



20 May 2021

Dear Members and Friends,

First, we would like to thank our hardworking staff and that band of volunteers and those others with whom we work who make such a difference to the running of the Showground. We must also congratulate Jan Murray, our Education Officer, who is once again working tirelessly with schools and competitions, as you will have seen from the recent Education update.

Secondly, in our last letter to Members (11 March, with attachments) we explained how the Society is structured and the rules and regulations by which it is governed. We hope this is useful for those who are interested. It is particularly important for us Trustees to remain focused on governance as we endeavour to find our way through the Society's financial difficulties that have been growing in recent years, and which have then been made much worse by the pandemic.

As well as our moral obligation to do the best for the Society, the Trustees also have legal responsibilities to comply with Charity Commission and company law, all arduous in these difficult times. We, including all Members, must constantly remind ourselves that the Society is first and foremost an educational charity, of which the Royal County of Berkshire Show is but one iteration, although an important one.

The main purpose of this letter is to bring Members up to date with how the Trustees are dealing with the major financial problems the Society faces. The finances of the Society had been worsening for some years, as readers of the Society's annual accounts will have seen. As well as losses generated by the annual Shows, there was an added financial burden servicing the bank debt that was taken on to part finance the Cattle Barn in 2016. These problems were made much worse in 2020 by the COVID pandemic which resulted in the loss of most Showground hire income and necessitated redundancies and other cost cutting measures. Additional commentary about the Society's financial situation and key developments in recent years is attached to the end of this letter.

**The Newbury & District Agricultural Society**

Newbury Showground, Priors Court, Hermitage, Thatcham, Berkshire, RG18 9QZ

tel 01635 247111; fax 01635847227; e-mail [office@newburyshowground.co.uk](mailto:office@newburyshowground.co.uk) [www.newburyshowground.co.uk](http://www.newburyshowground.co.uk)

We will shortly be posting a set of draft Accounts to 31st December 2020 on the website. These remain in draft form (and therefore subject to change) as we are not yet able to sign off on the 2020 Accounts.

They show that the 2020 accounts include a trading loss of approximately £195,000. The outcome would have been much worse but for the furlough scheme and government business grants administered by West Berkshire Council, for all of which we are thankful. Although the historic profit and loss numbers are unlikely to change materially, there remain doubts for the auditors and the Board about our ability to state unequivocally that the Society remains a going concern.

For a business to be a going concern, there must be reasonable certainty that the business can continue trading for at least twelve months from the date the accounts are signed. Uncertainty remains as some prospective income from Showground lets later this year is yet to be realised as Event Organisers consider the commerciality of their events as England slowly emerges from the pandemic.

The Society's overheads still exceed £200,000 a year, even after the cutbacks we made in 2020, and include servicing the bank debt arising from the Cattle Barn. We are fortunate that the Department of Health and Social Care set up the COVID testing centre on part of the Showground in mid-2020 as they are now paying a regular rent. However, there is no certainty that this arrangement will continue past the end of September this year.

We all hope for better news on our current trading in coming months, but the Society's finances are such that the Trustees need to act now to minimise the danger of the Society falling into administration and being wound up later this year or early in 2022 which is a real risk.

As we have reported in previous letters to Members, the Fixed Assets Review Group ('FARG') was established a year ago to explore ways of utilising our balance sheet fixed assets to provide long term liquid capital and / or a reliable source of income for the Society. We had always felt that the location of the Showground on the junction of the M4 and A34 might mean that potentially it could have a value appreciably greater than its agricultural or event venue valuation and current onerous planning restrictions might suggest.

Savills, whom we had appointed as our advisers in 2020, have worked tirelessly with The Trustees and with the Members of the FARG in exploring and quantifying the potential commercial value of the main part of the Showground. We have excluded the 44 acres known as the White Car Park on the north side of Priors Court Road to keep some of our location options open for the longer term. Suffice it to say that there are strong indications that there is considerable unlocked value in the main site.

Based on the positive levels of interest shown by major national and international developers, the Board (with the professional assistance of Savills) anticipates that it will shortly identify a company with which the Society can enter into an option agreement, an essential part of which will be payment to the Society of a substantial and non-refundable premium. The development partner will then have a number of years in which to progress development plans and to secure planning permission for the optioned land, most probably as a logistics park. The time span for this process could be more than ten years, during which time we anticipate that the Society will have the full use of the Showground, its income and related operating costs. Once planning consent is achieved, the main part of the Showground would then be sold at near its full development value, a substantial multiple of its current value as agricultural land or as an events venue.

After consideration of various alternative deal structures, the Trustees have decided that this approach will be the best way of achieving a very substantial capital gain for the Society in the long term, whilst also providing an immediate and material cash injection that will still enable the Society to continue its core operations at the Showground for some years.

As many will be aware, the market for land to be developed for logistics operations is very strong at present, made more so by long term changes in how, by and to whom goods and services are distributed across the country. As Trustees we, and our Members, have a fiduciary duty to act in the best interests of the Society and its charitable aims. Even if we were not experiencing the current financial problems, we would still be bound to consider opportunities for maximising and realising the value of the Society's assets.

We cannot provide more detail at this stage due to the commercially sensitive nature of the process. However, we hope very much that it will lead to a conclusion that will allow the Society not only to survive but also to thrive. Our long term aspiration, in line with our governing documents, is to focus on our core remit of providing education and training in all aspects of agriculture and other rural based businesses in our area. If responsible and financially viable ways can be developed in the future to organise shows, gatherings and competitions centred around agriculture and rural enterprise, then this can also be done. But, first, we need to ensure the survival of the Society as outlined above.

We believe the strategy we are following will give Trustees and Members breathing space to consider and carefully refine the Society's future direction and the fulfilment of the Society's charitable objectives as set out in the Articles and Memorandum of Association. We intend to consider creating a small sub-committee to develop the work already undertaken by the Trustees on agreeing a defined vision for the future. Our feedback email address remains open for any comments Members may wish to make at this stage on [feedback@newburyshowground.co.uk](mailto:feedback@newburyshowground.co.uk)

Also in the longer term, the strategy of promoting potential development on the main part of the Showground will leave the White Car Park free of any third party commitment. If the Trustees consider it appropriate in the future, it could be sold to raise further capital, or used to provide an event venue, or an offsetting biodiversity benefit.

We hope we can rely on everyone's support as the Trustees negotiate this complex and pivotal point in the history of the Society. The Society is much more important than the long term ownership of the current Showground. A major infusion of cash soon, together with bright prospects for future substantial receipts as the Society works with a leading developer, is our aim.

Kind regards.  
Yours sincerely,

*(approved but not signed)*

Alison Brown  
Chairman, for and on behalf of the Trustees of the Newbury & District Agricultural Society

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## FINANCIAL REVIEW COMMENTARY

1. NDAS is a registered charity, the primary purpose of which is education in rural matters. However, in recent years the Royal County of Berkshire Show has tended to dominate the business of the Society at the expense of its wider educational remit.
2. Over a number of years, the economics of running large scale County Show type events such as the Royal County of Berkshire Show have been increasingly challenging. The Society has been faced with not only declining numbers of paying visitors but also a growing inability to increase revenues from ticket sales and associated commercial activities (trade stands, food & beverage, sponsorship etc). We have been struggling with the ever increasing and varied costs associated with delivering such large scale public events.
3. Analysis of historical Society audited accounts since 2013 shows that after adjustment for items such as depreciation, 'sponsorship in kind' and donations (either linked to the cattle building or one off exceptional figures), the Society's underlying cash position has been deteriorating by approximately £80,000 per annum over the last seven years, the poorest years prior to 2020 being 2017 and 2019.
4. The strategic decision in 2015/16 to invest in a new cattle barn resulted in available cash reserves being significantly reduced and a substantial bank loan also being taken out, the interest cost and repayment of which will continue until 2032.
5. Critically, the business plan associated with that project failed to deliver the additional revenues forecast.
6. The Showground needs considerable investment to improve its attractions as a venue for Event Organisers. For example, since the onset of the pandemic, the toilet facilities have had to be closed as they no longer meet environmental health standards and are not COVID compliant. We do not have funds for their refurbishment.
7. The Society is severely restricted in the number, times of the year and types of events that can be held on the Showground due to the terms of the S106 agreement with West Berkshire Council (WBC). Repeated efforts by the Society and its professional advisers to persuade WBC to modify these restrictions over recent years have failed completely, despite the potential value of the Showground as a resource for many types of community events around Newbury and beyond. The Society does not have the resources with which to continue this process.
8. The Society and its auditors are currently considering the ability to sign off the 2020 audited accounts on a 'Going Concern' basis, with forecasts (admittedly 'worst case scenarios' as showground rental incomes continue to be materially impacted by COVID) indicating we will 'run out of liquidity' by early to mid-2022. Unless remedial action is taken very soon, the Society would then have to be put into administration and effectively 'closed down'.
9. In May 2020, a 'Fixed Asset Review Group' (FARG) was established by the Board of Trustees with the specific remit of *'reviewing the fixed assets of the Society and to make recommendations to the Board of Trustees based on a comparative analysis as to the best options for the future utilisation of the assets, in order to maximise revenue and, possibly, generate capital receipts'*, and this body has subsequently reported developments to the Board of Trustees on a regular basis.

10. After a 'beauty parade' of four companies, the Trustees chose Savills to act as the Board's consultants in these matters. It became clear quite quickly from the work undertaken by them that many national and international companies consider that the Showground has substantial development potential as a commercial logistics site. Savills initially identified more than forty developers and investors who might be interested in acquiring or developing all or part of the Showground.
11. The number of interested parties was first reduced to seventeen, all of which provided written Expressions of Interest (EoIs).
12. In February of this year and in furtherance of the emerging strategy, the Society submitted a detailed proposition to West Berkshire Council under its Regulation 18 Review of the Local Plan which set out the Society's case for commercial development of the Showground.
13. In Round Two of our potential partner evaluation process, the list was reduced to eight companies which were invited to provide more detailed written proposals. From these, in Round Three, four leading companies in the logistics sector have been chosen to be interviewed and to refine their propositions. Those interviews will take place on 20 & 21 May.
14. If selection of a development partner is achieved and an acceptable agreement can be concluded, it is the intention of the Board of Trustees that some of the funds from the initial 'upfront' premium that would be received from the option agreement payment will be used to substantially pay down both the NatWest Bank loan (c. £275,000) as well as the Government backed 'Bounce Back Loan' (£50,000), with the balance held on account pending a full review of strategic priorities for the Society going forward.
15. These priorities should include a combination of:
  - developing new educational initiatives in rural education and training;
  - making repairs and improvements to the main part of the showground site to strengthen its appeal for third party lettings and associated revenues; and
  - running education based events and shows that align to our underlying charitable objectives as set out in our Memorandum and Articles of Association.