



**ANNUAL REPORT
AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018**

Patron

HM The Queen

Presidents Emeritus

Mrs Elizabeth Banks DL CMLI
Sir Richard Carew Pole Bt OBE VMH DL
Mr Giles Coode-Adams OBE VMH DL
Mr Robin Herbert CBE VMH

Vice Presidents

Mr Michael Balston
Mr Lawrence Banks CBE VMH DL
Mr Christopher Brickell CBE VMH
Mr Raymond Evison OBE VMH
Mr Jim Gardiner
The Rt Hon The Lord Heseltine CH PC
Mr Robert Hillier OBE VMH
Professor Brian Huntley
Count Andre de Kerchove de Denterghem
Mr Roy Lancaster CBE VMH
Mrs Jekka McVicar VMH
Dr H F Oakeley VMH
Mrs Jane Pepper
Mr John Ravenscroft VMH
Mr John Sales VMH
Mrs Prunella Scarlet (from 12 July 2017)
Vicomte Philippe de Spoelberch
Mr Tom Stuart-Smith (from 12 July 2017)
Dr Kiat Tan
Mr Alan Titchmarsh MBE VMH DL
Professor Harold Tukey
Mr Richard Webb VMH DL

Council

Sir Nicholas Bacon Bt OBE DL (re-elected as President 12 July 2017)
Mr Alastair Muirhead (re-elected as Treasurer 12 July 2017)
Mr James Alexander-Sinclair
Mr Christopher Blundell DL
Professor Mick Crawley
Mr Dennis Espley
Mr Mark Fane
Professor Peter Gregory
Dame Mary Keegan DBE
Ms Kate Lampard
Mr Matthew Lindsey-Clark
Mr Neil Lucas (re-elected 12 July 2017)
Ms Lorna Parker
Mr Mark Porter (re-elected 12 July 2017)
Mrs Sarah Raven
Dr David Rae
Lady Xa Tollemache
Mr Jon Wheatley (re-elected 12 July 2017)

Principal Office of the Royal Horticultural Society
80 Vincent Square, London SW1P 2PE
www.rhs.org.uk

Contents	Page
Patron, Presidents and Trustees of the Society *	2
Annual General Meeting 2018 *	4
President's Review of 2017/18 *	5
Director General: Looking to the Future *	7
Activities in 2017/18: What the RHS does *	9
Objectives, Achievements and Developments *	12
Treasurer's Financial Review *	17
Structure, Governance and Management *	24
Trustees' Responsibilities Statement	30
Independent Auditor's Report to the Trustees of Royal Horticultural Society	31
Consolidated Statement of Financial Activities for the Year Ended 31 January 2018	34
Society Statement of Financial Activities for the Year Ended 31 January 2018	35
Consolidated Balance Sheet as at 31 January 2018	36
Society Balance Sheet as at 31 January 2018	37
Consolidated Statement of Cash Flows for the Year Ended 31 January 2018	38
Notes to the Financial Statements	39
Donors and Supporters	69
Governance Boards and Committees	71
Professional Advisors	73

* These sections form part of the Trustees' Annual Report

Annual General Meeting 2018

All members of The Royal Horticultural Society (the “Society”) will have the opportunity to meet Members of Council (who are Trustees of the Royal Horticultural Society), the Director General and Leadership Team, and ask questions on past performance and future plans at the 2018 Annual General Meeting which will be held at RHS Garden, Hyde Hall, Essex, at 2pm on Tuesday 26 June 2018. For further information about the meeting, go to www.rhs.org.uk/AGM or contact The Secretary at the address shown below.

If you have any questions about anything contained in this Report or the accompanying Financial Statements, please address these in the first instance to The Secretary, Royal Horticultural Society, 80 Vincent Square, London SW1P 2PE, telephone: 020 7821 3034, email: secretary@rhs.org.uk.

We also welcome your suggestions on how the Report can be improved in future years, and invite you to join us at this year’s AGM.

President's Review of 2017/18

As I review the activities of the Royal Horticultural Society for the past year, I am awestruck by its achievements. It is testament to the enthusiasm and energy of the staff, led by the indomitable Sue Biggs and the Leadership Team, that has made such successes possible.

The Ornamental Horticulture Roundtable Group (OHRG), chaired by Sue, has brought the many disparate voices of the industry together and, in January, Government acknowledged the importance of gardens in its 25 Year Environment Plan: something that the OHRG had initiated.

As our £160 million development plan comes to fruition, a steel structure has emerged that will soon become Wisley's new Welcome Building. Meanwhile, the clearing of 80 years of neglect has started at Bridgewater, our fifth garden, which is planned to open in 2020. This is the largest gardening project in Europe and the first new garden for the Society in 17 years. It will not only breathe new life into the 154 acre Worsley New Hall site in Salford but will also include a Learning Centre to help bolster the horticultural knowledge of the next generation of gardeners.

At Hyde Hall, one of our fastest growing gardens in terms of popularity and horticultural content, a new Global Growth Vegetable Garden, supported by Witan Investment Trust, has opened. This edible garden takes visitors to far-flung corners of the world and challenges perceptions of what is possible in UK gardens.

One of the mainstays of our education programme, the RHS Campaign for School Gardening, last year celebrated 10 years of helping more than 34,000 schools to connect with nature and grow plants. To mark the occasion, we were privileged to welcome Her Royal Highness The Duchess of Cambridge to one of the Campaign's 'five star' gardens. The Duchess heard at first-hand the benefits of gardening for pupil health and wellbeing and added to the school's existing bug hotel – aptly named 'Bug-ingham Palace'.

RHS Shows performed well during the year, including the inaugural Chatsworth Flower Show. More than 94,000 visitors experienced a representation of Joseph Paxton's Great Conservatory and some inspiring show gardens, as well as a dose of biblical weather! The problems of parking and traffic after the gales on the first day were deeply unfortunate for which we apologise, but thankfully the position for the rest of the week was much more positive.

In 2017 we also donated a Chelsea Flower Show garden to a school in Swansea. After 165,000 people saw it in situ, it is now being tended to by a small army of children who are using it as a resource to learn about plant diversity, habitat needs and the creation of healthy urban environments. This is another example of how the RHS is helping by Greening Grey Britain.

In order to achieve the vital strategic aims of the Society, we need to 'stick our neck out' every now and again for what we believe. Wisley last year was under threat from an M25/A3 Highways England initiative that would have led to the removal of 500 historic and important trees. With the help of our Vice President, Alan Titchmarsh, and a far-reaching media campaign we collected more than 130,000 signatures from concerned RHS members and the wider public, resulting in important changes that secured the trees. The final plan is yet to be announced but we will be lobbying hard for our preferred outcome.

We have also been outspoken on what we see as some of the immediate challenges for gardeners and the industry. Our *Gardening in a Changing Climate* report outlines ways that gardeners can adapt to climate change through plant choice and garden design. We have also sought to strengthen our plant health requirements and will be hiring three new specialists in 2018 to help mitigate the risk of a range of pests and diseases. This includes *xylella fastidiosa* which has already wiped out entire olive groves in Europe and creeps ever closer. Both climate change and *xylella* have the potential to be the most significant influences upon UK gardens in a generation.

At a time when the numbers of pests and diseases are increasing alarmingly, we at the RHS are investing in our Science to identify and then protect our flora from these silent but deadly threats. To that end, we are in the middle of a significant programme of investment to create a National Centre for Horticultural Science and Learning at RHS Garden Wisley, making sure that we invest our charitable funds wisely, benefitting as many of our members – and the wider community – as our resources allow.

Partnership working is vital to enable us to derive maximum effectiveness. So we were delighted to renew our TV partnership with the BBC last year. This extended to five very popular BBC Radio 2 Feel Good Gardens at Chelsea and this year has already resulted in the transmission of a new documentary about the RHS Britain in Bloom campaign. We were also delighted to have received renewed support from our long-term sponsor M&G for what is, indisputably, the world's most famous flower show: RHS Chelsea Flower Show.

So, despite the many challenges we have faced, 2017 was a year of substantial progress and achievement.



Sir Nicholas Bacon
President
Date: 08 May 2018

Director General: Looking to the Future

For more than 200 years, the members of the RHS have all known that plants and gardening make our world a better place. Today, more than ever, we need to use the power of plants to reduce the impact of some of the biggest challenges facing us to protect our green planet for the future.

This is why we're investing more than £160 million into horticulture and providing more gardening inspiration. Our investment will also see us create a major new garden, enable more community gardening and provide more people access to beautiful green spaces. In future we will be able to give even more people the resources to garden and grow plants, be it in tiny front gardens or huge back gardens, on balconies or in window boxes.

All UK gardeners have an important role to play in helping to fight against the impact of ever more extreme weather conditions, and RHS scientists at Wisley are committed to finding solutions that will enable us to grow plants in our changing climate, to help ensure that future generations can continue to enjoy this green and pleasant land.

Research by our scientists shows how plants capture pollution, reduce flood damage, and assist in the cooling of cities as our climate warms. The RHS report *Gardening in a Changing Climate* recommends the best plants and gardening practices for coping with extreme weather conditions, as well as those for reducing energy demands and removing heat-trapping carbon dioxide.

We are fiercely committed to finding more solutions that will enable Britain's 27 million gardeners to carry on growing successfully, which is why we're investing millions of pounds into our scientific work as part of our Investment programme. This includes the creation at RHS Garden Wisley of the first ever National Centre for Horticultural Science and Learning, surrounded by three important new gardens – the Wellbeing Garden, the Wildlife Garden and the World Food Garden. Planning is well underway and all will be open in 2020.

The Centre will be the new home of RHS Gardening Science where our scientists, and the PhD students we support, can continue to find ways to protect the natural world for future generations. More than ever before, our bees, butterflies and other pollinators are at risk, our wildlife, trees and plants are increasingly threatened with extinction, and we've never been so vulnerable to devastating pests and diseases that could change our gardens and landscapes forever.

We need to act now, with RHS scientific research needed to help save pollinators, manage pests and diseases, and increase plant biodiversity. The survival of our gardens matters – once our plants are gone, they're gone forever.

In an increasingly urbanised technologically advanced age, more people are losing touch with the natural world. By gardening – by growing things – people can discover the excitement, joy and wonder of reconnecting with nature. We do more to connect children with gardening and plants than any other organisation in the UK and in 2018, coinciding with RHS Garden Hyde Hall's 25th year, we'll be opening a new Learning Centre in the summer, which will enable children from Essex, East London and beyond to connect with nature and the joy of gardening.

At our newest garden, Bridgewater in Salford, the restoration of the 154 acre site is well under way, including the beautiful 11 acre Walled Garden. We have been delighted with the response to our call for volunteers, and are so appreciative of the support so generously given for our first volunteer days. The garden is planned to open in 2020 and will be a beautiful and inspirational green space for the people of Salford, Greater Manchester and the wider North West.

Work by our scientists and other organisations in the UK and around the world, is increasingly demonstrating the power of growing to promote good mental, social and physical health and wellbeing, and in 2018 we're working with the NHS to promote gardening for good mental health.

Our RHS Feel Good Garden at RHS Chelsea Flower Show will go on to live at an NHS Mental Health Trust where both patients and staff will be able to enjoy it and garden in it.

This year another garden at RHS Chelsea, The Lemon Tree Trust Garden, has been inspired by the resilience and determination of refugees living in Iraq, where in the Domiz refugee camp they have created gardens, growing vital food and flowers. The gardens go some way to try and help reduce the chaos of forced migration, while also bringing a sense of normality, wellbeing and calm to so many broken lives.

I was so moved by the plans for this garden, which reminded me of the seeds the RHS sent to the Ruhleben Horticultural Society, a gardening society started in a First World War prison camp in Germany. So it seems the power of gardening never stops transforming lives, and as a strange repeat of history echoing down through the ages, here we are, 100 years later, organising a second 'seed lift' from the RHS, this time to refugees living in Iraq.

Closer to home, the power of growing for our own health, happiness and wellbeing, as well as that of the wider environment should not be underestimated. Through growing more plants - even on what appears to be a small, domestic scale - we can help support our threatened wildlife, we can improve air quality in towns, we can cool cities, reduce our energy use and improve the nation's health and wellbeing.

We all have a responsibility to play our part in looking after our green planet. Nobody is more committed than the RHS to create a healthier, more natural and beautiful environment for future generations to enjoy through the power of growing things. We continue to be committed to inspire everyone to grow for a better, greener future, and I would like to thank all of our members, volunteers, donors and supporters for enabling us to work towards this.



Sue Biggs
Director General
Date: 08 May 2018

Activities in 2017/18: What the RHS does

The following is a summary of the Society's principal activities demonstrating how we provide benefit to our members and the wider public. We believe everyone in every city, town and village should be able to benefit from growing plants to enhance lives, build stronger, healthier, happier communities, and create better places to live.

Gardens and Horticulture

Horticulture is at the centre of everything that we do at the RHS. We have four renowned gardens; RHS Garden Harlow Carr in North Yorkshire; RHS Garden Hyde Hall in Essex; RHS Garden Rosemoor in Devon; and our flagship garden, RHS Garden Wisley in Surrey. In 2016 we took over the historic but neglected gardens of Worsley New Hall estate to create RHS Garden Bridgewater. We plan a phased opening of the 154 acre site at in Salford, Greater Manchester starting with the 11 acre Walled Garden – one of the largest in the UK.

We continue to conduct Plant Trials to assess plant performance. Those considered to perform particularly well earn the RHS Award of Garden Merit (AGM), helping gardeners of all levels of expertise to identify plants that will thrive in most garden situations. In addition, plants that are particularly good for pollinating insects (so vital for a healthy, sustainable environment) are identified.

Science

The RHS is the recognised centre of excellence for horticultural science and advice, creating a legacy for horticultural science.

In the last year we have continued to implement and embed our Science Strategy and so equip people with the knowledge they need to garden successfully in the future. Our strategy is based on four key themes:

- A global knowledge bank for gardening and garden plants
- Plant health in gardens
- Gardening in a changing world
- Plant science for all: people, plants, planet

Our scientists are committed to helping gardeners improve and develop their horticultural skills, as well as identifying and promoting solutions to major issues. We carry out scientific research into plants, their physiology, cultivation, identification, the pests and diseases affecting them and the roles they play in our environment. We also provide evidence-based horticultural advice to our members and the wider public via our website, through lectures and seminars, and by leading the debate on issues influencing horticulture and gardening.

Shows

Our Flower Shows showcase the best in horticulture to inspire visitors and millions of television viewers to translate what they see into their own green spaces.

We organise inspirational Flower Shows at Chelsea in central London, Hampton Court Palace in Surrey, Tatton Park in Cheshire, and for the first time in 2017 at the Chatsworth Estate in Derbyshire.

Seasonal shows are also held at all four RHS Gardens and we have an established programme of shows at our Horticultural Halls in London and a series of RHS On Tour to London Farmers Markets and community shows to showcase our work and give advice.

Shows held in partnership, and which further increase our geographical reach, include the RHS Flower Show Cardiff (with Cardiff Council) and the RHS Malvern Spring Festival; we also contribute content to the Malvern Autumn Show (for the Three Counties Agricultural Society).

In addition, we collaborate with groups and societies to deliver specialist shows at our gardens and the Horticultural Halls in London.

Outreach and Communities

Core to our mission is the work we do in communities particularly through increasing skills for disadvantaged urban communities, improving employability and bringing positive social, environmental and economic benefits. We have continued to bring communities together through gardening, giving people access to green spaces and inspiring the next generation of gardeners.

We are the national organising body for the Britain in Bloom and It's Your Neighbourhood community gardening movement working in partnership with the 16 regions and nations.

RHS Britain in Bloom promotes environmental and horticultural good practice in local communities and enables the RHS to support gardeners throughout the UK at a local level.

We have extensive links to schools, garden clubs and other Affiliated Societies which help us to reach people of all ages across the country and support the national and international network of gardeners.

We also encourage gardening in prisons through our Windlesham Trophy competition.

Education

We aim to share practical knowledge and inspire those of all ages and abilities with an interest in plants and gardening.

The RHS Campaign for School Gardening continues to go from strength to strength encouraging children at primary and secondary level to connect with nature and grow their skills. The campaign had its 10-year anniversary in 2017 and has more than 35,000 members in schools and youth groups, covering 70% of all UK primary schools and 80% of secondary schools.

We also provide a 'ladder of qualifications', from the RHS Level 1 Certificate (accessible to beginner gardeners and a first step in vocational training for professional horticulturists), through to the prestigious Master of Horticulture (RHS), a degree-level qualification. The RHS is an Awarding Body recognised by the Office of Qualifications and Examination Regulations (Ofqual), ensuring accessibility to RHS qualifications through colleges and other partners. Within our own Gardens we offer practical training schemes for students through the RHS School of Horticulture and RHS apprenticeships.

In addition, we organise lectures and workshops in our Gardens and around the country.

Collections

The Lindley Library at Vincent Square in central London, and its branches in each of the RHS Gardens, are open most days of the week, offer lending facilities to members and free access to everyone, including the Lindley Library exhibits.

The history and art of horticulture is centred in the RHS Lindley Library which holds a renowned collection of botanical art, a rich archive and an extensive collection of photographs covering all aspects of gardening. The collections – more than 30,000 works of art and 80,000 titles (the oldest dating to 1514) – provide an unmatched reference for the influences and knowledge that underpin our perspective on horticulture and are used by gardeners, scholars, garden writers, journalists, RHS members and the public from the UK and overseas.

The RHS Herbarium at Wisley holds an internationally important collection of 83,000 dried and pressed plant specimens of cultivated ornamental plants. The RHS Herbarium is one of a very small number in the world dedicated to ornamental and horticultural plants and is the largest herbarium

dedicated to the conservation of ornamental plants in the UK.

The herbarium is used by scientists and the public from all over the world as an aid to the identification and naming of plants, as well as a valuable historical record of garden plants. The RHS insect reference collection contains more than 24,000 specimens and is a working and active collection, used as an aid to identification as well as a valuable historical record.

Media

The RHS further shares its knowledge online through our website (www.rhs.org.uk), social media streams and in print. During the year, our website attracted 20 million unique users.

We publish a monthly magazine, *The Garden*, as well as *The Plantsman*, *The Orchid Review*, *Hanburyana* and a host of horticultural books to keep both our members and the wider public informed about the latest skills, design and practice of horticulture.

How we ensure access for all

We aim to ensure that anyone with an interest in horticulture and gardening can benefit from our work, though we sometimes need to make a charge for access to our services.

We work hard to ensure that as many people as possible benefit from our work, whatever their means. In particular, we provide free access to an extensive knowledge base through our website and libraries; offer free open days and facilitate educational visits at all our gardens. We also award bursaries for horticultural study; make available the benefit of our Plant Trials programme to the public and horticultural industry through our Award of Garden Merit and Plants for Pollinators schemes; and support community gardening initiatives through the RHS Campaign for School Gardening, RHS Britain in Bloom, RHS Greening Grey Britain and the affiliation of local horticultural societies.

We also ensure there is extensive coverage of our Shows on free-to-air television, radio, websites and social media.

Funding and Membership

We are grateful to our generous donors and those who leave us legacies – without which we could not undertake all the work we do. We receive no government funding and therefore rely on our commercial activity, donations and the welcome support of our members (more than 490,000 at the time of going to press) to deliver our charitable purpose.

We provide our members with access to a range of services and activities such as free entry for themselves and a member of their family to the four RHS Gardens and 204 Partner Gardens (free entry for RHS members at selected times); reduced admission prices to our Shows; a monthly magazine; additional gardeners' advisory services; and the knowledge that their membership has helped enable us to undertake much of our scientific, educational, art and outreach work.

We place no restrictions on membership and endeavour to keep membership subscriptions at an affordable level.

We offer excellent shopping opportunities for members and visitors in our four gardens, at our Flower Shows and online. Sales are generated through our plant centres, gift shops and bookshops, with RHS Garden Wisley offering the best selection of horticultural books and plants in the UK. We earn further income licensing the use of images from the Lindley Library collections. All income generated by these means supports our charitable work.

The Trustees confirm they have complied with the duty in section 17 of the Charities Act 2011 to have regard to the Charity Commission's guidance on public benefit.

Objectives, Achievements and Developments

The RHS was founded in 1804, and our core objective is to be the world's leading gardening charity by inspiring passion and excellence in the science, art and practice of horticulture. The RHS Vision, our 10-year Strategic Investment Programme of £160 million, is helping us to provide even better inspiration and advice for more people, and help secure and improve the future of horticulture. Our Vision is to enrich everyone's life through plants, and make the UK a greener and more beautiful place. In everything we do, we will aim to use our Guiding Principles, which are to: Inspire. Involve. Inform. Improve.

Our Strategic Objectives for 2017/18

Our key achievements against our Strategic Objectives are summarised on the following pages.

1. To be known, loved and trusted as the charity for all gardeners.

We believe the pleasure and benefits of gardening should be available for everyone.

- We welcomed more than 2.1 million visitors to our gardens – a 6% increase on 2016/17.
- Our website attracted an average 1.65 million unique visitors every month, and 100 million page views during the year. Our friends on Facebook increased to 202,134 and we now have 142,944 followers on Twitter, 145,412 on Pinterest and almost doubled the number of those using Instagram to 43,081.
- We organised our sixth National Gardening Week from 10–16 April 2017, an event supported at our four Gardens, in private and public gardens, and by the garden centre and nursery industry across the UK.
- RHS Community Outreach Advisors delivered the Greening Grey Britain for Communities programme helping 45 groups and involving 3,000 people to use horticulture and transform unloved spaces for the benefit of their communities and the environment.
- Schools and gardening groups helped us celebrate the 10th anniversary of the RHS Campaign for School Gardening by taking part in the Big Soup Share. In October, they made and served soup from vegetables growing in their gardens which they shared with parents, friends and the local community.
- Via the BBC One Show, the RHS Greening Grey Britain Garden designed by Nigel Dunnett for the RHS Chelsea Flower Show was relocated to the Burlais Primary School in Swansea.

2. To safeguard and advance the science, art and practice of horticulture for the benefit of future generations and the environment.

Nobody will protect the nation's individual gardens and plants if we don't.

- The RHS is the only organisation that monitors plant pests in UK gardens. We work closely with DEFRA to inform it when we discover new pests and diseases in the UK. We are developing new plant health management techniques and information online to help protect gardens and we are undertaking new research to find better ways to manage emerging threats not yet in the UK. In December 2017 we announced a new plant health policy and principles (www.rhs.org.uk/science/plant-health-in-gardens/plant-health-policy) to guide plant health practice across the Society and help protect UK gardens from pests and diseases.
- In April 2017 we launched the *Gardening in a Changing Climate* report in conjunction with the Universities of Sheffield and Reading. This report has the potential to motivate and empower gardeners to take action in their own spaces to manage the impact of the changing climate and mitigate future climate change challenges.
- Evidence from our scientific research was fed into government to inform and influence the strategic direction and policies related to horticulture and gardening (environment and wellbeing). This included providing evidence for the government's 25 Year Environment Plan, and for climate

change, pollution, invasive plant species, CITES, Nagoya Protocol, plant health, wildlife and pollination.

- Our bursary scheme provided financial support for a range of horticultural projects including overseas expeditions, study tours, conference attendance and work placements at botanic and historic gardens around the world. A combined total of £140,000 for 82 bursaries was awarded to professional and student horticulturists to broaden their skills, knowledge, and experience.
- Our scientists published 49 scientific edited and peer-reviewed papers in botany, plant health and horticultural and environmental science. These are translated by our advisory team and incorporated into the RHS Gardening Advice service and the RHS website to help beginners and professional gardeners. We recorded 25.4m page views of our gardening advice online and 32.4m on our plant search function. Our gardening advice customer satisfaction scored 9.6/10.
- We staged five exhibitions at RHS sites and ran tours of our collections at the RHS Lindley Library during each RHS London Show. Additionally we staged a display of orchid portraits at the RHS Spring Plant & Orchid Show.
- In collaboration with 10 UK partner universities our scientists are training the next generation of horticultural scientists. In 2017 we supported five BSc, one MSc, 10 PhD students and one horticultural fellowship. These students contribute to expanding horticultural knowledge.

3. To transform communities through gardening.

We want to transform lives and communities and make the UK a better, greener and more beautiful place.

- Our Campaign for School Gardening involves over 35,000 members, which equates to more than 6 million UK children now involved in gardening at school. We also trained more than 1,000 teachers in 2017 through our extensive and varied teacher-training programme.
- We ran our second nationwide Green Plan It challenge to introduce students of 12-14 years old to horticulture and its potential careers. 800 students in eight regions designed a green space specifically for their local community or school.
- For the 53rd RHS Britain in Bloom campaign, Bothwell Community Garden, Glasgow won the new discretionary award to recognise Gardening in a Changing Climate.
- 1,386 'Bloom' groups were involved and 1,939 more local groups took on the It's Your Neighbourhood challenge. More than 300,000 volunteers across the country invested some 11.5 million hours.
- Working with the National Gardens Scheme, we continued to administer the annual Elspeth Thompson Bursary. This provides financial assistance to amateur gardeners within community groups in England and Wales to enable them to create a garden or horticulture-based project for the benefit of the community, or to enable them to acquire horticultural knowledge and skills.

4. To create world-leading horticulture that inspires people to garden.

We want to delight our visitors with the wonder of gardening and inspire people to grow.

- Our successful and acclaimed Flower Shows continue to attract hundreds of thousands of gardeners. In 2017 we welcomed 165,000 people to the RHS Chelsea Flower Show, 134,159 to the RHS Hampton Court Palace Flower Show, 56,051 to the RHS Flower Show Tatton Park, 25,651 visitors to the RHS Flower Show Cardiff, and 68,410 visitors to the RHS Malvern Spring Festival, a joint venture with Three Counties Agricultural Society. We held our first RHS Chatsworth Flower Show in Derbyshire which despite adverse weather welcomed 94,283 visitors. Our series of shows held in London at the Horticultural Halls attracted 9,567 visitors.
- As part of our Strategic Investment Programme, we gained planning permission and began to clear our new fifth site, RHS Garden Bridgewater. This garden will bring the best in horticulture to thousands more people in the North West.
- At RHS Garden Wisley work began on the new Welcome Building. The new Visitor Centre and Witan Global Growth Vegetable Garden, supported by Witan Investment Trust, at RHS Garden

Hyde Hall were opened to the public.

5. To nurture and grow our membership throughout the UK.

We want to be open, relevant and indispensable to all gardeners so that increasing numbers want to join us.

- At the end of the financial year, we had 490,205 members, a record high and a net increase of 18,048 members on the previous year.
- The number of Fellows, our top membership tier and another important source of support, reached 159.
- RHS Partner Gardens increased again to 204, providing more places to go to experience horticulture at its best nationwide.
- The countrywide network of gardening groups affiliated to the RHS increased to 2,475, enabling us to support local groups to thrive.

6. To provide a voice for all gardeners.

Our aim is to be the trusted voice of authority for the many and the few.

- We meet regularly with our Plant Committees and specialist Plant Societies, and communicate regularly with Affiliated Societies. We aim to improve the service we give to gardeners with specialist interests.
- Our Plant Trials team worked closely with the gardening trade to explore ways for the Award of Garden Merit to appear more frequently at points of sale. We continue to work closely with organisations such as the Horticultural Trades Association to help ensure that the Award of Garden Merit and Plants for Pollinators logos are used to maximum benefit.
- Our work as part of the Ornamental Horticulture Roundtable Group (OHRG), a collaboration with other horticultural industry and trade organisations has continued to be successful. We have met with MPs and policymakers from across government departments, responding to the Government's Industrial Strategy and promoting biosecurity awareness.
- The RHS is the international leader in Horticultural Taxonomy and in 2017 we published the *Dianthus Register and Checklist* and *Sander's List of Orchid Hybrids*. These works help our members, gardeners, garden designers, media, horticulturists and the horticultural industry providing the right name or the right plant to use in their garden or in delivering their professions effectively.

7. To share and build expert knowledge.

Anything anyone from beginners to experts ever wanted to know about horticulture and gardening.

- Our Gardening Advice service handled a record 107,102 gardening enquiries, ranging from pest and disease identification to the best ways of growing individual plants. Additionally we recorded 57.8 million separate views of our advice and plant pages online.
- Our fortnightly series of RHS Podcasts receives an average 417,581 downloads per month and there are more than 5 million over the year.
- We published *Hedera: The Complete Guide*, our second monograph in this new series.
- The *RHS Plant Finder 2017* was our 30th anniversary edition. First in book form and now also online, it provides a snapshot of the availability of British garden plants and is instrumental in connecting gardeners with nurseries and plant breeders. It is also an important resource for home and professional gardeners and promotes stability in plant names.
- To celebrate his 80th birthday we published *Roy Lancaster My Life With Plants* – an autobiography of a life spent collecting and growing plants.

8. To delight our customers with exceptional service and products.

We will put our customers at the heart of everything we do throughout our organisation, improving their experience at every opportunity.

- Our website is now mobile responsive allowing mobile phone users to access and enjoy RHS online at their convenience. Two thirds of those who access the website do so from a mobile device.
- To support new gardeners on their horticultural journey we have developed a series of online step-by-step 'How To' guides. From lawn mowing to planting shrubs the steps demystify projects and make them easy to achieve. We continue to increase the number of projects and add new functions.
- A new interactive map of RHS Garden Wisley helps people get more out of their visit by easily accessing information about garden areas and places of seasonal and individual interest.
- On our website we are using more videos and 360-degree images to help users to make our work more inclusive and accessible.
- Web pages for the Royal Horticultural Halls were updated to provide a contemporary and easy-to-access site for our versatile and historic events space.
- Each month we publish *The Garden*, our membership magazine to keep gardeners up to date with horticultural practices, gardening trends and Society developments. It now has the highest circulation figures of all gardening titles in the UK. We also publish two quarterly magazines, *The Plantsman* and *The Orchid Review*, and a range of practical and reference books.
- We are improving the orientation and interpretation signage across all RHS Gardens to enhance visitors' enjoyment by improving way-marking and introducing discreet interpretation panels designed to increase understanding of, for example, how and why our Curators have developed the plantings in the gardens.

9. To be a great place to work where everyone makes a difference.

We want the RHS to be an enjoyable place to work where everyone knows they make a difference and play their part in creating an exciting future together.

- We gave 88 long-service awards during 2017 including four for 30 years' service and one for 35 years' service.
- We hosted our now Annual Volunteers Day to thank our 1,700 volunteers for their valuable contribution of 89,158 hours.
- We created our first ever Volunteer Strategy which sets out five areas of development, one of which is increasing diversity. Significant progress was made through a variety of activities and pilots at RHS Garden Wisley. A group of 31 young volunteers aged 16- 24 years gave their time across several different departments, including Science and Education & Learning, and at events such as RHS Garden Wisley Flower Show and Wisley Glow. At RHS Garden Bridgewater, 219 new volunteers joined forces to support the development of our newest garden.

10. To have efficient business practices that deliver maximum income for our charitable purpose.

We constantly strive to improve and ensure an effective, stable infrastructure.

- We control our administrative costs to ensure that maximum funds are spent on our charitable works.
- We are continuing with the development of a new Customer Relationship Management system in-house; this will provide a comprehensive understanding of our members' and other customers' interactions with us, thereby enabling us to provide them with a more targeted and satisfying personal service.
- The Internal Audit team develops an annual risk-based audit plan and its reviews continue to lead

to improved procedural efficiencies across the Society. Internal Audit focuses on adding value and strengthening our internal control framework.

- Secretariat and Finance continue to conduct detailed reviews of our high-value contracts, providing us with assurance that the Society is adequately protected when entering into new commercial agreements.

The Year Ahead

Our Strategic Investment Programme, first outlined in 2014, remains a major focus. We believe our projects (part of the £160 million investment) will change perceptions of us and deliver significant improvements for the benefit of our members, the public and horticulture. We receive no government funding and will increase our income by improved performance and also by the much-appreciated contributions of our members and supporters so we can fund our charitable projects to make a world of difference to people and horticulture.

We firmly believe that through our work, including the Strategic Investment Programme, we will, in the years ahead, deliver more benefits to an increasingly broad range of people of different ages, backgrounds and skill levels throughout Britain.

Treasurer's Financial Review

Results for Financial Year 01 February 2017 – 31 January 2018

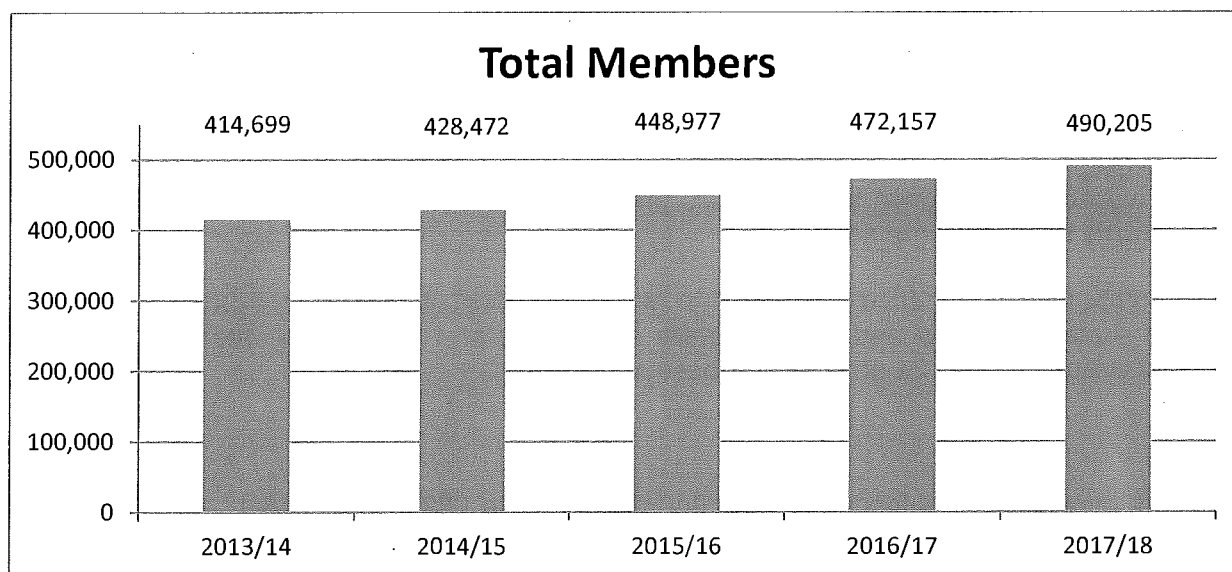
The 2017/18 financial performance of the Society demonstrated substantial progress, with net income for the year of £11.0m. This net result benefitted from a significantly increased impact on the results from fundraising, net of the related revenue expenditure, in relation to the Strategic Investment Programme; the underlying net income from our regular operating activities was lower than in the prior year, reflecting a challenging economic environment. The breakdown of the year's total income and net income between our regular operations and the Strategic Investment Programme is shown in the following table.

	Regular Operations	SIP	Total
	£'000	£'000	£'000
Total income	88,751	7,179	95,930
Net income before gains on investments	6,831	4,213	11,044

Given the intensifying level of activity around the Strategic Investment Programme, this will continue to have a substantial influence on the Society's results over the next few years although the contribution from fundraising is likely to vary significantly from year to year.

Our income from regular operations increased by 8.2% to a record £88.8m (2016/17: £82.1m), whilst a total of donations and legacy income of £7.2m (2016/17: £0.4m) was received specifically towards the SIP. The net income, before gains on investments, from regular operations was £6.8m (2016/17: £9.2m).

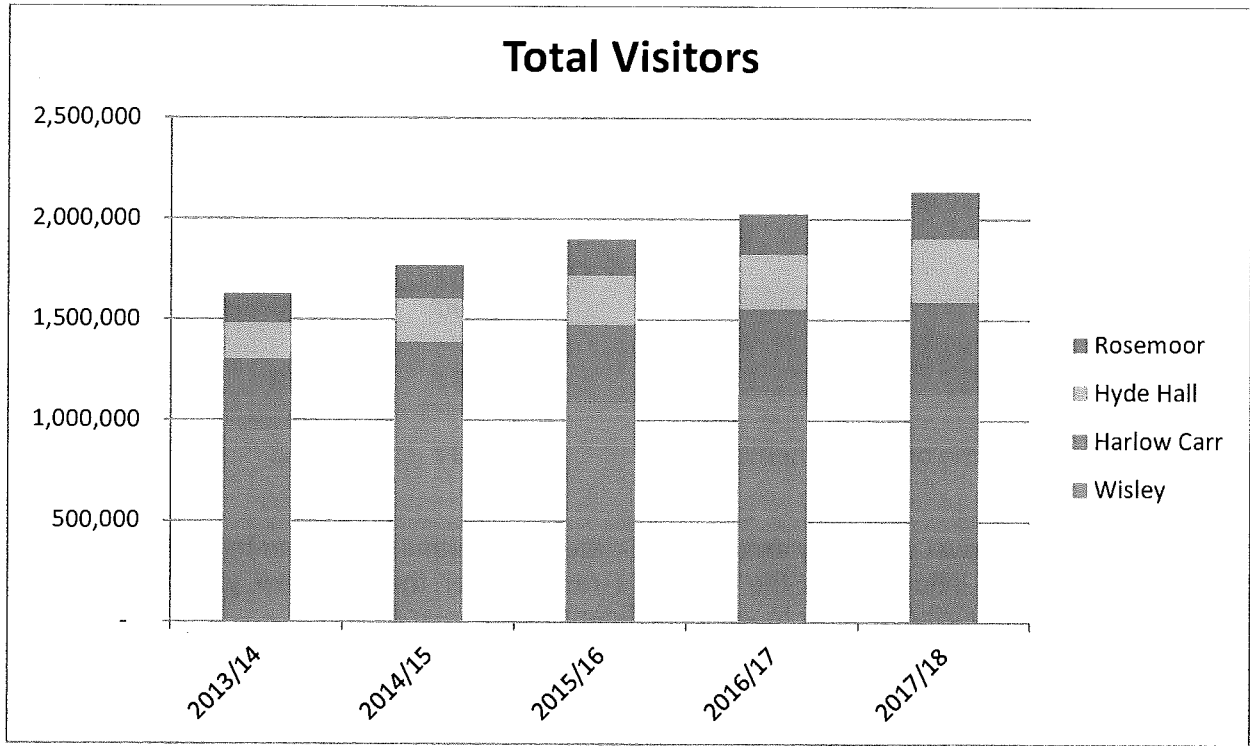
Membership of the Society continued to expand, and grew to a record 490,205 (2016/17: 472,157), an increase of 3.8% over the previous year's record membership. Over the past five years, our membership has grown steadily by over 75,000, an increase of 18.2%.



At the RHS Gardens, world-class standards and an expansion of our events; including the extension of the Christmas Glow event from Wisley to other RHS Gardens, resulted in record-breaking visitor

numbers for the year, with over 2.1 million visitors across the four gardens for the first time. All gardens had record years, with Hyde Hall exceeding 300,000 visitors for the first time.

Over the past five years, visitor volumes across our four gardens have increased by 510,000 (32%).



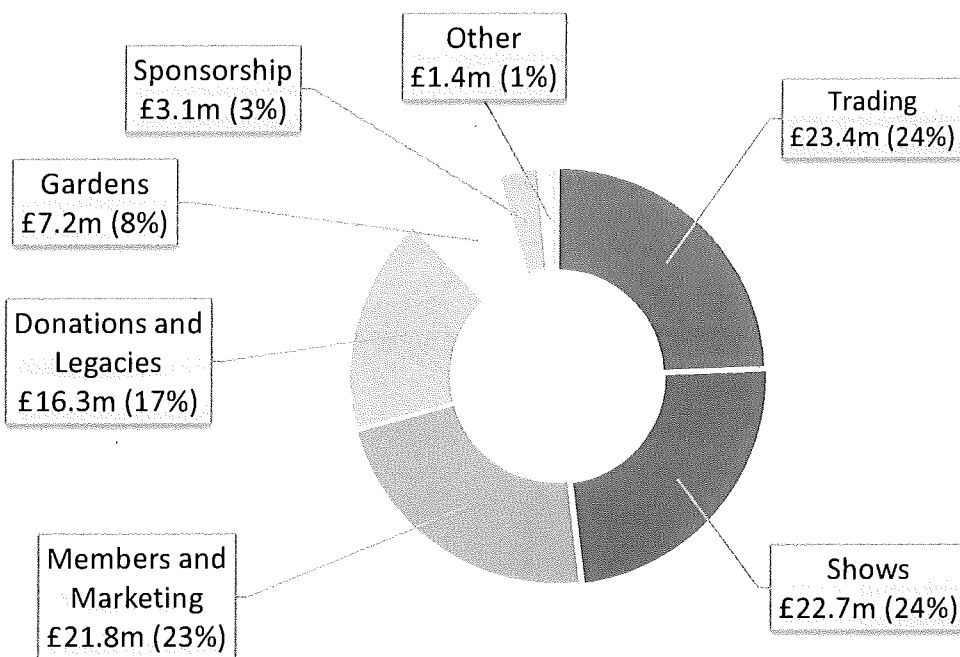
The 10-year Strategic Investment Programme is now well under way and the Society is committed to investing a substantial part of its reserves and anticipated future net income into this inspirational long term undertaking, which is central to the achievement of the ambitious charitable aims that the Society is striving for in the coming years. Of the anticipated £160m total investment, the Society is contributing £120m from reserves and annual surpluses over the period and is seeking to raise in excess of £40m from fundraising. To date, we have already invested £41m in projects and received fundraising donations of £8.8m, including the £7.2m received this year, which has been ring-fenced into restricted funds. The Society has designated elements of reserves and will continue to do so over the coming years, applying these as the programme progresses in order to ensure sufficient funds are available to complete this ambitious programme. The Society has currently designated £47.3m towards the SIP programme.

The key contributors to our net income, together with other salient elements of the Society’s financial affairs, are explained below and further details are available in the Consolidated Statement of Financial Activities on page 34 and in the subsequent pages.

Income

The Society generated total income of £95.9m, compared to £82.5m in 2016/17, an increase of 16.3%. A breakdown of this year’s income by major area is shown below:

Breakdown of income by major area



Trading income includes retail operations from all four RHS Gardens, events income from gala nights at the Chelsea and Hampton Court Palace Flower Shows, income from advertising in The Garden magazine and income from hiring out of the Lindley Hall. At £23.4m (2016/17: £23.8m), it represents 24% of the total income of the Society and was £0.4m (1.7%) lower than in 2016/17. This small decline in Trading income compared to the prior year derives from the generally challenging consumer environment, as well as reflecting the impact of disruption to our retailing activities at Wisley whilst the new Welcome Building is being constructed.

RHS Shows income increased to £22.7m (2016/17: £18.7m), up £4.0m, (21.4%), representing 24% of the Society's income. The RHS Chelsea Flower Show was once again a sell-out, with 165,000 visitors, whilst the new RHS Chatsworth Flower show attracted 94,000 visitors in its first year and provided the majority of the increased revenue in 2017. RHS Hampton Court Palace and Tatton Park Flower Shows were marginally below budgeted levels but remain highly successful events, with attendances at these events amounting to 134,000 and 56,000 respectively.

Income from the Members and Marketing division, at £21.8m (2016/17: £20.2m), is higher than last year by £1.6m (7.9%), and is 23% of the Society's total income; this continues to represent a major source of funds to re-invest in our charitable projects. As mentioned above, membership numbers increased to yet another new record of 490,205 by year-end.

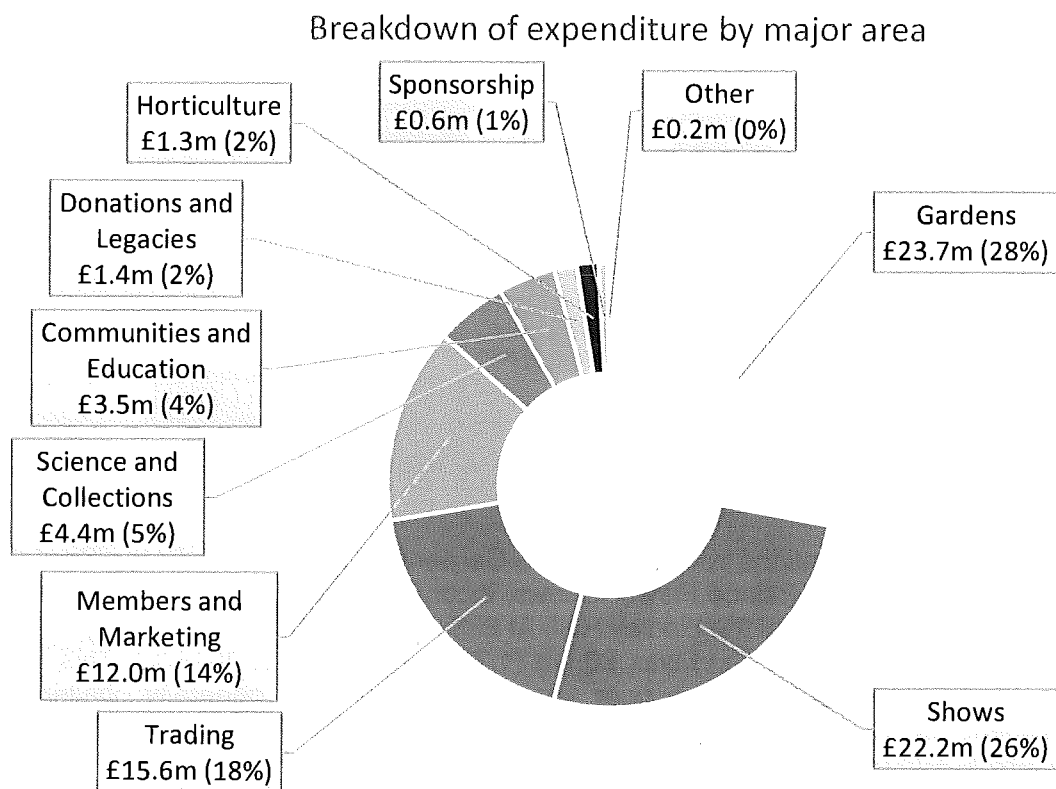
Donations and legacies increased to £16.3m (2016/17: £8.4m). Given the rapid development of the Strategic Investment Programme and, in particular, the imminent commencement of the construction phase of the RHS's National Centre for Horticultural Science and Learning at Wisley, fundraising has been a major priority in 2017/18; the increase to £7.2m (2016/17: £0.8m) of specific donations and gifts towards these projects reflects this prioritisation. Fundraising is a critical income stream and will remain a key focus over the next few years.

RHS Gardens income, which includes gate receipts and catering but excludes income from retail operations (included within Trading income above), reached £7.2m (2016/17: £6.8m), up £0.4m

(5.9%). As previously mentioned, garden visitor numbers grew by 5% to over 2.1 million, with all gardens having their best ever year. Catering customers at the gardens reflected the increase in visitors as well as benefiting, at Hyde Hall, from the refurbished Arrivals Café.

Expenditure

Total expenditure in the year was £84.9m (2016/17: £76.4m), an increase of £8.5m (11.1%) which included spending of £4.6m (2016/17: £4.0m) on projects within the Strategic Investment Programme. A breakdown of this year’s expenditure by major area is shown below:



RHS Gardens expenditure totalled £23.7m (2016/17: £22.1m), up £1.6m (7.2%) reflecting the continuing investment in headcount and horticulture across the gardens, ensuring that our world-class gardens are maintained, improved and developed.

Shows had a total expenditure of £22.2m (2016/17: £17.0m) an increase of £5.2m (30.6%). The majority of this increase came from staging the new Chatsworth show as well as investing in show content and the ever increasing cost of security in today’s world, particularly at Chelsea.

Trading expenses of £15.6m (2016/17: £15.6m) are in line with last year, the increased cost of the gala evenings being counter-balanced by the reduction in retail cost of goods sold.

Members and Marketing expenses at £12.0m (2016/17: £11.4m) increased by £0.6m (5.3%) reflecting the growth in membership volume, with corresponding benefits.

Science and Collections expenditure is in line with 2016/17 at £4.4m. Investment in this area continues, recognising and rewarding talent and delivering world-class horticultural science, ensuring the future of great scientists within the RHS.

Communities and Education expenditure, at £3.5m, has increased by £0.1m (2.9%) on 2016/17 continuing to deliver involvement in communities and schools through the RHS Campaign for School Gardening.

Horticulture expenditure (covering Plant Trials, bursaries, Partner Garden support and Affiliated Societies) is in line with last year.

The Society's Strategic Investment Programme increased its expenditure in 2017/18, with £4.6m invested as revenue expenditure (in addition to the capital expenditure of £15.5m discussed below). Revenue expenditure included £0.3m incidental site costs across Wisley, Bridgewater and Hyde Hall Gardens; £0.3m on our Community Outreach projects across the UK; £0.5m towards our "Horticulture Matters" programme under which we have committed to make horticulture a career to be proud of; £0.2m towards the RHS Brand programme; £1.3m towards IT and Digital resources in order to bring our systems in line with 21st-century requirements; £0.3m towards increased Horticultural Science resources; and £1.7m covering additional resources required as support to the Society in delivering all the individual projects that make up the Strategic Investment Programme.

Fixed Asset Investments

At the year-end, the Society held Fixed Asset Investments valued at £99.1m (2016/17: £96.7m) as set out in Note 8. These investments either provide support for the Society's reserves or are earmarked for allocation against future expenditure on the Strategic Investment Programme. The Investments Committee oversees the Society's investments and is responsible for the oversight of the Society's investment performance.

Endowments gifted to the Society total £5.1m and form part of the Fixed Asset Investments. The Society's endowed investments are managed on a total return basis with 3.5% of the endowment fund balance withdrawn each year and made available for bursaries. In accordance with this policy, Council transferred £164k from the endowment to restricted funds for spending in the year. Any unspent bursary funds are carried forward for spending in the following year.

Over the three years to 31 January 2018, the endowed portfolio produced annualised total returns of 8.1% per year, 4.6% above the Society's target return of RPI plus 3.5% per annum. Council will continue to review the level of annual withdrawal to ensure that an appropriate balance between the needs and interests of current and of future beneficiaries of the Society's activities is maintained.

Designated Funds, which have been established for specific uses and where the expenditure is expected to be made within a five year period (for example, under the Strategic Investment Programme), are invested in cash and liquid fixed income securities allowing annual withdrawal of funds to support expenditure towards our charitable objectives. The target return on the cash and liquid fixed income securities is "cash plus" (i.e. to exceed the return on cash). For Designated Funds which are expected to have an investment period of more than five years, the Society's overall investment objective is to preserve capital and to achieve positive real returns in excess of inflation.

The Society's cash and liquid fixed income securities are invested in two funds; the CCLA Investment Managers Limited Charities Official Investment Fund (COIF) Charities Deposit Fund and the Royal London Asset Management (RLAM) Cash Plus Fund. Over the year, the Charities Deposit Fund, which is a cash fund only, returned 0.22% over the period. The RLAM Fund, which is invested in both cash and liquid fixed income securities, has returned an annualised 0.6% per year over the three years, being 0.1% ahead of the "cash plus" target.

The remaining non-endowed investments within designated funds have generated a return of 9.1% per year over the three years to 31 January 2018, which is an annualised 6.5% per annum above the Society's target of achieving a positive real return in excess of RPI. These investments are held in funds across three investment managers to diversify the investment risk. The Society's holdings

in pooled investment vehicles are managed by Troy Asset Management Limited, Veritas Asset Management LLP and Fulcrum Asset management LLP.

In view of the scale of the expenditure expected in the next 5 years under the Strategic Investment Programme, Council has resolved that it is prudent to manage the phasing of this project expenditure such that the balance of Fixed Asset Investments is maintained at a level which exceeds by at least £15m the sum of the Reserve Policy Fund, the endowed and restricted funds and funds sufficient to eliminate the pension deficit. Council will keep this policy under review as the Strategic Investment Programme evolves.

Reserves

In line with the Charity Commission guidance that a charity should maintain adequate reserves to ensure its ability to deliver its charitable objectives, the Society holds unrestricted reserves for a number of purposes which are set out in Note 21a to the financial statements. These reserves, which are reviewed annually by Council, are summarised as follows:

- Fixed Asset Funds total £77.5m, representing the amount invested in the net book value of fixed assets.
- Reserve Policy Fund total £7.5m; having reviewed the risks to the Society, and the challenges and calls upon its finances, Council considers it appropriate and prudent, in the context of the Society's commitments, to maintain the fund at this level, which is equivalent to approximately two months of the Society's charitable expenditure.
- Strategic Investment Programme Funds of £47.3m represent the funding support which has been specifically designated to date for the on-going projects within the Strategic Investment Programme for capital and revenue projects. These have been grouped into three designations; Existing Gardens, 5th Garden and Community Outreach. Over time, the execution of the Strategic Investment Programme will lead to further elements of the Society's reserves being similarly designated. It is envisaged that this investment programme will take a minimum of 10 years to complete, commencing from 2014. The capitalisation of this major expenditure programme will lead to annual transfers between this fund and the Fixed Asset Fund.

The balance on unrestricted reserves, after the above designations (which includes the Reserve Policy Fund), is held in General and Trading Funds of £9.5m to provide working capital for the Society and its trading subsidiaries (RHS Enterprises Ltd and RHS Special Events Ltd).

Pensions

The consolidated and Society balance sheets include the pension net liability on the 1974 Defined Benefit Pension Scheme of £6.5m as at 31 January 2018 (2016/17: £8.0m). The deficit is disclosed for FRS 102 purposes, valuing the Scheme's liabilities based on actuarial assumptions and assets at market rates as at the financial year-end.

The defined benefit pension scheme was closed to future service accruals in May 2009. Whilst the closure of the scheme helps to minimise the Society's exposure, it remains subject to future volatility in the pension scheme's liabilities as a result of changing actuarial variables. We will continue to seek and evaluate opportunities to manage the volatility and, if possible, to reduce the pension scheme net liability.

Capital Expenditure and Disposals

In 2017/18, capital expenditure amounted to £17.0m (2016/17: £10.9m). Of this, £15.5m related to the Strategic Investment Programme which forms part of our landmark £160m investment in the future of horticulture by 2023/24. Expenditure has increased considerably compared to previous years as several of our projects are now under way and moving towards completion. Expenditure

has been incurred on delivering various projects throughout the year including the Rosemoor Garden Room (a new events space); expansion of the Hyde Hall Arrivals building; enabling and infrastructure works for the major projects at our Wisley and Bridgewater gardens; the Hyde Hall garden Hilltop development; and commencement of the construction of the new Wisley Welcome Building.

Amongst the larger capital additions at our gardens, £6.2m was spent on the construction of the new Wisley Welcome Building (due to complete in January 2019); £3.6m was spent at Wisley on various infrastructure and enabling works in readiness for both the new Welcome Building and the National Centre for Horticultural Science and Learning. At Hyde Hall, capital additions of £3.0m were incurred on the new Hilltop development which will deliver a new Learning Centre, an events space and a new restaurant which are due to complete in 2018. Bridgewater garden enabling works and design development have now commenced, amounting to £0.9m in the year. Expenditure of £0.8m at Rosemoor related mainly to the new Garden Room. £0.5m was spent on IT projects with the largest expenditure spent on a new Retail and Finance system due to be delivered in 2018. £0.2m was spent on improving signage throughout all gardens. The balance of capital expenditure represents a combination of architects' and consultants' fees as we continue with design development of the projects at the various sites.

Fixed assets with a cost of £1.0m and accumulated depreciation of £990k were written off as disposals in the year. A plot of land at Burnham-on-Crouch, with a book value of £15k, was sold during the year.

Outlook

The Society is now well advanced in consummating the Strategic Investment Programme which, over the next three years, will deliver a number of the large capital projects, including the new Welcome Building at Wisley, the National Centre for Horticultural Science and Learning at Wisley and the opening of the new RHS Garden at Bridgewater. Our absolute focus is now on ensuring the successful funding for and execution of these important and complex undertakings and on managing the attendant risks, whilst continuing to exercise close control over the day-to-day running of the Society's normal operations and to provide our members with a first-class experience.

As I have indicated in previous years' reports, we will need to deploy a significant part of both our investment reserves and our future annual operating surpluses to meet the costs of the Strategic Investment Programme, given its substantial scale. In addition, to supplement the Society's own resources, we will need to raise further funds from donors and external funding bodies and this remains a central focus of our efforts in 2018, building on the momentum developed in 2017. At the same time, in light of the size and ambition of our plans, we need to maintain the tight governance structures that are in place around each of the major projects, in order to continue to control carefully both the financial and the project management challenges that they present.

The economic environment remains difficult and the Society's income - crucial to the funding of its charitable activities - is also, as ever, subject to the vagaries of the fickle British weather which has been particularly unkind to us in the early months of 2018. Nevertheless, notwithstanding these challenges to our day-to-day operations and the scale and diversity of the concurrent activity now in train under the Strategic Investment Programme, we continue to view the future with confidence.



Alastair Muirhead
Treasurer
Date: 08 May 2018

Structure, Governance and Management

The Society is a registered charity incorporated and governed by a Royal Charter and by Bye-Laws approved by the membership. A copy of the Charter and Bye-laws can be found in the 'About the RHS' section of our website (www.rhs.org.uk) or obtained on request from The Secretary at the address shown at page 4.

A summary of the Society's structure, governance and management arrangements in 2018 is provided below. This broad structure has been in place since December 2012, though it has been adjusted in the past year with the Investments Committee now reporting directly to Council.

Council and Trustees

The governing body of the RHS is Council. This comprises the President, Treasurer and up to 15 ordinary members, all of whom are elected by the RHS membership, plus up to two co-opted members. The members of Council are the Trustees of the Society. The President is the Chairman of Council. The current members of Council are shown on page 2.

Election and Appointment to Council

The President and Treasurer are elected annually by the members of the Society at the Annual General Meeting (AGM). The other fifteen elected members of Council usually serve for up to two terms of five years, with at least three retiring each year and their successors being elected by the membership at the AGM.

Co-opted members are appointed by Council to serve for up to one year to the date of the AGM with the opportunity of re-appointment for one further year. Co-option provides an opportunity to recruit additional members to Council who offer particular skills, knowledge and experience.

If a vacancy arises during the year, Council has the power to appoint a new member. An appointed member will serve until the date of the next AGM, after which the post will be filled by election.

All members of Council must be members of the RHS and eligible under charity law to serve as a Trustee. No ordinary member of Council may serve for longer than 10 years unless made eligible to stand for election for one further term of up to five years in accordance with the Society's Bye-laws.

A Nominations, Appointments and Governance Committee comprising both serving members of Council and other members of the Society, is responsible for identifying candidates for election to Council after having regard to the role description, the person specification and the skills, knowledge and experience of existing members. The Committee also makes recommendations on the candidates that should receive Council's support at elections.

The rules for the election of President, Treasurer and ordinary members of Council can be found in the 'About the RHS' section of our website. Copies of the role description and person specification for each of these positions can also be found within the same section.

Council Members' Induction and Training

Most members of Council have already served on one or more RHS committees before their election. However, on election, members receive a comprehensive information pack covering the Society's plans and activities and meet with our Leadership Team members to discuss the work of the Society.

Council responsibilities

Council is accountable for the running of the Society as a whole, for ensuring that the Society complies with its governing documents and legal obligations, pursues its charitable objectives and uses its assets to pursue those aims, and acts in the interests of the beneficiaries.

Although Council takes all major strategic decisions and those reserved to it by law, it delegates some decision-making powers to Boards, Committees and the Executive via the Director General. The RHS Boards and Committees may comprise members of Council and other members of the RHS and take decisions within the overall strategy and budgets agreed by Council. Council retains responsibility for the decisions taken by these bodies. The Society's governance and decision-making Boards and Committees and their responsibilities are:

Audit and Risk Committee – reports to Council and ensures that all aspects of the Society's financial and risk management policies, procedures and controls are effective and appropriate. The President and Treasurer approve individual contracts between Trustees, the Society and its trading companies, and these are reported to both the Audit and Risk Committee and Council.

Commercial Board – reports to Council and is responsible for the proper management of all aspects of the Society's financial affairs and resources, including pensions and people strategy. The Board oversees the activities of the Society's trading companies.

Council Key Investment Project (KIP) Group – reports to Council and is responsible for maintaining an overview of the Strategic Investment Programme projects and in particular monitoring each project's operation against its approved budget and business case, as well as monitoring related fundraising.

Horticulture Board – reports to Council and is responsible for all activities relating to the encouragement and improvement of the science, art and practice of horticulture in all its branches within the Society. In this respect, it is the guardian of the Society's role as Learned Society. The Board is responsible for offering horticultural, educational and scientific advice to Council on any major initiatives or developments being considered by the Society.

Investments Committee – reports to Council and is responsible for reviewing and maintaining the Society's investment portfolio (including bursary funds).

Nominations, Appointments and Governance Committee – reports to Council and is responsible for identifying and recommending the candidates who should receive Council's support for election as members of Council. The Committee is also responsible for the approval of all appointments to governance and decision-making boards, committees and advisory groups of the Society as well as representatives of the Society on outside bodies. The Committee ensures that increasing diversity across our governance structure is an objective when appointments are considered. It also monitors and makes recommendations to Council about any changes to the governance arrangements of the Society.

Remuneration Committee – reports to Council and is responsible for approving the remuneration of the Director General and the Leadership Team.

Advisory Groups and Forums

Council and the Leadership Team of the Society also appoint advisory groups and forums to provide specialist advice to the Society and the wider gardening public.

Some 350 members of the Society have served on these committees during the past year in a voluntary capacity, generously giving their time and expert knowledge.

The terms of reference for all Boards, Committees and advisory groups can be obtained from The Secretary at the address shown on page 4. Further information about the governance and management arrangements of the Society can also be found on our website.

RHS Trading Companies

Our active trading companies are:

RHS Enterprises Limited (RHSE)
RHS Special Events Limited (RHSSE)

Both companies donate their available profits under Gift Aid to the Society, thereby assisting the funding of our non-commercial, charitable activities.

Each trading company has its own Board of Directors. The Directors' Report and Annual Accounts for each of the RHS trading companies are available on request from The Secretary of the RHS.

Management of the Society

The day-to-day running of the Society is delegated to the Director General and her Leadership Team. A copy of the scheme of delegations to the Leadership Team can be found in the 'About the RHS' section of our website, or on request from The Secretary. Each Leadership Team member has a division under their control and is responsible for the Society's operational activities and delivery of the Strategic Objectives agreed by Council. The Leadership Team during 2017/18 were:

Ms Sue Biggs	Director General
Mrs Sally Charleton	Director of Customer & Commercial
Mrs Ruth Evans	Director of Education, Funding & Communities
Prof Alistair Griffiths	Director of Science & Collections
Ms Hayley Monckton	Director of Communications
Mrs Jan Nix	Director of Risk & Governance
Mr Mark Norman	Director of Finance
Mr Matthew Rooke	Director of Technology & Editorial
Ms Lucy Semmens	Director of People
Mr Tom Shelston	Director of Members & Marketing
Dr Tim Upson	Director of Horticulture

Salaries of the Society's Leadership Team are set according to market rates, the level of skills and experience required to deliver the roles, and affordability. Salaries for the Leadership Team and Director General are considered annually by the Remuneration Committee.

Staff and Volunteers

As at 31 January 2018, the Society employed 649 full-time and 285 part-time staff (31 January 2017: 659 and 224 respectively). Additional seasonal staff were employed during peak periods. The Society also directly received help from more than 1,700 volunteers during the year. This included 919 regular operational volunteers in the Society's Gardens with an additional 525 volunteers helping at its Shows and in the Membership Department and 355 expert supporters of the Society who serve on its boards, committees and advisory groups.

Our gender pay gap between males and females for our median pay levels stands at -0.42%. We take gender pay seriously and continue to monitor this.

We are focused on improving the diversity of those who work for and volunteer at the RHS, and the Trustees recognise the importance of working to improve diversity within our governance structure. Our Nominations, Appointments and Governance Committee has diversity as a standard agenda item to ensure that it is maintained as a focus of the Society.

Reimbursement of expenses

Members of Council do not receive any payment in connection with their position, other than the reimbursement of reasonable travel and subsistence costs.

Subsidiary and related charities and other related parties

The Lindley Library Trust (registration number 222879-1) is a subsidiary charity of the RHS. The members of the Council of the RHS are also the Trustees of the Lindley Library Trust.

The RHS jointly administers The Shropshire Horticultural Society (Wisley Trainee) Charitable Trust (registration number 701677) with the Shropshire Horticultural Society, with each charity entitled to appoint three of the six Trustees.

The Northern Horticultural Society (“NHS”) merged with the RHS in 2001. To protect the name, The Northern Horticultural Society Limited (company number 06799077) was formed. It is not intended that this company will trade. Any donations that continue to fall due to the NHS will in future be payable direct to the RHS.

The Royal Horticultural Society (1974) Pension Scheme is a related party to the RHS (see Note 28 to the Financial Statements).

The RHS has two trading subsidiaries, RHS Special Events Limited, which organises events for fundraising purposes at the Chelsea and Hampton Court Palace Flower Shows and RHS Enterprises Limited, which is a garden-related retailer operating at RHS Gardens and online. The results of these trading companies have been consolidated in the RHS group accounts.

Risk Management

The Society has an established risk management policy in place which documents its approach to risk. The policy outlines the roles and responsibilities of Council and the Executive, the key requirements for reporting, and how the effectiveness of this approach will be measured.

The Society maintains a detailed risk register that addresses the major risks that face the Society and may impact its ability to achieve objectives. The register is subject to regular review by the Leadership Team in order to take account of emerging risks and changes in risk profile. The register is discussed bi-annually at the Audit and Risk Committee and submitted at least annually to Council for information and review.

Below is a summary table outlining key risks faced by the Society and mitigating controls in place to manage likelihood and impact of said risks:

Risks	Mitigations
What are the key risks facing the Society?	What is the Society doing to reduce the likelihood or minimise the impact of these risks occurring?
Strategic Investment Programme	
Over the 10-year period to 2023/24 the Society will commit significant cash reserves to the delivery of the Strategic Investment Programme and also seek to achieve a fundraising target of £40m. The delivery of the SIP will create inevitable disruption within our gardens and be resource-heavy.	In order to seek to mitigate risk, the Society has created two key decision-making boards at Council and Executive level that will prioritise projects and closely monitor cash flow, spend and impact. The Society has increased personnel levels within its Fundraising, Finance and Estates teams to support the delivery of these projects.
Extreme Weather	
Adverse weather can significantly reduce the number of visitors to our gardens and shows, impacting our sales performance. Adverse weather may also cause significant damage to our plant collections within the gardens.	The Society has put commercial measures in place to reduce the impact of adverse weather, including increasing garden events, encouraging pre-booking of tickets and growing online sales.

	<p>On an operational level the Society has in place tree management and irrigation procedures for each garden, as well as emergency closure plans.</p> <p>In the longer term, it is anticipated that our Strategic Investment Programme will provide more indoor event space and facilities within our gardens that will further mitigate this risk.</p>
<p>Loss of Key Staff</p>	
<p>Attracting and retaining skilled and passionate staff is at the heart of the Society's success. Our employees are key to service delivery and a high turnover would impact the Society's ability to deliver on its Strategic Investment Programme and on business as usual.</p>	<p>A detailed Employee Engagement Survey is performed annually to gather feedback on employee satisfaction, this is followed by a detailed management action plan. In addition, the ongoing comprehensive training programme ensures employees are equipped with the necessary skills to manage the organisational and operational changes.</p>
<p>Technology and Data Protection</p>	
<p>The Society has an ageing IT infrastructure which has needed a considerable investment.</p> <p>With the introduction of General Data Protection Regulations during 2018, the Society, along with most organisations, faces increasing compliance risks over the collection and management of data relating to members, non-members, visitors, volunteers and employees.</p>	<p>The Society has initiated many projects including the upgrade of its Finance, Retail and Membership systems to deal with the needs of its increasing membership base. The Society has increased its technical and project management resources to meet delivery timelines in 2018/19.</p> <p>During 2017 and 2018, the Society has invested in a comprehensive compliance project in order to meet applicable regulatory requirements, including GDPR.</p>
<p>Plant Health</p>	
<p>Uncontrolled or unmitigated plant health issues could result in damage to RHS Gardens, RHS Retail and RHS Shows and ultimately affect both the horticultural content and financial performance of the Society.</p>	<p>To face the increasing threat of plant health in the UK, the Society has developed a new plant health policy and championed a "six plant health principles" approach to tackle emerging issues.</p> <p>Preventive action has been taken to reduce the risk of <i>xylella fastidiosa</i> from entering the UK. This includes the ban of high-risk plants from RHS Gardens and RHS Shows from 2018 together with reinforcement of quarantine procedures across the Society for all other imported plants.</p>

Health and Safety

The Society maintains rigorous procedures for ensuring the health and safety of its visitors, staff and volunteers based on proportionate principles of risk management. Council members keep health and safety under regular review.

Equal Opportunities

The RHS is committed to providing equal opportunities for all employees and to avoiding unlawful discrimination in employment. The Society regularly reviews practices and policies to ensure that they effectively assist in putting this commitment into practice.

Employee Involvement

The decision-making processes incorporate regular feedback from the RHS Voices Group, as a representative group for all employees across all RHS sites. The RHS Voices Group meets quarterly with the Director General, Director of People, Senior Managers and members of the Leadership Team. Employees are encouraged to participate in Employee Engagement Surveys to provide feedback which is then reviewed and forms a part of the decision-making process.

Fundraising statement

Our guiding principle for fundraising is to build secure, long term fundraising support from our Members, encouraging their interest in our charitable work, allowing them to engage with our staff and projects and seeing how their additional gifts help us. Our fundraising materials are written and designed around this principle.

Fundraising activities include targeted direct mail, events and leaflets at our Gardens promoting donations and bequests, donations through our website, and approaches to Trusts, Foundations, companies and individual benefactors.

Our fundraising is carried out by our in-house fundraising teams and we are a registered member of The Fundraising Regulator. There are no arrangements for others to act on our behalf as professional fundraisers or commercial participators. We have procedures in place to ensure our staff and volunteers comply with fundraising standards and regulation; we are not aware of any failure by our staff or volunteers to meet these standards. We are committed to acting promptly if we receive any information indicating we have not met these standards.

In 2017/18 we did not receive any complaints about our fundraising activity. If complaints are received we shall respond quickly and ensure corrective action is taken as required. Those corrective actions might include retraining fundraisers and updating monitoring processes. We have a clear fundraising complaints procedure, which can be found at www.rhs.org.uk/about-the-rhs/support-us/making-a-donation/Fundraising-promise.

We take our responsibilities on managing our contact data very seriously and we strive to ensure that our policies and procedures around data and processing meet our legal requirements, our high expectations and those of our supporters. As part of the risk-based audit plan and in line with the Society's risk management processes, Internal Audit performs regular reviews of the Fundraising team activities and control environment.

We recognise the need to protect vulnerable people. We ensure comprehensive training is provided to ensure that empathy and respect are demonstrated towards people in vulnerable circumstances and that no donation is sought or gained from someone who may not have the capacity to make an informed and considered decision.

We respect our supporters' privacy and rights to decide how and if the Society contacts them. We make it easy for supporters to choose how they want to hear from us, and if they ask us not to contact them we will not, unless it is a legal or administrative requirement.

Trustees' Responsibilities Statement

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

The Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005 requires the Trustees to prepare financial statements for each financial year. The Trustees have to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. 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 charity and the group and of the incoming resources and application of resources, including the income and expenditure, of the group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgments 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 group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's and group's transactions and disclose with reasonable accuracy at any time the financial position of the charity and the group and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Sir Nicholas Bacon
President of the RHS and Chair of Council
Date: 08 May 2018

Independent Auditor's Report to the Trustees of the Royal Horticultural Society

Opinion

We have audited the financial statements of the Royal Horticultural Society (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 January 2018 which comprise the Consolidated Statement of Financial Activities, the Society Statement of Financial Activities, the Consolidated Balance Sheet, the Society Balance Sheet, the Consolidated Statement of Cash Flows 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and parent charity's affairs as at 31 January 2018 and of the group's and the parent charity's incoming resources and application of resources, including the group's and the parent income and expenditure, 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 Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We have been appointed as auditor under section 151 of the Charities Act 2011 and 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under those Acts. 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 are independent of the group and parent charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

This report is made solely to the charity's Trustees, as a body, in accordance with section 154 of the Charities Act 2011 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charity's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group or the parent charity's ability to continue to adopt

the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report, set out on pages 2 to 29 other than the financial statements and our auditor's report thereon. 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. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the parent charity has not kept sufficient and proper accounting records; or
- the parent charity's financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit

Responsibilities of Trustees for the financial statements

As explained more fully in the Trustees' Responsibilities Statement set out on page 30, the Trustees are responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

Date: *8 May 2018*

Grant Thornton UK LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

THE ROYAL HORTICULTURAL SOCIETY
Annual Report and Consolidated Financial Statements 2017/18

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR
THE YEAR ENDED 31 JANUARY 2018**

		Unrestricted	Restricted	Endowment	2018	2017
	Note	Funds £'000	Funds £'000	Funds £'000	Total £'000	Total £'000
INCOME AND ENDOWMENTS FROM:						
Donations and Legacies	2	6,428	9,862	-	16,290	8,364
Grants		-	15	-	15	140
CHARITABLE ACTIVITIES:						
Members and Marketing		21,764	-	-	21,764	20,214
Shows		22,652	-	-	22,652	18,740
RHS Gardens		7,211	-	-	7,211	6,755
Communities and Education		597	-	-	597	637
Horticulture		128	-	-	128	284
Science and Collections		136	-	-	136	145
OTHER TRADING ACTIVITIES						
Trading Income		23,404	-	-	23,404	23,830
Sponsorship Income		3,124	-	-	3,124	2,565
INVESTMENTS	2	347	-	18	365	597
OTHER	11	244	-	-	244	190
Total		86,035	9,877	18	95,930	82,461
EXPENDITURE ON:						
RAISING FUNDS						
Donations and Legacies	1 v), 3a	1,411	-	-	1,411	1,326
Trading Costs		15,559	-	-	15,559	15,610
Sponsorship		597	-	-	597	487
CHARITABLE ACTIVITIES						
Members and Marketing		12,026	-	-	12,026	11,368
Shows		22,162	-	-	22,162	17,013
RHS Gardens		21,879	1,780	-	23,659	22,053
Communities and Education		3,375	140	-	3,515	3,447
Horticulture		1,212	132	-	1,344	1,286
Science and Collections		4,293	86	-	4,379	4,486
OTHER	12	234	-	-	234	(713)
Total		82,748	2,138	-	84,886	76,363
NET INCOME BEFORE GAINS ON INVESTMENTS						
	23	3,287	7,739	18	11,044	6,098
Gains on investment assets	8, 21a	2,113	-	207	2,320	6,223
NET INCOME		5,400	7,739	225	13,364	12,321
Transfers between funds	21a	1,320	(1,193)	(127)	-	-
Other recognised gains/(losses):						
Actuarial gains/(losses) on defined benefit pension scheme	21a, 27	983	-	-	983	(3,015)
NET MOVEMENT IN FUNDS	6, 20a, 21a	7,703	6,546	98	14,347	9,306
Reconciliation of funds:						
TOTAL FUNDS BROUGHT FORWARD						
	20a, 21a	127,639	5,308	5,038	137,985	128,679
TOTAL FUNDS CARRIED FORWARD	21a	135,342	11,854	5,136	152,332	137,985

There are no other gains & losses other than those disclosed above. All transactions are derived from continuing activities.

The accompanying accounting policies and notes form an integral part of the financial statements and are set out on pages 39-68

THE ROYAL HORTICULTURAL SOCIETY
Annual Report and Consolidated Financial Statements 2017/18

**SOCIETY STATEMENT OF FINANCIAL ACTIVITIES FOR
THE YEAR ENDED 31 JANUARY 2018**

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2018 Total £'000	2017 Total £'000
INCOME AND ENDOWMENTS FROM:						
Donations and Legacies	1 iv) 2	17,429	9,862	-	27,291	24,427
Grants		-	15	-	15	140
CHARITABLE ACTIVITIES:						
Members and Marketing		21,362	-	-	21,362	19,826
Shows		22,665	-	-	22,665	18,765
RHS Gardens		8,162	-	-	8,162	7,738
Communities and Education		597	-	-	597	637
Horticulture		128	-	-	128	284
Science and Collections		136	-	-	136	145
INVESTMENTS	2	347	-	18	365	597
OTHER		292	-	-	292	354
Total		71,118	9,877	18	81,013	72,913
EXPENDITURE ON:						
RAISING FUNDS						
Donations and Legacies	1 v), 3b	1,509	-	-	1,509	1,405
CHARITABLE ACTIVITIES						
Members and Marketing		11,962	-	-	11,962	11,503
Shows		22,417	-	-	22,417	17,320
RHS Gardens		22,836	1,780	-	24,616	22,765
Communities and Education		3,490	140	-	3,630	3,536
Horticulture		1,251	132	-	1,383	1,314
Science and Collections		4,482	86	-	4,568	4,652
OTHER		48	-	-	48	74
Total		67,995	2,138	-	70,133	62,569
NET INCOME BEFORE GAINS ON INVESTMENTS						
		3,123	7,739	18	10,880	10,344
Gains on investment assets	8, 21a	2,113	-	207	2,320	6,223
NET INCOME		5,236	7,739	225	13,200	16,567
Transfers between funds	21a	1,320	(1,193)	(127)	-	-
Other recognised gains/(losses)						
Actuarial gains/(losses) on defined benefit pension scheme	21a, 27	983	-	-	983	(3,015)
NET MOVEMENT IN FUNDS	20b	7,539	6,546	98	14,183	13,552
Reconciliation of funds:						
TOTAL FUNDS BROUGHT FORWARD	20b	127,756	5,308	5,038	138,102	124,550
TOTAL FUNDS CARRIED FORWARD		135,295	11,854	5,136	152,285	138,102

There are no other gains & losses other than those disclosed above. All transactions are derived from continuing activities.

The accompanying accounting policies and notes form an integral part of the financial statements and are set out on pages 39-68

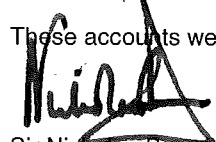
THE ROYAL HORTICULTURAL SOCIETY
Annual Report and Consolidated Financial Statements 2017/18


CONSOLIDATED BALANCE SHEET
AS AT 31 JANUARY 2018

	Note	2018 £'000	2017 £'000
FIXED ASSETS			
Tangible assets	13a	77,531	63,502
Investments	8	99,124	96,728
		<u>176,655</u>	<u>160,230</u>
CURRENT ASSETS			
Stock	16	1,589	1,736
Debtors	17	6,786	6,476
Cash at bank and in hand	25	7,118	10,727
		<u>15,493</u>	<u>18,939</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Income in advance		(23,981)	(24,002)
Creditors		(7,443)	(7,721)
	18	<u>(31,424)</u>	<u>(31,723)</u>
NET CURRENT LIABILITIES		(15,931)	(12,784)
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	19	(1,925)	(1,431)
NET ASSETS BEFORE PENSION LIABILITY		158,799	146,015
Defined benefit pension scheme liability	27	(6,467)	(8,030)
NET ASSETS AFTER PENSION LIABILITY		152,332	137,985
CAPITAL FUNDS			
Endowments	21a	5,136	5,038
INCOME FUNDS			
Restricted funds	21a	11,854	5,308
Unrestricted funds:			
Designated funds	21a	132,341	120,002
General & Trading Funds	21a	9,468	15,667
Pension Reserve	21a	(6,467)	(8,030)
Total unrestricted funds		<u>135,342</u>	<u>127,639</u>
TOTAL FUNDS	21a	152,332	137,985

The accompanying accounting policies and notes form an integral part of the financial statements and are set out on pages 39-68

These accounts were approved by Council on 08 May 2018 and signed on their behalf by:


 Sir Nicholas Bacon
 President


 Alastair Muirhead
 Treasurer

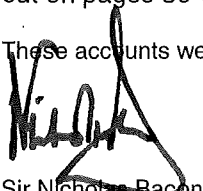
THE ROYAL HORTICULTURAL SOCIETY
Annual Report and Consolidated Financial Statements 2017/18


SOCIETY BALANCE SHEET
AS AT 31 JANUARY 2018

	Note	2018 £'000	2017 £'000
FIXED ASSETS			
Tangible assets	13b	77,498	63,569
Investments	8	99,124	96,728
Investments in trading companies	14	110	110
		<u>176,732</u>	<u>160,407</u>
CURRENT ASSETS			
Stock		74	75
Debtors	17	12,092	9,719
Cash at bank and in hand		5,415	3,994
		<u>17,581</u>	<u>13,788</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Income in advance		(19,790)	(19,890)
Creditors		(13,846)	(6,742)
	18	<u>(33,636)</u>	<u>(26,632)</u>
NET CURRENT LIABILITIES		(16,055)	(12,844)
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
	19	(1,925)	(1,431)
NET ASSETS BEFORE PENSION LIABILITY		158,752	146,132
Defined benefit pension scheme liability	27	(6,467)	(8,030)
NET ASSETS AFTER PENSION LIABILITY		152,285	138,102
CAPITAL FUNDS			
Endowments	21a	5,136	5,038
INCOME FUNDS			
Restricted funds	21a	11,854	5,308
Unrestricted funds:			
Designated funds	21a	132,341	120,002
General & Trading Funds	21a	9,421	15,784
Pension Reserve	21a	(6,467)	(8,030)
Total unrestricted funds		<u>135,295</u>	<u>127,756</u>
TOTAL FUNDS		152,285	138,102

The accompanying accounting policies and notes form an integral part of the financial statements and are set out on pages 39-68

These accounts were approved by Council on 08 May 2018 and signed on their behalf by:


 Sir Nicholas Bacon
 President


 Alastair Muirhead
 Treasurer

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JANUARY 2018

	Note	2018 £'000	2017 £'000	2017 £'000	£'000
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net cash provided by operating activities	23		13,359		10,147
Cash flows from investing activities					
Interest received from investments		100		98	
Dividends received from investments		313		506	
Sale of investments	8	17,688		14,994	
Purchase of tangible fixed assets	13a	(17,000)		(10,912)	
Purchase of investments	8	(23,019)		(15,579)	
Movement in Cash within pooled investments		7,043		312	
Net cash used in investing activities			(14,875)		(10,581)
Change in cash and cash equivalents in the reporting period	24, 25		(1,516)		(434)
Cash and cash equivalents at the beginning of the reporting period	24, 25		31,665		32,099
Cash and cash equivalents at the end of the reporting period	24, 25		30,149		31,665

The accompanying accounting policies and notes form an integral part of the financial statements and are set out on pages 39-68

Notes to the Financial Statements

1. Accounting Policies

i) Basis of preparation

The financial statements of the charity, which is a public benefit entity under FRS 102, are prepared under the historical cost convention with the exception of investments, which are included at market value. The financial statements have been prepared in accordance with the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), and the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities (Charities SORP (FRS 102)).

Across the RHS work is well under way to meet our commitment to invest £160 million into the future of horticulture over the 10 years to 2023/24.

After reviewing the Society's forecasts and projections, the Trustees have a reasonable expectation that the Society has adequate resources to continue in operational existence for the foreseeable future. The Trustees believe the Society is a going-concern and have prepared the financial statements on that basis.

Group financial statements have been prepared in respect of the Society and its wholly owned subsidiaries. The Society's trading subsidiaries are RHS Enterprises Limited and RHS Special Events Limited. These subsidiaries are consolidated on a line-by-line basis and have the same accounting reference date as the Society. In addition, Horticultural Halls Limited, RHS Publications Limited and The Northern Horticultural Society Limited are dormant subsidiaries. The Society also jointly administers The Shropshire Horticultural Society (Wisley Trainee) Charitable Trust and its financial results are included in the group financial statements as is The Lindley Library Trust, a subsidiary charity of the RHS.

ii) Payments received under Gift Aid

The Group has adopted a policy of paying all the subsidiaries' taxable profits to the Society under Gift Aid. These Gift Aid payments are recognised as distributions through equity rather than as an expense through the profit and loss, and therefore an operating profit exists for each subsidiary at the balance sheet date, on which a tax liability arises.

iii) Fund accounting

Unrestricted funds comprise the Designated funds, the General fund, non-charitable trading funds, and the Pension Reserve. Designated funds are General funds designated for specific purposes by Council. The General fund is the accumulation of surpluses and deficits and is available for use at the discretion of Council in furtherance of the Society's general charitable objectives. The non-charitable trading funds represent the reserves of the trading subsidiaries. The Pension Reserve represents the deficit or surplus on the Royal Horticultural Society (1974) Pension Scheme on an FRS 102 basis (see Note 27).

Restricted funds are funds that are to be used in accordance with specific restrictions imposed by the donors. Permanent endowment funds are capital funds where Council has no power to convert the capital into income. The Society's endowment funds are managed on a total return distribution basis. Income generated from the endowment funds are added to the capital endowment fund. 3.5% of the endowment fund balance at 30th September is released as restricted income in the following financial year.

iv) Incoming resources

Incoming resources represent the total income receivable during the year comprising membership subscriptions, income from shows, gardens, horticulture, scientific, communities and educational

activities, income from trading subsidiaries, investment income, legacies, donations and sundry other income.

Donations and legacy income are recognised in the accounts when there is entitlement, probability of receipt and the amount is quantifiable. Donations income includes Gift Aid donations on membership subscriptions and garden entry tickets. Gift Aid is recognised on an accruals basis.

Members and marketing income is mainly made up of membership subscriptions which are credited to incoming resources over the period to which the membership relates. Life subscriptions are credited to income in equal instalments over a 10-year period.

Shows income primarily includes ticket sales, trade stand sales, catering commission and other sundry show income such as show guide and car parking sales. Income in advance for shows and other activities is recognised at the time of the show or other activity.

RHS Gardens income includes garden entry ticket sales, catering sales and event income.

Communities and education income includes sponsorship of community projects, as well as exam and course fees for horticultural qualifications. Exam fee income is recognised at the time of the exam sitting.

Horticultural income is generated from membership subscriptions and insurance renewals from Affiliated Societies. All gardening clubs and horticultural societies with an annual membership subscription are eligible to join the RHS Affiliated Societies scheme.

Science and collections income is primarily funding received from outside bodies to carry out horticultural scientific studies.

Trading income is generated through retail areas at each RHS Garden, mail order sales, the letting out of event space in London, publications such as The Garden magazine, commercial images and gala income from the RHS Chelsea Flower Show and the RHS Hampton Court Palace Flower Show.

Sponsorship income is generated through sponsorship of the RHS Flower Shows and the sale of show television rights.

Investment income is generated from dividends and interest received from RHS investments. The RHS invests its funds under discretionary mandates with third-party investment managers. Funds anticipated to be spent within five years are invested in fixed income securities or cash, whilst funds which are not expected to be utilised within five years are invested on a real return investment mandate. Investment income is recognised on an accruals basis.

Other income is generated primarily from the rental income from properties in Wisley village let out on the open market.

No income has been reported net of expenditure.

v) Resources expended

All expenditure is accounted for on an accruals basis and has been allocated to the appropriate heading in the accounts. Where costs cannot be directly attributed to a particular heading they have been allocated to activities on a basis consistent with the use of the resource.

Expenditure on raising funds includes the costs incurred in generating voluntary income. Donations and legacies expenditure are the costs of those activities. Charitable activity expenditure represents the costs of shows, gardens, scientific, educational, editorial activities and membership services.

All resources expended are included in the Statement of Financial Activities on an accruals basis inclusive of any irrecoverable VAT.

vi) Allocation of support costs

Support costs relate to those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include the Leadership Team, HR, Finance, Estates, Communications, IT and Governance which support the RHS activities. Where support costs are directly attributable to the charitable purpose they have been directly allocated. Remaining support costs have been allocated between costs of raising funds and expenditure on charitable activities. The bases on which support costs have been allocated are set out in Note 5.

vii) Deferred income

Deferred income arises from members' subscriptions paid in advance, income for future shows and events, as well as income for the future hire of our exhibition halls and conference facilities.

viii) Depreciation and impairment

Fixed assets are stated at cost, deemed cost or donated valuation. Depreciation is calculated to write off the cost of fixed assets by equal instalments over their expected useful economic lives. The depreciation rates are as follows:

- Freehold and leasehold buildings 2%
- Motor vehicles 20%
- Plant and equipment, fixtures and fittings, infrastructure 5-33%

Where it has been identified that the recoverable amount of a fixed asset is below its net book value the asset is written down to its recoverable amount and the impairment loss is recognised in the Statement of Financial Activities. Equipment purchases below £2,000 are treated as revenue items. Fixed assets under construction are not depreciated until the asset has reached completion; upon completion the asset is transferred to the appropriate fixed asset class and depreciated at the appropriate rate. No depreciation is charged on investment properties.

ix) Investments

Investments are stated at fair value on the balance sheet date. The Statement of Financial Activities includes the net gains and losses arising on revaluations and disposals throughout the year. The funds are largely invested to generate an above inflationary return.

x) Operating leases

Operating lease rentals are charged to the Statement of Financial Activities on a straight-line basis over the term of the lease.

xi) Funds transfers

Funds transfers primarily arise when endowment funds are transferred to restricted funds under the total return distribution basis. Funds transfers also arise from the expenditure of restricted funds on capital projects. The funds are transferred into general funds as the capital costs are expended. Fund transfers can also arise due to the reclassification of a restriction.

xii) Pension schemes

The Society contributed during the year to a defined benefit scheme, which was closed to new entitlements in January 2002 and was closed to future service accruals in May 2009. The pension scheme is administered by Trustees and the assets are held separately from those of the Society. Independent actuaries complete valuations at frequent intervals, usually triennially.

The fund movements and liabilities for this scheme have been recognised in the accounts according to the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and as detailed in Note 27.

The Society also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Society in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme by the Society in respect of the accounting period.

xiii) Stock

Stock is valued at the lower of cost and net realisable value. It substantially relates to products sold in the retail shops and plant centres at our gardens and shows. It does not include any work in progress.

xiv) Taxation

The Society is exempt from corporation tax on its charitable activities.

xv) Basis of consolidation

The consolidated financial statements include the financial statements of the Society and its subsidiary undertakings made up to 31 January 2018.

xvi) Foreign exchange

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date.

xvii) Financial Instruments

The Society only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

xviii) Heritage Assets

Heritage assets acquired are not recognised in the balance sheet. Council are of the opinion that, because valuation information cannot be obtained at a cost commensurate with the benefits to users of the financial statements, a valuation approach is not practicable and so the Society has adopted a non-recognition approach. Expenditure that is required to preserve or prevent further deterioration of individual collection items is recognised in the Statement of Financial Activities when it is incurred. The policies for management and preservation of the collections are stated in Note 15.

xix) Judgements in applying accounting policies and key sources of estimation uncertainties

There are a number of actuarial assumptions used in the quantification of the group's pension commitments which are described in Note 27. There are a number of assumptions in the fair value of the investment properties which are described in Note 13c. With the exception of the pension commitments and investment property fair-value assumptions, there are no material judgements or estimates applied in the preparation of these accounts.

xx) Changes to accounting estimates

The useful economic life of the revalued properties in Wisley village was assessed in 2016. This was deemed to be 50 years from the initial revaluation date of 1 February 2014. The Shop and Plant Centre at Wisley were revalued at 1 February 2014, however the useful economic life of these properties is now deemed to be complete by 31 January 2019 when their demolition is due to take place. Accelerated depreciation has been charged on these properties so that they will be fully depreciated by that date.

2. Income

Legacy Income

At the date of signing these accounts the Society had not been notified of any material legacies which are not included within these accounts.

Investment Income

Investment income of £365k (2017: £597k) is made up of income from listed investments of £315k (2017: £502k) and interest from cash holdings of £50k (2017: £95k).

3a. Analysis of Expenditure - Group

The total resources expended on charitable and fundraising activities in the Group during the year comprise the following:

	Direct Cost £'000	Support Cost £'000	2018 Total £'000	2017 Total £'000
Charitable expenditure				
Members and Marketing	11,260	766	12,026	11,368
Shows	21,592	570	22,162	17,013
RHS Gardens	19,909	3,750	23,659	22,053
Communities and Education	3,017	498	3,515	3,447
Horticulture	1,174	170	1,344	1,286
Science and Collections	3,542	837	4,379	4,486
Total expenditure on charitable activities	<u>60,494</u>	<u>6,591</u>	<u>67,085</u>	<u>59,653</u>
Raising funds expenditure				
Donations and Legacies	1,229	182	1,411	1,326
Trading	14,101	1,458	15,559	15,610
Sponsorship	562	35	597	487
Total expenditure on raising funds activities	<u>15,892</u>	<u>1,675</u>	<u>17,567</u>	<u>17,423</u>
Other	234	-	234	(713)
Total expenditure	<u><u>76,620</u></u>	<u><u>8,266</u></u>	<u><u>84,886</u></u>	<u><u>76,363</u></u>

Total support costs across all activities include costs associated with providing central management, IT, HR, finance and other central services to the Society's staff, volunteers, gardens and other activities (see Note 5a).

3b. Analysis of Expenditure - Society

The total resources expended on charitable activities in the Society during the year comprise the following:

	Direct Cost £'000	Support Cost £'000	2018 Total £'000	2017 Total £'000
Charitable expenditure				
Members and Marketing	10,980	982	11,962	11,503
Shows	21,718	699	22,417	17,320
RHS Gardens	20,018	4,598	24,616	22,765
Communities and Education	3,020	610	3,630	3,536
Horticulture	1,174	209	1,383	1,314
Science and Collections	3,542	1,026	4,568	4,652
Total expenditure on charitable activities	<u>60,452</u>	<u>8,124</u>	<u>68,576</u>	<u>61,090</u>
Raising funds expenditure				
Donations and Legacies	1,286	223	1,509	1,405
Total expenditure on raising funds activities	<u>1,286</u>	<u>223</u>	<u>1,509</u>	<u>1,405</u>
Other	48	-	48	74
Total expenditure	<u><u>61,786</u></u>	<u><u>8,347</u></u>	<u><u>70,133</u></u>	<u><u>62,569</u></u>

4. Governance Costs

	2018 £'000	2017 £'000
Audit Fees	59	50
Internal Audit	345	289
Health and Safety	115	58
Secretariat	317	330
	<u>836</u>	<u>727</u>

Governance costs relate to the general running of the Society and include costs for internal and external audit, health and safety, Secretariat, legal advice for Trustees and costs associated with meeting constitutional and statutory requirements such as the cost of Trustee meetings and the preparation of the statutory accounts.

5a. Analysis of Total Support Costs - Group

	Donations and Legacies £'000	Trading £'000	Sponsorship £'000	Charitable Activities £'000	2018 Total £'000	2017 Total £'000
Leadership Team	9	70	2	316	397	428
Finance & Estates	67	540	13	2,443	3,063	2,600
IT	61	488	12	2,206	2,767	2,738
Risk & Governance	18	148	3	667	836	727
Communications	2	13	-	60	75	79
HR	25	199	5	899	1,128	910
	182	1,458	35	6,591	8,266	7,482

Where support costs are specifically attributable to the activity, they have been directly allocated.

Remaining support costs have been apportioned on a headcount basis.

Expenditure increases are mainly due to additional spending on projects which are part of the Strategic Investment Programme.

5b. Analysis of Total Support Costs - Society

	Donations and Legacies £'000	Charitable Activities £'000	2018 Total £'000	2017 Total £'000
Leadership Team	12	442	454	468
Finance & Estates	83	3,002	3,085	2,597
IT	74	2,693	2,767	2,458
Risk & Governance	22	814	836	727
Communications	2	75	77	78
HR	30	1,098	1,128	910
	223	8,124	8,347	7,238

6. Net Movement of Funds

Net movement of funds is arrived at after charging / (crediting):

	2018 £'000	2017 £'000
Depreciation (including trading companies)	3,261	2,835
Auditors' remuneration:		
- Statutory audit current year	59	50
- Audit under provision prior year	5	5
- Tax services	24	29
- Other professional services	15	-
Internal Audit	345	289
Operating lease rentals - Land & Buildings	88	69
- Other Assets	132	120

7. Employee Remuneration

	Permanent Staff		Casual Staff		Total	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Employee costs during the period:						
Salaries and wages	22,971	20,976	2,365	2,421	25,336	23,397
Social Security	2,223	2,051	129	159	2,352	2,210
Pensions	2,469	2,202	42	59	2,511	2,261
	<u>27,663</u>	<u>25,229</u>	<u>2,536</u>	<u>2,639</u>	<u>30,199</u>	<u>27,868</u>

All staff are contracted to the Society.

Redundancy and termination payments in 2018 were made to 24 individuals and amounted to £268k (2017: £2k). These payments were as a result of a review of resources required. There are no outstanding redundancy and termination payment liabilities for 2018 (2017: £nil).

The average number of regular full-time and regular part-time employees calculated on a full-time basis during the year was:

	2018 Number	2017 Number
Staff employed in funds generation:		
Trading activities	120	126
Fundraising activities	15	14
Staff employed in disbursement of Charitable expenditure:		
Members and Marketing	66	63
Shows	47	42
RHS Gardens	309	298
Communities and Education	41	37
Horticulture	14	13
Science and Collections	69	71
Support	129	119
	<u>810</u>	<u>783</u>

Key management personnel for the Group and for the Society are the same and have been determined to be the Leadership Team and the Trustees. See page 26 for a list of members of the Leadership Team and page 2 for a list of Trustees. The members of Council are the Trustees of the Society.

Remuneration in respect of the Leadership Team was as follows:

	2018 £'000	2017 £'000
Emoluments	1,387	1,216
Pension contributions	141	123
	<u>1,528</u>	<u>1,339</u>

During the year, 10 Leadership Team members participated in the pension scheme.

THE ROYAL HORTICULTURAL SOCIETY
Annual Report and Consolidated Financial Statements 2017/18

The total number of employees whose remuneration and benefits in the year, excluding pension contributions paid directly by the Society, exceeded £60,000 was:

	2018	2017
	Number	Number
£60,001 - £70,000	15	8
£70,001 - £80,000	10	6
£80,001 - £90,000	4	4
£90,001 - £100,000	2	3
£100,001 - £110,000	1	-
£110,001 - £120,000	3	-
£120,001 - £130,000	2	2
£140,001 - £150,000	1	1
£150,001 - £160,000	1	1
£190,001 - £200,000	-	1
£220,001 - £230,000	1	-
	<u>40</u>	<u>26</u>

The number of these employees for whom the Society made pension contributions was:

Defined contribution	39	26
----------------------	-----------	----

The highest paid director is paid the equivalent of Society pension contributions directly as part of remuneration.

The Society contributed £290k (2017: £259k) to defined contribution pension schemes on behalf of employees whose annual remuneration exceeded £60,000.

No remuneration has been paid to any member of the Society's Council. Council members receive complimentary show tickets in accordance with their role for the RHS Chelsea Flower Show, the RHS Chatsworth Flower Show, the RHS Hampton Court Palace Flower Show, and the RHS Flower Show Tatton Park.

Council members were reimbursed a total of £23k (2017: £16k) for travel and subsistence expenses during the period. The number of Council members reimbursed for expenses was 12 (2017: 12).

Members of the Leadership Team were reimbursed a total of £105k (2017: £77k) for expenses during the period.

	2018	2017
	£000	£000
Travel & Subsistence	77	60
Other	28	17
	<u>105</u>	<u>77</u>

8. Fixed Asset Investments

	UK Cash Instruments £'000	UK Property £'000	Unit Trusts £'000	Total £'000
Market Value at 1 February 2017	15,957	85	80,686	96,728
Less: Disposal proceeds	-	-	(17,688)	(17,688)
Add: acquisitions at cost	-	-	23,019	23,019
Add: net gain on revaluation at 31 January	-	-	2,015	2,015
Add: net movement in cash	(4,950)	-	-	(4,950)
Market value at 31 January 2018	11,007	85	88,032	99,124
Historical cost at 31 January 2018	11,007	30	82,167	93,204

Analysed as follows

	£'000
UK Fixed Interest	24,629
Overseas Fixed Interest	11,730
UK Equities	3,346
Overseas Equities	19,614
Index Linked	3,637
Commodities	1,298
Bonds	10,571
Cash Instruments held within pooled investment vehicles*	12,024
	<u>86,849</u>
Cash Instruments held separately**	11,007
Diversifying Strategies	1,183
Market value at 31 January 2018	<u>99,039</u>
UK Property	85
Market value at 31 January 2018	<u>99,124</u>
Investments in UK at market value	65,098
Investments outside the UK at market value	33,941
Market value of UK and non-UK investments	<u>99,039</u>

*Cash instruments held within pooled investment vehicles managed by third-party investment managers

**Cash instruments managed by RHS

Restricted and unrestricted funds at market value of £94.0m are invested in a diversified portfolio of equity, fixed interest, other diversifying strategies and cash investments with a level of risk appropriate to the Society's charitable status.

Endowment funds amounting to £5.1m are invested in compliance with the Trustees Act 2000.

Historical cost of Fixed Asset Investments includes, for each pooled investment vehicle, income received that has been reinvested during the financial period of that investment vehicle. This totalled £33k.

Investments that represented more than 5% of the total portfolio were as follows:

	£'000
Cash Instruments	11,007
RLAM Cash Plus Fund	37,850
Troy Trojan Fund	16,226
Veritas Global Real Return Fund	18,179
TM Fulcrum Diversified Core Absolute Return Fund	15,778

Total gain on investment assets

	£'000
Net gain on revaluation of investments at 31 January 2018	2,015
Gain on revaluation of investment properties*	305
	<u>2,320</u>

*Investment properties are included in Note 13.

9. Taxation

In accordance with accounting policy 1(ii), the two trading subsidiaries donate all their allowable taxable profits under Gift Aid to the Society by way of a Deed of Covenant which exists between each party. For each, this creates a legally binding obligation on the subsidiary to pay any profit before taxation to the Society, as its parent. Tax relief in full is recognised as income by the Society when the profits are donated under Gift Aid by the subsidiaries.

10. Commitments for future expenditure

Future capital commitments on signed contracts are £16.1m (2017: £3.6m), relating to the projects within the Strategic Investment Programme. Included in this number are commitments for Wisley Front of House (£13.6m), RHS Garden Bridgewater (£953k), Hyde Hall restaurant conversion (£415k), Hyde Hall Community Events building (£401k), Wisley Hilltop (£316k), Hyde Hall landscaping (£259k) and Harlow Carr Front of House (£169k).

11. Other incoming resources

Other incoming resources of £244k (2017: £190k) are primarily from rental income from investment properties in Wisley village.

12. Other expenditure

Other expenditure includes expenditure on the investment properties in Wisley village and investment management fees.

13. Tangible Fixed Assets

a) Consolidated

	Freehold land and buildings £'000	Leasehold land and buildings £'000	Investment properties £'000	Buildings on Wisley trust land £'000	Assets in construction £'000	Plant and equipment £'000	Fixtures and fittings £'000	Total £'000
COST/MARKET VALUE								
At 1 February 2017	51,804	1,095	10,427	1,545	10,740	2,473	1,995	80,079
Additions	3,339	-	-	-	12,197	905	559	17,000
Disposals	(152)	-	-	-	-	(455)	(398)	(1,005)
Revaluations	-	-	305	-	-	-	-	305
Transfers	5,010	-	393	-	(6,073)	201	469	-
At 31 January 2018	60,001	1,095	11,125	1,545	16,864	3,124	2,625	96,379

DEPRECIATION

At 1 February 2017	13,670	399	-	525	-	990	993	16,577
Charge for the year	2,149	21	-	31	-	771	289	3,261
Disposals	(137)	-	-	-	-	(455)	(398)	(990)

At 31 January 2018	15,682	420	-	556	-	1,306	884	18,848
--------------------	--------	-----	---	-----	---	-------	-----	--------

NET BOOK VALUE

At 31 January 2018	44,319	675	11,125	989	16,864	1,818	1,741	77,531
At 1 February 2017	38,134	696	10,427	1,020	10,740	1,483	1,002	63,502

No assets are held under finance lease. All tangible assets are used for charitable purpose. Investment properties are held at market value.

THE ROYAL HORTICULTURAL SOCIETY
Annual Report and Consolidated Financial Statements 2017/18

b) Society

	Freehold land and buildings £'000	Leasehold land and buildings £'000	Investment properties £'000	Buildings on Wisley trust land £'000	Assets in construction £'000	Plant and equipment £'000	Fixtures and fittings £'000	Total £'000
COST/MARKET VALUE								
At 1 February 2017	51,804	1,095	10,427	1,545	10,740	2,359	1,812	79,782
Additions	3,339	-	-	-	12,197	1,019	525	17,080
Disposals	(152)	-	-	-	-	(455)	(348)	(955)
Revaluations	-	-	305	-	-	-	-	305
Transfers	5,010	-	393	-	(6,073)	201	469	-
At 31 January 2018	60,001	1,095	11,125	1,545	16,864	3,124	2,458	96,212
DEPRECIATION								
At 1 February 2017	13,670	399	-	525	-	820	799	16,213
Charge for the year	2,149	21	-	31	-	941	298	3,440
Disposals	(137)	-	-	-	-	(455)	(347)	(939)
At 31 January 2018	15,682	420	-	556	-	1,306	750	18,714
NET BOOK VALUE								
At 31 January 2018	44,319	675	11,125	989	16,864	1,818	1,708	77,498
At 1 February 2017	38,134	696	10,427	1,020	10,740	1,539	1,013	63,569

No assets are held under finance leases. All tangible assets were held for charitable purposes. Investment properties are held at market value.

The Trustees are aware that there is a material difference between the carrying value of some freehold land and buildings in these accounts and the market value of the freehold land and buildings belonging to the Society, but do not believe that there is value, commensurate with the associated cost, in ascertaining that market value at this time.

c) Gains on investment properties

	2018
	£'000
Market valuation at 1 February 2017	10,427
Transfers	393
Revaluation gain	305
Market valuation at 31 January 2018	<u><u>11,125</u></u>

Market valuations are based on the fair value of the properties at the balance sheet date, which is deemed to be the open market values at January 2018 for RHS-owned residential properties within Wisley village. There has not been a significant change in value between the date of the valuation and the balance sheet date.

Market valuations were provided by an independent property agent in January 2018. This company is a member of the National Association of Estate Agents.

There have been no directly comparable property sales within Wisley village. In order to provide market valuations, consideration has been given to the most relevant property transactions within the local area.

The state of repair and condition of the properties has been taken into account, but they do not include building surveys or inspection of areas that were covered, unexposed or inaccessible.

Transfers, excluding those for assets in the course of construction, relate to freehold buildings reclassified as investment properties in the period. The transfers are for RHS-owned properties in Wisley village that are either vacant and are being prepared to rent on the open market, or are for properties that are currently on the open rental market.

14. Investment in Trading and Other Companies

The Society's total investment in 2018 and 2017 of £110,101 consists of £100,000 in RHS Enterprises Limited (01211648); £100 in RHS Special Events Limited (03119017); £10,000 in Horticultural Halls Limited (02074555) and £1 in RHS Publications Limited (04438083). The Society has 100% ownership in all four companies.

Horticultural Halls Limited and RHS Publications Limited are both dormant companies. The Profit and Loss Account and Balance Sheet for the two trading subsidiaries, RHS Enterprises Limited and RHS Special Events Limited are shown below.

Profit & Loss Account	RHS Enterprises Ltd £'000	RHS Special Events Ltd £'000
Turnover	22,054	5,053
Cost of sales	<u>(8,375)</u>	<u>(1,120)</u>
Gross profit	13,679	3,933
Administration expenses (net of interest receivable)	(6,943)	(231)
Other operating income	<u>622</u>	<u>-</u>
Net profit	7,358	3,702
Taxation	<u>(1,410)</u>	<u>(710)</u>
Profit for the year	<u>5,948</u>	<u>2,992</u>
 Balance Sheet		
Fixed Assets	32	-
Current Assets	3,385	960
Unsecured Loan to the Society	4,000	3,500
Current Liabilities	(1,530)	(3,757)
Long Term Liabilities	(8)	-
Amounts owing to the Society	<u>(5,723)</u>	<u>(714)</u>
Net Assets/(Liabilities)	<u>156</u>	<u>(11)</u>
Share Capital	100	-
Reserves	<u>56</u>	<u>(11)</u>
Equity Shareholders' Funds	<u>156</u>	<u>(11)</u>

The unsecured loans to the Society incur interest at 2% above the Bank of England base rate. The loans help fund the Society's Strategic Investment Programme and will be repaid after the projects have been completed.

15. RHS Heritage Assets

The RHS holds two categories of Heritage Assets, the Lindley Library Collection and the RHS Herbarium. These assets are not valued on a regular basis as the Trustees do not believe that the value of ascertaining their market value would be commensurate with the associated cost.

The RHS Lindley Library Collection

The RHS Lindley Library Trust of which the members of Council of the RHS are Trustees holds an extensive collection of Heritage Assets that are held and maintained principally for their contribution to the knowledge of horticulture. They relate to the history of the Society and its many activities – such as its scientific work and flower shows. Its collections also encompass the wider history of horticulture in this country, covering 500 years of the history of gardening and garden plants. They document the art, science and practice of horticulture including growing fruit and vegetables, social history of gardening, plant exploration, domestic produce and allied activities such as beekeeping and commercial horticulture.

The collections are in three main areas:

- **Printed works:** The Library contains more than 90,000 books, dating from 1514 to the present day. Its special strengths are rare early gardening works and hand-coloured illustrated works on garden plants, especially from the 19th century. It has extensive holdings of ephemeral material including the largest collection of nursery catalogues in this country, plus garden guides, posters, postcards - all connected to gardens and gardening.
- **Archives, manuscripts and artefacts:** The Library holds the archives of the Society, which provide an unrivalled record of the development of the RHS since its foundation in 1804, as well as 500 years of the history of gardening and flower shows. It also contains the archives of important horticultural personalities and commercial firms; the archive collection is a unique resource for historians.
- **Art and Images.** The collection includes more than 28,000 botanical art works depicting garden plants, a special collection of more than 7,000 orchid paintings, and approximately 200,000 photographs from the late 19th century onwards (including rare auto chromes and cartes de visite).

Acquisitions to the collections are made by purchase or donation according to the Collections Policy. Disposals generally occur when an item is a duplicate of another item in the collection (some duplicates are kept for operational purposes) or an item does not accord with the Collections Policy. Any monies acquired from disposal of items such as via book sales, are used to purchase other items for the collections or to fund library projects.

Public Access

The Library is part of the charitable delivery of the RHS. Its collections are accessible to researchers and the wider public through its five libraries, its enquiry service, through a detailed online catalogue, exhibitions, publications and an on-going programme of digitisation. More than 70,000 visitors use the libraries each year.

Herbarium

The RHS Herbarium at Wisley is the largest herbarium dedicated to the study and research of ornamental plants in the UK and has an international role as a major repository of standard specimens of cultivated garden plants.

Composition and Remit:

- The current herbarium holds more than 86,000 specimens, mostly collected post-1980 but many earlier specimens. Gathering of specimens began around 1960.
- Most specimens are of ornamental plants. Collections come principally from the following sources:
 - i RHS Gardens, especially Wisley
 - ii RHS Plant Trials
 - iii RHS Shows, primarily the plants that are given awards
 - iv Plant Heritage collections
 - v Plants sent for identification to RHS Botanists by members
 - vi Donations from other herbaria
- It incorporates a number of major collections including the British Pteridological Society (BPS) herbarium of fern cultivars, the Alpine Garden Society and the Heather Society herbaria and the Frederick Hanbury Herbarium of European plants collected mainly in the 19th century.
- In 2017 the RHS began a project to document ornamental plants in cultivation in the UK. This has involved collecting specimens from other UK public gardens of plants not already represented in the RHS Herbarium.
- Around 1,000 new specimens are collected and pressed each year.
- Wild collected plants are not a focus of the herbarium, but are represented by a number of collections:
 - i Hanbury Herbarium
 - ii Botanical expeditions searching for garden-worthy plants, such as George Forrest, Ludlow & Sherriff, and some more recent Society funded expeditions.
 - iii Donated historical collections.
 - iv Native and naturalised plants, invasive species and garden weeds.
- Crop plants, including fruit and vegetables, are not represented to any extent in the herbarium.

All new acquisitions and disposals are reviewed against the Accession Policy (May 2008).

The RHS Herbarium is continuing to capture digital images of its specimens.

Nomenclatural Standards Collection:

These are specimens or images that are used authoritatively to fix the identity of a cultivated plant and are the equivalent of type specimens in botanical herbaria.

- The RHS Herbarium at Wisley was one of the foremost proponents of the Standard Specimen programme, now an integral part of the International Code of Nomenclature for Cultivated Plants (2016).

- There are 10,050 standard specimens in the herbarium to date (2,750 herbarium specimens, 7,300 images).
- The herbarium continues to add to its collection of standard cultivated garden plants from RHS Plant Trials, RHS Shows and contributions directly from nurseries and breeders.
- The RHS Herbarium is a member of the Global Plants Initiative (GPI), among more than 300 herbaria worldwide. The RHS has contributed images of all its nomenclatural standards and type specimens to the GPI which can be viewed online on the JSTOR website.

Image Collection:

- The current herbarium is complemented by an extensive image collection, consisting of:
 - i Around 3,300 watercolour paintings of plants that received an award either in trial or at a show mainly between 1920 and 1955. These paintings have now been digitised.
 - ii Around 50,000 colour transparencies of plants, mainly from the gardens, shows and trials between 1970 and 2010 (image acquisition is predominantly digital nowadays and dealt with separately to the herbarium).

Access

The collections are occasionally sent on loan to other recognised herbaria or other institutions. However, the most frequent users of the collection are amateur gardeners and loans cannot be made to them. A programme has begun to digitise the RHS Herbarium collections and make them available online. As 80% of the specimens have been digitised, requests to consult the collections are now regularly fulfilled by sending the digital images, thus reducing the risk of damage to, or loss of, the specimens.

16. Stock

	Consolidated		Society	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Finished goods for resale	1,492	1,637	-	-
Other	97	99	74	75
	<u>1,589</u>	<u>1,736</u>	<u>74</u>	<u>75</u>

Stock recognised in expenditure during the year was £6.9m (2017: £7.0m)

17. Debtors due within one year

	Consolidated		Society	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Trade debtors	3,321	2,254	2,511	1,450
Amounts due from subsidiaries	-	-	6,436	4,103
Other debtors	1,218	1,787	1,112	1,929
Taxation recoverable	195	188	195	188
Prepayments	2,052	2,247	1,838	2,049
	<u>6,786</u>	<u>6,476</u>	<u>12,092</u>	<u>9,719</u>

18. Creditors amounts falling due within one year

	Consolidated		Society	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Income in advance:				
Deferred members' subscriptions	13,235	13,020	13,235	13,020
Income in advance: other	10,746	10,982	6,555	6,870
Income in advance total	<u>23,981</u>	<u>24,002</u>	<u>19,790</u>	<u>19,890</u>
Trade creditors	1,159	1,240	964	1,054
Loans from subsidiaries (Note 14)	-	-	7,500	-
Taxation and social security	145	430	(235)	81
Other creditors	1,481	1,267	1,170	1,080
Accruals	4,658	4,784	4,447	4,527
	<u>31,424</u>	<u>31,723</u>	<u>33,636</u>	<u>26,632</u>

All the income in advance at the start of the year was utilised during the year, except life membership. The balance at the start of the year for these life memberships was £1,635k, £242k was utilised during 2017/18 and deferred income for new life memberships was £502k, resulting in a balance of £1,895k at 31 January 2018. £283k is due to be utilised in 2018/19, with £1,612k deferred to future years.

19. Creditors amounts falling due after one year

	Consolidated		Society	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Income in advance:				
Deferred members' subscriptions	1,612	1,420	1,612	1,420
Income in advance: other	313	11	313	11
	<u>1,925</u>	<u>1,431</u>	<u>1,925</u>	<u>1,431</u>

20a. Comparative results by type of fund 2016/17 - Group

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2017 Total £'000
INCOME AND ENDOWMENTS FROM:				
Donations & Legacies	6,061	2,303	-	8,364
Grants	75	65	-	140
CHARITABLE ACTIVITIES:				
Members and Marketing	20,214	-	-	20,214
Shows	18,740	-	-	18,740
RHS Gardens	6,755	-	-	6,755
Communities and Education	637	-	-	637
Horticulture	280	4	-	284
Science and Collections	140	5	-	145
OTHER TRADING ACTIVITIES				
Trading Income	23,830	-	-	23,830
Sponsorship Income	2,565	-	-	2,565
INVESTMENTS	576	-	21	597
OTHER	190	-	-	190
Total	80,063	2,377	21	82,461
Expenditure on:				
RAISING FUNDS				
Donations & Legacies	1,326	-	-	1,326
Trading Costs	15,610	-	-	15,610
Sponsorship	487	-	-	487
CHARITABLE ACTIVITIES				
Members and Marketing	11,368	-	-	11,368
Shows	17,013	-	-	17,013
RHS Gardens	20,855	1,198	-	22,053
Communities and Education	3,137	310	-	3,447
Horticulture	1,178	108	-	1,286
Science and Collections	4,334	152	-	4,486
OTHER	(713)	-	-	(713)
Total	74,595	1,768	-	76,363
NET INCOME BEFORE GAINS ON INVESTMENTS				
	5,468	609	21	6,098
Gains on investment assets	5,307	-	916	6,223
NET INCOME	10,775	609	937	12,321
Transfers between funds	1,346	(905)	(441)	-
Other recognised gains/(losses):				
Actuarial losses on defined benefit pension scheme	(3,015)	-	-	(3,015)
NET MOVEMENT IN FUNDS	9,106	(296)	496	9,306
Reconciliation of funds:				
TOTAL FUNDS BROUGHT FORWARD	118,533	5,604	4,542	128,679
TOTAL FUNDS CARRIED FORWARD	127,639	5,308	5,038	137,985

20b. Comparative results by type of fund 2016/17 - Society

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2017 Total £'000
INCOME AND ENDOWMENTS FROM:				
Donations & Legacies	22,124	2,303	-	24,427
Grants	75	65	-	140
CHARITABLE ACTIVITIES:				
Members and Marketing	19,826	-	-	19,826
Shows	18,765	-	-	18,765
RHS Gardens	7,738	-	-	7,738
Communities and Education	637	-	-	637
Horticulture	280	4	-	284
Science and Collections	140	5	-	145
INVESTMENTS	576	-	21	597
OTHER	354	-	-	354
Total	70,515	2,377	21	72,913
Expenditure on:				
RAISING FUNDS				
Donations & Legacies	1,405	-	-	1,405
CHARITABLE ACTIVITIES				
Members and Marketing	11,503	-	-	11,503
Shows	17,320	-	-	17,320
RHS Gardens	21,567	1,198	-	22,765
Communities and Education	3,226	310	-	3,536
Horticulture	1,206	108	-	1,314
Science and Collections	4,500	152	-	4,652
OTHER	74	-	-	74
Total	60,801	1,768	-	62,569
NET INCOME BEFORE GAINS ON INVESTMENTS	9,714	609	21	10,344
Gains on investment assets	5,307	-	916	6,223
NET INCOME	15,021	609	937	16,567
Transfers between funds	1,346	(905)	(441)	-
Other recognised gains/(losses):				
Actuarial losses on defined benefit pension scheme	(3,015)	-	-	(3,015)
NET MOVEMENT IN FUNDS	13,352	(296)	496	13,552
Reconciliation of funds:				
TOTAL FUNDS BROUGHT FORWARD	114,404	5,604	4,542	124,550
TOTAL FUNDS CARRIED FORWARD	127,756	5,308	5,038	138,102

THE ROYAL HORTICULTURAL SOCIETY
Annual Report and Consolidated Financial Statements 2017/18

21a. Funds

	Balance 01.02.17 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	Gains/ (losses) £'000	Balance 31.01.18 £'000
ENDOWMENT FUNDS						
Coke Trusts	2,484	9	-	(81)	103	2,515
Blaxall Valentine Scholarship	668	2	-	(17)	27	680
Guerney Wilson Fund	345	1	-	(11)	14	349
Other Bursary Funds	292	1	-	(4)	12	301
Wisley Endowment Fund	253	1	-	(2)	10	262
Eric Young Scholarship	263	1	-	(2)	11	273
Knowles Bequest	325	1	-	(2)	13	337
Shropshire Hort Society	211	1	-	(7)	9	214
Other Endowed Funds	197	1	-	(1)	8	205
Total Endowed Funds	5,038	18	-	(127)	207	5,136
RESTRICTED FUNDS						
Garden Development Funds	2,093	324	(1,453)	(417)	-	547
Education & Training Funds	1,683	676	(197)	(543)	-	1,619
Bursary Funds	11	23	(132)	592	-	494
SIP Restricted Funds	1,205	7,179	(271)	(825)	-	7,288
Other Restricted Funds	316	1,675	(85)	-	-	1,906
Total Restricted Funds	5,308	9,877	(2,138)	(1,193)	-	11,854
UNRESTRICTED FUNDS						
Designated Funds						
Fixed Asset Fund	63,502	-	-	13,724	305	77,531
Reserve Policy Fund	7,500	-	-	-	-	7,500
Strategic Investment Programme Fund						
KIP: Existing Gardens	39,000	-	(480)	(2,420)	-	36,100
KIP: 5 th Garden, Bridgewater	9,000	-	(1,070)	2,470	-	10,400
KIP: Community Outreach	1,000	-	(190)	-	-	810
Total Designated Funds	120,002	-	(1,740)	13,774	305	132,341
General and Trading Funds	15,667	86,035	(80,788)	(13,254)	1,808	9,468
Pension Reserve	(8,030)	-	(220)	800	983	(6,467)
Total Unrestricted Funds	127,639	86,035	(82,748)	1,320	3,096	135,342
TOTAL FUNDS	137,985	95,930	(84,886)	-	3,303	152,332
Society only, General and Trading Fund	15,784	71,118	(66,035)	(13,254)	1,808	9,421

ENDOWMENT FUNDS

The Coke Trust provides bursaries for horticultural students and training.

The Blaxall Valentine Scholarship established a scholarship for the collection of plants.

The Guernsey Wilson Fund was established to further the horticultural work of the Society.

The Wisley Endowment Fund was established under the terms of the Hanbury Trust. It is vested in the Society only so long as the Society uses Wisley garden as an experimental garden.

The Eric Young Scholarship provides funds for an orchid student to train at Wisley.

Knowles Bequest for study of horticulture in northern England.

The Shropshire Horticultural Society Scholarship provides funds for a student to train at Wisley.

RESTRICTED FUNDS

Garden Development Funds are held for development projects within RHS Gardens.

Education & Training Funds are held for horticultural education and training.

Bursary funds represent the income from the endowed bursary funds less the expenditure.

SIP Restricted funds provide funding for the Strategic Investment Programme.

Other Restricted funds provide funding for awards, medals and other horticultural purposes.

UNRESTRICTED FUNDS

Designated Funds

The Fixed Asset Fund represents the net book value of the Society's tangible fixed assets.

The Reserve Policy Fund represents the risk-assessed reserve required in the event of a significant disruption to the Society's activities.

Strategic Investment Programme (SIP) Funds represents the funding support which has been specifically designated to date for the on-going SIP which have been divided into 'Key Investment Projects' (KIP). It is envisaged that this investment programme, which began in 2014, will take a minimum of 10 years to complete.

KIP: Existing Gardens Fund represents the funding support that has been specifically designated to capital projects at the existing RHS Gardens. Projects include:

- (i) The building of a new National Centre for Horticultural Science and Learning at Wisley. This will provide the facilities to deliver and engage gardeners with four key strategic science themes, namely a global knowledge bank on gardening and garden plants; plant health in gardens; gardening in a changing world; and plant science for all people, plants and the planet.
- (ii) A new visitor hub and welcome space at Wisley. The improved visitor entrance will include an exhibition space. Plant sales will be at the fore to engage better with visitors and encourage more people to purchase and grow plants. A dedicated space for specialist UK nurseries will promote plants and offer expertise through a series of events. The Wisley Shop will stock our unrivalled range of garden sundries, horticultural books and gifts, alongside a new café and restaurant facilities, and a prominent plant centre.

(iii) A new Learning Centre and new horticultural spectacle at Hyde Hall. The Learning Centre will include a living teaching garden and will benefit the 144 schools and 10,000 students across Essex by providing them with a resource to learn about gardening and horticulture. The UK's largest perennial meadow will be created to help inspire and encourage smaller perennial meadows around the country in people's own gardens and community spaces.

(iv) At Harlow Carr, the Harrogate Arms will be restored and reunited with the historical Bath House around which the garden was founded. The Streamside garden will be extended and exhibition space created within the Harrogate Arms alongside the addition of a dedicated events building.

KIP: 5th Garden, Bridgewater Fund represents the investment set aside to develop an additional Society Garden near Salford. This will provide tens of thousands more people with the benefits of having an RHS Garden within their vicinity. The garden centre will have a range of horticultural features and significant biodiversity of plants. It will have a calendar of events, including shows, with a focus on learning both for adults and children, benefitting local schools and communities, and boosting the local economy by attracting visitors.

KIP: Community Outreach Fund represents the funding support for grassroots community gardening. The RHS runs Europe's biggest community gardening campaign, RHS Britain in Bloom. Around 300,000 people from a variety of ages, cultures and backgrounds are involved in transforming public spaces that benefit an estimated 2 million people. This fund is to help support grassroots community gardening in an even more direct and meaningful way. Our teams give hands-on support, build local partnerships and create volunteering opportunities to support community gardening. The funds will help extend these schemes into more regions around the UK.

The Designated Pension Fund represents the actuarially-assessed reserve to fund the deficit on the Royal Horticultural Society (1974) Pension Scheme.

General and Trading Funds

The General and Trading Funds will be used to support the general working capital requirements of the Society. The proposed expansion of the scope of the Strategic Investment Programme will require further funds to be designated in their support in due course. Transfers between General Trading Funds and Designated Funds will be made accordingly.

Transfers

Transfers between endowment and restricted funds reflect the adjustments required for the total return accounting policy (see Notes 1(iii) and 21b). Transfers between unrestricted and designated funds represent capital expenditure where asset purchases/developments are held and depreciated in designated funds.

21b. Endowment Funds

	Endowment £'000	Unapplied Total Return £'000	Total £'000
At beginning of reporting period:			
Trust for investment / permanent endowment	2,636	-	2,636
Fixed Asset Endowments	350	-	350
Unapplied total return (Income)	-	2,052	2,052
Total	2,986	2,052	5,038
Movements in reporting period:			
Gift of endowment funds	-	-	-
Investment return: dividends and interest	-	18	18
Investment return: realised and unrealised gains and (losses)	-	207	207
Total	-	225	225
Unapplied total return allocated to income in the reporting period	-	(127)	(127)
Net movements in reporting period	-	98	98
At end of the reporting period:			
Trust for Investment / permanent endowment	2,986	-	2,986
Unapplied total return	-	2,150	2,150
Total	2,986	2,150	5,136

22. Analysis of net assets between funds

	Endowment Funds £'000	Restricted Funds £'000	Designated Funds £'000	General & Trading Funds £'000	Pension Reserve £'000	Total Funds £'000
Tangible Fixed Assets	-	-	77,531	-	-	77,531
Investments	5,136	11,854	54,810	27,324	-	99,124
Current Assets	-	-	-	15,493	-	15,493
Current Liabilities	-	-	-	(31,424)	-	(31,424)
Long Term Liabilities	-	-	-	(1,925)	-	(1,925)
Pension Scheme Liability	-	-	-	-	(6,467)	(6,467)
Total Net Assets	5,136	11,854	132,341	9,468	(6,467)	152,332

23. Net cash inflow from operating activities

	2018 £'000	2017 £'000
Increase in group funds	11,044	6,098
Pension fund movement, excluding actuarial gains/losses	(580)	(34)
Investment income receivable	(413)	(604)
Depreciation charge	3,261	2,835
Fixed asset disposals	15	368
Decrease in stocks	147	57
(Increase)/Decrease in debtors	(310)	265
Increase in creditors	195	1,162
Net Cash inflow from operating activities	<u>13,359</u>	<u>10,147</u>

24. Reconciliation of net cash flow to movement in net cash funds

	£'000	£'000
Decrease in cash in the year	(3,609)	
Cash inflow to cash investments	<u>2,093</u>	
Movement in net cash funds		(1,516)
Net cash funds at 1 February 2017		31,665
Net cash funds at 31 January 2018		<u>30,149</u>

25. Analysis of changes in net cash funds

	Balance 01.02.17 £'000	Cash Flows £'000	Balance 31.01.18 £'000
Cash at bank and in hand	10,727	(3,609)	7,118
Cash included within investments (Note 8)	20,938	2,093	23,031
	<u>31,665</u>	<u>(1,516)</u>	<u>30,149</u>

26. Operating leases

As at 31 January 2018 the Society and its subsidiaries future minimum operating lease payments are as follows:

	Consolidated		Society	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
<u>Land and Buildings:</u>				
Not later than one year	84	84	84	84
Later than one year and not later than five years	311	311	311	311
<u>Other:</u>				
Not later than one year	144	115	124	93
Later than one year and not later than five years	327	260	291	210
	<u>866</u>	<u>770</u>	<u>810</u>	<u>698</u>

27. Pension scheme

The Royal Horticultural Society (1974) Pension Scheme (the Scheme) was closed to future service accruals on 31 May 2009. A full actuarial valuation of the Scheme was carried out as at 5 April 2017, which has been updated to 31 January 2018 by a qualified independent actuary. To ensure that the Scheme's Statutory Funding Objective is met (i.e. there are sufficient assets to cover the Scheme's technical provisions), an agreement was reached in October 2017 between the Trustees of the Scheme and the Society that additional contributions will be paid to the Scheme of £76,417 per month for a period of nine years beginning 5 April 2017. During the year, contributions of £800,333 were paid by the Society. A triennial valuation will be conducted in 2020/21, the outcome of which will determine whether the Society will need to amend its future contributions to the Scheme in respect of any deficit.

1) Employee benefit obligations – amounts recognised in the balance sheet:

	2018 £'000	2017 £'000
Present value of funded obligations	(36,490)	(36,533)
Fair value of plan assets	30,023	28,503
Deficit	<u>(6,467)</u>	<u>(8,030)</u>
Net Liability	<u>(6,467)</u>	<u>(8,030)</u>

As required under FRS 102, the Scheme's assets for this accounting period are based on bid price. The prior year Scheme's assets were calculated on the same basis.

The pension plan assets do not include ordinary shares issued by the sponsoring employer nor do they include property occupied by the sponsoring employer.

2) The amounts recognised in the SoFA are as follows:

	2018 £'000	2017 £'000
Net interest	220	183
Total expense	<u>220</u>	<u>183</u>
Actual return on plan assets	<u>1,790</u>	<u>3,862</u>

3) Changes in the present value of the defined benefit obligations are as follows:

	2018 £'000	2017 £'000
Opening defined benefit obligation	36,474	30,085
Interest cost	903	962
Actuarial loss	124	6,098
Benefits paid	<u>(1,011)</u>	<u>(612)</u>
Closing defined benefit obligation	<u>36,490</u>	<u>36,533</u>

Active members of the Scheme ceased to accrue benefits in respect of pensionable service from 31 May 2009, although benefits earned prior to this date remain linked to pensionable salary on future withdrawal or retirement.

4) Changes in the fair value of plan assets are as follows:

	2018 £'000	2017 £'000
Opening fair value of plan assets	28,444	25,036
Interest income	683	779
Return on assets	1,107	3,083
Contributions by employer	800	217
Member contributions	-	-
Benefits paid	<u>(1,011)</u>	<u>(612)</u>
Closing fair value of plan assets	<u>30,023</u>	<u>28,503</u>

5) The assets in the Scheme are as follows:

	2018 £'000	2017 £'000
Bonds	5,249	4,697
Diversified Growth Fund	20,866	19,631
Cash	176	384
Insurance policies	<u>3,732</u>	<u>3,791</u>
Fair value of Scheme assets	<u>30,023</u>	<u>28,503</u>

6) Movement in deficit during the year:

	2018	2017
	£'000	£'000
Deficit in Scheme at beginning of the year	(8,030)	(5,049)
Movement in year:		
Contributions paid by the employer	800	217
Other financial expenditure	(220)	(183)
Actuarial gain / (loss)	983	(3,015)
	<hr/>	<hr/>
Deficit in Scheme at end of the year	(6,467)	(8,030)

In the period to 31 January 2018 employer contributions of £800k (2017: £217k) were paid into the Scheme. The cost of life insurance was paid in addition.

7) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

a) Financial assumptions

	2018	2017
Discount rate	2.5% pa	2.8% pa
Inflation assumption	3.4% pa	3.8% pa
Rate of increase in salaries	3.4% pa	3.8% pa
Pension escalation in payment (Retail prices index – maximum 5%)	3.2% pa	3.5% pa

b) Demographic assumptions

(i) Assumed life expectancy in years, on retirement at age 65

	As at 31.01.18	As at 31.01.17
Retiring today		
Males	22.3	22.5
Females	24.2	24.6
Retiring in 20 years		
Males	24.0	24.7
Females	26.0	26.9

(ii) Pre retirement mortality rates

The following mortality rates represent the probability of a person of an exact age, as shown below, dying within one year.

Age	Males	Females
30	0.0003	0.0002
40	0.0005	0.0003
50	0.0011	0.0009
60	0.0033	0.0024

8) Amounts for the current and previous four periods are as follows:

	2018	2017	2016	2015	2014
	£'000	£'000	£'000	£'000	£'000
Defined benefit obligation	36,490	36,533	26,294	28,537	25,590
Plan assets	30,023	28,503	21,245	21,946	19,634
(Deficit)	(6,467)	(8,030)	(5,049)	(6,591)	(5,956)

28. Related Party Transactions

The Society maintains a Register of Interests of all Council members and senior staff. Also, the Society's financial regulations require an individual to declare an interest and withdraw from any commercial discussions should a conflict of interest potentially arise.

Council members are not remunerated for fulfilment of their roles. They received complimentary show tickets for personal use for the RHS Chelsea Flower Show, the RHS Chatsworth Flower Show, the RHS Hampton Court Palace Flower Show, and the RHS Flower Show Tatton Park (President and Treasurer received 8 show tickets and Council members received 4 show tickets).

Commercial relationships with companies or other organisations that might be regarded as related parties have been reviewed. The Society requires members of Council, non-Council members of the Commercial Board, and key management personnel to declare any material interests that they may have in the activities of the Society and its trading companies. The President and Treasurer approve individual contracts between Trustees, the Society and its trading companies, and these are reported to both the Audit and Risk Committee and Council. The total cost of these transactions to the RHS in the year is £416k. The RHS also received commission totalling £414k, and £67k catalogue insertion fees from a related party. Details are as follows:

Mark Fane - Crocus.co.uk Ltd (of which Mark Fane is a Director) has a contract with RHS Enterprises Limited under which Crocus.co.uk Ltd supplies mail order plants under the RHS brands. Crocus.co.uk Ltd. has paid £414k in commission to RHS Enterprises Limited on sales of £2.1m in the year ended 31 January 2018. Crocus.co.uk also paid £67k for catalogues to

be inserted into The Garden magazine. In addition, Crocus.co.uk was the contractor for the BBC Feel Good Gardens at the RHS Chelsea Flower Show 2017 and was paid £116k. Crocus.co.uk Ltd was also paid £4k for the provision of plants at the RHS Hampton Court Palace Flower Show 2017 and £1k for plants and images of plants for marketing. As at 31 January 2018 the balance owed to Crocus.co.uk was nil.

James Alexander-Sinclair – has been paid £34k for the design and provision of a BBC Feel Good Garden at the RHS Chelsea Flower Show 2017, as well as £75 for a book review. As at 31 January 2018 the balance owed to James Alexander-Sinclair was nil.

Sarah Raven - has been paid £39k for the design and provision of a BBC Feel Good Garden at the RHS Chelsea Flower Show 2017. As at 31 January 2018 the balance owed to Sarah Raven was nil.

Jon Wheatley – Stonebarn Landscapes Ltd (of which Jon Wheatley is a Director) has been paid £56k for the design and provision of a BBC Feel Good Garden at the RHS Chelsea Flower Show 2017, £6k for the supply of plants for a kitchen garden feature at the RHS Hampton Court Palace Flower Show 2017, £1k for the provision of flowers for the RHS Chatsworth Flower Show 2017 and £1k for a Garden Talk at the RHS Chatsworth Flower Show. As at 31 January 2018 the balance owed to Stonebarn Landscapes Ltd was nil.

Sir Nicholas Bacon – Just Loos.Com Ltd (of which a related party owns 45% of the company) has been paid £58k for the provision of toilets at the RHS Chelsea Flower Show 2017, £97k for the provision of toilets at the RHS Hampton Court Palace Flower Show 2017, and £607 for the provision of toilets at RHS Garden Wisley. As at 31 January 2018 the balance owed to Just Loos.Com Ltd was nil.

Neil Lucas – Knoll Gardens Ltd (of which Neil Lucas is a Director) was paid £457 for the supply of plants to RHS Garden Harlow Carr, £2k for the supply of plants to RHS Garden Hyde Hall and £517 for the supply of plants to the Science team. As at 31 January 2018 the balance owed to Knoll Gardens Ltd was nil.

Donations from Trustees and individuals who are classed as related parties to Trustees, in their individual capacity as either Donors or Fellows, amount to £21k in the year.

A total of 12 Council members were paid expenses totalling £23k (2017: £16k) for travel and subsistence for Council and Committee meetings, and judging at the RHS Flower Shows.

Key management personnel were paid expenses totalling £105k (2017: £77k) for travel and subsistence and accommodation expenses.

All payments are shown net of VAT.

The Royal Horticultural (1974) Pension Scheme is a related party to the RHS, being the former Defined Benefit Pension Scheme, which is closed to future accrual (see Note 27).

There are no further related party transactions requiring disclosure.

Donors and Supporters

The RHS relies on the generous gifts, donations and bequests given by members and supporters.

Legacies

Ms Valerie Bache	Mr Simon Olorenshaw
Mr Robert Frederick Bennett	Mr Selwyn Pennington
Miss Jean Margaret Blair	Ms Joy Perrygrove
Miss Alison Mary Bolton	Miss Judith Eleanor Travis Pickles
Mrs Maureen Stella Burnell	Mrs Irene Edna Savage
Mr Derek Burrige	Mrs Pauline Ann Smith
Ms Nancy Margaret Butcher	Mr John Edward Stennett
Mr Robin Nigel Lloyd Chadwick	Mr Michael Anthony Terry
Mrs Sheila Cowan	Miss Patricia Jane Thompson
Mr Michael Leslie Doorne	Mrs Hilda May Trotman
Mr Brian Wilfred Grout	Mrs Barbara Florence Tyrrell
Mr Raymond Lovell	Miss Joyce Lilian Watford
Miss Winifred Mary Moseley	Mrs Celia Wroe

Donations – Charitable Trusts and Individuals

Sir Rudolph and Lady Agnew	The Iliffe Family Trust
Sir Henry Angest	Sue Lawson
The Arbib Charitable Fund	Mr and Mrs John Macaskill
The Borrowes Charitable Trust	Liz Elston Mayhew
John James Bristol Foundation	The Monument Trust
Mrs J Brzozowska	The Ranworth Trust
BGS Cayzer Charitable Trust	Richard and Cindy Royds
CHK Charities Limited	The Sackler Trust
The John S Cohen Foundation	Sandra Charitable Trust
Clore Duffield Foundation	The Schroder Foundation
Lord Faringdon Charitable Trust	Sir Colin Southgate
The Foyle Foundation	The Steel Charitable Trust
The Oliver Ford Foundation	Sir Hugh and Lady Stevenson
The Ian M Foulerton Charitable Trust	KMF Maxwell Stuart Charitable Trust
Deborah de Fumeaux-Hutton	The Topinambour Trust
Mr and Mrs Guy Hands	Anthony and Carolyn Townsend and The Salomon
The David and Claudia Harding Foundation	Oppenheimer Philanthropic Foundation
The Garfield Weston Foundation	Charles Hayward Foundation
HDH Wills 1965 Charitable Trust	Mr and Mrs Anthony Hoare

Donations – Fellows

Sir Rudolph and Lady Agnew	Mike Lucy
Ms Liz Airey	Mrs Julia Budd
Sir Henry Angest	James and Béatrice Lupton
Felix Appelbe	Lord and Lady Magan of Castletown
Lady Arbib	John Manser
Sir Nicholas and Lady Bacon	Lord and Lady Marks of Broughton
Mr Lawrence Banks	Mrs Bridget Marshall
Rosamund Bernays	Mrs Avril Martindale
Simon and Sally Borrowes	Julian and Camilla Mash

THE ROYAL HORTICULTURAL SOCIETY
Annual Report and Consolidated Financial Statements 2017/18

Melanie Brown	Mr Stuart Mitchell
Mrs Jill Buch	Mrs Usha Mittal
Sir Damon Buffini	Jon and Patricia Moynihan
Mrs Richard Burns	Mrs Linda Muirhead
Countess Cairns	Peter and Poppity Nutting
Jamie Cayzer-Colvin	Richard and Amicia Oldfield
Mr William Charnley	Roslyn Packer
Deborah de Furneaux-Hutton	Mrs Gregory Palm
Geoffrey and Caroline de Jager	Lorna Parker and Christopher Bown
Sir Evelyn de Rothschild	Mr Terence Pentony
Kate de Rothschild Agius and Marcus Agius	The Lord Phillimore
Mr and Mrs Simon de Zoete	Mr and Mrs Rupert Ponsonby
Mr Stuart Donachie	Mr Michael Prideaux
Mrs Phyllida Earle	Mrs Geraldine Prosser
Liz Elston Mayhew	Mr and Mrs Stuart Roden
Linda Farrell	Richard Royds
Cherie H. Flores	Dame Theresa Sackler
Alison Fortescue	Bryan K. Sanderson, CBE
Christopher Foyle	Adrian Sassoon
Mr and Mrs Roger Gabb	Bruno and Suzanne Schroder
Mrs Linda Garnett	Gaie Scouller
Mr and Mrs Philip Gibbs	Mrs Penny Short
Thomas Gibson, Esq	Sir Colin Southgate
Mrs Angela Gilchrist	Colin Spires
Mrs Tina S. Grol	Lady Henrietta St George
Mr Charles Richard Hallatt	Lady Stevenson
Mr and Mrs Cliff Hampton	Elizabeth Storey
Mrs Julia Hands	Sir John and Lady Sunderland
Mr and Mrs Anthony Hoare	Mr Bernard Taylor
Will Hobhouse	Mrs Sarah Taylor
Meganne and Mark Houghton-Berry	Lord Tollemache
Martin and Jane Houston	Lindsay Tomlinson
Mr Martin Hulse	Mrs Carolyn Townsend
Mrs Jon Hunt	Ms Melissa Ulfane
Inchcape Foundation	Sarah Van Haefton
Sir Henry and Lady Keswick	Mrs Anna Vinton
The Hon Mrs Julia Kirkham	Ms Johanna Waterous CBE
Sarah Kowitz	The Bellasis Trust
Sue Lawson	Mr and Mrs Hellmuth Weisser
Mr Michael Le Poer Trench	Mr Mark White
Mr Hugh Lenon	Toby and Regina Wyles Charitable Trust
Mr and Mrs Matthew Lindsey-Clark	Jordan / Zalaznick Advisers, Inc.
Roni Lovegrove	

We would like to thank all donors that have supported the RHS, including those that wish to remain anonymous.

If you would like to support the work of the RHS, please contact Ruth Evans (ruevans@rhs.org.uk), the Director of Education, Funding & Communities, at 80 Vincent Square, London SW1P 2PE or telephone 020 7821 3081

Governance Boards and Committees reporting to Council

Audit and Risk Committee

Dame Mary Keegan (Chairman)
Sir Nicholas Bacon
Mr Alastair Muirhead
Ms Kate Lampard
Mr Matthew Lindsey-Clark
Mr Neil Lucas (retired July 2017)
Mr Mark Porter
Mr Philip Rego
Mr John Ward
Ms Janet Walker (appointed September 2017)

Commercial Board

Mr Alastair Muirhead (Chairman)
Sir Nicholas Bacon
Mr Christopher Blundell
Mr David Domoney
Ms Nicky Dulieu (appointed July 2017)
Mr Dennis Espley
Mr Mark Fane
Mr Matthew Lindsey-Clark
Mrs Avril Martindale
Mr Mark Porter
Ms Johanna Waterous
Mrs Ruth Wilmott
Mrs Margaret Young

Council Key Investment Projects Working Group

Sir Nicholas Bacon (Chairman)
Mr Mark Fane
Dame Mary Keegan
Mr Alastair Muirhead
Ms Lorna Parker

Horticulture Board

Sir Nicholas Bacon (Chairman)
Mr Alastair Muirhead
Mr James Alexander-Sinclair
Ms Rosie Atkins
Mr Graham Badman
Mr Nick Dunn
Ms Sarah Eberle (appointed October 2017)
Mr Dennis Espley
Prof. Peter Gregory
Mr David Haselgrove
Dr Clare Hermans
Mr Jan Pennings
Dr David Rae
Mr Greg Redwood
Lady Xa Tollemache
Mr Jon Wheatley

Investments Committee (reporting to Council since December 2017, previously reported to Commercial Board)

Mr Mark Fane (Chairman)
Sir Nicholas Bacon
Mr Alastair Muirhead
Ms Liz Airey
Mr Rupert Caldecot
Mr Matthew Lindsey-Clark (appointed April 2017)
Mr Anthony Townsend

Nominations, Appointments and Governance Committee

Ms Lorna Parker (Chairman)
Sir Nicholas Bacon
Mr Alastair Muirhead
Mr Michael Balston
Mr Dennis Espley
Ms Kate Lampard (retired July 2017)
Mr Neil Lucas
Dr David Rae
Mrs Juliet Roberts
Ms Jo Thompson (appointed December 2017)

Remuneration Committee

Mr Alastair Muirhead (Chairman)
Sir Nicholas Bacon
Mr Dennis Espley
Ms Lorna Parker
Mrs Katherine Thomas

Professional Advisors

Auditors

Grant Thornton UK LLP
30 Finsbury Square
London EC2A 1AG

Solicitors

Stone King LLP
Boundary House
91 Charterhouse Street
London EC1M 6HR

Bankers

National Westminster Bank plc
169 Victoria Street
London SW1E 5NA

Investment Fund Managers

CCLA Investment Management Limited
Senator House
85 Queen Victoria Street
London EC4V 4ET

Troy Asset Management
Brookfield House
44 Davies Street
London W1K 5JA

Royal London Asset Management
55 Gracechurch Street
London EC3V 0RL

Veritas Asset Management LLP
90 Long Acre
Covent Garden
London WC2E 9RA

Fulcrum Asset Management LLP
Marble Arch House
66 Seymour Street
London
W1H 5BT

