



Royal Agricultural Society of England

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

**Stoneleigh Park
Warwickshire
CV8 2LZ**

**<http://www.rase.org.uk>
e-mail: info@rase.org.uk**

Registered Charity No. 209961

ROYAL AGRICULTURAL SOCIETY OF ENGLAND

TRUSTEES REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

The Trustees present their report and the summary financial statements for the 12 months ended 31 December 2005 which have been prepared in accordance with the Statement of Recommended Practice for Charities (revised 2005), and the Charities Act 1993.

The 2005 statements are based upon a 12 month period, however, the 2004 comparatives are based on a 15 month period due to the change in year end.

Objectives

The Royal Agricultural Society of England (the Society) was incorporated in 1840 by Royal Charter (as amended 8 May 2003) and registered with the Charity Commission (charity number 209961).

The objects for which the Society is constituted are:

- To promote and improve the science, technology, art and practice of agriculture, forestry, horticulture, kindred activities and the husbandry of livestock (including horses) and land and to promote the application of improved methods and processes connected therewith by demonstration and other appropriate means.
- To promote agricultural and environmental education, research and development and experimental work by maintaining and conducting a learned Society and by publications, grants, and other means.
- To advance religion by the promotion of religious activities and values amongst rural communities in such ways as the Board of Trustees may from time to time determine.

The Society's Aims and Strategy

The Society aims to play a leading role in the development of both British agriculture and a vibrant rural economy through encouraging the uptake of good science, the promotion of best practice and participating in high level debate. Its strategy for achieving these aims lies predominantly in its membership services and its rural programme which includes its programme of events, the development of Stoneleigh Park as the Centre of Rural Excellence, its rural development practice, the activities of its two subsidiary charities; the Arthur Rank Centre and Farming and Countryside Education, the activities of the International and Agriculture Technology Centre and its grants programme.

Membership Services

The aim is to increase the strength of the Society through a large membership base. The 2005 objective had been to increase membership by 5% but unfortunately, the 2005 membership year ended with 7,665 members which was lower than the prior year (2004: 8,312). The reduction in membership is due in part to the ageing profile of the Society's existing membership base as well as the continuing decline in the agricultural industry. However an overriding aim for 2006 is to develop and market a clearer vision for the Society, increase services and regional activity and aim at particular sectors of the rural population, especially younger members, which should result in an improvement in membership numbers. A strategy is being put in place seeking stabilisation of membership figures in 2006 and increases after that.

The Society's awards programme continues to recognise and reward excellence in the industry. In 2005 the Society presented 44 awards, ranging from the Bledisloe Medal for Landowners to student achievement awards and Long-Service awards. In 2006, the Society aims to continue the awards programme at the same level to encourage excellence in farming.

In 2005, one of the Society's objectives was to present 8 regional events. The events are aimed at providing members with insights into practices in various agricultural related businesses. This object was achieved with attendance of 350 members. The events, which are sponsored by Grant Thornton and which are designed to show members new and innovative business practices, included visits to Broughton Hall, Chatsworth, Gatcombe, Highgrove and Wyken Hall. The events prompted excellent feedback from members and has provided a good base on which to work in 2006. The 2006 events programme will again be sponsored by Grant Thornton and includes Belvoir Castle, the Geldard family farm, Holkham Hall and Plumgarths Food Services in Cumbria. The target is to have an attendance of 350 in 2006.

ROYAL AGRICULTURAL SOCIETY OF ENGLAND

TRUSTEES REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

In addition to the annual regional events programme in 2006, in partnership with Waitrose, 9 seminars are planned for beef, sheep and dairy farmers. The aim of these is to provide farmers with a package to make them more competitive, help them better understand the marketplace, costs of production and business expansion and to ensure sustainable businesses. The impact of these seminars will be judged by feedback obtained from the attendees both at and after the events.

The Society produces a journal each year which presents a review of the industry in the previous year and includes articles on industry developments, changes in the market and in practice. The journal is available free on-line to all members or can be obtained in hard copy for a fee. According to our research, during 2005 the journal was accessed by in excess of 2,000 members. The 2006 objective is to increase this by 10%.

Agribrief – the monthly update on the agricultural industry written by Andersons, which focuses on current developments, continues to be available to members via the website. Working with Andersons, the Society is looking at how it can increase the number of members who use this service more regularly.

Rural Programme

The Society's strategy since 2002 has been to reduce its financial risk whilst continuing to develop its rural programme. Two key decisions were taken to support this. The first was to contract with a commercial partner to manage and expand the Society's programme of events and the second was to take steps to develop Stoneleigh Park as "the centre of rural excellence".

Programme of Events

In 2004, a contract was entered into with Haymarket Exhibitions Limited, professional organisers of exhibitions, the Royal Smithfield Club and the Agricultural Engineers Association, joint owners of the Royal Smithfield Show. The contract agreed that the Society's events and the Royal Smithfield Show would be licensed to a limited liability partnership, Haymarket Land Events LLP (HLELLP) which would be managed by Haymarket Exhibitions Limited. In 2005, under the new management, the Society's technical events performed very well in both financial and charitable delivery. The Town and Country Festival also saw some financial improvement. However, the Royal Show performed poorly in financial terms causing the Society to have a significantly reduced licence fee from that budgeted.

It became apparent in early 2006 that the Royal Smithfield Show planned for December was not financially viable. As a result, it has been cancelled, which will result in a significant loss to the HLELLP in 2006. This has no impact on the 2005 figures and given that the decision to cancel was taken in January 2006 it had not been taken into account in the 2006 budget which is discussed below.

The objective for 2006 and beyond is to ensure that the financial performance is improved. The management company has been tasked with stabilising the performance of the Royal Show in 2006 and building upon this in subsequent years.

The aim of the Society's Royal Show and Technical Events programme is rooted in its object to transfer and promote the latest agricultural information, technology and best practice to the nation's farmers, whilst at the same time generating a sustained and predictable income to the Society. It also helps serve the educational remit of the Society by providing the opportunity to deliver information to schools and the general public and by involving the industry in interpreting its sometimes complex messages and issues.

In 2005 a number of initiatives were planned for the Royal Show, to achieve better the objects of the Society. The initiatives and results are as follows:

The increase in the number of farmers visiting the show indicates the success in achieving the objective of increasing those able to access the information and best practice demonstrated at the show. 10,000 more farmers were recorded visiting the show than in 2004. A total of 54% of the 148,000 visitors were farmers or those engaged in a related occupation.

ROYAL AGRICULTURAL SOCIETY OF ENGLAND

TRUSTEES REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

The establishment of a new rural business feature with seminars on current topics for farmers. The objective of this feature was to provide business advice to rural businesses. This feature attracted 80 companies and organisations involved with the rural economy. Four seminars ran over the 4 days covering topics like ‘supplying a global market’ and ‘the environment – a new agricultural commodity’. Farmers had the opportunity to listen to and question high quality speakers including the EU Farm Commissioner Mariann Fischer Boel and Baroness Young of the Environment Agency. This feature was successfully established and the feedback indicates that it was very well received.

The introduction of two new features to educate and inform farmers and the general public. Two new features were run: a Dairy focus and an outdoor pig keeping feature with the British Pig Association, with the objective of providing an insight, both for the professional and the layman, into how each of two types of farming operates. Both features were successfully implemented and although no formal feedback was sought, discussions with those who attended indicated that these features were very informative.

The introduction of an educational programme at the show for schools. The objective of this programme was to increase awareness among school children of how food is produced. Over 50 schools signed up to the educational programme. 4,000 children participated over 4 days in activities including guided tours with Young Farmers and a series of ‘healthy living’ activities e.g. baking bread. Given the level of attendance this is regarded as having achieved its objective.

In 2006, the Society will focus the Royal Show again on providing the farmer audience with exhibitors from the leading companies in agriculture and a high quality programme of informative seminars and features. The attendance targets are to maintain the 2005 audience level for farmers and a slight increase in the “rurally connected” audience. Two new educational programmes are planned to communicate with even more schools (target 55 schools). The Show will also have specific environmental and beef features and each day of the event is to have a particular theme for its conference programme including climate change and young people.

The Society’s main technical event of 2005, Cereals, recorded visitor numbers of 20,802. This is an almost purely ‘trade’ event which has the objective of showcasing some of the latest advances in machinery, technology and techniques in arable farming, with 340 exhibitors representing educational bodies, institutions, consultancies and many of the leading commercial names in the industry. Demonstrations of the cutting edge of sprays and sprayers together with crop plots demonstrating the latest varieties and treatments educated and informed the farmers at the event.

In 2006, the Cereals event is joined by the British Pig & Poultry Fair in our technical events calendar providing more opportunities for transfer of technology, information and best practice in these specific sectors.

Stoneleigh Park Development

The Society’s continuing strategy is the creation of the “centre of rural excellence” at Stoneleigh Park.

On 15 February 2005, the Warwickshire District Council planning committee resolved to grant outline planning permission for the development of Stoneleigh Park. The Trustees consider that this enhances the value of the site, but no formal valuation has been undertaken as at the balance sheet date.

ROYAL AGRICULTURAL SOCIETY OF ENGLAND

TRUSTEES REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

During the period under review, £316k was invested in the project bringing the total investment in this initiative by the Society to £2million (including a contribution of £735k from Advantage West Midlands) which has all been written off.

During the year, tenders were sought from developers who were interested in developing the site with the Society. A preferred developer has been identified and a development agreement is under negotiation.

The timetable for 2006 is to have a completed development agreement by the end of the year. This is a challenging objective as there are still a number of significant hurdles to be overcome before this can be achieved.

Rural Development

The RASE believes it is vital to understand farmers' current and future information needs at a practical, grassroots level and pilot and encourage initiatives which have national application. It is therefore supporting the work of the Rural Forum for Coventry, Solihull & Warwickshire and the Warwickshire Rural Hub. It does this by providing a management and administrative function for both bodies and by providing them with a home.

Some 700 farms and rural businesses are members of the Warwickshire Rural Hub. The Hub organises a programme of informal events focusing on areas of opportunity such as bio-energy, the recycling of farm waste, rural tourism and food. Almost 800 people attended these events in 2005. In addition, the Hub also seeks to develop real projects which will provide opportunities for its members: it brought about the development of The Green Grocer Project, a local food distribution initiative delivering food and drink to consumers' homes and offices in Warwickshire, Worcestershire and South Birmingham. The project recently achieved start-up funding and will be launched in Summer 2006. Building upon this success, in 2006 the Hub intends to stimulate the development of innovative initiatives in waste recycling and bio-energy, again opening up new markets for its members. Meanwhile, with the help of the Forum's "Stimulating Rural Enterprise" Co-ordinator, £670,000 in Rural Enterprise Scheme funding has been attracted to the area by 16 farm/rural businesses during the year, a total of over £2million since the Project began.

The Society brought together similar delivery bodies from all over the country twice during the year in order to share best practice and stimulate the development of such work throughout the English regions. The Society aims to foster still stronger relationships between the bodies during 2006, starting with a meeting in Suffolk in May 2006.

Arthur Rank Centre (ARC)

The object for which ARC is constituted is to advance religion by promoting religious activities and values among rural communities.

ARC aims to provide support to the rural community with respect to community and social issues. This is achieved through three key areas of activity:

Provision of Chaplaincy service to RASE and showground

During 2005, as planned, ARC organised services for the Royal Show, including daily ecumenical communion service for exhibitors and the Show Service in the main ring on the Sunday, as well as organising services for various other industry events including the Oxford Farming Conference. ARC also provided pastoral support to members of RASE staff and others working on the showground. The goal for 2006 is to continue to provide chaplaincy at this level.

ROYAL AGRICULTURAL SOCIETY OF ENGLAND

TRUSTEES REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

Provision of specialist training and resourcing programmes

As planned, during 2005 two Rural Ministry Courses and three Multi-Parish Benefice Workshops were held. All were over subscribed and received high ratings on the participants' evaluation forms. The 2006 targets are to increase attendance at the courses and improve the already good ratings from attendees.

One of the 2005 goals was to set up the Life and Faith in Rural Communities projects. The project was set-up to provide on-line training material for rural ministry and to establish a specialist on-line book shop focusing on the rural church and rural issues. By the end of 2005, the book shop was offering 200 titles and the first module of the training material is scheduled to go on-line in 2006. The 2006 goals include growth in number of titles available and sales for the book shop and the development of further modules for the on-line training including the monitoring and evaluation of take-up and response

Initiation, facilitation and promotion of rural community development

During 2005, the objective of the community tourism project, Hidden Britain Centres, was to continue to provide support to the already established centres in Cumbria and to develop further centres. In fact, fifteen further centres were established.

The number of recipients of the Farming Information for Rural Ministry (FIRM) briefing papers grew during 2005 from approximately 200 to 444. The plans had been to double the recipients during 2005. Over 300 papers have now been produced and commercial sponsorship has been sourced to cover the costs. The goals for 2006 are to continue to increase the number of papers available and to increase access through links with additional industry websites. No specific targets have been set for 2006 as it is more important to link to the "right" websites rather than to a large number.

Farming and Countryside Education (FACE)

The activities and assets of FACE were transferred to a subsidiary charity in June 2005. Its objects are to advance the public's education (in particular the education of children of school age) in farming, food production and the countryside.

FACE aims to provide individual pupils with an opportunity to learn more about food and farming in a sustainable countryside. This is achieved through four key areas of activity:

Developing curriculum resources for schools

FACE offers a comprehensive range of curriculum resources to schools with its website acting as the first point of call. During 2005, the website was upgraded to meet the needs of those with disabilities, to make navigation easier and to offer greater interaction. The new website includes a comprehensive one-stop resource database, an innovative history section and a healthy living area. The target is to increase website usage from 70,500 hits per week in 2004 to 150,000 in 2008. On average during 2005, the site received 108,000 hits per week.

ROYAL AGRICULTURAL SOCIETY OF ENGLAND

TRUSTEES REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

Encouraging visits to the countryside

FACE chairs a food and farming group which is working with other sectors to produce an "Education Outside the Classroom Manifesto". This exciting development led by DfES aims to encourage more learning to take place in outdoor locations such as farms.

The food and farming submission presents an ambitious plan to offer all young people food and farming experiences as an entitlement. The aim of this is that some of the common issues raised by all the sectors involved will be resolved through this initiative. To date, 251 farmers out of a potential 1,500 have been trained and accredited. Future plans include the production of distance learning materials, a one-day intensive course for farmers with significant prior experience of educational visits and trialling a residential option.

Underpinning its work through monitoring and research

One of FACE's key commitments is to identify and commission research projects of value to members. The final report of "Engaging and Learning with the Outdoors" which reported on the educational value of countryside visits was published and the results disseminated via a seminar. Two further research projects that focus on the outdoor classroom have been planned for 2006, one monitoring the number of outdoor visits actually taking place and the second assessing the quality of input by Initial Teacher Training within this area. In addition in 2006, there is a plan to repeat the exercise benchmarking the perceptions of young people towards food, farming and the countryside.

Working in partnership

During 2005, FACE worked in partnership with the government, its agencies and other organisations representing all aspects of the agricultural sector. A series of six seminars for FACE partners was held to provide updates on curriculum matters, to share practical activities and offer a forum to debate issues of common interest. For example, "Access for All" gave participants the chance to learn more about adapting buildings and outdoor spaces to meet the needs of those with sensory or physical disabilities. Unique to FACE is its national and regional presence achieved through its network of education co-ordinators. Each member of the field team is based in, and has a thorough knowledge of a particular area of the country and can point to many different initiatives and individuals that can support schools. In 2005 the nine strong regional team was funded for 1.5 days per week. In 2006 the aim is to increase the number of consultants to ten working an average of 2.5 days per week.

International Agriculture Technology Centre (IATC)

The IATC is the UK Trade and Investment sector team responsible for promoting and supporting the UK agri-technology and related sciences sector in developing its international potential. Established in 2003, IATC is a partnership between UK Trade and Investment, DEFRA, Advantage West Midlands and the Royal Agricultural Society of England.

During its first two and a half years, IATC has assisted over 1,000 UK companies to do business internationally, and helped them secure over £7m worth of trade, with a further £42m still in the pipeline. Much of this business was secured as a result of the Global Partnerships Initiative, a project developed by IATC and UKTI that aims to 'showcase' some of the best of UK agri-technology to international visitors to the Royal Show. After the show in 2005, responsibility for this initiative was handed over to Haymarket Land Events.

In 2006, the key challenge for IATC will be to secure the ongoing support of the regions in order for it to continue its promotional work. The inevitable changes to its funding structure will mean changes in the way the Centre operates, and the forward strategy is being developed in consultation with the four stakeholders to deliver a dynamic and effective action plan aimed at supporting the UK agri-technology industry in an increasingly competitive international marketplace.

ROYAL AGRICULTURAL SOCIETY OF ENGLAND

TRUSTEES REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

Grants

The Society's programme of grants continued from its restricted funds. Grants are made in strict accordance with the funds' respective restrictions. This included grants from the RASE Louise Ryan Fund to 38 students requiring assistance with their agricultural studies and a grant to Rothamstead Laboratories from E H Hill's Bequest fund to assist research into the measurement of trace elements in soils and plants. The RASE Louise Ryan Fund has an advisory committee which receives and considers applications for grants before making a recommendation to the Trustees. The E H Hills Bequest Fund is very specific and applications are received directly and considered by the Trustees. Both of these funds facilitate the study of agriculture for individuals/projects which may otherwise not be able to proceed.

In 2005, the Society budgeted to make grants to the value of £33k from the Louise Ryan Fund and £5k from E H Hill's Bequest Fund. Actual grants made were £31k and £10k respectively (£5k being brought forward from 2006). The 2006 objectives are to make grants of £32k from the RASE Louise Ryan fund. No grants are planned from EH Hill's Bequest Fund due to the increased level of grant in 2005.

Subsidiaries

The Society has four subsidiary companies:

- Stoneleigh Park Limited (limited liability company, registered number 1431132) – the Society's trading subsidiary
- Arthur Rank Centre (company limited by guarantee, registered number 4917066, charity number 1104300) – the Society's pastoral arm
- Farming and Countryside Education (company limited by guarantee, registered number 5315689, charity number 1108241) – the Society's educational arm
- RASE2 Limited (limited liability company, registered number 5179647) – set up to hold the Society's investments in Haymarket Land Events LLP

The report and consolidated financial statements relate to the total activities of the Society and its subsidiaries (the Group).

Volunteers

The Society is fortunate to have many volunteers who are involved in service provision in particular to the Arthur Rank Centre and the Royal Show. It is estimated that 4,760 volunteer hours were provided during the period. If this service provision is conservatively valued at £15 per hour, the volunteer efforts amount to over £71k.

Review of financial performance

Members should take into account that the last three accounting periods have been as follows: -

Current period under review	12 months to 31 st December 2005
Immediate past period	15 months to 31 st December 2004
Penultimate past period	12 months to 30 th September 2003

Comparisons between these periods therefore are difficult to make without substantial and detailed commentary not only because of the different lengths of the periods but also because certain events fell in different periods whilst all overhead expenditure is spread more or less equally on a monthly basis.

The Trustees therefore have decided that the members are best served by being given information and figures of the Society in absolute terms focused on the year to 31st December 2005 and where appropriate commentary relative to the budget for that year rather than attempting to explain in detail the figures in relation to the 15 month period ended 31st December 2004. Commentary is also focussed on the original strategic plan and any subsequent variations to it.

ROYAL AGRICULTURAL SOCIETY OF ENGLAND

TRUSTEES REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

Revenue Account

The year under review was poor and the deficit at £855k was some £549k higher than the budgeted figure of £306k.

This was principally due to the following: -

- a. Poor financial performance of the Royal Show, £448k down on budget.
- b. Overspend on the development of £116k compared to budget of £200k
- c. Delay of a donation of a building, budgeted at £248K
- d. Impact of £249k as a result of the introduction of new accounting standard for pension schemes, FRS17

but compensated to an extent by the following:

- e. Rental income higher than budget by £54k
- f. Unbudgeted realised gains on investments of £29k
- g. Unbudgeted unrealised gains on restricted investments of £384k

	£000s
Royal Show	(448)
Site Development	(116)
Delayed Building Donation	(248)
FRS17 Pension	(249)
	(1061)
Rental Income	54
Realised Gains on Investments	29
Gains on Restricted Investments	384
Other Additional Income/savings on budget	45
	512
DIFFERENCE FROM BUDGET	(549)

However, attention is drawn to members of two accounting policies which have a significant effect on the figures both for the year under review and on future years.

1. Expenditure incurred in the Stoneleigh Park development by the Society (including grant funding from Advantage West Midlands) is written off to the Revenue Account in the year of actual expenditure. There is therefore no carrying value of this accumulated expenditure in the balance sheet. Greater detail is shown above under the Stoneleigh Park Development paragraph. In 2005, £316k has been written off.

It is expected that the development agreement with the chosen developer will be signed during the course of this year which will trigger the payment of a substantial premium to the Society at a level in line with the tender documents. Just as the expenditure to date has been written off to the Revenue Account, this premium will be credited to the Revenue Account in 2006 against which of course development expenditure incurred in the year will also be debited.

2. The second accounting principle is that both unrealised and realised gains and losses are credited or debited to the Revenue Account.

In 2005, £384k of unrealised profit has been credited to the Revenue Account but members should recognise that this amount, until actually realised, is a non cash item and therefore does not impact positively on the cash flow.

ROYAL AGRICULTURAL SOCIETY OF ENGLAND

TRUSTEES REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

Cash Flow and Balance Sheet

The cash flow should be read in conjunction with Page 17 and note 24 in the full accounts. It reflects the poor financial performance in the year where the net outgoing at £1,005k has increased from £665k in the previous period – a worsening of nearly £350k. Page 17 shows a decrease in cash of £96k, however, members should note that this is calculated after proceeds from sale of investments of £1.3m, after investment in tangible fixed assets of £435k and loan repayments of £313k.

Pension Fund

Members will be aware that under the new re-valuation rules all pension funds need re-appraisal between the formal actuarial valuations which are made on a three yearly basis. The last formal one in April 2004 showed that assets and liabilities were broadly in line. Since that date however, new valuation methodology introduced by the Government has indicated that a significant deficit is apparent. Following the next formal valuation in April 2007, it is certain that the Pension Fund Trustees will request strongly that the Society set aside further material sums annually to cater for this deficiency.

Total unrestricted funds as shown in the accounts include a notional funding deficit of £2 million (2004: £1.8 million) calculated under FRS17 in respect of the Charity's defined benefit pension scheme. The Trustees believe that this notional funding calculation, which can vary considerably between surplus and deficit according to the assumptions made at each year end, has no material effect on the Charity's cashflows in the short term, and that in the longer term its effects are sustainable out of future income. Hence, we consider that it should be disregarded for reserves policy purposes.

In addition, members attention is drawn to the fact that there is an increasing number of pensioners and soon to be pensioners and a smaller decreasing number in the active workforce to contribute to the fund.

Pension Fund Year Ended	31 December 2003	31 December 2004	31 December 2005
Pensioners	61	67	72
Deferred Pensioners	82	89	88
Active Members	61	37	31

Fund raising

During the reporting period the Group had contracts with two professional fund raisers. In 2005, they raised £90k of funds at a cost of £13k. This is a cost of 14p for every pound raised and the Trustees are satisfied that this is a good return. However, reviews of fundraising performance are carried out regularly to ensure that it is the best use of resources.

Investment Powers and Policy

The Society's governing document empowers the Trustees to invest the Society's funds without restriction. The Society's funds, other than working capital, are invested in equity and fixed interest funds held by COIF. The Trustees intend that the real value of the Society's investments should be maintained and enhanced over the long-term. The proportions invested in each asset class are reviewed from time to time to ascertain the suitability of that element of the investment policy. The Trustees have taken no stance on ethical investments.

During 2005, the average return on equities and fixed interest funds held were 19.8% and 7.8% respectively, both of which were in line with industry averages. The Trustees are satisfied with these returns.

Fixed Assets

The changes in fixed assets are set out in Note 7 to the full accounts.

ROYAL AGRICULTURAL SOCIETY OF ENGLAND

TRUSTEES REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

Asset cover for funds

An analysis of the assets attributable to the various funds is set out in Note 16 and 17 in the full accounts. These assets are sufficient to meet the Society's obligations in respect of each individual fund.

Reserves

The Society's policy on restricted funds is separately to record donations, grants and other sources of funds where restrictions are imposed that are narrower than the Society's overall objectives. The income from such funds has been utilised for their intended purpose during the period.

The Trustees also have a policy of designating unrestricted funds for specific purposes. The designated funds included in the accounts are:

- The Kent Bequest of £204k which was established to support the Society's objectives in agricultural and countryside education. During the period £77k, was utilised for this purpose by way of support for the operations of FACE
- The Buildings Fund of £1,221k which was established to fund the amortisation of the accommodation block (Stoneleigh Park Lodge). During the period £81k was utilised for this purpose.

Due to historic operating deficits, the Society does not at present hold any free reserves (i.e. unrestricted funds not committed or invested in tangible fixed assets or designated for specific purposes). It is the Trustees policy to improve this position and to build up a reserve which represents six months of core expenditure equating to £2m in general funds. The Trustees have already initiated three courses of action to help achieve this, namely, the disposal of non-core activities, the joint venture with Haymarket and the development of Stoneleigh Park. With the arrival of the new Chief Executive in December 2005, a full review will be implemented leading to an updated purpose statement and key corporate goals. This will be translated into an action plan to improve the reserves position during 2006 and beyond.

Governance of the Society

The Society's charter and bye-laws set out the composition and tenure of the Board of Trustees which comprises six elected members, four ex officio members (or other such number as the Trustees shall from time to time decide) and up to two additional members who can be co-opted on an annual basis. The non-elected Trustees serve for a period of three years and can be re-elected for a further three year period. At the end of the period there were 10 Trustees of which one was co-opted.

The Trustees are responsible for determining the strategy of the Society and for its overall governance. The day to day implementation of strategy and operation of the Society are delegated to the senior executive team. The Trustees and senior staff are listed towards the back of this document.

An induction procedure for new Trustees has recently been introduced which includes an introduction to the Society and its financial position. Additionally all Trustees are encouraged to attend one relevant training course in each year. Since the end of the last financial year, four Trustees have fulfilled the training requirements. In house training has now been arranged to ensure that all Trustees have the opportunity to fulfil the training requirements in 2006.

ROYAL AGRICULTURAL SOCIETY OF ENGLAND

TRUSTEES REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

Committees

The Trustees have established committees for specific areas of operations. The current committees are as follows: Audit Committee, Remuneration Committee and Investment Committee. In addition, other committees are constituted from time to time in which Trustees participate.

A summary of attendance at Board of Trustees and Committee meetings is given below:

Name	Board of Trustees		Audit Committee		Remuneration Committee		Investment Committee	
	Possible	Actual	Possible	Actual	Possible	Actual	Possible	Actual
I D R MacNicol*	11	11	3	3	1	1	-	-
R C W Barclay*	9	9	-	-	1	1	-	-
N I Hollick*	11	11	-	-	-	-	-	-
G N Hurst*	11	10	3	3	-	-	-	-
T H Hutton*	11	8	3	3	-	-	-	-
B W Kerr*	11	9	-	-	-	-	-	-
H R Oliver-Bellasis*	11	9	-	-	-	-	-	-
M S Spencer*	11	9	-	-	-	-	-	-
P J F Stovold*	11	8	-	-	-	-	1	-
G N Trehane*	11	9	-	-	-	-	-	-
T Wheatley-Hubbard*	11	10	-	-	-	-	-	-
W S C Richards	-	-	3	3	-	-	-	-
N Coward	-	-	-	-	-	-	1	1
Sir Graham Wilkinson	-	-	-	-	-	-	1	1

* members of the Board of Trustees during the year

Risk Management

Risk management reviews are conducted regularly by the executive management team. These reviews identify and assess the major strategic business and operational risks to which the Society and its subsidiaries are exposed. The outcome of these reviews is presented to both the Trustees and Audit Committee for their consideration. Systems are established to mitigate the identified risks and procedures are implemented to mitigate the impact should any of the risks materialize.

Trustees responsibilities

The Trustees are required by law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Society and the Group and of the surplus or deficit as at the end of the financial year.

The Trustees confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the 12 months ended 31 December 2005. The Trustees also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Society. They are also responsible for safeguarding the assets of the Society and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Conclusion

At the time of writing this report, April 2006, the Trustees do not see any material improvement in the financial health of the Society except for the premium on signing the development agreement referred to on Page 3.

In 2006, the Trustees are hopeful of a stabilisation of the membership, and a likely year on year static performance from Stoneleigh Park Ltd. Against this there will be further investment in the Stoneleigh Park development in promoting its future and there will be the need to cater for the financial burden of the cost of cancelling the Smithfield Show of circa £500k attributable to the Society.

ROYAL AGRICULTURAL SOCIETY OF ENGLAND

TRUSTEES REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

The upside is that the premium will become payable by the selected developer on the signing of the development agreement but in order to complete this agreement, a funding agreement must be entered into with Advantage West Midlands and a settlement reached with the Stoneleigh Abbey Trustees in relation to restrictive covenants over the development area.

The Trustees are hopeful that after the likely trading deficit of around £1m, and the movement of capital on the Stoneleigh Park development together with the Smithfield related loss, the net cash outgoing will be kept to a manageable figure.

There are however several hurdles to overcome, including the important timing issue, if this outcome is to be achieved without further recourse to banking facilities.

Realistically, looking ahead in the not too distant future, on the assumption that the development plans outlined above come to fruition, the Trustees will be able to consider the re-valuation of the estate which should more than restore the net assets of the Society.

Signed on behalf of the Trustees on

I.D.R MacNicol OBE, DL, FRICS
Chairman of Board of Trustees

G.N.Hurst MRICS
Trustee

ROYAL AGRICULTURAL SOCIETY OF ENGLAND

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE ROYAL AGRICULTURAL SOCIETY OF ENGLAND

We have audited the financial statements of the Royal Agricultural Society of England which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Cash Flow Statement, the statement of accounting policies and related notes. These financial statements have been prepared under the accounting policies therein.

Respective responsibilities of directors and auditors

As set out in the Statement of Trustees' Responsibilities the charity's trustees are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

We have been appointed auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the charity's trustees in accordance with paragraph 7(2) of the 2005 Regulations made under Part VI, Charities Act 1993 and for no other purpose. We do not, in giving this opinion, accept or assume any responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the trustees' report is not consistent with the financial statements, if the charity has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Trustees' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

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

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

The Trustees' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of Trustees' responsibilities.

Fundamental uncertainty: Going concern

In forming our opinion, we have considered the adequacy of the disclosure made in the Accounting Policies which explains that the Group and Society are currently renegotiating their banking facilities. In addition, there are a number of significant contractual negotiations underway. The financial statements have been prepared on a going concern basis, the validity of which depends upon future adequate facilities for the Group being negotiated. The financial statements do not include any adjustments that would result from a failure to negotiate such facilities. Our opinion is not qualified in this respect.

ROYAL AGRICULTURAL SOCIETY OF ENGLAND

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE ROYAL AGRICULTURAL SOCIETY OF ENGLAND *Continued*

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charity's and the group's affairs at 31 December 2005 and of the net outgoing resources and cash flows of the group for the year then ended;
- and have been properly prepared in accordance with the Charities Act 1993.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham

ROYAL AGRICULTURAL SOCIETY OF ENGLAND

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR YEAR ENDED 31 DECEMBER 2005

	Notes	Unrestricted Funds £000s	Restricted Funds £000s	Endowment Funds £000s	Total 12 months ended 31 Dec 2005 £000s	As restated Total 15 months ended 31 Dec 2004 £000s
Incoming resources						
Incoming resources from generated funds						
Voluntary income		10	125	-	135	907
Activities for generating funds		4,231	19	-	4,250	5,752
Investment income		16	114	-	130	202
Incoming resources from charitable activities						
Membership services		382	-	-	382	495
Rural programme		1,243	404	-	1,647	2,550
Total incoming resources	2	5,882	662	-	6,544	9,906
Resources expended						
Costs of generating funds						
Fundraising		(7)	-	-	(7)	(279)
Trading expenses		(3,106)	(16)	-	(3,122)	(3,343)
Costs of charitable activities						
Grants		(9)	(50)	-	(59)	(161)
Membership services		(627)	-	-	(627)	(766)
Rural programme		(2,562)	(793)	-	(3,355)	(5,586)
Governance costs		(169)	(21)	-	(190)	(214)
Finance charges		(234)	-	-	(234)	(276)
FRS17 pension cost additional charges		(130)	-	-	(130)	(150)
Total resources expended	3	(6,844)	(880)	-	(7,724)	(10,775)
Net outgoing resources before transfers		(962)	(218)	-	(1,180)	(869)
Transfers between funds	21	(152)	152	-	-	-
Net outgoing resources		(1,114)	(66)	-	(1,180)	(869)
Income from Joint Venture		30	-	-	30	40
Gains on investment assets						
Realised		15	-	-	15	55
Unrealised	12	-	94	290	384	327
Net movement in funds before actuarial gain/loss on defined benefit pension scheme		(1,069)	28	290	(751)	(447)
Actuarial gain/loss on defined benefit pension scheme	23	(104)	-	-	(104)	(489)
Net movement in funds after actuarial gain/loss on defined benefit pension scheme		(1,173)	28	290	(855)	(936)
Reconciliation of funds						
Fund balances b/f		7,233	1,429	1,837	10,499	10,848
Prior year adjustments FRS17		(1,822)	-	-	(1,822)	(1,235)
Net movement in funds after actuarial gain/loss on defined benefit pension scheme		(1,173)	28	290	(855)	(936)
Fund balances c/f		4,238	1,457	2,127	7,822	8,677

The accompanying accounting policies and notes form an integral part of these financial statements

ROYAL AGRICULTURAL SOCIETY OF ENGLAND

BALANCE SHEETS AS AT 31 DECEMBER 2005

	Notes	Group		Society	
		2005 £000s	As restated 2004 £000s	2005 £000s	As restated 2004 £000s
Fixed Assets					
Tangible fixed assets	7	10,712	11,147	10,708	11,141
Investments	8	3,174	3,659	3,107	3,569
		13,886	14,806	13,815	14,710
Current Assets					
Cash at bank and in hand		220	126	4	16
Investments	10	171	500	-	500
Debtors	13	1,712	2,412	996	2,102
Stocks	11	6	10	-	-
		2,109	3,048	1,000	2,618
Creditors					
Amounts falling due within one year	14	(4,895)	(5,825)	(4,138)	(5,625)
Net current liabilities		(2,786)	(2,777)	(3,138)	(3,007)
Total assets less current liabilities		11,100	12,029	10,677	11,703
Creditors					
Amounts falling due after more than one year	15	(1,207)	(1,530)	(1,203)	(1,522)
Net assets before pension fund liability		9,893	10,499	9,474	10,181
Pension fund liability	23	(2,071)	(1,822)	(2,071)	(1,822)
Net assets after pension fund liability		7,822	8,677	7,403	8,359
Capital funds					
Permanent endowment funds	16	2,127	1,837	2,127	1,837
Income funds					
Restricted funds	17	1,457	1,429	1,053	1,127
Unrestricted funds					
Designated	18	1,425	1,583	1,425	1,583
Other charitable funds		2,798	3,816	2,798	3,812
Funds retained in non-charitable subsidiary		15	12		
		7,822	8,677	7,403	8,359

The financial statements were approved by the trustees on 28 April 2006

I.D.R MacNicol OBE, DL, FRICS
Chairman of Board of Trustees

G.N.Hurst MRICS
Trustee

The accompanying accounting policies and notes form an integral part of these financial statements

ROYAL AGRICULTURAL SOCIETY OF ENGLAND

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

	Notes	£000s	2005 £000s	£000s	2004 £000s
Net cash (outflow)/inflow from operating activities	24		(608)		262
Returns on investments and servicing of finance					
Interest received		25		48	
Dividends received		93		157	
Interest paid and finance charges		(224)		(266)	
Net cash (outflow) from returns on investments and servicing of finance			(106)		(61)
Taxation					
Corporation tax paid			-		(2)
Capital Expenditure and financial investment					
Proceeds from sale of investments		603		1,060	
Payments to acquire investments		-		(50)	
Proceeds from sale of tangible fixed assets		-		2	
Payments to acquire tangible fixed assets		(435)		(197)	
Net cash inflow from capital expenditure and financial investment			168		815
Cash outflow before management of liquid resources and financing			(546)		1,014
Management of liquid resources					
Cash decrease in current asset investments			763		(481)
Financing					
Loan repayments		(300)		(300)	
New hire purchase loan		-		66	
Repayment of hire purchase loan		(13)		(13)	
Net cash (outflow) from financing			(313)		(247)
(Decrease)/increase in cash	25		(96)		286

The accompanying accounting policies and notes form an integral part of these financial statements

ROYAL AGRICULTURAL SOCIETY OF ENGLAND

ACCOUNTING POLICIES

Accounting convention

These financial statements have been prepared under the historical cost convention, except for the revaluation of investments and foreign currencies, in compliance with the Statement of Recommended Practice (revised 2005), "Accounting and Reporting by Charities", the Charities Act 1993 and appropriate accounting standards. The financial statements for 2004 have been restated accordingly.

Going Concern

The financial statements have been prepared on a going concern basis which assumes that the Group and Society can continue to operate within its banking facilities for a period of not less than twelve months from the date of approval of these financial statements. Current banking facilities of £2.5million expire on 28 February 2007. These facilities are being renegotiated and current indications are that increased facilities will be made available subject to appropriate security being provided. These increased facilities are necessary to enable the group and society to meet their debts as they fall due based on the forecast cashflows.

In addition, there are a number of other uncertainties as set out in the Trustees report around the contractual position with Haymarket and the future of the Royal Show and the further development of the Stoneleigh Park site which could further adversely impact the funding of the Group and Society. These matters are fully explained on pages 2,3 and 4 of these financial statements and these should be read to fully appreciate the position of the society. At present, the Trustees believe that these uncertainties will be satisfactorily resolved with no adverse impact on the forecast cashflows.

On the basis of information currently available the Trustees believe it is appropriate to prepare the financial statements on a going concern basis. These financial statements do not contain any adjustments that might be required in the event that the Group or the Society being unable to continue as a going concern.

Basis of Consolidation

The consolidated financial statements have been prepared for the Society and its wholly owned subsidiaries, Stoneleigh Park Limited, RASE 2 Ltd, The Arthur Rank Centre and Farming and Countryside Education Limited. The Society has taken advantage of Section 304 of the Statement of Recommended Practice 2005 in only presenting a Consolidated Statement of Financial Activities. The results of the subsidiaries are summarised in Note 1 below and are shown within the Statement of Financial Activities as 'Trading Income' and 'Trading Expenses'.

Incoming Resources

Property

Rent receivable is accounted for on an accruals basis.

Donations

Donations and legacies, whether money or gifts in kind, are taken to the revenue account when the conditions for the receipt have been met and there is reasonable assurance of receipt. Gifts in kind of a material amount are valued at the market value at the date of the gift.

The Society has other historical assets donated over past years including cups, trophies, paintings and the library, which are not considered to be individually material. It is the Society's policy not to dispose of these assets which are held as artefacts and have not been capitalised as the trustees consider that reliable cost information is not available and conventional valuation approaches lack sufficient reliability. These assets have been insured for £621,000.

Members' Subscriptions/Services

Members' and Governors' subscriptions relate to the financial period and are dealt with in the financial statements on a deferral basis. Subscriptions received in advance are not brought into the revenue account until the year to which they relate. The membership year runs from 1 October to 30 September. One quarter of membership subscriptions received by 31 December 2005 relating to the 2005/06 membership year have been taken to income in the reporting period. Life members' lump sum subscriptions are taken to the Life Members' equalisation account and released to the revenue account in equal annual instalments representing the estimated annual proportion of the subscription.

The accompanying accounting policies and notes form an integral part of these financial statements

ROYAL AGRICULTURAL SOCIETY OF ENGLAND

ACCOUNTING POLICIES (continued)

Investment Income

Investment income comprises dividends declared during the accounting period and interest receivable are accounted for on an accruals basis on listed and unlisted investments.

Charitable Grants receivable and payable

Income from charitable grants is recognised in full in the Statement of Financial Activities in the year in which it is receivable.

Income from grants is allocated to the relevant incoming resource category on the face of the Statement of Financial Activities.

Grants payable are recognised when a commitment is conveyed to the recipient and all material conditions relating to the grant have been fulfilled.

Rural Program

Income from the rural comprises some membership income (from ARC and FACE), and grants, all of which are accounted for as indicated above. The license fees from the Programme of events is accounted for on an accruals basis.

Expenditure

All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay for expenditure. All direct costs have been attributed to the relevant functional category of resources expended in the Statement of Financial Activities.

Support costs comprise all non-directly attributable costs including finance, human resources, information technology and management. These costs have been allocated across the functional categories of resources expended on the basis of income and expenditure.

Irrecoverable VAT is included within the functional category of resources expended to which the associated expenditure relates.

Tangible Assets

Expenditure on individual tangible assets in excess of £1,000 is capitalised and depreciated over the expected service life of the asset. Fixed assets are included at purchase cost together with incidental costs of acquisition. Depreciation is provided in equal instalments on all tangible fixed assets at rates estimated to write down the cost of each asset to its residual value over its anticipated life. Impairment reviews are undertaken when there is some indication that the recoverable amount of a functional fixed asset is below its net book value.

The rates of depreciation used are:

Freehold land	nil
Freehold and leasehold buildings	5% - 20%
Site development	5% - 20%
Machinery, equipment and furniture	10% - 25%
Computers	33%

The Society has other historical assets donated over past years including cups, trophies, paintings and the library, which are not considered to be individually material. It is the Society's policy not to dispose of these assets, which are held as artefacts and have not been capitalised as the trustees consider that reliable cost information is not available and conventional valuation approaches lack sufficient reliability. These assets have been insured for £621,000.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Pension Fund

The Society operates a defined benefit pension scheme. The scheme was closed to new members in May 2003. In accordance with FRS 17, any actuarial surplus or deficit of the scheme is separately identified and charged in the year in which it occurs.

The accompanying accounting policies and notes form an integral part of these financial statements

ROYAL AGRICULTURAL SOCIETY OF ENGLAND

ACCOUNTING POLICIES (continued)

The effect of the change in accounting policy to adopt FRS 17 was to increase staff costs, and other finance income by £130,000 (2004: £84,000); and £15,000 (2004: £14,000) respectively and to increase the total recognised gains and losses by £104,000 (2004: £489,000).

Leased assets

Fixed assets acquired under finance leases, including hire purchase agreements are recorded in the balance sheet as fixed tangible assets at their equivalent capital value and are depreciated over the shorter of the period of their estimated useful lives or the leasing period. Obligations under such agreements are included in creditors net of the interest element allocated to future periods. The interest element of the rental payments is charged against revenue.

Rentals payable under operating leases are charged against income.

The Society's funds

A fund is a pool of unexpended resources, held and maintained separately from other pools because of the way in which the resources were originally received or the way in which they have subsequently been treated. A fund may be either unrestricted or restricted as follows:

Unrestricted funds are expendable at the discretion of the trustees in furtherance of the objects of the Charity.

Designated funds are unrestricted funds which have been earmarked for a particular purpose. The designation is for administrative purposes only.

Restricted funds are subject to specific conditions imposed by the donors. They may be expendable at the discretion of the trustees in furtherance of some particular object of the Charity subject to the specific conditions imposed.

Permanent endowment funds are restricted funds where the asset must be held indefinitely and cannot be expended. The income arising from a permanent endowment fund is restricted and is utilised accordingly.

Fixed Asset Investments

The Society's fixed asset investments, which are all in UK common investment funds, are stated at market value at the period end. The Statement of Financial Activities includes the net realised gains and losses arising on disposals throughout the year and the net unrealised gains and losses arising on revaluations at the period end.

Investments in Subsidiaries

Investments in subsidiaries are included at cost.

Joint Ventures

A joint venture is one in which the Group has a long term interest in a jointly held entity over which it actually exercises significant influence. In accordance with FRS9, the Group's share of income in the joint venture is shown separately in the consolidated SOFA (although excluded from statutory income), the Group's share of the profit or loss is included in the SOFA and its interest in its gross assets and liabilities is included in the consolidated balance sheet.

ROYAL AGRICULTURAL SOCIETY OF ENGLAND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

1. Investment in subsidiaries

The Society owns the whole issued share capital of £4 of Stoneleigh Park Limited, a company incorporated in England and Wales, which undertakes certain commercial activities allied to the Society. These include commercial lets of the exhibition and other facilities, operation of Stoneleigh Park Lodge and the provision of support services to the Society.

In 2004 the Arthur Rank Centre Fund was transferred into a wholly owned charity, the Arthur Rank Centre. It continues to provide pastoral care and training for clergy in a rural context.

In 2005 the activities and assets of Farming and Countryside Education were transferred into a wholly owned charity, Farming and Countryside Education. It continues to promote and teach issues surrounding food, farming and the countryside.

The Society owns the entire issued share capital of £1 of RASE2 Limited, a company incorporated on 14 July 2004. The Company has a 37.5% interest in Haymarket Land Events LLP, a joint venture which was set up to organise agricultural events and exhibitions.

	RASE £000's	Stoneleigh Park Limited £000s	The Arthur Rank Centre £000s	RASE2 Limited £000s	Farming and Countryside Education £000s
Income	2,694	3,745	336	425	333
Expenditure	(4,869)	(3,097)	(354)	(427)	(216)
Net (expenditure)/income	(2,175)	648	(18)	(2)	117
Share of operating profit in joint venture		-	-	30	-
Donation to Society		(645)	-	(28)	-
Net surplus/(deficit)		3	(18)	-	117
Net Assets		683	314	341	227
Net Liabilities		(668)	(26)	(341)	(110)
		15	288	-	117

For consolidation purposes, the above numbers do not agree to the SOFA due to consolidation adjustments.

ROYAL AGRICULTURAL SOCIETY OF ENGLAND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

2. Analysis of incoming resources

	Unrestricted Funds £000s	Restricted Funds £000s	Endowment Funds £000s	Total 12 months ended 31 Dec 2005 £000s	Total 15 months ended 31 Dec 2004 £000s
Incoming resources from generated funds					
Voluntary income	10	125	-	135	907
Activities for generating funds	433	19	-	452	160
Stoneleigh Park Limited	2,954	-	-	2,954	4,293
Property	844	-	-	844	1,299
Investment income					
Dividends	11	83	-	94	157
Interest	5	31	-	36	45
Incoming resources from charitable activities					
Membership services	382	-	-	382	495
Rural programme					
Rural development	9	57	-	66	186
Conferences	25	1	-	26	115
International Agricultural Technology Centre	784	-	-	784	914
Arthur Rank Centre	-	176	-	176	70
FACE	-	170	-	170	167
Stoneleigh Park development	-	-	-	-	495
Programme of events	425	-	-	425	603
Total incoming resources	5,882	662	-	6,544	9,906

The turnover from the JV is excluded from the above, for which the total value was £4,816k (2004: £4,706k)

ROYAL AGRICULTURAL SOCIETY OF ENGLAND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

3. Analysis of total resources expended

	Unrestricted Funds £000s	Restricted Funds £000s	Endowment Funds £000s	Total 12 months ended 31 Dec 2005 £000s	Total 15 months ended 31 Dec 2004 £000s
Costs of generating funds					
Fundraising	7	-	-	7	279
Trading expenses	415	16	-	431	3
Stoneleigh Park Limited	2,112	-	-	2,112	2,773
Property	579	-	-	579	567
Costs of charitable activities					
Grants	9	50	-	59	161
Membership services	627	-	-	627	766
Rural Programme (incl grants)					
Rural development	252	55	-	307	678
International Agricultural Technology Centre	1,338	-	-	1,338	1,466
Arthur Rank Centre	4	387	-	391	628
FACE	-	351	-	351	407
Stoneleigh Park development	541	-	-	541	1,801
Programme of events	427	-	-	427	606
Governance					
Chief Executive's office	14	-	-	14	27
Secretariat	10	1	-	11	12
Audit Fee	34	2	-	36	29
Board of Trustees/Committees	22	-	-	22	26
Other professional fees	18	1	-	19	29
Other costs	71	17	-	88	91
Finance Charges					
Interest	219	-	-	219	262
Pension financial costs	15	-	-	15	14
FRS17 Pension cost additional charges	130	-	-	130	150
Total resources expended	6,844	880	-	7,724	10,775

ROYAL AGRICULTURAL SOCIETY OF ENGLAND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

4. Support costs

The following support costs have been included within unrestricted funds in note 3, and have been allocated to the relevant activity cost on the basis of income and expenditure.

	Fundraising £000s	Membership £000s	Property £000s	Rural Programme £000s	Governance £000s	Total 12 months ended 31 Dec 2005 £000s	Total 15 months ended 31 Dec 2004 £000s
Facilities	213	66	65	284	19	647	689
Secretariat	67	21	20	76	5	189	524
Finance/accounts	44	14	13	50	4	125	283
Information technology	30	9	9	34	2	84	149
Management	55	17	17	274	12	375	242
Depreciation	258	81	78	293	21	731	1,013
Other	4	1	1	21	1	28	-121
Total support costs	671	209	203	1,032	64	2,179	2,779

5. Trustee indemnity insurance and expenses

Insurance costs of £4,744 (2004: £7,333) have been incurred to protect the charity from loss arising from the neglect or default of its trustees, employees or agents and to indemnify the trustees or other officers against the consequences of any neglect or default on their behalf.

Trustees' expenses of £12,593 (2004: £13,115), being the costs of attending board, council and other meetings were paid to 11 trustees (2004: 11). No trustee received remuneration.

6. Employees' emoluments

Employees' emoluments were as follows:

	Total 12 months ended 31 Dec 2005 £000s	Total 15 months ended 31 Dec 2004 £000s
Wages and salaries	1,866	3,033
Social security	170	263
Pension	130	228
Benefits in kind	34	50
	2,200	3,574

The average number of employees, including part-time, during the year was 76 (2004: 110). The average number of full time equivalents was 70 (2004: 100).

The number of employees whose emoluments (excluding pension contributions, employers social security costs but including benefits in kind) fell within the following bands:

	2005	2004
70,001 to 80,000	-	1
80,001 to 90,000	3	1
140,001 to 150,000	-	1
	3	3

All of the above were members of the defined benefit pension scheme. Pensions contributions totalling £28,623 (2004: £40,065) were made by the group on behalf of those employees.

The accompanying accounting policies and notes form an integral part of these financial statements

ROYAL AGRICULTURAL SOCIETY OF ENGLAND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

7. Tangible Fixed assets

Group		Freehold Land and Buildings £000s	Site Development £000s	Machinery Equipment Furniture £000s	Total £000s
Cost	At 31 December 2004	16,592	3,292	2,719	22,603
	Additions	45	197	193	435
	Disposals	-	-	-	-
	At 31 December 2005	16,637	3,489	2,912	23,038
Depreciation	At 31 December 2004	6,772	2,126	2,558	11,456
	Provided in year	625	118	127	870
	Eliminated in disposals	-	-	-	-
	At 31 December 2005	7,397	2,244	2,685	12,326
Net book value	At 31 December 2005	9,240	1,245	227	10,712
Net book value	At 31 December 2004	9,820	1,166	161	11,147
Society					
Cost	At 31 December 2004	16,592	3,292	2,633	22,517
	Additions	45	197	191	433
	Disposals	-	-	-	-
	At 31 December 2005	16,637	3,489	2,824	22,950
Depreciation	At 31 December 2004	6,772	2,126	2,478	11,376
	Provided in year	625	118	123	866
	Eliminated in disposals	-	-	-	-
	At 31 December 2005	7,397	2,244	2,601	12,242
Net book value	At 31 December 2005	9,240	1,245	223	10,708
Net book value	At 31 December 2004	9,820	1,166	155	11,141

The gross amount of buildings on which depreciation is provided is £12,330,362 (2004: £12,684,275):

The Society has authorised capital expenditure in 2006 of £100,000 (2005 £400,000) of which NIL (2005: Nil) was contractually committed at the year end.

All fixed assets are located at Stoneleigh Park.

The accompanying accounting policies and notes form an integral part of these financial statements

ROYAL AGRICULTURAL SOCIETY OF ENGLAND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

8. Fixed asset investments

	Unrestricted funds £000s	Restricted funds £000s	Endowment funds £000s	12 months ended 31 Dec 2005 £000s	15 months ended 31 Dec 2004 £000s
Listed investments at 31 December 2004	553	586	1,837	2,976	3,653
Additions	-	-	-	-	-
Disposals at opening market value	(553)	(28)	-	(581)	(1,004)
Increase in market value of investments	-	92	290	382	327
Listed investments at 31 December 2005	-	650	2,127	2,777	2,976
Cash on deposit	-	330	-	330	593
Society investments at 31 December 2005	-	980	2,127	3,107	3,569
Joint venture	67	-	-	67	90
Group investments at 31 December 2005	67	980	2,127	3,174	3,659

All listed investments are UK based Charities Official Investment Fund (“COIF”) units.

Held on behalf of:

	Unrestricted funds £000s	Restricted funds £000s	Endowment funds £000s	12 months ended 31 Dec 2005 £000s	15 months ended 31 Dec 2004 £000s
RASE Louise Ryan Fund	-	227	797	1,024	889
Arthur Rank Fund	-	160	1,200	1,360	1,174
E H Hill’s Bequest	-	153	57	210	181
Queen Victoria Gifts	-	-	20	20	18
Gilbey Bequest	-	6	3	9	7
Merchants of the Staple of England	-	-	3	3	2
RASE Landowner	-	6	12	18	16
Farm & Rural Buildings Centre	-	5	35	40	35
British Food & Farming 1989	-	73	-	73	61
Harris Bequest 2005	-	-	-	-	23
Livestock Importation	-	20	-	20	17
Farming and Countryside Education	-	-	-	-	-
Main Fund	-	-	-	-	553
	-	650	2,127	2,777	2,976

9. Investment in Joint Venture

The Company has a joint venture investment in Haymarket Land Events LLP amounting to 37.5% of its share capital (50% at 31 December 2004). Haymarket Land Events LLP was established to carry out a range of events in the United Kingdom in relation to British agriculture, land use and related matters.

Share of Joint Venture balance sheet	2005 £000s	2004 £000s
Net assets	706	638
Net liabilities	(639)	(548)
Total investment in Joint Venture	67	90

The accompanying accounting policies and notes form an integral part of these financial statements

ROYAL AGRICULTURAL SOCIETY OF ENGLAND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

10. Current asset investments

	Group		Society	
	2005 £000s	2004 £000s	2005 £000s	2004 £000s
Cash on deposit	171	500	-	500
	171	500	-	500

11. Stocks

	Group		Society	
	2005 £000s	2004 £000s	2005 £000s	2004 £000's
Other Stocks	6	10	-	-

12. Unrealised Gains/(Losses) on investment assets

	Unrestricted funds £000s	Restricted funds £000s	Endowment funds £000s	12 months ended 31 Dec 2005 £000s	15 months ended 31 Dec 2004 £000s
Unrealised (losses) at 31 December 2004	(14)	69	(162)	(107)	(640)
Deduct in respect of disposals in year	1	-	-	-	205
	(13)	69	(162)	(106)	(435)
Net gains on revaluation in year	-	94	290	384	327
Unrealised gains/(losses) at 31 December 2005	(13)	163	128	278	(108)

Investment Management charges are not explicitly charged. They are instead absorbed within the value of the units of the Charities Official Investment Fund, and are reflected in the gains and losses in the values of the units. Accordingly it is impractical to show these costs within the Statement of Financial Activities.

13. Debtors

	Group		Society	
	2005 £000s	2004 £000s	2005 £000s	2004 £000s
Debtor: amount falling due within one year	831	635	373	424
Amounts owed from subsidiary and associated undertakings	-	-	112	648
Other debtors	47	1,453	28	850
Prepayments and accrued income	834	324	483	180
	1,712	2,412	996	2,102

The accompanying accounting policies and notes form an integral part of these financial statements

ROYAL AGRICULTURAL SOCIETY OF ENGLAND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

14. Creditors: amounts falling due within one year

	Group		Society	
	2005 £000s	2004 £000s	2005 £000s	2004 £000s
Bank overdraft	2,078	1,888	2,078	1,888
Other loans	300	300	300	300
Trade creditors	325	498	149	337
Amounts owed to group undertakings falling due within one year	-	-	267	308
Corporation tax	-	-	-	-
Social security and other taxes	99	90	47	90
Other creditors	552	1,655	543	1,653
Obligations under hire purchase contracts	13	13	13	13
Accruals	681	489	354	396
Deferred income	847	892	387	640
	4,895	5,825	4,138	5,625

The deferred income is comprised of subscriptions £218k (2004: £208k), commercial events £397k (2004: £237k), technical events nil (2004: £313k), rental income £59k (2004: £69k), FACE £43k (2004: nil), ARC £12k (2004: £2k) and other £118k (2004: £63k).

15. Creditors: amounts falling due after more than one year

	Group		Society	
	2005 £000s	2004 £000s	2005 £000s	2004 £000s
Bank loans	1,100	1,400	1,100	1,400
Obligations under hire purchase contracts	26	39	26	39
Accruals and deferred income	81	91	77	83
	1,207	1,530	1,203	1,522

In 1999 the Society raised a loan of £1,000,000 to part finance accommodation facilities at Stoneleigh Park. The loan is repayable in 10 equal annual instalments and repayments commenced in March 2000. The balance outstanding at 31 December 2005 is £400,000 (2004: £500,000).

In 2000 the Society raised a further £2,000,000 to part finance exhibition hall facilities at Stoneleigh Park. The loan is repayable in 10 equal annual instalments and repayments commenced in August 2001. The balance outstanding at 31 December 2005 is £1,000,000 (2004: £1,200,000).

The commitments fall due as follows:

	2005 £000s	2004 £000s
Within one year	300	300
Two to five years	1,100	1,200
After 5 years	-	200
	1,400	1,700

The accompanying accounting policies and notes form an integral part of these financial statements

ROYAL AGRICULTURAL SOCIETY OF ENGLAND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

16. Permanent endowment funds

The capital funds of the Charity include the following permanent endowment funds:

	Balance	Movements in funds			Balance
	31 Dec 2004 £000s	Incoming resources £000s	Transfers £000s	Gains £000s	31 Dec 2005 £000s
RASE Louise Ryan Fund	689	-	-	108	797
Arthur Rank Fund	1,036	-	-	164	1,200
E H Hill's Bequest	50	-	-	7	57
Queen Victoria Gifts	17	-	-	3	20
Gilbey Bequest	2	-	-	1	3
Merchants of the Staple of England	2	-	-	1	3
RASE Landowner Gold Medal	10	-	-	2	12
Farm & Rural Buildings Centre	31	-	-	4	35
	1,837	-	-	290	2,127

The RASE Louise Ryan Fund was established in 1968 to provide training for young farm managers. The fund grants bursaries, two thirds of which are reserved for students in Cornwall, Devon and Somerset.

The Arthur Rank Fund was established in 1990. The income from the fund is used to support the work of the Arthur Rank Centre.

The E H Hill's Bequest fund was established in 1896. The income from this funds investigation into the value and uses of rarer forms of ash in cultivation of crops for the use of stock and for human food.

The Queen Victoria Gifts fund was established in 1897. The income is used for making grants to deserving agriculturists and their families who have met with misfortune.

The Gilbey Bequest fund was established in 1896 to endow a chair at Cambridge University to whom an annual donation is made.

The Merchants of the Staple of England fund was established in 1927. Its income contributes to prizes in the sheep classes at the Royal Show.

The RASE Landowner Gold Medal fund was established in 1957. Its income contributes to the cost of the Bledisloe Gold Medal at the Royal Show.

In 1995 the Farm & Rural Buildings Centre (FRBC) gifted the residue of its capital to the RASE to create a fund. The income from this fund is to be used for the advancement and dissemination of knowledge concerning farm and rural buildings.

ROYAL AGRICULTURAL SOCIETY OF ENGLAND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

17. Restricted funds

The income funds of the Charity include restricted funds comprising the following unexpended balances to be applied for specific purposes. All funds are active, even though their transactions may not be material within the context of these financial statements.

	Balance	Movements in funds			Balance
	31 Dec 2004 £000s	Incoming/ (outgoing) resources £000s	Transfers £000s	Gains £000s	31 Dec 2005 £000s
RASE Louise Ryan Fund (note 16)	214	13	(10)	32	249
Arthur Rank Fund (note 16)	414	53	(60)	23	430
E H Hill's Bequest (note 16)	139	(4)	-	21	156
Queen Victoria Gifts (note 16)	1	1	-	-	2
Gilbey Bequest (note 16)	6	(1)	-	1	6
Merchants of the Staple of Eng (note 16)	-	1	-	-	1
RASE Landowner Gold Medal (note 16)	7	-	-	1	8
Farm & Rural Buildings Centre (note 16)	8	1	-	1	10
British Food and Farming 1989	61	-	-	12	73
Harris Bequest 2005	19	(4)	-	-	15
Arthur Rank Centre	302	(149)	135	-	288
Livestock Importation	17	-	-	3	20
NAC Staff Welfare	5	-	-	-	5
National Federation of Schools and Colleges	2	-	-	-	2
Warwickshire Rural Forum	64	6	-	-	70
Farming and Countryside Education	160	(135)	92	-	117
Image of Agriculture	10	-	(5)	-	5
	1,429	(218)	152	94	1,457

The British Food and Farming 1989 fund is the residue from the celebration of farming held in that year. It makes occasional grants upon the authority of the original celebration founder organisations.

The Harris Bequest was established in 1990 to mark the centenary in 2005 of continuous representation on the RASE Council by a member or members of the Harris family. To mark the centenary the Harris Bequest is being utilised to restore many of the paintings held by The Society.

The Arthur Rank Centre provides pastoral care and training for clergy in a rural context. In 2004 this fund was transferred into a wholly owned charity, the Arthur Rank Centre, whose objects mirror those of this restricted fund.

The Livestock Importation fund was established in 1972 to fund the work of the Livestock Importation Panel. The panel ceased advising government in 1977 and in 2000 permission was received from the Minister for Agriculture and Charity Commission to make grants as consistent with the original purpose as possible.

The NAC Staff Welfare fund was set up to provide funds for activities that would support the welfare of the Staff at the Stoneleigh Park (formerly the NAC).

Warwickshire Rural Forum was established in 1999 to raise the profile of rural issues in Warwickshire as they affect organisations and the local economy.

Farming and Countryside Education fund was established in 2001 to help young people learn about food, farming and countryside. In June 2005, this fund was transferred into a wholly owned, subsidiary charity, Farming and Countryside Education, whose objects mirror those of the restricted fund.

Image of Agriculture was set up in 2003 by RASE, NFU and CLA to fund a campaign to promote the image of agriculture within England. The campaign has now ended and permission has been received from the founding members to utilise the fund in a manner consistent with the original objects of the campaign.

The accompanying accounting policies and notes form an integral part of these financial statements

ROYAL AGRICULTURAL SOCIETY OF ENGLAND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

18. Designated funds

The income funds of the charity include the following designated funds which have been set aside out of restricted funds, by the trustees, for specific purposes:

	Balance 31 Dec 2004 £000s	New designations £000s	Transfers £000s	Released £000s	Balance 31 Dec 2005 £000s
Buildings	1,302	-	-	(81)	1,221
Peter Kent FACE	281	-	(77)	-	204
	1,583	-	(77)	(81)	1,425

The Buildings designated fund was established to fund the amortisation of the accommodation block.

The Peter Kent FACE fund has been established to fund the agricultural and countryside education and training activities of the Society. These objectives are principally discharged by supporting the educational arm of RASE, FACE.

19. Analysis of group net assets between funds

Fund balances at 31 December 2005 are represented by:

	Unrestricted funds £000s	Restricted funds £000s	Endowment funds £000s	Total 2005 £000s	Total 2004 £000s
Tangible fixed assets	10,708	4	-	10,712	11,147
Investments	67	980	2,127	3,174	3,659
Current assets	1,702	473	-	2,175	3,114
Current liabilities	(6,966)	-	-	(6,966)	(7,647)
Total assets less current liabilities	5,511	1,457	2,127	9,095	10,273
Creditors due after more than one year	(1,207)	-	-	(1,207)	(1,530)
Net assets	4,304	1,457	2,127	7,888	8,743

ROYAL AGRICULTURAL SOCIETY OF ENGLAND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

20. Analysis of net assets between funds

	Tangible fixed assets £000s	Investments £000s	Other net assets £000s	2005 Total Charity £000s	2004 Total Charity £000s
Permanent Endowment funds					
RASE Louise Ryan Fund	-	797	-	797	688
Arthur Rank Fund	-	1,200	-	1,200	1,036
E H Hill's Bequest	-	57	-	57	49
Queen Victoria Gifts	-	20	-	20	18
Gilbey Bequest	-	3	-	3	2
Merchants of the Staple of England	-	3	-	3	2
RASE Landowner Gold Medal	-	12	-	12	11
Farm & Rural Buildings Centre	-	35	-	35	31
	-	2,127	-	2,127	1,837
Restricted funds					
RASE Louise Ryan Fund	-	249	-	249	214
Arthur Rank Fund	-	430	-	430	414
E H Hill's Bequest	-	161	(5)	156	139
Queen Victoria Gifts	-	2	-	2	1
Gilbey Bequest	-	6	-	6	6
Merchants of the Staple of Eng	-	1	-	1	-
RASE Landowner Gold Medal	-	8	-	8	7
Farm & Rural Buildings Centre	-	10	-	10	8
British Food and Farming 1989	-	73	-	73	61
Harris Bequest 2005	-	15	-	15	19
Arthur Rank Centre	4	-	284	288	302
Livestock Importation	-	20	-	20	17
NAC Staff Welfare	-	5	-	5	5
National Fed of Schools & College Challenges	-	-	2	2	2
Warwickshire Rural Forum	-	-	70	70	64
Farming and Countryside Education	-	-	117	117	160
Image of Agriculture	-	-	5	5	10
	4	980	473	1,457	1,429
Unrestricted & designated funds					
Main Fund	10,708	-	(7,844)	2,864	3,882
Buildings	-	-	1,221	1,221	1,302
Peter Kent FACE	-	-	204	204	281
Stoneleigh Park Limited	-	-	15	15	12
RASE2	-	67	(67)	-	-
	10,708	67	(6,471)	4,304	5,477
Total net assets	10,712	3,174	(5,998)	7,888	8,743

ROYAL AGRICULTURAL SOCIETY OF ENGLAND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

21. Transfers between RASE funds

Transfers between funds comprise inter fund payments made for the authorised purposes of the funds and are disclosed below:

From:		2005
		£000s
Unrestricted		
	Main Fund	(75)
	Peter Kent FACE	(77)
Restricted		
	Arthur Rank Fund	(60)
	RASE Louise Ryan Fund	(10)
	Image of Agriculture	(5)
Total		(227)
To:		
£000s		
Restricted		
	Arthur Rank Fund	135
	Farming and Countryside Education	92
Total		227

22. Operating lease commitments

The Group leases certain items of plant and equipment under operating leases. The minimum annual rentals under these leases are as follows:

	2005	2004
	£000s	£000s
Within 1 year	26	53
In 2 nd to 5 th year	35	76
	61	129

23. Pension fund

The company has adopted FRS 17, 'Retirement benefits', in these financial statements. The adoption of these standards represents a change in accounting policy and the comparative figures have been restated accordingly.

The effect of the change in accounting policy to adopt FRS 17 was to increase staff costs, and other finance income by £130,000 (2004: £84,000); and £15,000 (2004: £14,000) respectively and to increase the total recognised gains and losses by £104,000 (2004: £489,000).

The Charity contributed to a Defined Benefits pension scheme. Rates are set by the Scheme actuary and advised to the Charity by the Scheme Administrator. This scheme is being accounted for under FRS17, with the annually calculated notional surplus or deficit on the funding of the scheme shown in the accounts as a designated fund entitled "Pensions Reserve", which is deducted from Unrestricted Funds in the balance sheet. The trustees believe that the scheme currently meets statutory minimum funding requirements. It is intended that the level of annual contributions to the scheme will be adjusted following the next detailed actuarial valuation, due on 1 April 2007. The trustees note that the calculated notional deficit or surplus calculated under FRS17 can vary greatly from year to year depending on the assumptions made at the valuation date, but with normally little or no effect on short term cash flows.

The accompanying accounting policies and notes form an integral part of these financial statements

ROYAL AGRICULTURAL SOCIETY OF ENGLAND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

Pension fund continued:

A full actuarial valuation was carried out as at 01/04/2004. The results of that valuation have been projected to 31/12/2005 and then recalculated based on the following assumptions:

	At 31 Dec 2005	At 31 Dec 2004	At 30 Sept 2003
Rate of increase in salaries	5.15%	5.15%	5.00%
LPI increases for pensions in payment	2.60%	2.60%	2.50%
Liability discount rate	4.80%	5.30%	5.50%
Inflation assumption	2.90%	2.90%	2.75%
Revaluation of deferred pensions	2.90%	2.90%	2.75%

	Long term rate of return expected at 31 Dec 2005	Value at 31 Dec 2005 £000s	Long term rate of return expected at 31 Dec 2004	Value at 31 Dec 2004 £000s	Long term rate of return expected at 30 Sept 03	Value at 30 Sept 03 £000s
Equities	7.10%	7,199	6.75%	6,088	6.75%	5,290
Bonds	4.20%	794	4.75%	596	4.75%	728
Property	7.10%	268	6.75%	232	6.75%	200
Cash	4.50%	391	4.75%	424	4.75%	151
Total market value of assets		8,652		7,340		6,369
Present value of scheme liabilities		(10,723)		(9,162)		(7,604)
Deficit in scheme		(2,071)		(1,822)		(1,235)

Analysis of the amount has been charged in the Statement of Financial Activities in accordance with FRS17:

	31 Dec 2005 £000s	31 Dec 2004 £000s
Current service cost	254	412
Past service cost	-	-
Loss on curtailment	-	(86)
Loss on settlement	-	-
Total operating charge	254	326

Analysis of the amount that has been credited to other finance income:

	31 Dec 2005 £000s	31 Dec 2004 £000s
Expected return on pension scheme assets	468	506
Interest on pension scheme liabilities	(483)	(520)
Net Return	(15)	(14)

The accompanying accounting policies and notes form an integral part of these financial statements

ROYAL AGRICULTURAL SOCIETY OF ENGLAND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

Pension fund continued:

Analysis of amount that has been recognised in statement of financial activities (SOFA):

	31 Dec 2005 £000s		31 Dec 2004 £000s	
Actual return less expected return on pension scheme assets	1,055		706	
Experience gains and losses arising on the scheme liabilities	-		(147)	
Changes in assumptions underlying the present value of the scheme liabilities	(1,159)		(1,048)	
Actuarial loss recognised in statement of financial activities	(104)		(489)	
	0.97%		5.3%	

Movement in surplus/(deficit) during the year:

	31 Dec 2005 £000s		31 Dec 2004 £000s	
Surplus/(deficit) in scheme at start of year	(1,822)		(1,235)	
Movement in year:				
Current service cost	(254)		(412)	
Contributions	124		242	
Past service costs	-		-	
Other finance income	(15)		(14)	
Actuarial gain/(loss)	(104)		(489)	
Settlement	-		-	
Curtailment	-		86	
Deficit in scheme at period end	(2,071)		(1,822)	

Following the full actuarial valuation at 1 April 2004 the Society's contributions have been agreed at the rate of 12.5 % of pensionable pay. Employees pay contributions at the rate of 5% of pensionable pay.

History of experience gains and losses

	31 Dec 2005	31 Dec 2004	30 Sep 2003	30 Sep 2002
Difference between the expected and actual return on scheme assets:				
Amount (£000s)	1,055	706	372	(1,275)
Percentage of the scheme assets	12%	10%	6%	(22%)
Experience gains and losses on scheme liabilities:				
Amount (£000s)	-	(147)	-	-
Percentage of the present value of the scheme liabilities	0%	(2%)	0%	0%
Total amount recognised in statement of financial activities:				
Amount (£000s)	(207)	(489)	(318)	(1,763)
Percentage of the present value of the scheme liabilities	(2%)	(5%)	(4%)	(27%)

The accompanying accounting policies and notes form an integral part of these financial statements

ROYAL AGRICULTURAL SOCIETY OF ENGLAND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

24. Reconciliation of net incoming resources to net cash inflow from operating activities

	2005 £000s	2004 £000s
Net (outgoing) resources from operating activities	(1,005)	(665)
Depreciation charges	870	1,142
Share of profit in joint venture	(30)	(40)
Donation of fixed asset	-	(556)
Returns on investments and servicing of finance	106	61
Net gain on sale of tangible fixed assets	-	(2)
(Increase)/decrease in stocks	4	(3)
(Increase) in debtors	700	(831)
Increase in creditors	(1,253)	1,156
Net cash inflow/(outflow) from operating activities	(608)	262

25. Reconciliation of net cash flow to movement in net debt

	2005 £000s	2004 £000s
Decrease in cash in period	(96)	286
Cash outflow from decrease in debt and lease financing	313	247
Cash inflow from decrease in liquid resources	(763)	481
Movement in net debt in the period	(546)	1,014
Net debt at 1 January 2005	(2,421)	(3,435)
Net debt at 31 December 2006	(2,967)	(2,421)

26. Analysis of net debt

Notes	31 Dec 2004 £000s	Cash flow £000s	Non cash changes £000s	31 Dec 2005 £000s
Cash at bank and in hand	126	94	-	220
Bank overdraft	(1,888)	(190)	-	(2,078)
	(1,762)	(96)	-	(1,858)
Debt due after one year	(1,400)	-	300	(1,100)
Debt due within one year	(300)	300	(300)	(300)
Hire purchase agreements	(52)	13	-	(39)
	(1,752)	313	-	(1,439)
Investments: cash on deposit	1,093	(763)	-	330
	(2,421)	(546)	-	(2,967)

ROYAL AGRICULTURAL SOCIETY OF ENGLAND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

27. Related party transactions

The Society has purchased NIL (2004 Nil) supplies from members of council on an arms length basis.

Through a wholly owned subsidiary, RASE2 Limited, the Society has a 37.5% share in a joint venture with Haymarket Exhibitions Limited (HEL), the Royal Smithfield Club and the Agricultural Engineers Association, namely Haymarket Land Events LLP (HLE LLP). A summary of the transactions with HLE LLP are as follows:

	£000s
Services supplied to HLE LLP	356
Sales made on behalf of HLE LLP	-
Licence fee payable by HLE LLP	425
Balance due to RASE by HLE LLP as at 31 December 2005	263

28. Post Balance sheet events

Subsequent to the balance sheet information presented early in 2006, a decision was taken by the joint venture of HLE to cancel the Smithfield Show. This was based upon sound financial reasons. However, as referred to in the Trustees Report, this created an additional debt to HLE. Negotiations are on going between the Society and Haymarket, the remaining partners in the joint venture, to establish a more appropriate structure for future trading and these will conclude in a new agreement from September 1st.

ROYAL AGRICULTURAL SOCIETY OF ENGLAND

DIRECTORS, ADVISERS AND SENIOR STAFF 2005

Royal Agricultural Society of England

Principal Office Stoneleigh Park, Warwickshire CV8 2LZ

Advisers to the Society 2005

Auditors PricewaterhouseCoopers LLP, Cornwall Court, 32 Cornwall Street, Birmingham B3 2DT
Banker HSBC Bank plc, 126 The Parade, Leamington Spa, Warwickshire CV32 4Bu
Insurance Brokers AON Risk Services Limited, 158 Edmund Street, Birmingham B3 2HB
Investment Consultants COIF, CCLA Investment Management Limited, 80 Cheapside, London EC2V 6DZ
Pensions Actuaries, Consultants and Administrators Entegria Limited, Alpha Tower, Suffolk Street, Birmingham B1 1EJ
Pensions Investment Managers Schroder Investment Management (UK) Ltd., 31 Gresham Street, London EC2V 7QA
Solicitors Wright Hassall 9 Clarendon Place, Leamington Spa, Warwickshire CV32 5QP

Board of Trustees

I D R MacNicol OBE DL FRICS
R C W Barclay (retired 30 September 2005)
G N Trehane FRAgS
B W Kerr
M S Spencer
H R Oliver-Bellasis FRAgS
T H Hutton FCA
T H Wheatley-Hubbard
P J F Stovold
G N Hurst MRICS
N I Hollick (appointed 1 October 2005)

Directors of Stoneleigh Park Limited 2005

Mike Calvert OBE FRAgS (retired 26 July 2005)
I D R MacNicol OBE DL FRICS
D B Storrar BSc (Hons)
Helen Tetlow ACA BCom/Law (Hons)
R C W Barclay
T A Land
N I Hollick (appointed 29 November 2005)
None of the directors had at any time during the year either a beneficial or non-beneficial interest in the share capital of the company

Senior Staff of the Society 2005

Chief Executive Professor John Moverley OBE (appointed 1 December 2005)
Chief Executive Mike Calvert OBE FRAgS (retired 26 July 2005)
Secretary of the Society Helen Tetlow ACA BCom/Law (Hons)
Finance Director Helen Tetlow ACA BCom/Law (Hons)
Director of Exhibitions David B Storrar BSc (Hons)
Director of Arthur Rank Centre The Reverend Dr Gordon Gatward OBE
Director of FACE Bill Graham

ROYAL AGRICULTURAL SOCIETY OF ENGLAND 2005

President

Sir Stuart Hampson (appointed Oct 2005)
The Rt Rev'd A.J. Russell, The Bishop of Ely, DPhil, ARAgS
(Jan 05 -Oct 05)

Chairman of Council

I D R MacNicol OBE, DL, FRICS

Honorary Trustees

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H.R.H. The Prince of Wales, KG, KT, GCB
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**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005**

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