

The Royal Edinburgh Military Tattoo (Charities) Limited

Annual report and financial statements

Registered company number SC108857

Registered charity number SC018377

31 December 2021

THE ROYAL EDINBURGH MILITARY TATTOO (CHARITIES) LIMITED
(A CHARITABLE COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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THE ROYAL EDINBURGH MILITARY TATTOO (CHARITIES) LIMITED**TRUSTEES' REPORT****FOR THE YEAR ENDED 31 December 2021**

The Trustees, who are the Directors for the purposes of company law, have pleasure in submitting the twenty ninth annual report and Group consolidated financial statements for the year ended 31 December 2021 which are also prepared to meet the requirements for a Directors report and accounts for Companies Act purposes.

The financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006, the Memorandum and Articles of Association and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The Royal Edinburgh Military Tattoo (Charities) Limited has been entered into the Scottish Charity Register and is entitled, in accordance with section 13(1) of the Charities and Trustee Investment (Scotland) Act 2005, to refer to itself as a charity registered in Scotland.

REFERENCE AND ADMINISTRATION INFORMATION**Trustees**

Peter Lederer CBE (CHAIRMAN) (Resigned 8 November 2022)
 The Rt Hon Lord Robertson of Port Ellen KT GCMG HONFRSE PC (VICE-CHAIRMAN) (Resigned 10 June 2021)
 Patricia Bey (appointed 13 July 2021)
 Lieutenant General Robin Brims CB CBE DSO (Resigned 28 February 2022)
 Hugh Dunn CPFA (Resigned 11 June 2021)
 Geraldine Gammell
 Glen Gribbon (Resigned 10 June 2021)
 Major General Buster Howes CB OBE RM (CHIEF EXECUTIVE)
 Tim Hall
 Ray Macfarlane
 Bill Morris
 Gillian Watson (Resigned 13 July 2021)

Company Secretary

Alice Campbell (Appointed 5 January 2021)

Other Key Management Personnel

Chief Operating Officer	Jason Barrett
Head of Operations	Edward Fenton
Head of Commercial	Russell Smith (Resigned November 2021)
Head of Commercial	Martyn Wilson (Appointed November 2021)
Head of Marketing and Communications	Lynsey Fusco
Head of Finance & IT	Crawford Hunt (Resigned August 2021)
Finance Controller	Daniel Ness (Appointed August 2021)

Banker

Royal Bank of Scotland plc, St Andrew's Square, Edinburgh, EH2 2AD

Auditor

BDO LLP

Solicitors

Morton Fraser LLP

Wiggin LLP

Registered Office

1-3 Cockburn Street, Edinburgh, EH1 1QB

Scottish Charity number

SC018377

TRUSTEES' REPORT (continued)

2. STRUCTURE, GOVERNANCE AND MANAGEMENT

The Royal Edinburgh Military Tattoo (Charities) Limited is a company (limited by guarantee) and is governed by its Memorandum and Articles of Association.

The Trustees who held office up to the date of approval of the financial statements are detailed under reference information earlier in this report.

The composition and method of appointment of Trustees is detailed in the articles of the company.

The Board of Trustees comprises persons who have extensive business experience, representatives from The City of Edinburgh Council, retired Armed Forces Officers representing the military, and the Chief Executive of the company's subsidiary. When a vacancy arises the Trustee Appointments Advisory Group (TAAG) evaluate the balance of skills, knowledge, experience and diversity required for the Board. Potential candidates are referred to the TAAG via a variety of routes and structured interviews take place. The TAAG then make recommendations of appointments to the Board for decision.

The Board is assisted by Military Advisers comprising the Governor of Edinburgh Castle, the Brigade Commander 51 Infantry Brigade and HQ Scotland, and Head of Finance (Deputy Director), Army Headquarters, and other military advisers as required.

The Directors consider that the Board of Trustees and the Senior Management Team comprise the key management personnel of the charity and are in charge of directing and controlling, running and operating the charity on a day to day basis. Strategic plans are made by the Chief Executive and decisions considered and presented to the Board of Trustees for approval. Day to day operational decisions are made by the Chief Operating Officer. The Chief Executive is the only Trustee to receive remuneration and the remainder of the Trustees give their time freely. Details of Trustee expenses are disclosed at note 8. A committee structure consisting of a Finance, Risk and Audit Committee, a Military Committee, a Rewards and Remuneration Committee and various task committees report to the Board and examine relevant matters of the Group in more detail.

The terms and conditions of the senior staff are reviewed and approved annually by the Rewards and Remuneration Committee and remuneration is normally increased in accordance with overall pay increases for all staff.

Trustees are given a briefing and induction session on appointment. Trustee training requirements are reviewed on an annual basis and training delivered accordingly. The Trustees continue to review the governance arrangements to ensure they are adequate.

AUDITOR

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and BDO LLP will therefore continue in office.

DISCLOSURE OF INFORMATION TO AUDITOR

The Trustees who held office at the date of approval of this Trustees' report confirm that, so far as they each are aware, there is no relevant audit information of which the charitable company's auditor is unaware; and each Trustee has taken all the steps that they ought to have taken as a Trustee to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

TRUSTEES' REPORT (continued)

3. OBJECTIVES AND ACTIVITIES

The charitable company's policy is to make awards of grant in accordance with its charitable objectives. The company's memorandum and articles of association specify its principal objects as follows:

- (i) To promote military and other music through performance of tattoos and other opportunities in Edinburgh or elsewhere; and/or
- (ii) To relieve, in cases of need, hardship, poverty, infirmity or distress, or to provide personal development opportunities to persons who are serving or have served in HM Armed Forces, the dependants of such persons qualifying for such relief and such charitable organisations recognised to have an association with HM Armed Forces and/or any other equivalent national defence organisation in any jurisdiction; and/or
- (iii) To promote and encourage the arts, culture and heritage, and/or the study of the arts, culture and heritage in Edinburgh or elsewhere.

The charitable company meets these objectives by grant making and the operation of tattoos via its subsidiary companies.

The Trustees review the charitable donations policy and mechanism for making charitable donations annually. The current mechanism is summarised below:

- The majority of funds will be donated to three main Service charities and at least one main arts charity or project fund for further distribution to smaller charities.
- At its March meeting, the Finance, Risk and Audit Committee confirms the amount available for disbursement based on the projected financial outturn. This will be ratified by the Board in April.
- In April/May, the Military Committee will agree a suitable ratio for distribution to the Service charities.
- At the Board meeting in June, donation sums will be considered and approved for immediate disbursement. Any conditions applying to the donation will be issued with the payment. Correspondence received from the charitable organisations is circulated to the Board and subsequent reports are to be submitted from those who have received a donation as to how the funds have been applied.

Achievements and Performance

In 2021, The Royal Edinburgh Military Tattoo was again cancelled – resulting in significant losses for the Trading company for the second consecutive year. As this is the main income driver for the Company and with consideration taken to safeguarding the Groups reserves the charitable company approved donations at the June Board totalling £55,000. This donation is detailed in note 4 of the accounts, all of which has been subsequently distributed in the first half of 2022. The £55,000 was distributed through the strategic Armed Services charities and welfare funds that currently rely on annual contribution from the Tattoo.

TRUSTEES' REPORT (continued)**4. STRATEGIC REPORT**

Donations made to welfare funds enabled improvements to welfare facilities in barracks, emergency support for service families in the local area, family and community-based events and activities in sport and adventure training for physical and mental wellbeing of personnel. The Army Piping Committee has been enabled to maintain community tuition projects designed to nurture youth engagement and participation in piping and drumming; provision of equipment to pipes and drums units; and participation in competitive events. The Scottish National War Memorial has also received support to continue their work to refurbish historical Rolls of Honour held in Edinburgh Castle.

Financial Review

The result for the year is set out in the consolidated statement of financial activities on page 12. Income for the Group remained low during the year due to the cancellation of the 2021 Tattoo. Group loss before taxation was £3,830,805 (2020: Loss of £5,087,917). Tax and other recognised gains and losses brought a net movement of funds to a decrease of £1,696,952 (2020: decrease of £5,856,715).

The subsidiary company, The Royal Edinburgh Military Tattoo Limited, did not perform a Tattoo in 2021. During the year the company generated turnover of £489,766 (2020: £427,570) and a loss after tax of £2,949,297 (2020 loss: £4,264,527). The company did not make any gift aid to the charitable company (2020: £Nil).

Edinburgh Tattoo Productions Limited, the subsidiary company of The Royal Edinburgh Military Tattoo Limited, operates and produces the Tattoo in Edinburgh. During the year the company generated turnover of £1,496,260 (2020: £1,350,426) and a profit after tax of £287,644 (2020: £195,166). The company did not make any gift aid to the charitable company (2020: £Nil).

During the year, the subsidiary company The Royal Edinburgh Military Tattoo (International) Limited did not produce an overseas performance. The company generated nil turnover (2020: £Nil) and a loss after tax of £3,002 (2020: profit of £11,790). The company did not make any gift aid to the charitable company (2020: £Nil).

The Trustees have considered the potential impact of COVID-19 and have concluded that, whilst the value of the investment portfolio has shown significant variation in line with market movements since the year end, there is no immediate financial risk given the level and liquidity of funds held. The work of the Charity continues and other risks will be mitigated by following Government guidance and requirements. A detailed review of the results of all subsidiaries are given in the Directors' Report of those companies.

Investment policy

During the year the Finance, Risk and Audit Committee reviewed the portion of reserves being held in funds towards the replacement of the grandstands in the future and for use in the instance of an event cancellation. It was agreed that the current risk approach to investment of those funds should continue to be taken, remaining to be managed by Quilter Cheviot on behalf of the Group.

The remaining reserves of the charitable company and the trading subsidiary are invested in cash term deposits to maximise the rate of return while minimising risk. These deposits are managed through the Treasury and Banking Section of the Corporate Governance Department of the City of Edinburgh Council in accordance with the policies approved by the Trustees.

The Finance, Risk and Audit Committee review the investment policies on an annual basis and monitors the position.

TRUSTEES' REPORT (continued)**Reserves policy**

All of the charitable company's reserves are unrestricted. The Trustees have designated £10.9M (2020: £12.0M) of the Group's reserves as detailed in note 20. This includes £5.7M (2020: £4.8M) to cover the potential losses due to the cancellation of The Royal Edinburgh Military Tattoo, £2.6M (2020: £5.6M) towards replacement of the stands in future, £2.3M (2020: £1.0M) for capital development in 2022, and £0.3M (2020: £0.5M) for charitable grants in 2022.

The free reserves (being the total reserves less designated funds, fixed assets, intangible assets, defined benefit pension scheme liability and provision for liabilities) of the Group amount to £0.8M (2020: £3.3M). The Group is holding Free Reserves of £0.8M which equates to 2 months of expenditure pending a full review of Reserves in 2023.

Plans for Future Periods

The Trustees, taking account of the financial challenges facing the trading subsidiaries, intend to maintain a realistic level of disbursements in accordance with the charitable aims of the company for the foreseeable future.

The Trustees intend to maintain The Royal Edinburgh Military Tattoo's position as the premier event of its kind in the world. The long-term vision of the Group of companies is to deliver the world's greatest immersive events and to sustain and develop our international reputation and diversify income streams as encapsulated in our 'Strategy for Growth'.

Going concern

The Group has completed budget and cashflow forecasts, including an assessment of the current economic climate on the Group's liquidity and ability to continue as a going concern. Based upon the forecasting performed, the Trustees are confident that the actions and strategies in place and results of the Group support the going concern position. The Royal Edinburgh Military Tattoo went ahead as planned in August 2022 and ticket sales have commenced in late 2022 for the 2023 Tattoo. The Trustees believe that the impact from COVID-19 and the current economic climate does not present a material uncertainty to the Group's going concern position, due to the cashflow, resources and various mitigating strategies that are available to the Group. The Trustees have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and therefore adopt a going concern basis of accounting in preparing the financial statements.

HM Queen Elizabeth II

As a Royal charity, we recognise the immense contribution that Her Late Majesty Queen Elizabeth II made over more than seventy years to our national life and to that of the Commonwealth. We were greatly privileged to entertain The Queen, together with the Duke of Edinburgh, at the Tattoo. We lament the passing of a very remarkable lady.

TRUSTEES' REPORT (continued)**Principal Risks and Uncertainties**

The Strategic Risk Register encapsulates the principal risks and uncertainties for the charitable company and its subsidiaries. The Finance, Risk and Audit Committee ensure that appropriate arrangements are established to mitigate those risks.

The key risk of the charitable company is ensuring that the trading subsidiaries maintain successful Tattoos in Edinburgh and abroad such that sufficient profits are generated and gifted to the charitable company to supplement investment and other income. The principal risks and uncertainties in running the business and achieving our Strategy for Growth include the following top 5 risks:

- Future short-notice cancellations: The Senior Management Team constantly monitor developing events and circumstances with a view to taking timeous action.
- Global/regional instability or decline of domestic/internal economic conditions leads to inability to assemble cast or audience decline: The Senior Management Team routinely assess external factors, conducting scenario and contingency planning and monitoring triggers for mitigating or preventative action to be taken.
- Failure to invest in the right strategic partnerships: A key part to the success of the business is working in partnership with a variety of organisations. Ensuring that we identify the right partners to engage with, in particular those that are able to deliver Overseas Tattoos, as well as identifying opportunities to work with new partners in the interests of diversifying our income streams, will ensure our business development opportunities are maximised. We apply due diligence and carefully scrutinise all such partnerships.
- Failure to innovate or keep up with speed of technology to meet customer expectations leads to audience decline: We regularly review our audience expectations through research and we continue to challenge our technological development via our annual innovation plan.
- Not securing an abatement due to lack of cross Government support for overseas projects: Continued participation from MOD bands is a key component of our overseas strategy. We continue to invest in our stakeholder communications strategy across Government departments in order to demonstrate our value to Government and secure the abatement.

ON BEHALF OF THE BOARD

Geraldine Gammell

GERALDINE GAMMELL
Trustee

1-3 Cockburn Street
EDINBURGH
EH1 1QB

8 December 2022

**STATEMENT OF RESPONSIBILITIES OF THE TRUSTEES OF THE ROYAL EDINBURGH MILITARY TATTOO (CHARITIES)
LIMITED IN RESPECT OF THE TRUSTEES' REPORT AND THE FINANCIAL STATEMENTS**

The Trustees are responsible for preparing the Trustees' Report, the Strategic Report, and the financial statements in accordance with applicable law and regulations.

Company law and charity law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law and charity law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and charity and of the incoming resources and application of resources, including the income and expenditure, of the Group and charity for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF THE ROYAL EDINBURGH MILITARY TATTOO (CHARITIES) LIMITED**Opinion on the financial statements**

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charitable Company's affairs as at 31 December 2021 and of the Group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006.

We have audited the financial statements of The Royal Edinburgh Military Tattoo (Charities) Limited ("the Parent Charitable Company") and its subsidiaries ("the Group") for the year ended 31 December 2021 which comprise the consolidated statement of financial activities (incorporating a group income and expenditure account), the consolidated balance sheet, the charitable company balance sheet, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Parent Charitable Company in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions related to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Charitable Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report and financial statements, other than the financial statements and our auditor's report thereon. The other information comprises: the Trustees' Report and the Strategic Report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF THE ROYAL EDINBURGH MILITARY TATTOO (CHARITIES) LIMITED (Continued)

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report and Strategic Report, which includes the Directors' Report and the Strategic report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' Report included within the Trustees' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report or the Trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 requires us to report to you if, in our opinion;

- proper and adequate accounting records have not been kept by the Parent Charitable Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Charitable Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Group's and the Parent Charitable Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or the Parent Charitable Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF THE ROYAL EDINBURGH MILITARY TATTOO (CHARITIES) LIMITED (Continued)**Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The procedures that we designed and executed included:

- performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud. Areas of identified risk are then tested substantively;
- reviewing correspondence with regulatory bodies and from legal advisors to identify indications of non-compliance with laws and regulations;
- assessing the design and implementation of the control environment to identify areas of material weakness to focus the design of our audit testing;
- determining whether the accounting policies and presentation adopted in the financial statements are in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice)
- identifying whether there are instances of potential bias in areas with significant degrees of judgement;
- addressing the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in accounting estimates are indicative of a potential bias such as the valuation of property; and evaluating the business rationale of significant transactions that are unusual or outside the normal course of business;
- vouching balances and reconciling items in key control account reconciliations to supporting documentation as at 31 December 2021; and
- carrying out detailed testing, on a sample basis, of transactions and balances agreeing to appropriate documentary evidence to verify the completeness, existence and accuracy of the reported financial statements.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF THE ROYAL EDINBURGH MILITARY TATTOO (CHARITIES) LIMITED (Continued)

Use of our report

This report is made solely to the Charitable Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the Charitable Company's trustees, as a body, in accordance with the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the Charitable Company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charitable Company, the Charitable Company's members as a body and the Charitable Company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Martin Gill
B6F16A8EF9FD4ED...

Martin Gill (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

Edinburgh, UK

Date 13 December 2022

BDO LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

THE ROYAL EDINBURGH MILITARY TATTOO (CHARITIES) LIMITED
A CHARITABLE COMPANY LIMITED BY GUARANTEE

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING A GROUP INCOME AND EXPENDITURE ACCOUNT)

FOR THE YEAR ENDED 31 DECEMBER 2021

	<u>Notes</u>	<u>Total</u> <u>2021</u> £	<u>Total</u> <u>2020</u> £
Income			
Other trading activities	2(a)	913,128	510,013
Investments	2(b)	125,706	209,757
Donations and Legacies	2(c)	5,332	98,629
		<hr/>	<hr/>
Total income		1,044,166	818,399
		<hr/>	<hr/>
Expenditure			
Raising funds	3	(5,606,362)	(5,139,105)
Charitable activities	4	(55,000)	(601,205)
		<hr/>	<hr/>
Total expenditure		(5,661,362)	(5,740,310)
		<hr/>	<hr/>
Net gains/(losses) on investments	2(d)	786,392	123,747
Revaluation of Investment Properties	10(b)	-	(289,753)
		<hr/>	<hr/>
Net (loss)/income before taxation		(3,830,804)	(5,087,917)
		<hr/>	<hr/>
Taxation	9	898,852	903,182
		<hr/>	<hr/>
Net (loss)/income	6	(2,931,952)	(4,184,735)
		<hr/>	<hr/>
Other recognised gains/(losses)			
Actuarial gains/(losses) on defined benefit pension schemes	19	1,524,000	(2,120,000)
Tax on other comprehensive income	9	(289,000)	448,020
		<hr/>	<hr/>
Net movement in funds		(1,696,952)	(5,856,715)
		<hr/>	<hr/>
Reconciliation of funds			
Fund balances brought forward		22,690,631	28,547,346
		<hr/>	<hr/>
Fund balances carried forward		20,993,679	22,690,631
		<hr/> <hr/>	<hr/> <hr/>

All of the activities are continuing. All income is unrestricted.

There is no difference between the historical cost result and the net income for the year as shown above. The notes on pages 17-38 form an integral part of these financial statements.

THE ROYAL EDINBURGH MILITARY TATTOO (CHARITIES) LIMITED
A CHARITABLE COMPANY LIMITED BY GUARANTEE

CHARITABLE COMPANY STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2021

	<u>Notes</u>	<u>Total</u> <u>2021</u> £	<u>Total</u> <u>2020</u> £
Income			
Other trading activities	2(a)	340,500	336,375
Investments	2(b)	53,487	76,811
Donations and Legacies	2(c)	5,332	98,629
		<hr/>	<hr/>
Total income		399,319	511,815
Expenditure			
Raising funds	3	(63,128)	(58,954)
Charitable activities	4	(55,000)	(601,205)
		<hr/>	<hr/>
Total expenditure		(118,128)	(660,159)
Net gains/(losses) on investments	2(d)	351,511	21,179
		<hr/>	<hr/>
Net income/(loss) before taxation		632,702	(127,165)
Taxation		-	-
		<hr/>	<hr/>
Net income/(loss)	6	632,702	(127,165)
		<hr/> <hr/>	<hr/> <hr/>
Net movement in funds		632,702	(127,165)
Reconciliation of funds			
Fund balances brought forward		10,298,168	10,425,333
		<hr/>	<hr/>
Fund balances carried forward		10,930,870	10,298,168
		<hr/> <hr/>	<hr/> <hr/>

All of the activities are continuing. All income is unrestricted.

The notes on pages 17-38 form an integral part of these financial statements.

THE ROYAL EDINBURGH MILITARY TATTOO (CHARITIES) LIMITED
A CHARITABLE COMPANY LIMITED BY GUARANTEE

CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER 2021

	<u>Note</u>	<u>2021</u> £	<u>2020</u> £
Fixed assets			
Intangible assets	10(a)	13,902	42,831
Tangible assets	10 (b)	11,967,595	11,184,377
Investments	11	6,218,401	5,583,751
		18,199,898	16,810,959
Current assets			
Stock		79,430	128,964
Debtors	12	858,650	755,845
Short term cash investments	22	15,866,525	13,998,322
Cash at bank and in hand	22	573,002	370,119
		17,377,607	15,253,250
Liabilities			
Creditors: amounts falling due within one year	13	(7,624,490)	(5,591,578)
Net current assets		9,753,117	9,661,672
Total assets less current liabilities		27,953,015	26,472,631
Creditors: amounts falling due after one year	13	(4,333,336)	-
Net assets excluding pension scheme liability		23,619,679	26,472,631
Defined benefit pension scheme liability	19	(2,626,000)	(3,782,000)
		20,993,679	22,690,631
Net assets			
Unrestricted funds			
General funds	21	10,143,679	10,706,880
Designated funds	21	10,850,000	11,983,751
Total funds	20	20,993,679	22,690,631

The notes on pages 17-38 form an integral part of these financial statements.

These financial statements were approved by the Board of Trustees and on 8 December 2022 were signed on its behalf by:

Geraldine Gammell

Geraldine Gammell
Trustee

Registered number: SC108857

THE ROYAL EDINBURGH MILITARY TATTOO (CHARITIES) LIMITED
A CHARITABLE COMPANY LIMITED BY GUARANTEE

CHARITABLE COMPANY BALANCE SHEET

AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	10(b)	2,075,689	2,122,105
Investments	11	<u>2,639,636</u>	<u>2,367,491</u>
		<u>4,715,325</u>	<u>4,489,596</u>
Current assets			
Debtors	12	382,712	58,308
Short term cash investments		5,930,928	5,931,691
Cash at bank and in hand		<u>172,780</u>	<u>39,795</u>
		<u>6,486,420</u>	<u>6,029,794</u>
Liabilities			
Creditors: amounts falling due within one year	13	<u>(270,875)</u>	<u>(221,222)</u>
Net current assets		<u>6,215,547</u>	<u>5,808,572</u>
Total net assets		<u>10,930,870</u>	<u>10,298,168</u>
Unrestricted funds			
General funds	21	3,080,870	3,430,677
Designated funds	21	<u>7,850,000</u>	<u>6,867,491</u>
Total charity funds		<u>10,930,870</u>	<u>10,298,168</u>

The notes on pages 17-38 form an integral part of these financial statements.

These financial statements were approved by the Board of Trustees and on 8 December 2022 were signed on its behalf by:

Geraldine Gammell

Geraldine Gammell
Trustee

Registered number: SC108857

THE ROYAL EDINBURGH MILITARY TATTOO (CHARITIES) LIMITED
A CHARITABLE COMPANY LIMITED BY GUARANTEE

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

	<u>Note</u>	<u>2021</u>	<u>2020</u>
		£	£
Reconciliation of net (expenditure)/income to net cash flow from operating activities			
<i>Net (expenditure)/income for the reporting period (as per the statement of financial activities)</i>		(2,931,953)	(4,184,735)
Adjustments for			
Depreciation and amortisation charges		583,981	480,229
(Gains)/losses on investments		(786,392)	(123,747)
Revaluation of Investment Properties		-	289,753
Interest receivable		(125,706)	(209,757)
Pensions current service cost		567,000	437,000
Pension contributions paid		(246,000)	(230,000)
Net interest payable on pensions		51,000	31,000
Taxation		(898,852)	(903,182)
(Increase)/decrease in stock		49,535	31,310
(Increase)/decrease in debtors		507,045	384,941
(Decrease)/increase in creditors		1,366,025	(4,079,442)
Tax received/(paid)		(3,782)	940,946
Net cash provided by/(used in) operating activities		<u>(1,868,098)</u>	<u>(7,135,684)</u>
 <u>CASH FLOW STATEMENT</u>			
Cash flows from operating activities			
<i>Net cash provided by operating activities</i>		(1,868,098)	(7,135,684)
 Cash flows from financing activities			
Bank loan		5,000,000	-
 Cash flows from investing activities			
Interest income		125,708	209,757
Purchase of tangible fixed assets		(1,338,268)	(1,318,274)
Purchase of intangible assets		-	(29,619)
Proceeds from sale of investments		828,464	5,078,913
Purchase of investments		(676,720)	(5,248,230)
<i>Net cash used in investing activities</i>		<u>(1,060,816)</u>	<u>(1,307,453)</u>
 <i>Change in cash and cash equivalents in the reporting period</i>		2,071,086	(8,443,137)
 Cash and cash equivalents at the beginning of the reporting period		<u>14,368,441</u>	<u>22,811,578</u>
 Cash and cash equivalents at the end of the reporting period	22	<u>16,439,527</u>	<u>14,368,441</u>

The notes on pages 17-38 form an integral part of these financial statements.

THE ROYAL EDINBURGH MILITARY TATTOO (CHARITIES) LIMITED
A CHARITABLE COMPANY LIMITED BY GUARANTEE
NOTES (FORMING PART OF THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2021)

1. Accounting policies

The Royal Edinburgh Military Tattoo (Charities) Limited (the “Charitable Company”) is a Charitable Company limited by guarantee and not having share capital and domiciled in the UK. The company is registered in Scotland with its registered office and principle place of business at 1-3 Cockburn Street, Edinburgh, EH1 1QB and company number SC108857 and Charity number SC018377. The liability of the members is limited by the Memorandum of Association to £1 each.

These Group and parent Charitable Company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (“FRS 102”) as issued in August 2014 and Accounting and Reporting by Charities: Statement of Recommended Practice. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. The Royal Edinburgh Military Tattoo (Charities) Limited meets the definition of a public benefit entity under FRS 102.

The parent Charitable Company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent Charitable Company financial statements have been applied:

- No separate parent Charitable Company Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included a second time; and,
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 1.17 below.

The functional currency of the Company is pounds sterling, and all amounts have been rounded to the nearest pound.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: financial instruments classified at fair value through the statement of financial activities.

1.2 Going concern

The Group and Charitable Company’s business activities and its financial performance, together with the factors likely to affect its future development, performance and position are set out in the Trustees’ Report on pages 1 to 6.

The Group has completed budget and cashflow forecasts, including an assessment of the current economic climate on the Group’s liquidity and ability to continue as a going concern. Based upon the forecasting performed, the Trustees are confident that the actions and strategies in place and results of the Group support the going concern position. The Royal Edinburgh Military Tattoo went ahead as planned in August 2022 and ticket sales have commenced in late 2022 for the 2023 Tattoo. The Trustees believe that the impact from COVID-19 and the current economic climate does not present a material uncertainty to the Group’s going concern position, due to the cashflow, resources and various mitigating strategies that are available to the Group. The Trustees have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and therefore adopt a going concern basis of accounting in preparing the financial statements.

NOTES (continued)**1. Accounting Policies (Continued)****1.3 Basis of consolidation**

The consolidated financial statements include the financial statements of the Charitable Company and its subsidiary undertakings made up to 31 December 2021. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated statement of financial activities (incorporating a Group income and expenditure account) from the date that control commences until the date that control ceases. Control is established when the Charitable Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

The net incoming resources in the financial statements of the charitable company for the financial year was £632,702 (2020: loss of £127,165).

1.4 Foreign currency

Transactions in foreign currencies are translated to the Group charitable companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of financial activities.

1.5 Basic financial instruments*Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in statement of financial activities. Other investments are measured at cost less impairment in the statement of financial activities.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Charitable Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

NOTES (continued)**1. Accounting Policies (Continued)****1.6 Other financial instruments**

Financial instruments not considered to be Basic financial instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in the statement of financial activities.

1.7 Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Costs associated with maintaining computer software applications are recognised as an expense as incurred. Costs that are directly attributable to the production of identifiable and unique software products controlled by the company, and that will probably generate economic benefits, are recognised as intangible assets. Software assets are amortised over their estimated useful lives:

- software applications 3 years

1.8 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The Charitable Company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

- production equipment 10 - 20 years
- freehold property 10 - 50 years
- fixtures, fittings and equipment 3-10 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Charitable Company expects to consume an asset's future economic benefits.

Assets under construction are transferred to the relevant asset category when they become operational and are depreciated from that date.

Investments also includes holdings in subsidiary companies and listed investments, these are held at cost and market value respectively.

1.9 Investment properties

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the statement of financial activities.

NOTES (continued)**1. Accounting Policies (Continued)****1.10 Leased assets: Lessor**

The company enters into leases for investment property and these are treated as operating leases. Their annual rentals are credited to the statement of financial activities on a straight-line basis over the term of the lease.

1.11 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

1.12 Employee benefits*Defined benefit plans*

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability (asset) taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the Company's obligations. A valuation is performed triennially by a qualified actuary using the projected unit credit method. The Company recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Remeasurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

1.13 Income*Other trading activities*

Turnover represents the value of ticket sales and income from other related ancillary activities net of related value added tax and includes the value of complimentary tickets issued and sponsorship received. Income received in advance for future shows is shown as deferred income within creditors. Turnover also represents service and administration fees, profit share and the sale of recording rights from productions of The Royal Edinburgh Military Tattoo abroad, exclusive of value added tax. Turnover is recognised when the amount can be measured reliably and it is probable economic benefits will flow to the entity.

Other operating income represents income from activities not directly related to the promotion and production of the Military Tattoo on the Esplanade of Edinburgh Castle. Expenditure in connection with running the Tattoo that is contracted through Royal Edinburgh Military Tattoo Limited (REMT) is net against the recharge to REMT's subsidiary, Edinburgh Tattoo Productions Limited. This is to ensure no costs are double counted following the final recharge from Edinburgh Tattoo Productions limited to the company for total cost for running the Tattoo.

NOTES (continued)**1. Accounting Policies (Continued)****1.14 Funds**

Unrestricted funds held by the Group are either:

General funds – funds which can be used in accordance with the objectives of the charitable company at the discretion of the Trustees.

Designated funds – funds set aside by the Trustees out of unrestricted general funds for specific future purposes.

Transfers are made to designated funds at the discretion of the Trustees.

1.15 Expenditure

Resources expended are included in the statement of financial activities on an accruals basis. All VAT is recoverable, with the exception of VAT on expenses incurred within the charitable company.

Costs of raising funds

Costs of services provided represents the direct operational costs within the subsidiary undertakings of the staging of a military tattoo, together with the cost of goods sold of the merchandise. Depreciation of the charitable company's rented properties is also charged to this category as these are used by the subsidiary for administrative purposes. Interest payable and similar charges is charged to this category and includes interest payable, net interest expense on net defined benefit pension liabilities (see employee benefits accounting policy), and net foreign exchange losses that are recognised in the statement of financial activities (see foreign currency accounting policy).

Other interest receivable and similar income is charged to this category and includes interest receivable on funds invested, and net gains on financial assets measured at fair value in the statement of financial activities. Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

Expenditure on charitable activities

Grants payable in furtherance of the charity's objects represents all grants approved by the Trustees in the financial year – these are split between the charity's two objectives. A liability is recognised in the financial statements when recipients are determined and the grants are approved.

Governance and support costs

Governance costs are incurred in compliance with constitutional and statutory requirements including professional fees. Support costs are borne by the subsidiary companies.

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the statement of financial activities on a straight-line basis over the term of the lease.

NOTES (continued)**1. Accounting Policies (Continued)****1.16 Taxation***Group*

Tax on the surplus or deficit for the year comprises current and deferred tax. Tax is recognised in the statement of financial activities account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Charitable Company

The Charitable Company is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.17 Accounting estimates and judgements*Pension and other post-employment benefits*

The cost of defined benefit pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. More detail of the assumptions made and the carrying amount involved is provided in note 19.

Tangible fixed assets (see note 10b)

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

NOTES (continued)

2. <u>Income</u>	<u>Group</u>		<u>Company</u>	
	<u>2021</u> £	<u>2020</u> £	<u>2021</u> £	<u>2020</u> £
(a) Income from other trading activities				
Income generated by subsidiaries	890,628	493,138	-	-
Other Operating Income	22,500	16,875	340,500	336,375
	913,128	510,013	340,500	336,375

In "Income generated by subsidiaries" there is £99,743 worth of financial support received through grants and initiatives from local and national government, including £14,242 (2020: £131,039) in relation to Job Retention Scheme income.

	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	£	£	£	£
(b) Investment income				
Interest receivable on cash deposits	2,220	75,940	959	16,901
Realised income on investment funds	123,486	133,817	52,528	59,910
	125,706	209,757	53,487	76,811

	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	£	£	£	£
(c) Donations and Legacies				
Donations received	5,332	98,629	5,332	98,629

	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	£	£	£	£
(d) Net gain on investments				
Realised and Unrealised gain/(loss) on investment funds	786,392	123,747	351,511	21,179

3. <u>Expenditure</u>	<u>Group</u>		<u>Company</u>	
	<u>2021</u> £	<u>2020</u> £	<u>2021</u> £	<u>2020</u> £
Expenditure on raising funds				
Staging of Edinburgh and Overseas Tattoos	5,606,362	5,139,105	63,128	58,954

4. Charitable activities

Grants were paid in accordance with the charity's objectives as follows:

	<u>Group and Company</u>	
	<u>2021</u>	<u>2020</u>
<i>Providing relief to persons who serve or have served in the Armed Forces</i>		
The Soldiers' Charity	-	126,000
The Royal Navy and Royal Marines Charity	-	71,000
The Royal Air Force Benevolent Fund	-	74,500
The Army in Scotland Trust	8,000	10,000
The Army Piping Committee	32,000	40,000
51 Infantry Brigade Welfare Fund	8,000	10,000
Scottish Amenities Fund	-	3,500
Edinburgh Garrison Welfare Fund	5,000	3,000
Scottish National War Memorial	2,000	2,000
Army Military Forces Relief Trust Fund	-	43,992
Royal Australian Navy Relief Trust	-	25,107
Royal Australian Air Force Welfare Trust Fund	-	24,063
Everyman's Welfare Service	-	8,043
	55,000	441,205

NOTES (continued)4. Charitable activities (continued)

Grants were paid in accordance with the charity's objectives as follows: (continued)

	<u>Group and Company</u>	
	<u>2021</u>	<u>2020</u>
	£	£
<i>Promoting and encouraging the arts</i>		
Traditional Scottish Arts Programme	-	160,000
	-	160,000
Governance costs	-	-
Total Charitable Activities	55,000	601,205

5. **Auditor's remuneration**

	<u>Group</u>	
	<u>2021</u>	<u>2020</u>
	£	£
<i>Auditor's remuneration</i>		
Amounts receivable by the auditor and associates in respect of:		
Statutory audit of these financial statements	2,500	2,450
Statutory audit of financial statements of subsidiaries	17,675	15,900
Taxation compliance services	9,875	6,775
Taxation advisory services	3,750	4,250
	33,800	29,375

6. **Net income for the year**

This is stated after charging/(crediting):

	<u>Group</u>	
	<u>2021</u>	<u>2020</u>
	£	£
Depreciation	555,052	421,676
Amortisation	28,929	58,553
Interest payable	-	1,500
Operating Lease Expense	400,666	400,666
Operating lease rental income	(7,000)	(39,530)
Defined Benefit Pension Cost	618,000	468,000
Defined contribution pension costs	311,085	282,041
<i>Auditors remuneration:</i>		
Audit fees	20,175	18,350
Job Retention Scheme Income	(14,242)	(131,039)

NOTES (continued)**7. Staff costs**

There are no staff employed by The Royal Edinburgh Military Tattoo (Charities) Limited.

	<u>Group and Company</u>	
	<u>2021</u>	<u>2020</u>
	£	£
Wages and salaries	1,550,237	1,731,227
Social Security costs	165,956	187,910
Pension costs	311,085	282,041
Additional Voluntary Contributions	-	37,596
	<u>2,027,278</u>	<u>2,238,774</u>

The average headcount (number of staff employed) during the reporting period was 38 (2020: 42). The number of persons (full time equivalent) employed by the Group during the year was as follows:

	<u>Group and Company</u>	
	<u>2021</u>	<u>2020</u>
	£	£
Tattoo production & support	34	38
Temporary staff	4	4
	<u>38</u>	<u>42</u>

The number of staff whose emoluments (excluding employer pension contributions) exceeded £60,000 fell within the following bands:

	<u>2021</u>	<u>2020</u>
£150,000 - £159,999	1	-
£110,000 - £119,999	-	1
£100,000 - £109,999	-	-
£90,000 - £99,999	1	2
£80,000 - £89,999	2	-
£70,000 - £79,999	-	2
£60,000 - £69,999	1	2

Retirement benefits are accruing to some of these members of staff under the defined benefit pension scheme.

8. Trustees' Remuneration

One Trustees (2020: *Two Trustees*), in their capacity as Chief Executive and Director of the subsidiary company, The Royal Edinburgh Military Tattoo Limited, received remuneration. The aggregate of remuneration and amounts receivable under long term incentive schemes was £170,040 (2020: £239,055). This is split as remuneration of £158,700 (2020: £196,634) and employer contributions to a defined contribution pension scheme of £11,340 (2020: £42,421).

Indemnity insurance for the Trustees was purchased by the Group at a cost of £5,098 (2020: £3,269). Expenses of £600 were reimbursed to four Trustees (2020: £6,271 to seven Trustees). These related to travel and expenses incurred in attending meetings, management planning and logistics, and development of the subsidiaries' strategies. Key management personnel for the Group includes the Trustees, the Chief Executive and the Senior Management Team. Total employee benefits (including pension contributions) received by Trustees and key management personnel for their services to the charity totalled £678,547 (2020: £700,053).

NOTES (continued)**9. Taxation**

Total tax expense recognised in the statement of financial activities, other comprehensive income and equity

	2021		2020	
	£	£	£	£
<i>Current tax</i>				
Current tax on income for the year	(282,209)		(194,465)	
Adjustments in respect of prior periods	(331,425)		(444,140)	
Foreign Taxation	3,782		1,101	
	<hr/>		<hr/>	
Total current tax		(609,852)		(637,504)
		<hr/>		<hr/>
<i>Deferred tax</i>				
Origination and reversal of timing differences	(289,000)		(349,642)	
Adjustments in respect of prior periods	-		-	
Change in tax rate	-		83,964	
	<hr/>		<hr/>	
Total deferred tax		(289,000)		(265,678)
		<hr/>		<hr/>
Total tax		(898,852)		(903,182)
		<hr/>		<hr/>

Group

	2021	2021	2021	2020	2020	2020
	£	£	£	£	£	£
	Current tax	Deferred tax	Total tax	Current tax	Deferred tax	Total tax
Recognised in consolidated statement of financial activities – taxation	(609,852)	(289,000)	(898,852)	(637,504)	(265,678)	(903,182)
Recognised in consolidated statement of financial activities – other recognised gains/losses	-	289,000	289,000	-	(448,020)	(448,020)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total tax	(609,852)	-	(609,852)	(637,504)	(713,698)	(1,351,202)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

NOTES (continued)**9. Reconciliation of effective tax rate**

	2021	2020
	£	£
Net (loss)/income for the year	(2,931,953)	(4,184,735)
Total tax (credit)/expense	(898,852)	(903,182)
	<hr/>	<hr/>
Net (loss)/income before taxation	(3,830,805)	(5,087,917)
Tax using the UK corporation tax rate of 19% (2020: 19%)	(727,853)	(966,704)
Depreciation in excess of capital allowances	38,278	40,467
Reduction in tax rate on deferred tax balances	-	-
Non-deductible expenses	76,005	131,180
Tax exempt revenues	(202,841)	5,066
Adjustments in respect of prior periods	(331,425)	(452,179)
Exempt AGBH distributions	(6,716)	(1,182)
Other timing differences	(76,127)	(76,127)
Movement in deferred tax in relation to pension scheme	(289,000)	448,020
Chargeable Gain	11,226	(14,826)
Amounts relating to Other Comprehensive Income	289,560	(402,800)
Foreign tax credits	3,782	1,101
Losses carried back	704	449,421
Remeasurement of deferred tax	(102,093)	83,964
Deferred Tax not recognised	699,879	48,648
Orchestral Tax Relief (credit)	(282,231)	(197,231)
Other	-	-
	<hr/>	<hr/>
Total tax credit included in consolidated statement of financial activities	(898,852)	(903,182)
	<hr/> <hr/>	<hr/> <hr/>

As at the balance sheet date, the government had enacted legislation to keep the corporation tax rate at 19%. However, during the Budget in March 2021, the Chancellor of the Exchequer announced that the government would legislate to keep the corporation tax rate at 19% until 2023 at which point it would increase to 25%.

10 (a). Intangible Fixed Assets

	<u>Software</u>
	£
Cost	
At 1 January 2021	278,376
Additions	-
At 31 December 2021	<hr/> 278,376
Depreciation	
At 1 January 2021	235,545
Charge for the year	28,929
At 31 December 2021	<hr/> 264,474
Net Book Value	
At 1 January 2021	42,831
At 31 December 2021	<hr/> 13,902

NOTES (continued)**10 (b). Tangible Fixed Assets**

<u>Group</u>	<u>Investment Property</u>	<u>Property</u>	<u>Production Equipment</u>	<u>Fixtures, Fittings & Equipment</u>	<u>Total</u>
Cost or Valuation	£	£	£	£	£
At 1 January 2021	2,400,000	8,492,065	3,088,568	680,461	14,661,094
Additions	77,298	6,667	1,241,186	13,117	1,338,268
At 31 December 2021	2,477,298	8,498,732	4,329,754	693,578	15,999,362
Depreciation					
At 1 January 2021	-	1,647,797	1,194,341	634,579	3,476,717
Charge for the year	-	222,585	314,107	18,358	555,050
At 31 December 2021	-	1,870,382	1,508,448	652,937	4,031,767
Net Book Value					
At 1 January 2021	2,400,000	6,844,268	1,894,227	45,882	11,184,377
At 31 December 2021	2,477,298	6,628,350	2,821,306	40,641	11,967,595

Included within Property is land stated at cost of £610,000 (2020: £610,000) which is not depreciated.

Property rental income earned during the year was £267,302 (2020: £39,530). No contingent rents have been recognised. The Group has committed to spending £721,493 (2020: £Nil) on capital projects in the next financial year. The investment property represents the serviced apartments at 17A Market Street. These were valued by an independent expert, Knight Frank, in accordance with RICS valuation global standards on 11th December 2020, and have a market value of £2.4M.

Charitable company

	<u>Property</u>	<u>Property Improvements</u>	<u>Fixtures & Fittings</u>	<u>Total</u>
Cost	£	£	£	£
At 1 January 2021	2,780,793	110,687	41,425	2,932,905
At 31 December 2021	2,780,793	110,687	41,425	2,932,905
Depreciation				
At 1 January 2021	658,688	110,687	41,425	810,800
Charge for the year	46,416	-	-	46,416
At 31 December 2021	705,104	110,687	41,425	857,216
Net Book Value				
At 1 January 2021	2,122,105	-	-	2,122,105
At 31 December 2021	2,075,689	-	-	2,075,689

All land and buildings are held on a freehold basis. Included within Property is land stated at cost of £460,000 (2020: £460,000) which is not depreciated.

NOTES (continued)**11. Fixed asset investments**

The Royal Edinburgh Military Tattoo (Charities) Limited and The Royal Edinburgh Military Tattoo Limited hold investment portfolios managed by the Company's investment managers.

	Group		Charitable Company	
	2021	2020	2021	2020
	£	£	£	£
At beginning of year	5,583,751	5,290,684	2,367,491	2,259,088
Additions at cost	676,720	5,248,230	286,619	2,320,370
Proceeds from disposals	(828,464)	(5,317,792)	(365,986)	(2,361,224)
(Loss)/Gain on revaluation	786,392	362,629	351,511	149,257
	6,218,401	5,583,751	2,639,634	2,367,491
Investment portfolios at end of year	6,218,401	5,583,751	2,639,634	2,367,491
Cost of investments	5,119,125	5,139,910	2,177,444	2,185,837

Analysis of investments

	Group		Charitable Company	
	Market value	% of	Market value	% of
	£	portfolio	£	portfolio
UK Bonds	522,771	8%	221,117	8%
UK equities	1,333,622	21%	564,104	21%
International equities	3,326,985	51%	1,406,591	50%
Overseas Bonds	200,681	3%	102,095	4%
Alternative Investments	834,342	13%	345,727	13%
Total fixed asset investments	6,218,401	96%	2,639,634	96%
Cash	274,608	4%	116,492	4%
Total portfolio	6,493,009	100%	2,756,126	100%

Charitable company

	<u>Investment in</u> <u>The Royal</u> <u>Edinburgh</u> <u>Military Tattoo</u> <u>(International)</u> <u>Limited</u> <u>SC495673</u>	<u>Investment</u> <u>in The Royal</u> <u>Edinburgh</u> <u>Military Tattoo</u> <u>Limited</u> <u>SC128255</u>	<u>Loan notes</u>	<u>Total</u>
	£	£	£	£
Cost and net book value:				
At 31 December 2020	1	2	-	3
At 31 December 2021	1	2	-	3

Investments of £200,000 represent variable rate unsecured loan notes issued by the charitable company's undertaking, The Royal Edinburgh Military Tattoo Limited, and was repaid in the year 2020.

NOTES (continued)**11. Fixed asset investments (continued)**

The following subsidiary undertakings are wholly owned by The Royal Edinburgh Military Tattoo (Charities) Limited and have been included in the consolidated financial statements.

Subsidiary names Company Number	Shares held by The Royal Edinburgh Military Tattoo (Charities) Limited	Principal activity
The Royal Edinburgh Military Tattoo Limited SC128255	100% issued ordinary shares	The promotion and production of a military tattoo on the Esplanade of Edinburgh Castle.
The Royal Edinburgh Military Tattoo (International) Limited SC495673	100% issued ordinary shares	The promotion and production of military tattoos abroad
Edinburgh Tattoo Productions Limited SC521456	100% issued ordinary shares held by The Royal Edinburgh Military Tattoo Limited	The production of a military tattoo on the Esplanade of Edinburgh Castle

	<u>Income</u>	<u>Net</u>	<u>(Loss)/Profit</u>	<u>Net assets</u>
	£	expenditure	before tax	£
	£	£	£	£
The Royal Edinburgh Military Tattoo Limited SC128255	2,176,744	5,737,304	(3,560,560)	7,986,590
The Royal Edinburgh Military Tattoo (International) Limited SC495673	-	3,706	(3,706)	8,794
Edinburgh Tattoo Productions Limited SC521456	1,496,469	1,495,710	759	2,067,427

All subsidiaries have a registered address of 1-3 Cockburn Street, Edinburgh, EH1 1QB.

12. Debtors amounts falling due within one year

	<u>Group</u>		<u>Charitable company</u>	
	2021	2020	2021	2020
	£	£	£	£
Trade debtors	17,925	107,605	6,750	3,750
Amounts owed by Group undertakings	-	-	375,962	54,558
Other debtors	33,642	451,009	-	-
Corporation tax	807,083	197,231	-	-
	858,650	755,845	382,712	58,308

NOTES (continued)**13. Creditors: amounts falling due within one year**

	<u>Group</u>		<u>Charitable company</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	£	£	£	£
Accruals	408,750	585,641	269,750	220,529
Trade creditors	59,472	223,843	-	-
Tax and social security costs	319,316	693	1,125	693
Deferred income (see below)	6,170,287	4,781,401	-	-
Bank Loan	666,664	-	-	-
	<u>7,624,490</u>	<u>5,591,578</u>	<u>270,875</u>	<u>221,222</u>

Group

Deferred income

	£
Balance at 1 January	4,781,401
Released in the year	(4,781,401)
Deferred in the year	<u>6,170,287</u>
Balance at 31 December	<u><u>6,170,287</u></u>

Balance at 31 December 2021 and 2020 is all due in less than one year.

Creditors: amounts falling due after one year

	<u>Group</u>		<u>Charitable company</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	£	£	£	£
Bank Loan due in 1-2 years	999,996	-	-	-
Bank Loan due in 2-5 years	3,333,340	-	-	-
	<u>4,333,336</u>			

The Bank Loan relates to a government backed coronavirus business interruption loan taken out through The Royal Bank of Scotland. The loan is repayable over 6 years with an interest rate of 2.09% over the base rate, after an initial interest free period of 1 year. The lender holds a floating charge as security over the loan.

14. Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets	Assets	Liabilities	Liabilities	Net	Net
	2021	2020	2021	2020	2021	2020
	£	£	£	£	£	£
Accelerated capital allowances	-	-	1,477,740	1,051,490	1,477,740	1,051,490
Short term timing differences	(656,469)	(721,944)	-	-	(656,469)	(721,944)
Capital losses	(72,438)	(55,053)	-	-	(72,438)	(55,053)
Losses and other deductions	(748,833)	(274,493)	-	-	(748,833)	(274,493)
	<u>(1,477,740)</u>	<u>(1,051,490)</u>	<u>1,477,740</u>	<u>1,051,490</u>	<u>-</u>	<u>-</u>
Tax (assets) / liabilities	(1,477,740)	(1,051,490)	1,477,740	1,051,490	-	-
	<u>(1,477,740)</u>	<u>(1,051,490)</u>	<u>1,477,740</u>	<u>1,051,490</u>	<u>-</u>	<u>-</u>
Net tax (assets) / liabilities	(1,477,740)	(1,051,490)	1,477,740	1,051,490	-	-

NOTES (continued)

15. Provision for liabilities and charges

Group	<u>Deferred taxation</u> £
Balance at 1 January	-
Movement in the year (see note 9)	-
Balance at 31 December	-

The deferred tax liability arises due to timing differences between accumulated depreciation and capital allowances on fixed assets, and movement on the defined benefit pension liability. There was a deferred tax asset not recognised at year end of £419,279 (2020: £48,648).

16. Financial instruments

Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	Group 2021 £	Company 2021 £	Group 2020 £	Company 2020 £
Assets measured at fair value through statement of financial activities	6,218,401	2,639,634	5,583,751	2,367,491

Financial assets measured at fair value comprise of listed investments.

Financial instruments measured at fair value

Investments in debt and equity securities

The fair value of financial assets at fair value through the statement of financial activities, is determined by reference to their quoted bid price at the balance sheet date.

Financial instruments at fair value consist of an investment portfolio of Equities and Bonds. As a result the Group is exposed to market risk, foreign exchange risk and interest rate risk. Given the value of these financial instruments, the risks are not significant to the Group.

Fair values

The amounts for all financial assets and financial liabilities carried at fair value are disclosed within the financial instruments table above.

NOTES (continued)

17. Related Party Transactions

The related parties of the Company include its subsidiaries The Royal Edinburgh Military Tattoo Limited, Edinburgh Tattoo Productions, and The Royal Edinburgh Military Tattoo (International) Limited. Exemption is taken from disclosure of transactions entered into between two or more members of a Group, where subsidiaries are wholly owned. The Trustees of the Charity are considered Related Parties, and their remuneration and expenses details have been disclosed in Note 8.

18. Operating leases

Non-cancellable operating lease rentals are receivable as follows:

	2021	2020
	Investment property	Investment property
	£	£
Less than one year	15,938	28,542
Between one and five years	-	-
	<hr/>	<hr/>
	15,938	28,542
	<hr/> <hr/>	<hr/> <hr/>

Operating lease rentals receivable related to property. During the year £7,000 was recognised as income in the statement of financial activities in respect of operating leases (2020: £39,530).

Non-cancellable operating lease rentals are payable as follows:

	2021	2020
	Production Equipment	Production Equipment
	£	£
Less than one year	400,666	400,666
Between one and five years	1,602,664	1,602,664
More than five years	2,003,330	2,403,996
	<hr/>	<hr/>
	4,006,660	4,407,326
	<hr/> <hr/>	<hr/> <hr/>

Operating lease rental payable related to lease of stands. During the year £400,666 was recognised as an expense in the profit and loss account in respect of operating leases (2020: £400,666).

NOTES (continued)**19. Pensions**

Employees of the Company are members of the Lothian Pension Fund administered by The City of Edinburgh Council.

The latest triennial actuarial valuation was carried out at 31 March 2020.

The Fund aims to achieve a funding level of 100% over a period of time. Where funds are lower than expected then higher employer contribution rates may be determined and vice versa. Lothian Pension Fund's Funding Strategy Statement can be found on its website www.lpf.org.uk.

Net pension liability

	2021	2020
	£	£
Defined benefit obligation	(11,012,000)	(11,400,000)
Plan assets	8,386,000	7,618,000
	<hr/>	<hr/>
Net pension liability	(2,626,000)	(3,782,000)
	<hr/>	<hr/>

Movements in present value of defined benefit obligation

	2021	2020
	£	£
At 1 January	11,400,000	8,792,000
Current service cost	567,000	437,000
Interest expense	151,000	180,000
Remeasurement: actuarial gains	(986,000)	2,051,000
Contributions by members	50,000	93,000
Benefits paid	(170,000)	(153,000)
	<hr/>	<hr/>
At 31 December	11,012,000	11,400,000
	<hr/>	<hr/>

Movements in fair value of plan assets

	2021	2020
	£	£
At 1 January	7,618,000	7,368,000
Interest income	100,000	149,000
Remeasurement: return on plan assets less interest income	538,000	(69,000)
Contributions by employer	246,000	226,000
Contributions by members	50,000	93,000
Benefits paid	(166,000)	(149,000)
	<hr/>	<hr/>
At 31 December	8,386,000	7,618,000
	<hr/>	<hr/>

NOTES (continued)

19. Pensions (continued)

Expense recognised in the profit and loss account

	2021 £	2020 £
Current service cost	567,000	437,000
Net interest on net defined benefit liability	51,000	31,000
	<hr/>	<hr/>
Total expense recognised in profit or loss	618,000	468,000
	<hr/>	<hr/>

The total amount recognised in other comprehensive income in respect of actuarial gains and losses is a gain of £1,524,000 (2020: loss of £2,120,000).

The Company's share of the fair value of the scheme's assets, which are not intended to be realised in the short term and which may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	2021 Fair value %	2020 Fair value %
Equities	70	76
Bonds	13	11
Property	6	7
Other	11	6
	<hr/>	<hr/>
Fair value of Company's share of scheme assets	8,386,000	7,618,000
	<hr/>	<hr/>
Actual return on plan assets	160,000	80,000
	<hr/>	<hr/>

The expected rates of return on plan assets are determined by reference to the historical returns, without adjustment, of the portfolio as a whole and not on the sum of the returns on individual asset categories.

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows:

	2021 %	2020 %
Discount rate	1.9	1.3
Future salary increases	3.4	3.7
Pension increase rate	2.9	2.5
	<hr/>	<hr/>

In valuing the liabilities of the pension fund at 31 March 2020, mortality assumptions have been made as indicated below. The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 20.5 years (male), 23.3 years (female).
- Future retiree upon reaching 65: 21.9 years (male), 25.2 years (female).

NOTES (continued)

20. Analysis of Group charitable funds

Analysis of movements in unrestricted funds

	<u>Balance at 1 January 2021</u>	<u>Incoming resources</u>	<u>Resources expended</u>	<u>Other Recognised gains and losses</u>	<u>Funds transferred</u>	<u>Funds 31 December 2021</u>
	£	£	£	£	£	£
General fund	10,706,880	1,044,166	(5,606,362)	2,920,244	1,078,751	10,143,679
Designated funds	11,983,751	-	(55,000)	-	(1,078,751)	10,850,000
	<u>22,690,631</u>	<u>1,044,166</u>	<u>(5,661,362)</u>	<u>2,920,244</u>	<u>-</u>	<u>20,993,679</u>

<u>Name of unrestricted fund</u>	<u>Description nature and purpose of fund</u>
General fund	Fund which can be used in accordance with the objectives of the charitable company at the discretion of the Trustees.
Designated funds	Fund set aside by the Trustees out of unrestricted general funds for specific future purposes.

The Trustees have designated £10.9M (2020: £12.0M) of the Group's reserves as follows:

<u>Name of Designated Fund</u>	<u>Description and purpose</u>
Future Stands Reserve (Group £2.6M and Charity £2.6M)	Fund being set aside and built upon annually to provide for the replacement of the grandstands required for the Edinburgh Tattoo + Back up event cancellation reserve
Event Cancellation Reserve (Group £5.7M and Charity £5.0M)	Funds set aside for any loss as a result of event cancellation
Grant Distribution Reserves (Group £0.3M and Charity £0.3M)	Funds set aside for distribution over the short term.
Capital development 2021 (Group £2.3M and Charity £NIL)	Funds set aside for capital development projects in the short term.

NOTES (continued)

21. Funds

Analysis of net funds between funds 2021

<u>Group</u>	<u>Designated funds</u> £	<u>General funds</u> £	<u>Total</u> £
Intangible fixed assets	-	13,902	13,902
Tangible fixed assets	-	11,967,595	11,967,595
Fixed asset investments	6,218,401	-	6,218,401
Stock	-	79,430	79,430
Debtors	-	858,650	858,650
Current asset investments	4,631,599	11,234,926	15,866,525
Cash at bank and in hand	-	573,002	573,002
Creditors due within one year	-	(7,624,490)	(7,624,490)
Creditors due after one year	-	(4,333,336)	(4,333,336)
Net pension liability	-	(2,626,000)	(2,626,000)
At 31 December 2021	10,850,000	10,143,679	20,993,679

<u>Charitable company</u>	<u>Designated funds</u> £	<u>General funds</u> £	<u>Total</u> £
Tangible fixed assets	-	2,075,689	2,075,689
Fixed asset investments	2,639,636	-	2,639,636
Debtors	-	382,712	382,712
Current asset investments	5,210,364	680,928	5,930,928
Cash at bank and in hand	-	172,780	172,780
Creditors due within one year	-	(270,875)	(270,875)
At 31 December 2021	7,850,000	3,080,870	10,930,870

NOTES (continued)

21. Funds (continued)

Analysis of net funds in 2020:

<u>Group</u>	<u>Designated funds</u> £	<u>General funds</u> £	<u>Total</u> £
Intangible fixed assets	-	42,831	42,831
Tangible fixed assets	-	11,184,377	11,184,377
Fixed asset investments	5,583,751	-	5,583,751
Stock	-	128,964	128,964
Debtors	-	755,845	755,845
Current asset investments	6,400,000	7,598,322	13,998,322
Cash at bank and in hand	-	370,119	370,119
Creditors due within one year	-	(5,591,578)	(5,591,578)
Net pension liability	-	(3,782,000)	(3,782,000)
At 31 December 2020	11,983,751	10,706,880	22,690,631

<u>Charitable company</u>	<u>Designated funds</u> £	<u>General funds</u> £	<u>Total</u> £
Tangible fixed assets	-	2,122,105	2,122,105
Fixed asset investments	2,367,491	-	2,367,491
Debtors	-	58,308	58,308
Current asset investments	4,500,000	1,431,691	5,931,691
Cash at bank and in hand	-	39,795	39,795
Creditors due within one year	-	(221,222)	(221,222)
At 31 December 2020	6,867,491	3,430,677	10,298,168

22. Analysis of net debt

	<u>At beginning of year</u> £	<u>Cash flow</u> £	<u>At end of year</u> £
Cash at bank and in hand	370,119	202,883	573,002
Notice deposits (less than 3 months)	13,998,322	1,868,203	15,866,525
Total	14,368,441	2,071,086	16,439,527
Bank loan due within 1 year	-	(666,664)	(666,664)
Bank loan due in 1-2 years	-	(999,996)	(999,996)
Bank loan due in 2-5 years	-	(3,333,340)	(3,333,340)
Total	-	(5,000,000)	(5,000,000)
Total net debt	14,368,441	(2,928,914)	11,439,527