



11 June 2020

Dear

We hope this letter finds you, your families and colleagues in good health and that you are all coping well with the challenges of this strange time in all our lives.

As for so many organisations and businesses, the COVID-19 pandemic has created profoundly serious organisational and financial problems for the Society, about which the Trustees would like to inform and update you. As Trustees of a registered charity we have legal and moral responsibilities for our staff and everybody involved in so many ways with the Society, as well as ensuring that we meet the charitable objectives of the Society. Informing all stakeholders of our actions and views is part and parcel of our responsibilities as a Board, working with the Society's senior staff. We hope this letter provides all the key information you need.

#### **POSTPONEMENTS OF THE 2020 AGM**

As you know, we had to postpone the AGM from its original date in March. With continuing lockdown regulations still barring large gatherings, we were not able to hold the AGM on 10th June either. We will advise all Members as and when we have a firm date when the 2020 AGM can be held, hopefully in the usual venue.

#### **ANNUAL REPORT AND ACCOUNTS**

We have been advised by our auditors that they and we cannot formally sign off on the 2019 Accounts yet, as they must include a statement on future trading prospects, and the Society's ability to continue as a going concern. As we work through the uncertainties with which the Society is faced, we hope that we will be able to meet that legal objective without the Accounts being qualified. However, for the time being there are too many 'known unknowns' as this letter intends to clarify.

Our inability to finalise the 2019 Accounts is an issue about the future as much as about the past, so we will be making the draft 2019 Accounts (unsigned and without the usual Auditor's and Trustees' Reports) available on the website soon so that Members can see the 2019 trading results of the Society. These draft accounts will be subject to change to reflect the Trustees' and Auditor's views of post-balance sheet events, resulting in particular from the COVID-19 pandemic, its effect on current and future trading and resulting uncertainties.

#### **The Newbury & District Agricultural Society**

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The draft 2019 Accounts show a small trading deficit of about £14,500 in 2019. However, you should be aware there would have been a very substantial loss at the Society level were it not for a single very generous donation in 2019 which is most unlikely to be repeated.

Within the overall results for the Society, both the 2018 and 2019 Royal County of Berkshire Shows lost substantial six figure sums. Clearly, these continuing and growing losses generated by the Show and its activities are not sustainable, even without the further damage to the Society's finances caused by the COVID-19 pandemic.

### **OTHER FINANCIAL ISSUES**

There are two further factors which are making the Society's financial position and its future direction of travel more complex and, frankly, difficult.

- The decision in 2015/6 to proceed with the construction of the Cattle Building, despite a substantial shortfall in new capital from donations and grants, meant increased balance sheet indebtedness and a material reduction in the Society's cash reserves. In its current format, and with local authority S.106 restrictions limiting its use all year round, the Cattle Building remains a drain on the Society's finances, even in favourable trading conditions.
- Most agricultural shows (at least members of ASAO) have been finding in recent years that it is increasingly difficult to contain the costs associated with running large scale public rural events, whilst paying attendances have been at best stagnant, at worst in decline for some years. The public have ever increasing choice as to how to spend their leisure time (and budgets), and the 'retail environment' continues its rapid evolution, creating uncertainty for many traders. The outlook for 2021 and beyond is very uncertain. We continue to monitor how other similar organisations are reacting to these most uncertain times.

### **CANCELLATION OF THE 2020 SHOW**

On 20<sup>th</sup> March, as lockdown and government regulations bore down on us, we had to announce the cancellation of the 2020 Show, which we did with heavy hearts. Some other agricultural societies (and the Game Fair) provisionally delayed the dates of their shows in the hope that the pandemic would have only limited effects. Now, all of them like us have had to cancel their shows for this year. Although our speedy action limited the immediate losses associated with planning for our 2020 Show, the cancellation has had an effect on certain key long term contracts with third parties for Show services, and we are working through resolving those issues as best we can.

### **LOSS OF OTHER REVENUE STREAMS**

Almost immediately after the COVID-19 lockdown, other event organisers began cancelling their 2020 bookings of the Showground, or parts of it, for the same reasons. The Society is now in the unhappy position of only being able to retain income for 2020 from lets of the compound, which continue largely unaffected but may likely represent less than £40,000 for this year. Some event organisers have allowed us to roll their deposits over to 2021, but the Society may still be liable to repay those deposits should the restrictions, or other adverse trading circumstances, continue in force next year. To put these numbers in context, in 2019

letting the Showground other than for the Show generated £157,698 in income (£219,915 in 2018, which included a 'one off' International Scouts Jamboree).

### **RESPONSES BY THE SOCIETY**

Our responses to these unfavourable events have been swift and painful. Most of the dedicated staff have been furloughed (using the government scheme), and the others are working on reduced hours, and in some cases reduced remuneration. Where possible, cost savings have been made across other activities, whilst maintaining basic services and dealing with all enquiries. In addition, to save further costs we have decided to abandon the bi-annual printed edition of the Herald, whilst maintaining and improving the monthly electronic Herald Express. We need your help to make the most of that as you will see at the bottom of this letter.

### **LOOKING TO THE FUTURE**

The Trustees and senior management are acutely aware of the unprecedented challenges the Society now faces, both within the venue and exhibition sector and for charities in general. The Society's free cash reserves are extremely limited and will be further depleted during the rest of this year, and possibly beyond.

For those reasons, the Trustees have established two working groups from within our numbers. The first group, the **Fixed Assets Review Group**, is looking at the Society's substantial property fixed assets base in order to ascertain whether or not there are untapped opportunities for income generation, and / or whether there are opportunities to capitalise on the freehold property and buildings, or parts thereof. The second group, the **Revised Show Options Group**, is considering whether there are ways in which the Society may continue to hold annual Shows next year and beyond but on a much reduced risk profile. Options being considered include smaller, multiple 'special interest' shows, virtual events, outside sponsorship, joint ventures with other similar organisations, and the like. It will also be key to assess whether the existing Show sections are able to at least break even in their activities so that the Society has a more realistic prospect of making a profit from a show rather than continuing the unsustainable losses.

We hope this letter and the draft Annual Accounts (on the website) will help Members and other stakeholders understand these most pressing problems that the Society faces. Please be assured that as Trustees we are doing everything we can to steer the Society 'ship' through these stormy waters.

Every challenge in life, however daunting, presents opportunities, and we trust this will be true for the Society as it will be for many other charitable organisations throughout this country and internationally. We continue to need your support and encouragement to achieve this.

Tribute must be paid to our staff who have reacted positively to the difficulties we face. We are most grateful to them and to our chief executive for all their hard work and commitment in exceedingly difficult circumstances.

Finally, to make our communications more available, speedy and transparent, it would be really helpful if you would let the Society know your email address. A short email addressed to: [news@newburyshowground.co.uk](mailto:news@newburyshowground.co.uk) with your name and address on it is all we will need to improve and speed up communications, whilst materially reducing our costs. Your details will not be shared with any third parties. Please help us with this process as soon as you can.

Kind regards.

Yours sincerely,  
*(Approved but not signed)*

Alison Brown  
For and on behalf of the Trustees of the Newbury & District Agricultural Society