2019 Royal Highland Show. The group is made up of key RHASS Directors and staff as well as the crowd management contractor, Showsec. An assessment of potential risk areas relating to crowd movement and conflict were identified and discussed in detail with a number of recommendations made to Committees and the RHASS Board. Following this review, the RHASS Board approved infrastructure investment to improve safety and customer experience around the Showground. In addition to this, a number of key livestock policy decisions were recommended and approved which will see less livestock and pedestrian delay or conflict throughout the Royal Highland Show.
- **Royal Highland Show decision-making structure** – a robust Gold/Silver/Bronze decision-making structure has been set up for the Royal Highland Show, which allows for clear and transparent decision making across the event. This allows all key decisions to be thoroughly considered by all areas of the business prior to implementation as well as given a clear and transparent record of the decision making process.
- **Control environment** - reviewing controls in certain key areas to respond to areas identified for improvement.

The Trustees have considered RHASS's exposure to risks relating to the UK's departure from Europe and the potential impact on future trading relationships and the UK and Scottish political situation. Ahead of the original March 2019 deadline, senior management and Directors considered the risks to which RHASS and the wider sector was exposed and engaged with stakeholders to understand the wider landscape.

Looking ahead to the end of the transition arrangement, the Trustees do not consider the Society to be exposed to significant direct risks. The impact on the sector, and therefore potential indirect risk however, remains unquantified and the situation continues to be kept under review.

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

## Reserves Policy

RHASS has considered the risks to which it could be exposed and the reserves required, taking into account its current and future liabilities. RHASS holds unrestricted designated reserves for three purposes which are set out in note 24.

The balance on unrestricted reserves after the above designations is £20,082,461 (2018: £20,654,430), much of which relates to land and property held at Ingliston. In line with OSCR Guidance that a charity should maintain adequate reserves to ensure its ability to deliver its for review charitable objectives, this is considered sufficient to satisfy RHASS's policy of holding sufficient reserves to fund the cost of at least three months of RHASS's activities.

## Objectives and Activities

RHASS'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 RHASS's staff. Its objectives are defined in Clause 2 of the Royal Charter as follows:

- The advancement of education
- The advancement of citizenship and community development
- The advancement of heritage, culture and science
- The advancement of environmental protection and improvement
- The advancement of animal welfare

The Royal Charter sets out the ways in which the charity shall seek to act in furtherance of those objectives. These are set out below along how we achieve them and how we measure our achievements.

## Review of achievements and performance

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

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

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

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

The 179th Royal Highland Show welcomed a record-breaking 195,400 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, and those of Scottish agriculture, are represented. This includes national government roundtables on Brexit and rural affairs, a recent Beef Crisis summit, the Oxford Farming Conference, NFUS Annual General Meeting and various agricultural shows, events and conferences throughout the UK.

RHASS's Directors and management team are represented on various industry groups including the SAYFC, Royal Agricultural Society of the Commonwealth, Royal Highland Education Trust, the Council for Awards of Royal Agricultural Societies (CARAS), and many others. Furthermore, RHASS supports a number of sector organisations including RSABI, the Scottish Association of Young Farmers Clubs (SAYFC), Nuffield Farming Scholarships Trust, the Moredun Foundation and the National Rural Mental Health Forum. As well as providing direct grants and awards, RHASS also provides support in kind to the agricultural and wider rural community including providing complimentary tickets to the Royal Highland Show for long service award winners, and the SAYFC to facilitate their involvement in the Show, providing free meeting space and services within the Royal Highland Centre for rural organisations and through RHASS staff volunteering for RHET. The value of this is estimated to be around £114,000 in the year under review.

Following on from the involvement of RHASS and RHET in the Agriculture Champions working group under the guidance of Fergus Ewing, Cabinet Secretary for Rural Economy and Connectivity, RHASS and RHET continue to play a key role in a number of steering committees and advisory groups, including Women in Agriculture and the National Council of Rural Advisors, supporting recommendations to benefit rural communities, Scottish agriculture and wider related industries

### **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 71,500 young people and 8,300 adults across Scotland.

RHASS funds an annual scholarship through the Nuffield Farming Scholarships Trust, providing the scholar with the opportunity to research topics of interest in farming, food, horticulture or rural industries.

RHASS continues its support of the Gaelic language, which dates back to the early days of the Society by providing a medal and monetary award to the Gaelic Learner of the year, chosen annually by An Comunn Gàidhealach, organisers of the Royal National MoD.

RHASS 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.

RHASS and RHET collaborated to develop a programme of support from Scottish Government to ensure the work of RHET is available to all schools and children in Scotland. This project was launched at RHS 2019 with funding seeking to widen the base of support, knowledge and participation across Scotland, with particular focus on hard to reach areas, audiences and areas of deprivation. It is hoped this can be an ongoing initiative and further funding can be achieved.

### **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.**

RHASS staged its 179th Royal Highland Show (RHS) in June 2019 attracting a record-breaking 195,400 visitors. The focus of the four-day event is 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 following the 2019 show identified that 55% of visitors were non-rural and reasons for attending included that it was a great day out and a major event in the social calendar, to view livestock and machinery and to watch horse events. 94% of visitors said the Show had a great atmosphere and 86% were likely to recommend visiting 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. 30,551 children visited the 2019 event with 7,100 attending as part of organised school visits.

RHASS awarded one gold medal, six silver medals and four certificates of commendation under its Technical Innovation Award scheme in 2019. 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 “new-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**

RHASS’s headquarters, Ingliston House, is a Grade A listed building that houses various works of art, artefacts, books and historical documents relating to RHASS’s history and the history of rural Scotland, providing the historical context within which current agricultural practices sit. RHASS holds extensive records and books about Scotland’s historical 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. As part of a project funded by the Heritage Lottery Fund, records have been catalogued and scanned into a highly accessible online archive accessed via RHASS’s website. Work is ongoing to continue to make more of the records that RHASS

holds available to the public whether that be online or by welcoming members, scholars and other interested parties to Ingliston to view the collections.

RHASS 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 94 awards (2018: 108) were presented to individuals in the land-based and rural industries representing a total of 4,210 years’ service.

RHASS supports 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 £3,000 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 are presented to the RHASS Board of Directors and shared with RHASS’s Members and the wider rural community as appropriate.

During the 2018/19 year, awards of £341,744 were awarded. An additional £166,780 in prize money was presented at the Royal Highland Show.

### **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)**

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. Continuing on from a three-year, £42,000 programme of support for the RSABI Helpline, an additional grant of £48,000 for a further three years to extend the reach of RSABI’s helpline to include outreach was agreed in 2018, with the first tranche of £16,000 paid in 2018/19.

RHASS continues to host, administer and support the Scottish Shows’ Forum, enabling sharing of knowledge and best practice across the sector.

### **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 and the wider rural community, as well as facilitating discussions with industry partners on key issues impacting the industry.

RHASS is one of the key stakeholders in the Women in Agriculture (WiA) group, which was launched in Spring 2016. This initiative is a collaborative project including representatives from Scottish Association of Young Farmer Clubs (SAYFC) with which RHASS has strong ties. The group aims to recognise and develop the collective contribution of women to farming, forestry

and rural businesses all over Scotland, whilst signposting support and development opportunities. Work has continued to formalise the group and membership.

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 and the wider rural community reliant on a thriving food & drink sector, RHASS is committed to supporting the industry, which generates £15bn annually.

RHASS also sponsored and supported several industry events throughout this financial year including Scottish Rural Awards and the Horsescotland National Equestrian Awards.

## Investment Policy and Performance

The Trustees' primary objectives are to invest the assets in such a way as to maximise capital value through a combination of capital growth and income generation, subject to an acceptable level of risk. This is achieved 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 time-frame is in excess of five years.

The portfolio is currently managed with a Medium Risk strategy, whereby the investment portfolio will normally have a greater allocation to equities than fixed interest securities and cash deposits. The portfolio therefore assumes a higher volatility and capacity for loss than a portfolio that has a greater allocation to fixed interest securities than equities.

During the course of the year ended 30 November 2019, the portfolio generated a total return of +8.31%, adjusted for the reinvestment of income. The value stood at £276,077 (2018: £254,986). This compares with the MSCI WMA Balanced benchmark total return of +10.61%. The return over the 12 months to 30 November 2019 was affected by a larger US weighting in the benchmark than the portfolio. Over the year, the US equity market outperformed other constituents of the benchmark. Over the three-year period from 30 November 2016, the portfolio generated a total return of +27.35%, compared to 24.22% for the benchmark.

Following a long period of considerable uncertainty, the UK has left the EU. The political and economic outlook remains uncertain and Sterling is forecast to remain reactive to developments. Considering investment risks, around the UK's future trading relationships and given the heightened geo political risk generally, and the potential impact of COVID-19 specifically, it remains 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.

Recognising the negative impact on investments of COVID-19, the portfolio was liquidated on 17 March to minimise further losses.

## FINANCIAL REVIEW 2019

RHASS generated total income of £9 million in 2019, down from a total income of £9.60 million in 2018. The main reason for the reduction was within Income from Other Activities in 2018 we recognised £824,000 of grant income whose conditions were satisfied by the completion of capital works supported by the Moxy Hotel site. The amount recognised this year is £167,000.

Record numbers attending contributed to an increase in revenues from the Royal Highland Show, which in the financial year under review generated £4.82 million, an increase of £60,000 from 2018.

With £636,000 of subscriptions received (2018: £589,000), membership income saw a £47,000 increase from the previous year.

Trading income, being exclusively income generated by RHASS's subsidiary Highland Centre Ltd, saw a significant increase at a figure of £2.15 million (2018: £1.65 million), largely as a result of a change in strategic direction regarding recoverable costs and a consequent reduction in risk

Total revenue expenditure in the year to 30 November 2019 was £9.75 million, an increase of £768,000 from 2018, reflecting the continuation of a programme of expenditure and investment in new facilities including the members' area and continuing our significant programme of capital investment works throughout the Ingliston site and the change in strategic direction for HCL regarding recoverable costs and a consequent reduction in risk

Show-related activities (i.e. costs related to the production of the Royal Highland Show) incurred expenditure of £5 million in this financial year, broadly in line with last year.

Membership costs show a decrease of £30,000 from last year, reflecting a reappportionment of governance costs.

Expenditure on other charitable activities increased as well by £151,000. Continuing investment in maintenance of the Ingliston site continues and enhances our focus on safety for all events delivered on site.

Governance costs remained broadly static in the year at £469,000 (2018: £475,000). These costs included the cost of Directors' meetings throughout the financial year, audit and other professional fees, as well as incorporating 50% of key management salaries to reflect time spent by senior management on the governance of the charity.

Trading activity costs, which include Highland Centre Ltd payroll, letting and contracted services costs, depreciation and support costs saw an increase of £649,000 to £2.34 million reflecting the change in strategic direction for HCL regarding recoverable costs and a consequent reduction in risk.

Overall, the Consolidated Statement of Financial Activities generated a deficit of £714,000 at the operating activity level, mainly as a result in lower grant income received in relation to the Moxy hotel and partly due to an increase in costs relating to the continuing maintenance of the site.

The Society received initial donations of £28,705 through a new and ongoing programme of capital fundraising for the replacement for the MacRobert pavilion.

Below operating activity level there has been an upwards revaluation of investment property

The land leased as part of the arrangement relating to the Moxy Hotel has been classified as an investment property, and valued at a market rate at November 2019 of £4.10million, an increase of £0.20 million on the value the previous year.

Investments increased in value by 8.31% against a benchmark of 10.61%, reflecting the total return fund being underweight in US equities against the benchmark.

Fixed assets show a year-on-year increase of just over £3.3million this year mainly due to the construction of the new event space. This has been funded through funds received from the sale last year of the land on which a digital sign was located (£2.2 million), donations received (£0.45 million) and the balance (£0.65 million) being funded by a development facility provided by RHASS's bankers.

The total funds value of £20.77 million in the Consolidated Balance sheet represents a decrease of £0.5 million from the previous financial year reflecting the deficit for the year.

The directors of the Society have an established plan for reinvestment into the site at Ingliston and all the Society's property. This is designed to ensure that facilities are not only fit for purpose for RHASS's flagship event, the Royal Highland Show, but also safe and sustainable and thereby able to generate essential income from the site all year round. This investment futureproofs the organisation and ensures that the charity assets are being used to their optimum potential.

These figures demonstrate that this investment is having a positive impact and we are confident that will continue for many years to come.

Management have carefully reviewed budgets and cashflow forecasts and are confident that the organisation can meet all its liabilities as they fall due and therefore these accounts have been prepared on the going concern basis.

## Plans for future periods

RHASS is committed to being 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 Board sets the strategy of the Society and monitors progress against it. Governance policies and procedures are kept under review in order to ensure they remain fit for purpose. The Board undertakes regular strategic reviews, the last in May 2019.
2. Maximising the opportunities to be financially sustainable and secure. This will be achieved by maintaining and building on the current performance of Royal Highland Show (RHS) and reviewing opportunities for new income streams from events and

land-related income. While cost inflation is evident in some areas, the board and senior management ensure that all expenditure fits in with the Society's plans, while making long-term decisions on what is best for the organisation for now and into the future. We will continue to invest in the Royal Highland Centre to meet our goal of becoming a leading events venue in Scotland ensuring a diversity of income streams to support our charitable aims. Success will be measured by growth in income returns, greater risk diversification and increased charitable expenditure. One of the significant ways in which RHASS is seeking to meet this aim is the building of a replacement for the MacRobert pavilion in time for the 2020 RHS. The building is being developed as a hub for collaboration within the agricultural and rural community, it will provide an events space for wider use, providing additional income which RHASS can devote to its charitable activities.

The venue was on track and on budget to open in Spring 2020 with a number of events already booked. However, at the time of writing, the impact of COVID-19 has meant all planned events for 2020 have been cancelled or postponed until the second half of the year. We are developing our strategy to relaunch the venue, and the wider Royal Highland Centre site, when restrictions on gatherings are lifted.

3. Supporting and adding value to our members by developing clear member benefits, including a move to digital platforms and engagement.
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 support for the Royal Highland Education Trust and investment in grants and awards, which have seen a significant increase this year.
5. Enabling and developing our activities to fulfil our stated charitable aims including successfully delivering the class-leading Royal Highland Show and identifying opportunities to develop, widen and continue the work of the Society beyond the RHS.
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.
7. Investing in our three core areas: our infrastructure, technology and digital resources, and our people.

RHASS's long-term plan is to build surpluses to pay down debt and increase reserves to fund future charitable activity.

The global pandemic obviously impacts these objectives in the short and potentially medium term. The Directors are focused on ensuring that RHASS continues on a sustainable footing whilst continuing its support of the sector in new and innovative ways during this unprecedented time.



Bill Gray, Chairman  
28 May 2020

## 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 were in office at the end of the financial year 2019.

### President

Fiona Armstrong  
Lady MacGregor  
Lord Lieutenant of Dumfries

### Vice Presidents

Alasdair Houston MBE  
Hugh Ramsay MBE  
Percy Weatherall  
Alistair Marshall

### Chairman

William G Gray

### Immediate Past Chairman

James F Warnock MBE

### Honorary Secretary

Allan J Murray

### Honorary Treasurer

John G Sinclair

## AREA DIRECTORS

### Aberdeen

Andrew Rennie  
John D McWilliam  
Sarah Mackie  
Christo Shepherd

### Lothian

James Logan  
Jacqueline McCreery  
John G Sinclair  
Louise Elder

### Borders

Neil Thomson  
Thomas Tennant  
John Seed  
Gordon Gray

### Dumfries & Galloway

Ian Beck  
Matthew Currie  
Heather M Wildman  
Jim Hastings

### Highland

Dennis Bridgeford  
A Kenneth Sutherland  
William M Downie  
Robbie Newlands

### Perth

D Bruce Lang  
Kay J A Adam  
William F Arnot  
Fiona Roebuck

### Stirling

Gordon G Sutherland  
James C Warnock  
John Owen  
Anne Logan, BVMS

### Strathclyde

Keith Campbell  
Alexander Bankier  
Bryce Sloan  
Alexander C Wilkie

### Extraordinary Directors

Philip Benzie  
Fiona Ross  
Rob Livesey  
Elizabeth Vance  
Tom Henderson  
Val Smith  
David Lyle  
William Robb  
Kenneth Matheson  
Eric A Mutch  
Susan Lawrie  
Andrew Hornall  
William G Gray  
Ewan M Brewis  
David CS Alexander  
James G Dunlop  
James F Warnock MBE

### 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

Martin Hall  
Julian Pace

### Chaplain

Reverend Alex Cairns

### RHASS's governance year differs from its financial year and the following individuals also served during the year

### President

The Most Honourable  
Michael Andrew Foster  
Jude Kerr, Marquis of Lothian

### Vice Presidents

Jimmy McLean  
Nigel Miller  
Sir John Campbell  
Jeanna Swan

### Honorary Secretary

William L Gill OBE

### Honorary Vice President

A Keith Brooke

### Directors

(Andrew) David Buchanan  
J Thomas Lawrie  
Lorraine M Mair  
Hilary M Anderson  
William Stevenson  
Lynda Graham  
Archie John MacLean  
John Hamilton (to 24 March 2019 – deceased)  
Andrew S Reid  
John Mackie  
Robert J Maitland  
John (Ian) McKerrell  
James Muir

### Honorary Director

Sir Ian D Grant CBE DL

### Chaplain

Reverend Anna Rodwell

## MANAGEMENT TEAM

### Chief Executive

Alan Laidlaw

### Society Secretary

Marie Livingstone

### Finance Manager

Stuart Rae

### Director of Operations

Mark Currie

### Partnership & Fundraising Manager

Jo Andrews

### Royal Highland Education Trust Executive Officer

Katrina Barclay

### Commercial Director

Lorne Scott

### Address

Ingliston House  
Royal Highland Centre  
Ingliston  
Edinburgh EH28 8NB

### Registered Number:

SC004561  
www.rhass.org.uk  
0131 335 6200

## ADVISERS

### Bank

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

### Independent Auditor

Ernst & Young LLP  
Atria One,  
144 Morrison Street,  
Edinburgh EH3 8EB

### 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

Ryden  
7 Exchange Crescent  
Conference Square  
Edinburgh EH3 8AN

### Property and Rating Advisers

Avison Young  
Quayside House  
127 Fountainbridge  
Edinburgh EH3 9QG

### 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 give 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 Royal Charter (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 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:



Bill Gray  
Chairman  
28 May 2020

# INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE ROYAL HIGHLAND AND AGRICULTURAL SOCIETY OF SCOTLAND

## Opinion

We have audited the financial statements of The Royal Highland and Agricultural Society of Scotland for the year ended 30 November 2019 which comprise the consolidated and charity statement of financial activities (incorporating the income and expenditure account), consolidated and charity statement of financial position, consolidated statement of cash flows and the related notes 1 to 35, including a summary of significant accounting policies. 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 FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the group and charity's affairs as at 30 November 2019 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the Charities and Trustee Investment (Scotland) act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the group and charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which outlines that there remains a material uncertainty related to the impact of COVID-19 on the Group and Charity. As stated in Note 1, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Group or Charity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## Other information

The other information comprises the information included in the annual report set out on pages 4 to 37, other than the financial statements and our auditor's

report thereon. The trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Accounts (Scotland) regulations 2006 requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- proper accounting records have not been kept; 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.

## Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 37, the trustees are responsible for the preparation of the financial statements and for being satisfied that give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group and charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or charity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 the Act and relevant regulations made or having effect thereunder.

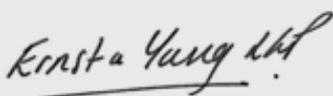
## INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE ROYAL HIGHLAND AND AGRICULTURAL SOCIETY OF SCOTLAND (CONT'D)

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

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

### Use of our report

This report is made solely to the group and charity's members, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the group and charity's trustees 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, the group and charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Ernst & Young LLP, Statutory Auditor

Edinburgh

Date: 29 May 2020

### Notes:

1. The maintenance and integrity of the group and charity website is the responsibility of the trustees; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (including consolidated income & expenditure account)

	Note	Unrestricted Funds	Restricted Funds	2019 Total	2018 Total
		£	£	£	
<b>Income From:</b>					
Donations and Legacies	2	28,705	-	28,705	425,000
Charitable Activities					
- Show related activities	3	4,822,656	-	4,822,656	4,762,353
- Memberships	3	636,003	-	636,003	588,918
- Other Activities	3	1,364,445		1,364,445	2,145,014
Trading Activities	4	2,149,398		2,149,398	1,654,450
Investment Income	5	30,834	5,581	36,415	24,508
<b>Total Income</b>		<b>9,032,041</b>	<b>5,581</b>	<b>9,037,622</b>	<b>9,600,243</b>
<b>Expenditure on:</b>					
Cost of raising Funds	6	105,801	-	105,801	66,565
Charitable Activities					
- Show related Activities	8	4,961,915	-	4,961,915	5,003,637
- Memberships	9	1,183,475	-	1,183,475	1,213,008
- Other Activities	10	1,147,804	3,820	1,151,624	1,000,590
Trading Activities	11	2,347,434	-	2,347,434	1,698,419
<b>Total Expenditure</b>		<b>9,746,429</b>	<b>3,820</b>	<b>9,750,249</b>	<b>8,982,219</b>
<b>Net (Expenditure)/Income on Operating Activities</b>		<b>(714,388)</b>	<b>1,761</b>	<b>(712,627)</b>	<b>618,024</b>
<b>Gains/Losses on investment</b>					
Realised gains on sales of fixed assets		1,000	-	1,000	2,104,774
Realised gains/(losses) on investments		2,276	-	2,276	748
Unrealised gains/(losses) on investments	20	13,628	7,035	20,663	(12,972)
Unrealised gains on investment properties	19	200,000		200,000	1,737
<b>Net (Expenditure)/Income</b>		<b>(497,484)</b>	<b>8,796</b>	<b>(488,688)</b>	<b>2,712,311</b>
Corporation Tax		-			-
<b>Net (Expenditure)/Income after tax</b>		<b>(497,484)</b>	<b>8,796</b>	<b>(488,688)</b>	<b>2,712,311</b>
Actuarial losses on Defined Benefit pension Scheme		(24,000)	-	(24,000)	(19,000)
<b>Net movement in funds</b>		<b>(521,484)</b>	<b>8,796</b>	<b>(512,688)</b>	<b>2,693,311</b>
<b>Reconciliation of Funds</b>					
Total Funds Brought Forward		21,152,775	125,424	21,278,199	18,584,888
<b>Total Funds Carried Forward</b>		<b>20,631,291</b>	<b>134,220</b>	<b>20,765,511</b>	<b>21,278,199</b>

## CHARITY STATEMENT OF FINANCIAL ACTIVITIES (including income & expenditure account)

	Note	Unrestricted Funds	Restricted Funds	2019	2018
		£	£	£	Total £
<b>Income From:</b>					
Donations and Legacies	2	28,705	-	28,705	425,000
Charitable Activities					
- Show related activities	3	4,822,656	-	4,822,656	4,762,353
- Memberships	3	636,003	-	636,003	588,918
- Other Activities	3	2,164,445	-	2,164,445	2,973,033
Investment Income	5	23,714	5,581	29,295	17,560
<b>Total Income</b>		<b>7,675,523</b>	<b>5,581</b>	<b>7,681,104</b>	<b>8,766,864</b>
<b>Expenditure on:</b>					
Cost of raising Funds	6	105,801	-	105,801	66,565
Charitable Activities					
- Show related Activities	8	5,058,602	-	5,058,602	4,923,091
- Memberships	9	967,475	-	967,475	1,166,525
- Other Activities	10	2,248,002	3,820	2,251,822	1,955,907
<b>Total Expenditure</b>		<b>8,379,880</b>	<b>3,820</b>	<b>8,383,700</b>	<b>8,112,088</b>
Net (Expenditure)/Income and net movement in funds before Gains & Losses on Investments		<b>(704,357)</b>	<b>1,761</b>	<b>(702,596)</b>	<b>654,776</b>
<b>Gains/Losses on investments</b>					
Realised gains on sale of fixed assets		1,000	-	1,000	2,104,774
Unrealised (gains)/losses on investments	20	-	7,035	7,035	(7,971)
Unrealised gains on investment properties	19	200,000	-	200,000	1,737
<b>Net (Expenditure)/Income</b>		<b>(503,357)</b>	<b>8,796</b>	<b>(494,561)</b>	<b>2,753,316</b>
Actuarial losses on Defined Benefit pension Scheme	33	(24,000)	-	(24,000)	(19,000)
<b>Net movement in funds</b>		<b>(527,357)</b>	<b>8,796</b>	<b>(518,561)</b>	<b>2,734,316</b>
<b>Reconciliation of Funds</b>					
Total Funds Brought Forward		20,764,674	125,424	20,890,098	18,155,782
<b>Total Funds Carried Forward</b>		<b>20,237,317</b>	<b>134,220</b>	<b>20,371,537</b>	<b>20,890,098</b>

## Consolidated Balance Sheet

	Notes	2019	2018
<b>Fixed Assets</b>			
Tangible Assets	18	23,063,255	19,954,643
Investment Properties	19	4,100,000	3,900,000
Investments	20	608,160	580,034
		27,771,415	24,434,677
<b>Current Assets</b>			
Stock		8,100	5,100
Debtors	21	1,103,845	757,899
Cash at Bank and in Hand		360,505	2,881,476
		1,472,450	3,644,475
Creditors: Amounts falling due within one year	22	3,034,761	1,985,182
<b>Net Current (Liabilities)/Assets</b>		<b>(1,562,311)</b>	<b>1,659,293</b>
<b>Long Term Liabilities</b>			
Bank Loan	23	5,443,593	4,815,771
<b>Total Net Assets before Pension Asset</b>		<b>20,765,511</b>	<b>21,278,199</b>
<b>Pension Scheme Asset</b>	<b>33</b>	<b>-</b>	<b>-</b>
<b>Net Assets</b>		<b>20,765,511</b>	<b>21,278,199</b>
Represented by:			
Unrestricted - capital fund	24	20,082,461	20,632,650
Unrestricted - designated funds	24	548,830	520,125
Restricted funds	25	134,220	125,424
<b>Total Funds</b>		<b>20,765,511</b>	<b>21,278,199</b>

APPROVED ON BEHALF OF THE DIRECTORS:



William G Gray  
Chairman



John G Sinclair  
Honorary Treasurer

28 May 2020

## Charity Balance Sheet

	Notes	2019	2018
<b>Fixed Assets</b>			
Tangible Assets	18	23,044,429	19,921,877
Investment Properties	19	4,100,000	3,900,000
Investments	20	332,183	325,148
		27,476,612	24,147,025
<b>Current Assets</b>			
Stock		8,100	5,100
Debtors	21	871,919	459,821
Cash at Bank and in Hand		24,649	2,772,017
		904,668	3,236,938
Creditors: Amounts falling due within one year	22	2,566,150	1,678,094
<b>Net Current (Liabilities)/Assets</b>		(1,661,482)	1,558,844
<b>Long Term Liabilities</b>			
Bank Loan	23	5,443,593	4,815,771
<b>Total Net Assets before Pension Asset</b>		<b>20,371,537</b>	<b>20,890,098</b>
<b>Pension Scheme Asset</b>	<b>33</b>	-	-
<b>Net Assets</b>		<b>20,371,537</b>	<b>20,890,098</b>
Represented by:			
Unrestricted - capital fund	24	19,778,487	20,334,549
Unrestricted - designated funds	24	458,830	430,125
Restricted funds	25	134,220	125,424
<b>Total Funds</b>		<b>20,371,537</b>	<b>20,890,098</b>

APPROVED ON BEHALF OF THE DIRECTORS:



William G Gray  
Chairman



John G Sinclair  
Honorary Treasurer

28 May 2020

## THE ROYAL HIGHLAND AND AGRICULTURAL SOCIETY OF SCOTLAND

### Consolidated Statement of Cash Flows for the year ended 30 November 2019

	Notes	2019 £	2018 £
<b>Net Cash inflow from operating activities</b>	26	822,645	335,962
<b>Cash flows from investing activities</b>			
Interest and dividends received		36,415	24,508
Payments to acquire tangible fixed assets		(4,153,436)	(4,581,221)
Sale of tangible fixed assets		2,000	2,158,787
Payments to acquire investments		(99,815)	(10,040)
Movement of cash within investments		21,255	(16,354)
- Sale of investments		73,373	21,300
Rent received from investment properties		139,079	-
<b>Net cash used by investing activities</b>		(3,981,129)	(2,403,020)
<b>Cash flows from financing activities</b>			
Borrowings from bank loans		1,011,559	3,000,000
Repayments of borrowings		(240,549)	(84,229)
Interest paid		(133,497)	(77,404)
<b>Net cash from/(used by) financing activities</b>		637,513	2,838,367
<b>(Decrease)/increase in cash and cash equivalents</b>		(2,520,971)	771,309
Cash and cash equivalents at 1 December 2018		2,881,476	2,110,167
Cash and cash equivalents at 30 November 2019		360,505	2,881,476

# ROYAL HIGHLAND AGRICULTURAL SOCIETY OF SCOTLAND

## 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 (FRS 102) 2015 issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The Charities SORP (FRS102)(2019) is applicable for accounting periods commencing on or after 1 January 2019 and contains several changes which will impact the Financial Statements, in particular the requirement to include investment properties at fair value rather than historical cost.

The Royal Highland and Agricultural Society of Scotland (the Society) constitutes a public benefit entity as defined by FRS 102.

The financial statements have been prepared on a going concern basis. The impact of Covid-19 after the 30 November 2019 balance sheet date has had a significant impact on the financial plans of the Society. In particular, the financial impact of cancelling the 2020 Royal Highland Show and other planned events for 2020, as well as longer term uncertainty around the future of mass gatherings in the country, has had a significant impact on the Society's forecast cash flow through to the period up to 12 months from this reporting date.

RHASS has sought to address the financial challenges through the following measures:

The Directors are of the opinion that, based on discussions to date, it is reasonable to expect the continued support of its lender so that in the event of continuing decrease in activity and revenues it would be given sufficient time to restructure its operations to ensure it could operate and meet its liabilities as they fall due. RHASS received a letter on 27 March 2020 from its Relationship Director at RBS to confirm that the bank has Credit approval to:

- Increase facilities by £2.5 million to allow the Society additional working capital support for 12 months;

- A capital moratorium on loan repayments for the next 12 months from June 2020; and
- Defer the next scheduled Debt Service Covenant test as at 30 November 2020. The next test will therefore be against the 30 November 2021 financial statements.

RBS has also communicated that the second covenant around loan to value remains within the agreement, but they have no plans to measure this covenant at 30 November 2020. The financial support outlined above is expected to be concluded by the end of June 2020. Should this new financing arrangement not be concluded for any reason, the Society continues to have funding for planned operations through its existing facilities until the end of June 2020.

The Society has taken advantage of the government CJRS scheme from March 2020. Should this scheme be withdrawn at any point consideration would have to be given to staff restructuring. All guidance available to date is subject to scrutiny by RHASS's HR Manager and Society Secretary and advice taken on implementation from the Society's advisors.

The Society continues to engage with its tenants around existing rental agreements, and a review of the mid-term economic position is being undertaken. Financial forecasts have been updated on a prudent basis, including possible mitigations of reduced income through savings on discretionary expenditure.

Should the financial position continue to prove challenging after all the actions outlined above, the directors will seek additional funds through the sale of assets, predominantly through parts of the Charity's estate, which the directors are confident would obtain sufficient value to maintain its operations without compromising the ability of the charity to function.

The Directors therefore believe that the financial outlook through to at least one year from the approval of these financial statements is manageable within the proposed package of support from its lenders, and by continuing to take cost reduction measures within the group, outlined above. Accordingly, but recognising the uncertainty around the developing and volatile situation surrounding the impact of COVID-19, these financial statements are prepared on a going concern basis.

However, there is a material uncertainty that casts significant doubt upon the Charity's ability to continue as a going concern and, therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. This material uncertainty is in relation to the finalisation of the formal package of support with RBS, outlined above, which provides additional financing up to £2.5 million and waives loan covenant requirements for the Charity on its existing financing for the 30 November 2020 assessment date.

## 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 and the Roy Watherston Memorial Trust are not consolidated in these financial statements as they are independent trusts and not under the control of the Society.

## c. 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.

## d. Income recognition

Incoming resources represent the total income receivable during the year comprising members subscriptions, rents 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 recognised in income on a systematic basis over the expected useful life of the asset. Capital grants are treated as deferred income until such point as construction of the relevant asset is complete as this is considered the primary condition of the grant. Once this condition is met, the grant is then recognised in its entirety.

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.

## e. 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.

## f. Taxation

The Society is exempt from corporation tax on its charitable activities. The taxation charge comprises current tax recognised in the trading subsidiary.

## g. Fixed assets

### i. Tangible 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 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.

## ii. Investment properties

Investment properties are carried at market value as estimated by a qualified independent valuer. These properties are not depreciated but are revalued annually with the gain or loss being recognised in the Statement of Financial Activities.

## h. 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.

## i. 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.

## j. Stocks

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

## k. 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. The income is released over the period over which the economic benefits are expected to materialise. For long-term memberships this is expected to be five years.

## l. 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.

## m. 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 Ingliston 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.

## n. 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 FRS 102 with any annually calculated deficit on the funding of the scheme shown in the financial statements as 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.

### 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 FRS 102. 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 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 group's pensions commitments which are described in Note 33. With the exception of the above, there are no estimates applied in the preparation of these statements.



		Group		Charity	
<b>6</b>	<b>Expenditure on Raising Funds</b>	<b>2019 £</b>	<b>2018 £</b>	<b>2019 £</b>	<b>2018 £</b>
	Development Costs	16,000		16,000	
	Depreciation	11,024	12,948	11,024	12,948
	Support and Governance Costs	78,777	53,617	78,777	53,617
		105,801	66,565	105,801	66,565
<b>7</b>	<b>Analysis of expenditure on charitable activities - Group</b>	<b>Direct</b>	<b>Support &amp; Governance</b>	<b>2019 Total</b>	<b>2018 Total</b>
	<b>Charitable Expenditure</b>				
	Show-related activities	3,741,846	1,220,069	4,961,915	5,003,637
	Membership	396,578	786,897	1,183,475	1,213,008
	Other Activities	617,871	529,933	1,147,804	999,610
		4,756,295	2,536,899	7,293,194	7,216,255
	<b>Analysis of expenditure on charitable activities - Charity</b>	<b>Direct</b>	<b>Support &amp; Governance</b>	<b>2019 Total</b>	<b>2018 Total</b>
	<b>Charitable Expenditure</b>				
	Show-related activities	3,741,846	1,316,756	5,058,602	5,003,637
	Membership	396,578	570,897	967,475	1,213,008
	Other Activities	936,682	1,311,320	2,248,002	1,955,907
		5,075,106	3,198,973	8,274,079	8,172,552
		Group		Charity	
<b>8</b>	<b>Expenditure on Show related activities</b>	<b>2019 £</b>	<b>2018 £</b>	<b>2019 £</b>	<b>2018 £</b>
	Showyard Preparation - Materials & Contractors	639,296	570,382	639,296	570,382
	Showyard Preparation - Hire of Equipment	773,320	895,845	773,320	895,845
	Forage and Bedding	20,632	25,060	20,632	25,060
	Remuneration and expenses of Show staff	338,770	457,726	338,770	457,726
	Hotel and travelling expenses of Show staff	134,737	135,855	134,737	135,855
	Music and Special events	132,694	193,591	132,694	193,591
	Police and Ambulance services	478,202	238,972	478,202	238,972
	Advertising and promotion	291,316	288,157	291,316	288,157
	Other Expenditure	15,660	19,671	15,660	19,671
	Payroll and related Costs	225,816	371,195	225,816	371,195
	Prizes & Awards	207,056	230,679	207,056	230,679
	Depreciation	484,347	451,154	484,347	451,154
	Support and governance costs	1,220,069	1,125,350	1,316,756	1,044,804
		<b>4,961,915</b>	<b>5,003,637</b>	<b>5,058,602</b>	<b>4,923,091</b>
		Group		Charity	
<b>9</b>	<b>Expenditure on Membership</b>	<b>2019 £</b>	<b>2018 £</b>	<b>2019 £</b>	<b>2018 £</b>
	Development Costs		-		-
	Prizes & Awards	349,544	312,899	349,544	312,899
	Depreciation	47,034	44,827	47,034	44,827
	Support & Governance costs	786,897	855,282	570,897	808,799
		1,183,475	1,213,008	967,475	1,166,525

10	Expenditure on other charitable Activities	Group		Charity	
		2019 £	2018 £	2019 £	2018 £
<b>Unrestricted Funds</b>					
	Payroll and related Costs	448,203	425,559	448,203	425,559
	Depreciation	169,668	153,908	169,668	153,908
	Costs relating to Subsidiary	-	-	318,811	298,680
	Support and Governance Costs (see notes 12 and 13)	529,933	420,143	1,311,320	1,076,780
		1,147,804	999,610	2,248,002	1,954,927
<b>Restricted Funds</b>					
	Awards from Special Funds	3,820	980	3,820	980
		1,151,624	1,000,590	2,251,822	1,955,907

11	Expenditure on Trading activities	Group		Charity	
		2019 £	2018 £	2019 £	2018 £
	Payroll and related costs	357,679	314,735	-	-
	Letting & contracting costs	921,073	381,884	-	-
	Development costs	-	-	-	-
	Depreciation	332,751	316,692	-	-
	Support costs	735,931	685,108	-	-
		<b>2,347,434</b>	<b>1,698,419</b>	-	-

12	Expenditure on Governance	Group		Charity	
		2019 £	2018 £	2019 £	2018 £
	Cost of AGM & other meetings	214,886	215,519	212,623	209,029
	Audit Fees	62,395	86,654	61,790	78,054
	Professional Fees	23,230	18,602	13,230	18,115
	Key management Salaries	168,132	154,762	168,132	154,762
		468,643	475,537	455,775	459,960

The auditor remuneration is outlined in further detail in note 16 to the financial statements.

13	Support Costs and analysis of expenditure by activity	Group		Charity	
		2019 £	2018 £	2019 £	2018 £
	Society Payroll	752,323	612,834	752,323	612,834
	Professional fees	144,198	248,008	144,198	248,008
	Estate Costs	966,266	819,345	966,266	819,345
	Vehicle Costs	14,360	19,262	15,310	18,048
	Rates	76,887	75,481	76,887	75,481
	Insurance	210,759	170,287	210,759	170,287
	Advertising and publicity	207,532	154,363	173,813	121,640
	Printing, stationery and communications	107,581	82,747	108,771	80,626
	Financial Charges	111,980	83,350	108,181	78,994
	Interest Charges on Loan	133,497	93,396	133,497	93,396
	Other Costs	157,581	304,890	131,970	205,381
	Governance Costs	468,643	475,537	455,775	459,960
		3,351,607	3,139,500	3,277,750	2,984,000

	Group		Charity	
	2019 £	2018 £	2019 £	2018 £
Support Costs have been allocated as follows:				
Cost of Raising Funds	78,777	53,617	78,777	53,617
Show related activities	1,220,069	1,125,350	1,316,756	1,044,804
Trading Activities	735,931	685,108	-	-
Membership	786,897	855,282	570,897	808,799
Other	529,933	420,143	1,311,320	1,076,780
	3,351,607	3,139,500	3,277,750	2,984,000

14 Staff Costs	2019 £	2018 £
Wages & Salaries Group Costs	1,575,511	1,526,862
Social Security Costs	161,513	141,740
Pension Costs	215,131	210,483
	1,952,155	1,879,085

These have been allocated as follows:

Fundraising Activities	78,777	53,617
Show related activities	394,203	510,999
Trading activities	526,066	454,539
Membership	168,387	139,804
Other	616,590	565,364
Governance	168,132	154,762
	1,952,155	1,879,085

During the year the charity paid £12,500 in exit packages to individuals who left the charity under voluntary severance agreements. Where agreements were finalised in the financial year but not paid these amounts have been accrued in the financial statements in line with the accounting requirements under FRS102. All payments were approved in line with Board-delegated authority and funded through the charity's unrestricted reserves.

The monthly average number of employees during the year was 48 (2018: 45) of which 42 were permanent and 6 were temporary (2018: 40 were permanent and 5 were temporary) based on the actual headcount. The split by activity is:

	2019 No.	2018 No.
Fundraising	2	1
Show related activities	11	12
Trading Activities	11	11
Membership	5	4
Other	15	13
Governance	4	4

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

	2019 No.	2018 No.
Between £140,000 - £149,999	1	1
Between £130,000 - £139,999	-	-
Between £120,000 - £129,999	-	-
Between £100,000 - £109,999	2	-
Between £70,000 - £79,999	1	2
Between £60,000 - £69,999	-	2

The contribution towards Pension Costs for employees where salaries were above £60,000 for the year ended 30 November 2019 was £32,700 (2018: £37,600). 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, Finance Manager and Society Secretary. The total employee benefits of the Key Management personnel are £336,300 (2018: £325,800). The highest paid salary for the year was £145,000.

Of the pension costs, £139,131 relates to employer contributions to defined contribution plans and the remainder relates to costs related to the RHASS defined benefit scheme.

RHASS has utilised the UK Government's Job Retention (Furlough) Scheme and at the time of writing has furloughed 29 members of staff.

In recognition of the impact on the organisation of the COVID-19 pandemic, the Senior Management Team members have taken voluntary pay reductions to at least the end of the 2020-2021 financial year. These are progressive (impacting most significantly on those in the higher pay bands) and range from 10% to 20%. The Senior Management Team have also foregone entitlement to 2020-2021 performance-linked bonuses.

<b>15</b>	<b>Trustees' Expenses and Remuneration</b>	<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
<b>a)</b>	<b>Trustees' expenses reimbursed</b>		
	The aggregate amount of expenses incurred and reimbursed to Directors was:		
	Directors' (33 in total) expense claims for attending internal and external meetings	25,779	27,887
	Directors' (71 in total) expense claims for attending the Royal Highland Show	38,384	25,833
<b>b)</b>	<b>Trustees' Remuneration</b>		
	In addition to the expenses reimbursed above, the following Trustees were paid for consultancy services:		
	Mr WG Gray £4,250 (2018: £100), Mr WL Gill £2,450 (2018: £300) Sir ID Grant £800 (2018: £900), Mrs A Logan £Nil (2018: £1,000), Mr JAC Stewart £Nil (2018: £2,900), Mr J Pace £300 (2018: £Nil), Mr K Campbell £Nil (2018: £1,200), Mr M Hall £1,800 (2018: £600), Mr WF Arnott £1,300 (2018: £Nil), Mr AJ Murray £2,300 (2018: £1,200), Mr JG Sinclair £800 (2018: £Nil), Mr JC Warnock £400 (2018: £Nil), Mr JF Warnock £6,100 (2018: £13,000)		
	The legal authority under which these payments are made is stated within the Society Bye-Laws. Bye-Law 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.		
<b>16</b>	<b>Auditor's Remuneration</b>	<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
	Audit services	62,395	66,361
	Non Audit services	23,230	16,500
<b>17</b>	<b>Grants Paid</b>	<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
	Cash grants were paid to the following bodies during the year:		
	Royal Highland Education Trust	252,466	226,569
	Scottish Shearing Circuit Committee	1,040	2,000
	Lantra	458	1,000
	Oxford Farming Conference - grant for delegates	2,249	1,512
	SAYFC Cultivating Leaders	3,500	2,700
	Horsescotland	5,000	5,000
	Golden Shears Trophy	4,348	-
	Nuffield Scholarship 2017	-	12,000
	Nuffield Scholarship 2018	-	12,000
	Doug Avery Resilience Seminars	-	10,646
	Glasgow Veterinary School	2,904	6,000
	RHASS Presidential Initiative	10,000	10,000
	RASC Next Generation	2,717	4,245
	RSABI	16,000	-
	Moredun Institute	6,000	-
	Clydesdale Horse Society	6,002	-
	International Federation of Agricultural Journalists	4,000	-
	Scotland's Finest Woodlands	2,500	2,500
	Rural Youth Project Innovation	2,000	-
	Scottish Beekeepers	1,800	-
	RHET Lothian event	933	-
	SAYFC Study Tour California	-	1,600
	Scottish Ploughing Championships	1,500	-
	Graham Babes - European Championship support	1,000	1,000
	Scottish Farriery Awards	1,000	1,000
	Others - Miscellaneous	700	1,400
		<b>328,117</b>	<b>301,172</b>
	Expenditure on certificates and medals for long service, skills and academic achievement was as follows:		
		<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
	Long Service Certificates and Ploughing Medals	9,635	10,461
	Other Medals	1,984	426
		<b>11,619</b>	<b>10,887</b>
	<b>Total Grants Paid</b>	<b>339,736</b>	<b>312,059</b>

<b>18 Group Fixed Assets</b>	<b>Ingliston Showground</b>	<b>Ingliston Showsite</b>	<b>Assets under Construction</b>	<b>Exhibition Hall</b>	<b>Show Equipment</b>	<b>Plant</b>	<b>Office Equipment</b>	<b>Furniture, Paintings</b>	<b>Motor Vehicles</b>	<b>Total</b>
	£	£	£	£	£	£	£	£	£	£
Cost										
As at 30 November 2018	2,758,418	16,181,216	379,193	6,223,816	470,128	1,212,312	540,514	84,752	41,651	27,892,000
Additions	0	724,400	3,323,310	0	870	22,535	73,489	8,832	0	4,153,436
Disposals	0	0	-	-	-	-	-	-	-	-
As at 30 November 2019	2,758,418	16,905,616	3,702,503	6,223,816	470,998	1,234,847	614,003	93,584	41,651	32,045,436
Depreciation										
As at 1 December 2018	0	3,827,876	0	2,511,406	344,117	712,494	446,336	66,978	28,150	7,937,357
Disposals	0	0	0	0	0	-	-	-	-	-
Charge for year	0	619,701	0	139,223	30,875	182,059	62,389	6,077	4,500	1,044,824
As at 30 November 2019	0	4,447,577	0	2,650,629	374,992	894,553	508,725	73,055	32,650	8,982,181
Net Book Value										
As at 30 November 2019	2,758,418	12,458,039	3,702,503	3,573,187	96,006	340,294	105,278	20,529	9,001	23,063,255
As at 30 November 2018	2,758,418	12,353,340	379,193	3,712,410	126,011	499,818	94,178	17,774	13,501	19,954,643

<b>Charity Fixed Assets</b>	<b>Ingliston Showground</b>	<b>Ingliston Showsite</b>	<b>Assets under Construction</b>	<b>Exhibition Hall</b>	<b>Show Equipment</b>	<b>Plant</b>	<b>Office Equipment</b>	<b>Furniture, Paintings</b>	<b>Motor Vehicles</b>	<b>Total</b>
	£	£	£	£	£	£	£	£	£	£
Cost										
As at 30 November 2018	2,758,418	16,181,216	379,193	6,223,816	470,128	1,179,312	444,237	84,752	22,500	27,743,572
Additions		724,400	3,323,310		870	22,535	73,489	8,832		4,153,436
Disposals										
As at 30 November 2019	2,758,418	16,905,616	3,702,503	6,223,816	470,998	1,201,847	517,726	93,584	22,500	31,897,008
Depreciation										
As at 30 November 2018		3,827,876	-	2,511,406	344,117	681,278	381,040	66,978	9,000	7,821,695
Disposals										
Charge for year		619,701		139,223	30,875	181,463	49,045	6,077	4,500	1,030,884
As at 30 November 2019	-	4,447,577	-	2,650,629	374,992	862,741	430,085	73,055	13,500	8,852,579
Net Book Value										
As at 30 November 2019	2,758,418	12,458,039	3,702,503	3,573,187	96,006	339,106	87,641	20,529	9,000	23,044,429
As at 30 November 2018	2,758,418	12,353,340	379,193	3,712,410	126,011	498,034	63,197	17,774	13,500	19,921,877

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.

Depreciation is split out by activity on notes 6, 8, 9, 10 and 11.

Assets under construction consists largely of payments for the construction of a replacement members' facility and events space at Ingliston. Completion of the building is scheduled for March 2020 at which point the costs will be transferred to the appropriate fixed asset category.

19	Group Fixed Assets - Investment Properties	2019	2019	2018	2018
		£	£	£	£
		Group	Charity	Group	Charity
Cost					
	As at 30 November	3,900,000	3,900,000	3,700,000	3,700,000
	Additions			198,263	198,263
	Disposals	-	-	-	-
	Revaluation	200,000	200,000	1,737	1,737
	As at 30 November	4,100,000	4,100,000	3,900,000	3,900,000

Investment property was valued at £4,100,000 as at 30 November 2019 by an independent surveyor Derek Reid MRICS, an RICS qualified valuer with Avison Young. The basis of valuation was fair value, referenced to market value subject to the lease agreement in place.

20	Investments	2019	2019	2018	2018
		£	£	£	£
		Group	Charity	Group	Charity
	Listed investments	276,077	-	254,986	-
	Investments in Special Funds	117,771	117,771	110,736	110,736
	Investment in subsidiaries		100		100
	Other investments	214,312	214,312	214,312	214,312
		608,160	332,183	580,034	325,148

All investments are level 1 within the fair value hierarchy except SARDC (included in other investments) which is level 2. Following the outbreak of the COVID-19 virus the listed investments above have been sold, the details of the sale are noted below.

#### Listed investments

Listed investments are held solely by the Royal Highland Society Development Trust, a trust indirectly controlled by RHASS by virtue of appointment of trustees. 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.

	2019	2018
	£	£
<b>Investments</b>		
Market value at 1 December	229,056	244,569
Additions at cost	99,815	10,040
Disposals at current value	(71,097)	(20,552)
Unrealised (losses)/gains on investments	13,628	(5,001)
<b>Market value at 30 November excluding portfolio cash</b>	<b>271,402</b>	<b>229,056</b>
Portfolio cash held pending reinvestment	4,675	25,930
<b>Market value at 30 November including portfolio cash</b>	<b>276,077</b>	<b>254,986</b>

The portfolio of listed investments was sold on 17 March 2020, the sale proceeds amounted to a total sum of £208,327.

<b>Market Value at 30 November</b>		2019	2018
	Equities	236,924	194,256
	Securities	34,478	34,800
	<b>Market value at 30 November excluding portfolio cash</b>	<b>271,402</b>	<b>229,056</b>
	Portfolio cash held pending reinvestment	4,675	25,930
	<b>Market value at 30 November including portfolio cash</b>	<b>276,077</b>	<b>254,986</b>

### 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.

Consolidated and Charity Investments	Units	Cost	Market Value 2019 £	Market Value 2018 £
Special Funds:				
AJ Lilburn Forestry Trophy Fund				
<i>M&amp;G Charifund Income Units</i>	87	500	1,384	1,293
Consolidated Prize Fund				
<i>M&amp;G Charifund Income Units</i>	1,244	8,032	19,795	18,492
<i>2.5% Treasury Stock 2024</i>	1,500	5,047	5,446	5,476
Sir William Young Memorial Fund				
<i>National Savings Bond</i>		5,000	5,000	5,000
<i>Council for Awards of Royal Agricultural Societies (CARAS)</i>				
<i>M&amp;G Charifund Income Units</i>	4186	46,000	66,609	62,224
Trophy Maintenance Fund				
<i>M&amp;G Charifund Income Units</i>	1,228	10,240	19,537	18,251
Royal Highland Society Development Trust				
		<b>74,819</b>	<b>117,771</b>	<b>110,736</b>

### 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. Management has considered the valuation of the investment at balance sheet date and considers it to be at least equivalent to the cost at which it is held by RHASS. Therefore, there is no requirement for an impairment at the date of approval of these financial statements. The net assets of SARDC at 28 February 2019 were £1,396,464 and the profit for the year was £70,379 (2018: Profit of £70,084)

A dividend of £12,857 was received from SARDC during the year. (2018: £12,587)

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.

21 Debtors and Prepayments	2019	2019	2018	2018
	£	£	£	£
	Group	Charity	Group	Charity
Trade Debtors	480,960	152,267	417,487	135,821
Amount due from subsidiary undertaking	-	59,660	-	-
Taxes receivable from HMRC	174,164	216,004	-	-
Prepayments	307,901	303,168	339,282	324,000
Other Debtors	140,820	140,820	1,130	-
	1,103,845	871,919	757,899	459,821

22 Creditors and Accrued Charges	2019	2019	2018	2018
	£	£	£	£
	Group	Charity	Group	Charity
Trade Creditors	1,512,717	1,236,480	289,445	270,610
Accruals	420,188	377,714	615,587	542,702
Deposits	289,162	139,262	244,635	87,638
Social Security and other taxes	40,697	40,697	36,469	(21,902)
Bank loan repayments	243,188	243,188	100,000	100,000
Deferred income	508,722	508,722	675,680	675,680
Other Creditors	20,087	20,087	23,366	23,366
	3,034,761	2,566,150	1,985,182	1,678,094

Deferred income and accrued charges includes £164,647 in relation to member subscriptions (2018: £126,880) and £508,722 in relation to advance payments related to the lease of land to Moxy hotel (2018: £675,680). The member subscriptions movements relate to new memberships offset by the release of existing memberships in line with the accounting policy outlined in note 1. Moxy deferred income related to capital grant income, which was all released by the year end and up-front lease payments, which are to be released over the course of the lease.

### 23 Bank Loans

The Society has entered into loan agreements with RBS to fund infrastructure works at the Society's premises. The total facility capacity of the various loans is £8 million. At the balance sheet date £5,686,781 remains outstanding, repayable over 10 years at fixed and variable rates. Subsequent to the balance sheet date a further £1,988,441 has been borrowed under these facilities. The loans are secured over certain of the Society's assets. The loan agreements contain covenants relating to debt service ratio and loan to value ratio both of which were met at the balance sheet date..

	2019	2019	2018	2018
	£	£	£	£
	Group	Charity	Group	Charity
Due within one year	243,188	243,188	100,000	100,000
Due between one and two years	287,665	287,665	243,188	243,188
Due between two and five years	1,254,215	1,254,215	746,272	746,272
Due in more than five years	3,901,713	3,901,713	3,826,311	3,826,311
Total secured loans	5,686,781	5,686,781	4,915,771	4,915,771
Less due within one year (see note 22)	243,188	243,188	100,000	100,000
Total loans due in more than one year	5,443,593	5,443,593	4,815,771	4,815,771

The Society also has an overdraft facility of £500,000 expiring in May 2020. The interest rate is based on base rate and as at 30 November 2019 the amount drawn down was £15,000.

Subsequent to the balance sheet date the outbreak of the COVID-19 virus has adversely impacted the Society's finances. Accordingly the Society has approached its primary lender RBS for support and has received a formal offer to increase its facilities by £2,500,000 to allow the Society additional working capital support for the next twelve months. In addition the offer includes a capital moratorium on loan repayments for the next 12 months until April 2021. Refer to note 1a for more detail.

## 24 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, to be released when that purpose has been fulfilled.

	£	£
	Group	Charity
Capital Account	20,082,461	19,778,487
Designated Funds	520,125	458,830
	20,602,586	20,237,317

### Capital Account

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

	2019 £	2019 £	2018 £	2018 £
	Group	Charity	Group	Charity
As at 1 December 2018	20,632,650	20,334,549	18,358,493	18,019,387
Deficit/surplus for year	(526,189)	(532,062)	2,293,157	2,334,162
Actuarial losses	(24,000)	(24,000)	(19,000)	(19,000)
	(550,189)	(556,062)	2,274,157	2,315,162
As at 30 November 2019	20,082,461	19,778,487	20,632,650	20,334,549

Designated Funds	2019 £	2019 £	2018 £	2018 £
	Group	Charity	Group	Charity
Paintings Restoration Fund	5,125	5,125	5,125	5,125
JL Romanes Fund	425,000	425,000	425,000	425,000
Members' Facility Fund	28,705	28,705		
Stockmen's Facilities	90,000	-	90,000	-
	548,830	458,830	520,125	430,125

The movement in the year to 30 November 2019 relates to donations received of £28,705 designated to be used towards the funding of the new members' pavilion at Ingliston. 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. All of these designated funds are expected to be released in the year to 30 November 2020.

As at 30 November 2019 costs of £3,600,000 have been incurred on the new members' pavilion, this amount is included in Assets under construction in note 18.

25 Special Restricted Funds	Balance	Incoming resources	Resources expended	Gains/ (losses)	Balance
	2018				2019
AJ Lilburn Forestry Trophy Fund	1,294	71		91	1,456
Sir William Young Memorial Fund	5,912	58			5,970
Consolidated Prize Fund	25,211	1,127		1,273	27,611
Trophy Maintenance Fund	18,251	891		1,286	20,428
Council of Awards for Royal Agricultural Societies	74,756	3,434	(3,820)	4,385	78,755
	125,424	5,581	(3,820)	7,035	134,220

#### 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 livestock breeding in Scotland.

	<b>2019</b> £	<b>2018</b> £
National Savings Bond (1 March 1984)	5,000	5,000
Gold Deposit Account with the Royal Bank of Scotland	971	912
	5,971	5,912

*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 2016 to 30 June 2017. Receipts from 1 July 2017 to 30 November 2017 are carried forward for distribution the following year.

	<b>2019</b> £	<b>2018</b> £
M&G Charifund Income Units	19,537	18,251
2.5% Treasury Stock 2024	5,446	5,476
Savings Account (dividends c/f to next distribution)	235	235
	25,218	23,962

*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.

	<b>2019</b> £	<b>2018</b> £
M&G Charifund Income Units	19,537	18,251

*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.

	<b>2019</b> £	<b>2018</b> £
M&G Charifund Income Units	66,609	62,224
Cash	12,899	10,439
	79,508	72,663

**26 Reconciliation of Surplus for year to net cash inflow from operating activities**

	<b>2019</b> £	<b>2018</b> £
Net income	(712,627)	618,024
Pension fund charge less contributions made	(24,000)	(19,000)
Depreciation	1,044,824	979,524
(Gain)/loss on sales and disposals of fixed assets	(1,000)	-
Interest and dividend receivable	(36,415)	(24,508)
Loan Interest paid	133,497	93,396
(Increase)/decrease in stock	(3,000)	16,789
Stock written off	-	(17,605)
(Increase) in debtors and prepayments	(345,946)	(83,771)
Increase/(decrease) in creditors and accrued charges	1,049,579	(1,172,687)
(Decrease) in allocation of bank loans to amounts due in more than 12 months	(143,188)	-
Adjustment for prepaid rents written off on sale of property	-	(54,200)
Rent received from investment properties	(139,079)	-
	822,645	335,962

<b>27</b>	<b>Analysis of cash and cash equivalents</b>	<b>2018</b>	<b>Cash Flow</b>	<b>2019</b>
	Bank	2,868,478	(2,524,984)	343,494
	Fund bank accounts	12,595	3,536	16,131
	Cash	403	477	880
		2,881,476	(2,520,971)	360,505

<b>28</b>	<b>Analysis of net assets between funds</b>					
	Group					
		<b>Tangible Fixed Assets</b>	<b>Investments</b>	<b>Net Current Assets</b>	<b>Long Term Liabilities</b>	<b>Total</b>
	Unrestricted Funds	27,163,255	490,389	(1,578,442)	(5,443,593)	20,631,609
	Restricted Funds	-	117,771	16,131	-	133,902
	<b>Total</b>	27,163,255	608,160	(1,562,311)	(5,443,593)	20,765,511

	Charity					
		<b>Tangible Fixed Assets</b>	<b>Investments</b>	<b>Net Current Assets</b>	<b>Long Term Liabilities</b>	<b>Total</b>
	Unrestricted Funds	27,144,429	214,412	(1,677,613)	(5,443,593)	20,237,635
	Restricted Funds	-	117,771	16,131	-	133,902
	<b>Total</b>	27,144,429	332,183	(1,661,482)	(5,443,593)	20,371,537

<b>29</b>	<b>Financial Commitments</b>	<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
	The Annual Commitment under non-cancellable operating leases was as follows:		
	Operating Leases expiring:		
	Within one year		
	- Plant & Machinery	40,954	22,740
	Within two to five years		
	- Plant & Machinery	101,634	46,856
	Total commitment for the life of all leases		
	- Plant & Machinery	142,588	69,596

<b>30</b>	<b>Capital Commitments</b>	<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
	As at the 30 November 2019, the group and charity had capital commitments as follows:		
	Contracted for but not provided in the financial statements	1,670,487	Nil
	The above figure represents the balance of construction costs due as at 30 November 2019 under the contract for the new members' facility and events space, which is expected to be completed in March 2020.		

<b>31</b>	<b>Related Party Transactions</b>				
	During the year the Charity entered into transactions with the following related parties. All transactions were in the course of ordinary business for the Charity. The value of transactions, and nature of the transactions are included below. There were no outstanding balances at 30 November 2019 (2018: nil). Given the nature of RHASS's operations, the number of board members and the inter-linked sector in which it operates, it is inevitable that RHASS will enter into transactions with related parties. Those that are considered material to either entity involved in a transaction are disclosed below.				
		<b>Related Party</b>	<b>Related Directors</b>	<b>Sales to Related Party</b>	<b>Dividend Received</b>
		Scottish Agricultural & Rural Development Centre Ltd	2019 A Laidlaw, JG Sinclair	£ 18,450	£12,857
			2018 A Laidlaw, AJ Murray	£15,770	£12,857

The Charity has a 43% interest in SARDC Ltd. RHASS provides security services for SARDC. Included within sales to SARDC are fees of £3,000 (2018: £3,000) in respect of provision of Directors for the company, which are paid directly to the Charity.

There were no other related party transactions in 2019. In the prior year the following transactions were disclosed:

J. Thomas Lawrie, a Director of RHASS, is employed by the firm of James Lawrie, which provided various services to the Royal Highland Show in the year with a value of £17,162.

Alan Laidlaw, RHASS Chief Executive, was a director of the Oxford Farming Conference (OFC) until 5 January 2018. In the year, payments of £1,500 were made for conference tickets, flights and accommodation for the 2017 and 2018 conferences and a further payment of £876 was made in relation to hosting an OFC debate at the 2018 Royal Highland Show.

The Charity has taken advantage of the exemption in FRS102 not to disclose transactions with wholly owned subsidiaries.

### 32 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

### 33 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 2017 and updated to 30 November 2019 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 £695,000. The Society has agreed with trustees that it will pay three additional contributions each of £50,000, payable by 28 February 2019, 31 January 2020 and 31 January 2021, 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.

Subsequent to the balance sheet date the outbreak of the COVID-19 virus has had a significant adverse impact on global financial markets. There has been a significant drop in investment values but as the situation is still volatile it is difficult to quantify the effect on the Society's pension assets. A reduction of 5%, 10% or 15% would mean a reduction in value of £280,000, £559,000 and £839,000 respectively and a reduction of approximately 25% would equate to a reduction in value equivalent to the unrecognised surplus as at the balance sheet date. However even if the scheme moved into a net liability position there would be no immediate impact on cash flow as the payments due under the scheme are due to be made over several years.

Present value of defined benefit obligation, fair value of assets and defined benefit asset (Liability)	%	2019 £	%	2018 £	%	2017 £
Fair value of plan assets		5,594,000		5,343,000		5,613,000
Present value of defined benefit obligation		4,228,000		4,132,000		4,340,000
Surplus in plan		1,366,000		1,211,000		1,273,000
Unrecognised Surplus		1,366,000		1,211,000		1,273,000
<b>Assets</b>						
Corporate bonds	69%	3,841,000	23%	1,223,000	22%	1,229,000
Government bonds	15%	862,000	61%	3,265,000	61%	3,430,000
Cash	1%	51,000	1%	46,000	3%	149,000
Absolute return bond fund	15%	840,000	15%	809,000	14%	805,000
		5,594,000		5,343,000		5,613,000

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	2019 £	2018 £	2017 £
Defined benefit obligation at start of period	4,132,000	4,340,000	4,514,000
Expenses	78,000	83,000	80,000
Interest expense	114,000	106,000	126,000
Contributions by scheme participants	-	-	-
Actuarial losses/(gains)	414,000	(146,000)	34,000
Benefits paid and expenses	(510,000)	(251,000)	(414,000)
<b>Scheme liabilities at end of period</b>	<b>4,228,000</b>	<b>4,132,000</b>	<b>4,340,000</b>

<b>Reconciliation of Opening and Closing Balances of the Fair Value of Plan Assets</b>	<b>2019 £</b>	<b>2018 £</b>
Fair value of plan assets at start of period	5,343,000	5,613,000
Interest Income	149,000	138,000
Actuarial gains /(losses)	510,000	(259,000)
Contributions by the Society	102,000	102,000
Contribution by scheme participants	-	-
Benefits paid and expenses	(510,000)	(251,000)
<b>Fair value of plan assets at end of year</b>	<b>5,594,000</b>	<b>5,343,000</b>

The actual return on the plan assets over the period ending 30 November 2019 was £659,000 (2018: a loss of £(121,000)).

<b>Defined Benefit Costs Recognised in Profit or Loss</b>	<b>2019 £</b>	<b>2018 £</b>
Expenses	78,000	83,000
Net interest cost	-	-
Losses (gains) due to benefit changes	-	-
<b>Total expense recognised in profit and loss</b>	<b>78,000</b>	<b>83,000</b>

<b>Defined Benefit Costs Recognised in other Comprehensive Income</b>	<b>2019 £</b>	<b>2018 £</b>
Return on plan assets (excluding amounts included in net interest cost)		
Gain/(loss)	510,000	(259,000)
Gain/(loss)	(78,000)	(21,000)
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities:		
Gain/(loss)	(336,000)	167,000
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost)		
Gain/(loss)	(120,000)	94,000
Total amount recognised in statement of total recognised gains and losses		
Amount: Gain/(loss)	(24,000)	(19,000)

<b>Assumptions</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<b>% per annum</b>	<b>% per annum</b>	<b>% per annum</b>
Discount rate	1.90	2.90	2.50
Inflation (CPI)	2.20	2.60	2.40
Allowance for revaluation of deferred pensions of CPI or 5%pa, if less	2.20	2.60	2.40
Allowance for pension in payment increases of CPI or 5%pa, if less	2.10	2.50	2.30
Allowance for commutation of pension for cash at retirement	25% of Pension	25% of Pension	25% of Pension

The mortality assumptions adopted at 30th November 2018 imply the following life expectancies:

Male retiring at age 60 in 2018	25.10	25.30	25.40
Female retiring at age 60 in 2018	27.20	27.40	27.40
Male retiring at age 60 in 2038	27.00	27.20	27.40
Female retiring at age 60 in 2038	29.10	29.30	29.40

The best estimate of contributions to be paid by the Society to the scheme for the period commencing 1 December 2019 is £100,000. This is in respect of management and administration expenses.

34 Financial Assets and Liabilities	2019	2019	2018	2018
	£	£	£	£
	Group	Charity	Group	Charity
Financial assets measured at amortised cost	1,432,526	593,400	3,555,079	2,907,838
Financial liabilities measured at amortised cost	(2,485,342)	(2,016,731)	(1,273,033)	(1,024,316)
As at 30 November	(1,052,816)	(1,423,331)	2,282,046	1,883,522

Financial assets comprise debtors (excluding prepayments), cash and investments in bonds and similar debt instruments.

Financial liabilities comprise trade creditors (excluding social security and other taxes and deferred income), accruals, deposits, bank loan repayments and other creditors.

### 35 Post Balance Sheet Event

In early 2020 the existence of a new coronavirus (COVID-19) was confirmed which has since spread across a significant number of countries, leading to disruption to businesses and economic activity, including significant disruption to the activity and future plans of the Society. The Trustees have considered the impact on the financial statements for the period to 30 November 2019, and consider the emergence of COVID-19 to be a non-adjusting post balance sheet event.

The impact on the Society's activities to date have been outlined in the Strategic report, and the impact on the Directors' consideration around going concern has been outlined in detail in note 1 to the financial statements. We have also included further narrative information on the potential future impact of the valuation of various impacted assets and liabilities held by the Society in Notes 20 (Investments), Note 23 (Bank Loans) and Note 33 (Pension Scheme).



Royal Highland Show  
2019  
PARTNER SINCE 1881  
Royal Bank  
of Scotland  
SUPREME  
CHAMPION



**ROYAL  
HIGHLAND &  
AGRICULTURAL  
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