



**ANNUAL REPORT  
AND CONSOLIDATED FINANCIAL STATEMENTS  
2011/12**

Registered Charity Number 222879/ SC038262

**Patron**

HM The Queen

**Presidents Emeritus**

Sir Richard Carew Pole Bt OBE VMH

Giles Coode-Adams OBE VMH DL

Robin Herbert CBE VMH

**Vice Presidents**

Lawrence Banks CBE DL VMH

Christopher Brickell CBE VMH

Ambrose Congreve CBE (deceased 24 May 2011)

Raymond Evison OBE VMH

Carolyn Hardy OBE VMH

The Rt Hon The Lord Heseltine CH PC

Robert Hillier OBE VMH

Professor Brian Huntley

The Count de Kerchove de Denterghem

Roy Lancaster OBE VMH

Jane Pepper

John Ravenscroft VMH

John Sales VMH

The Dowager Marchioness of Salisbury VMH

Martin Slocock VMH

Vicomte de Spoelberch

Dr Kiat Tan

Alan Titchmarsh MBE DL VMH

Professor Harold Tukey

**Council**

Elizabeth Banks DL (re-elected as President 1 July 2011)

Sir Nicholas Bacon Bt OBE DL (re-elected as Treasurer 1 July 2011)

James Alexander-Sinclair (elected 1 July 2011)

George Anderson MBE (re-elected 1 July 2011)

Rosie Atkins

Michael Balston (co-opted 1 July 2011)

Christopher Blundell

Dennis Espley (elected 1 July 2011)

Raymond Evison OBE VMH

Mark Fane

Professor Peter Gregory

David Haselgrove (re-elected 1 July 2011)

The Hon Sarah Joiner (re-elected 1 July 2011)

Jekka McVicar

David Morrison

Alastair Muirhead

Dougal Philip

Prunella Scarlett LVO

<b>Contents</b>	<b>Page</b>
Patrons and Officers of the Society	2
Annual General Meeting 2012	4
President's Introduction: Review of 2011/12	5
Director General's Introduction: Looking to the future	7
Activities in 2011/12: What the RHS does	10
Objectives, Achievements and Developments	13
Financial Review by the Treasurer	17
Structure, Governance and Management	21
Statement of Trustees' Responsibilities	26
Independent Auditor's Report to the Trustees of Royal Horticultural Society	27
Consolidated Statement of Financial Activities for the Year Ended 31 January 2012	29
Consolidated Balance Sheet as at 31 January 2012	30
Society Balance Sheet as at 31 January 2012	31
Consolidated Cash Flow Statement for the Year Ended 31 January 2012	32
Notes to the Financial Statements	33
Donors and Supporters	57
Governance Committees	59
Professional Advisors	60

## **Annual General Meeting 2012**

All members of the Society will have the opportunity to meet Members of Council (who are Trustees of the Royal Horticultural Society) and ask questions on past performance and future plans at the 2012 Annual General Meeting which will be held in the Society's Lindley Hall at 80 Vincent Square, Westminster, London SW1P 2PE at 2pm on Tuesday 26 June 2012. For further information about the meeting, go to [www.rhs.org.uk/AGM](http://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, fax 020 7821 3020, email [agm@rhs.org.uk](mailto:agm@rhs.org.uk).

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

## **President's Introduction: Review of 2011/12**

This has been a year of achievement. Gardening is enjoying a renaissance: almost half a million people attended the RHS shows, millions more watched them on television and online, and over 1.455 million people visited the four Gardens. The hard work across the Society led by the Director General, Sue Biggs, and the Leadership Team has resulted in thousands signing up to support the RHS and growing their gardening knowledge. Indeed, the RHS is celebrating its highest number of members at over 383,000.

The RHS works to get as many children as possible gardening, and this year saw RHS Vice President Alan Titchmarsh open the Peter Buckley Learning Centre at the RHS Garden, Rosemoor. This Centre is now helping 7,000 children in Devon to learn about gardening in beautiful surroundings. Across the UK, 3 million children are now gardening at 15,000 schools through participation in the RHS Campaign for School Gardening.

Community gardening work continues to go from strength to strength with over 30,000 acres of public space being cared for by 200,000 volunteers. In November, we launched our report, "Britain in Bloom: transforming local communities", that examined the social, economic and environmental impact of our gardening campaigns and there was near unanimous agreement from survey respondents that these campaigns build stronger communities. Almost half surveyed said participation had reduced antisocial behaviour and 40 per cent reported that campaigns created safer environments. One of the highlights of community gardening are the RHS Britain in Bloom UK Finals Awards, which were presented in St Andrews, Fife and nearly 500 community representatives attended.

Gardening is also having a positive impact on prisoner behaviour in the many prisons taking part in the annual Windlesham Trophy competition, which recognises prison environments that are transformed through gardening. On behalf of the RHS, which helps fund the judging, I was delighted to present the 2011 Windlesham Trophy to Thorn Cross Young Offenders Institution in Warrington for its outstanding achievements.

Science and evidence-based advice is at the very heart of the RHS, and the advisory area of the Science team answered more than 60,000 enquiries last year. This amazing service gives valuable information and continues to grow, benefitting members and the wider public, on the Society's website ([www.rhs.org.uk](http://www.rhs.org.uk)). To my delight, the RHS now supports six Science PhD students, some working at other research establishments as we share horticultural scientific knowledge.

Another highlight was the launch at RHS Chelsea Flower Show of our special patrons' scheme - the RHS Fellowship. To date, there are 70 Fellows making a real difference with their considerable and much appreciated contribution to the Society. The Lindley Library, slightly damaged by fire in July, contains a huge collection of treasures and now has been thoroughly cleaned in readiness for its re-opening in the summer of 2012.

The review of the Society's governance will further emphasise the 'H' for Horticulture in the RHS and help us benefit from the immense knowledge of the horticulturalists who make up many of the RHS committees. By simplifying and streamlining the governance structure we are increasing the clarity and efficiency of decision making and ensuring that this wealth of knowledge can be better shared amongst you all.

Members, volunteers, committees, staff, Council, sponsors and the horticultural trade are working together to help millions of people to garden. I would like to thank all of them for their hard work and the magnificent contribution they make in so many different ways.

Over the next few years, the RHS will invest up to £27 million in projects to fuel the growing appetite for gardening, and ensure horticulture is safeguarded for future generations to enjoy. I am pleased that the successes of last year put the RHS in a strong position to build an exciting future for gardeners and everyone involved with our Society.

A handwritten signature in black ink, reading 'Elizabeth Banks'. The signature is written in a cursive, flowing style with a large initial 'E'.

**Elizabeth Banks**  
**President**

## **Director General's Introduction: Looking to the future**

2012 is a landmark year for the RHS, one that marks the start of a number of major new projects that we are confident will make a real difference to the future of gardening and to the lives of millions of gardeners right across the UK.

We are pleased with our financial results for last year, which give us a strong foundation to launch our exciting Investment Projects. Over the next few years, the RHS plans to invest some £27 million in the future of horticulture – this investment comes from the £18 million raised by selling the lease of Lawrence Hall combined with an additional £9 million that we aim to fundraise from donors and sponsors.

These Investment Projects are important for anyone who cares about the planet, and cares about plants. They will enable the RHS to make a dramatic leap forward in adding much needed scientific horticultural knowledge and they will certainly help deliver our 10 Strategic Objectives (see from page 13).

### **Making a difference: the key RHS Investment Projects**

#### **RHS Lindley Library & Hall, London**

The RHS plans to re-develop the Lindley Hall and Library to create a stunning new space for a larger, open plan library and exhibition gallery. Through more London Flower Shows, exhibitions, lectures, events and courses, everyone will, for the first time, be able to enjoy the RHS collections of literary and botanical art treasures. These are of international significance and chart 500 years of UK gardening history.

#### **Horticultural Science**

The Society plans to create a world-class scientific research centre for the benefit of all gardeners and the environment. With the Government and universities cutting back on research expenditure, there is an urgent need to make this investment and it will put the RHS at the forefront of horticultural science.

#### **RHS Urban Garden**

The RHS plans to create its first inner city garden as an oasis of green for local residents, offering educational initiatives, including school visits, workshops and inspirational gardening courses. Working with local schools and community groups, the garden will offer hands on learning experiences, such as Grow Your Own workshops. A wide variety of locations and opportunities will be explored in the search for this first garden, which may take some years to find.

#### **RHS Centres**

Across the UK, in urban and rural locations, the RHS plans to work with partners to create regional centres based at RHS Gardens, partner colleges and gardens or Botanical Gardens. The first centre will be opened in Scotland, followed closely by Yorkshire during 2012. Working in all forms of community gardening, we will support local groups such as Britain in Bloom, It's Your Neighbourhood, local gardening clubs, plant societies and schools involved in the RHS Campaign for School Gardening. We aim to share the best in gardening, to recruit more supporters and to create links with community groups and local businesses to ensure the long-term sustainability of

the centres and their work. Once these two pilot schemes have successfully completed their first year, we hope to gradually roll centres out across all the regions and nations of the UK.

### **RHS Online**

The RHS plans to invest in its online presence to provide a more engaging, interactive website with a wealth of ideas and expertise, which will be the first port of call for all levels of gardeners. The site will include enhanced content and new online tools and 'Apps' aimed at helping gardeners, increasing shared knowledge and providing a voice for them.

### **RHS Garden Wisley, Surrey**

One million adults and children visit our flagship Garden, RHS Wisley, each year and to deliver an inspiring and interactive learning experience, the RHS plans include two additional teaching rooms as well as a new exhibition space and event facility. More space is planned to enable specialist nurseries to promote British-grown, rare and unusual plants with additional room to enjoy the most extensive range of horticultural books on sale for gardeners in the UK. A new restaurant will be added and RHS Wisley's entrance transformed to befit a garden of such international importance.

### **RHS Garden Hyde Hall, Essex**

The plan at this relatively young garden is to dramatically increase the spectacular horticultural content, including the creation of a 70 acre perennial meadow and a beautiful Mediterranean edible garden, featuring olives, lavender and grapevines. A new Learning Centre is also planned for children and adults to develop their gardening skills, meaning all four RHS Gardens will then have significant education facilities.

Over the next five years or so, these projects will deliver the very essence of the Society's charitable purpose. We re-shaped the RHS structure in April 2012 to ensure we're in the best possible shape to manage this major investment programme. We will now work together to deliver these significant new initiatives, whilst continuing to maintain and grow our extensive current activities.

The RHS also led the way with the first National Gardening Week, from 16-22 April this year. This is another way for us to engage with more people, to encourage and inspire novice and expert gardeners alike to grow, and for every sector of horticulture to show their pride in the part they play in making Britain a green and beautiful country in which to live.

We hosted a whole range of activities throughout the week to get the nation to garden, including a conference in London entitled "Horticulture, a Career to be proud of", which was chaired by Alan Titchmarsh. The conference celebrated horticultural careers, showcasing the rich and diverse roles and the critical impact they have on our lives, those of our communities, the economy and the environment. We will continue to find new ways to promote and celebrate horticulture to a wider audience in 2012, and to support and work with the whole gardening world.

At the time of going to press, we are looking forward to celebrating Her Majesty The Queen's Diamond Jubilee at RHS Chelsea Flower Show. The Society is honoured that The Queen is our Patron and there will be an exhibition showcasing photographs of The Queen's involvement at RHS Chelsea during her reign.



Going forward into 2012, we want to continue to build relationships and share the best in gardening. We'll work hard to be as relevant, involving and accessible to as many people as possible, and we hope we can help and inspire them to garden. We also need to ensure we're delivering best practice and constantly reviewing how we work – to this end, we are now implementing the recommendations of two reviews we've undertaken recently, on judging and governance. This fine-tuning will help us try to be as effective as we can possibly be, to continue delivering world class horticulture and to share the best in horticultural knowledge.

Last but most definitely not least, I would like to thank the hundreds of volunteers and thousands of members who enable all of us at the RHS to achieve the results we do. Without our volunteers, we simply could not manage the Gardens, the Shows, the libraries, the research, the committees and boards; without our members and their contributions, we could not undertake our scientific research, our education and our community gardening work. So, on behalf of everyone at the RHS, thanks a million to all of you for your amazing and generous support.



**Sue Biggs**  
**Director General**

## Activities in 2011/12: What the RHS does

The following is a summary of the Society's principal activities and how we provide benefit both to our members and the wider public.

### Gardens

We have four renowned Gardens at RHS Harlow Carr in North Yorkshire, RHS Hyde Hall in Essex, RHS Rosemoor in Devon and RHS Wisley in Surrey. Through them, the Society helps gardeners across the UK by providing: access to diverse plant collections; examples of innovative and attractive planting design; and the highest horticultural standards and practices. The RHS Gardens also hold plant trials to judge the performance of plants. Those that are considered to perform particularly well receive the RHS Award of Garden Merit (AGM) to help gardeners identify plants that will thrive in most garden situations. Those that are particularly good for pollinating insects, so vital for a healthy, sustainable environment, are identified by the new RHS Perfect for Pollinators easily recognisable logo. As we go to press, we are pleased to advise that all four RHS Gardens were ranked in the Top 10 of a *Which?* survey of the UK's gardens, with RHS Garden Rosemoor achieving the top accolade of Best UK Garden to visit – a tremendous achievement.

### Retail

The RHS offers excellent shopping opportunities in all four Gardens and at all our Shows for members and visitors. Sales are generated through our plant centres, gift shops and bookshops, with RHS Garden Wisley offering the best selection of horticultural books in the UK to browse through. In addition, shoppers can use our online sales facilities or mail order service. We earn further income for our charitable purposes from licensing the use of images from our extensive library.

### Shows

The RHS is responsible for organising inspirational Flower Shows at Chelsea, Hampton Court Palace in south west London and Tatton Park in Cheshire, as well as seasonal shows in RHS Gardens Wisley and Hyde Hall and at the Society's Horticultural Halls in London. Partnership Shows include the RHS Spring Show in Cardiff (in conjunction with Cardiff Council), the Malvern Spring and Autumn Gardening Shows (organised jointly with the Three Counties Agricultural Society) and BBC Gardeners World in Birmingham (in conjunction with the BBC).

### Collections

The history and art of horticulture is centered in the RHS Lindley Library, which contains one of the finest collections of horticultural literature in the world, as well as a renowned collection of beautiful botanical paintings and outstanding photographs. The collections provide an unmatched reference for the influences and knowledge that underpin our perspective on horticulture, and are used by scholars, garden writers, journalists, keen gardeners and many members of the public. The Library at Vincent Square in central London, and its branches in each of the RHS Gardens, are open and access is free to everyone.

In the adjacent RHS Lindley Hall, flower and garden design Shows, art exhibitions and talks are held for the benefit of our members and the wider public.

## **Media**

The RHS aims to share our knowledge with all gardeners. To that end, we publish widely, both online and in print. Our website ([www.rhs.org.uk](http://www.rhs.org.uk)) attracts c.500,000 unique users a month and our book titles, including the new 2012 edition of the *RHS Plant Finder*, are amongst the bestsellers in gardening bookshops.

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

## **Science**

RHS scientists are the recognised centre of excellence for independent horticultural science and advice; they are committed to helping gardeners improve and develop their horticultural skills, as well as identifying and promoting solutions to major issues. The Society carries out scientific research into plants, their physiology, cultivation, identification, and the pests and diseases affecting them. We also provide authoritative 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.

## **Education**

The Society aims to share practical knowledge and inspire those of all ages and abilities with an interest in plants and gardening.

We are committed to providing a 'ladder of qualifications', from the RHS Level 1 Certificate (accessible to the amateur as well as the first step in vocational training for the professional horticulturist), through to the prestigious Master of Horticulture (RHS) qualification. All RHS Qualifications are distinguished by our commitment to high standards. The RHS is an Awarding Organisation recognised by the Office of Qualifications and Examination Regulations (Ofqual), ensuring accessibility to RHS qualifications through colleges and other partners across the UK. We also offer practical training schemes through the School of Horticulture to over 30 trainees within our own Gardens, which offer an unmatched opportunity to learn with the best and to acquire diverse craft skills and a practical understanding of horticulture.

For the gardeners of the future, we run the Campaign for School Gardening to encourage as many children as possible to get growing, and to help every child get involved in gardening. For adults, we organise a range of lectures, courses and workshops in our Gardens and around the country, aimed at inspiring and helping adults to build their confidence to learn and do more. We are committed to developing a broad range of formal and informal learning opportunities for everyone, enriching their knowledge and quality of life.

The Society also administers a number of bursary funds and through these is able to support plant research, study tours and expeditions, and conference attendances around the world.

## **Community Gardening**

The Society is proud of its work that aims to spread gardening to as many communities and corners of the UK as possible. The RHS is the national organising body for the renowned annual Britain in Bloom campaign, which promotes environmental and horticultural good practice, and

enables the RHS to support gardeners throughout the UK at a local level. We also link to groups such as It's Your Neighbourhood, schools and a host of Affiliated Societies (including gardening clubs) to expand our reach.

### **How we endure access for all**

We aim to ensure that anyone with an interest in horticulture and gardening can benefit from our work. In common with many charities, we do sometimes need to make a charge for access to our services and work. Equally we try to ensure that as many people as possible benefit 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; award bursaries for horticultural study; make available the benefit of our trials programme to the public and horticultural industry through our Award of Garden Merit scheme; and support community gardening initiatives through the Campaign for School Gardening, Britain in Bloom and the affiliation of local horticultural societies. We also ensure that there is extensive coverage of our Shows on free-to-air television, radio and various websites.

As a membership charity, we rely on the welcome support of our over 383,000 members to deliver our charitable purpose. In return for this vital and much appreciated contribution, 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 our Gardens and over 140 recommended gardens (only free entry for themselves in recommended gardens); reduced admission prices to our Shows; an information-packed monthly magazine; and additional plant advisory services. However, our membership programme is also a key means for us to engage with those interested in horticulture and gardening and for us all to share our knowledge and best practice. We place no restrictions on membership and endeavour to keep membership subscriptions at an affordable level.

The Trustees confirm that they have complied with the duty in section 4 of the Charities Act 2006 (now section 17 of the Charities Act 2011) to have regard to the Charity Commission's general guidance on public benefit, Charities and 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. We are now embarking on a long-term investment plan that will change the face of the RHS and help secure the future of horticulture. In everything we do, we will aim to use our Guiding Principles, which are to: Inspire. Involve. Inform. Improve.

### Our Strategic Objectives for 2011/12 and beyond

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 in the simple pleasures of gardening and all the benefits it brings, because gardening matters.

- The RHS Experience exhibition was launched and displayed at RHS Chelsea Flower Show, RHS Hampton Court Palace Flower Show and RHS Tatton Park Flower Show. It set out to exhibit the work of the Society and 66 per cent of visitors to RHS Chelsea Flower Show commented that it was essential or very important to their enjoyment of the Show.
- 11 per cent more people came to RHS Gardens in 2011/12, totalling 1.455 million visitors.
- Following the strong public interest in protecting pollinating insects last year, the Society successfully launched an RHS Perfect for Pollinators list and logo to assist gardeners select plants that will help to address the decline of certain insects.

**2. To safeguard and advance the science, art and practice of horticulture for the benefit of future generations and the environment** – who will protect all of the nation's individual gardens and plants if we don't?

- The development of the virtual herbarium project began. This ongoing project will convert all of the Society's herbarium collection to an electronic file so that it will be available to any gardener anywhere in the world.
- The building of the Field Research Facility began and it opened in May 2012. This new facility will enable the RHS to carry out enhanced scientific research into pests and diseases of concern to RHS members and indeed all gardeners.
- The Society hosted the world's first International Trials Conference in July 2011. The meeting was positively received and provided an international platform for key trials experts to explore and discuss ideas. A future international conference is being scheduled.

**3. To transform communities through gardening** – through our work, we want to make the UK a better, greener and more beautiful place.

- The Society's Campaign for School Gardening welcomed its 15,000th member school in January 2012. There are now over 3 million children involved with the Campaign and visits to RHS Gardens by schools have also increased.
- RHS Britain in Bloom had one of its most successful years to date. Just over 1,000 communities were involved and 1,300 more local groups took on the It's Your Neighbourhood challenge. Over 200,000 volunteers across the country invested some 4.4 million hours last year.

- Research was conducted across the UK and we launched the report, “Britain in Bloom: transforming local communities”. This research found that the lives and livelihoods of individuals throughout the UK have been radically transformed for the better, thanks to RHS Britain in Bloom.

**4. To create world-leading horticulture that inspires people to garden** – we want to wow our visitors with the wonder of gardening and inspire people to grow.

- The Society’s successful and acclaimed flower Shows continued to attract thousands of gardeners. Tickets to RHS Chelsea Flower Show sold out a record 18 days in advance, and the new RHS Chelsea Flower Show iPhone ‘App’ was a great success. RHS Hampton Court Palace Flower Show, the world’s largest flower show, attracted over 160,000 visitors.
- We ran a very successful Grow Your Own campaign with over 14,000 gardeners registering their interest. Of these, 89 per cent were non-RHS members. To date, over 300,000 people have downloaded the RHS Grow Your Own iPhone ‘App’.
- We announced a combined investment fund of up to £27 million after the sale of the lease of Lawrence Hall in London for £18 million and the start of a major fundraising campaign to raise a further £9 million. In December 2011, we launched the Investment Projects, an exciting and substantial programme which will enable us to involve, educate and inspire millions more gardeners throughout the country.

**5. To nurture and grow our membership throughout the UK** – we want to be accessible, relevant and indispensable to all gardeners so that increasing numbers want to join us.

- At the end of the financial year, we had 383,046 members, a record high and a net increase of 20,220 on the previous year. Pleasingly, this growth was built on improvements in both the recruitment of new members and the retention of existing members.
- The new Fellows top tier of membership was launched as another important source of support for the work of the Society.
- 2011 saw the launch of the first easy-to-use web page for people looking to get involved in community gardening activities, featuring a map displaying volunteering opportunities around the country. The site also enables individuals to email groups for volunteering information.

**6. To provide a voice for all gardeners** – our aim is to be the trusted voice of authority for the many and the few.

- Our new Facebook page and Twitter account provided more opportunities for a wider community of gardeners to engage with our work.
- We held a number of meetings with affiliated societies and their specialist panels and plant committees with the aim of improving the service we give to those gardeners with specialist interests.
- The Trials team worked closely with the gardening trade to explore ways for the Award of Garden Merit (AGM) to appear more frequently at point of sales. We continue to work closely with organisations such as the Horticulture Trades Association (HTA) to help ensure that the AGM and Perfect for Pollinators logos are used to maximum benefit and also that a united front can be given to government, for example, when needed for the benefit of gardeners.

**7. To share and build expert knowledge** – anything anyone ever wanted to know about horticulture from beginners to experts.

- RHS Plant Selector was completely overhauled and re-launched. The number of plants in the database exceeds 5,000 and visits to this part of our website increased by 438,500 or 146 per cent compared to the previous year.
- Our Advisory Service handled a record 60,000 gardening enquiries, ranging from pest and disease identification to the best ways of growing specific plants.
- The RHS website continued to be a very popular source of gardening information. Last year we had 9.7 million visits which represents an increase of 36 per cent on 2010. The most popular sections of the site were 'Plants' and 'Shows', however, 'Gardening Advice' and 'RHS Plant Selector' showed significant increases in visits.

**8. To delight our customers with exceptional service and products** – we will put our customers at the heart of everything we do, improving their experience at every point throughout our organisation.

- Alan Titchmarsh opened the Society's Peter Buckley Learning Centre at RHS Garden Rosemoor, which now provides local schools with an up-to-date educational facility. The Centre has two large classrooms, a teaching terrace garden, raised vegetable beds, a sensory garden and dipping ponds.
- Catering at RHS Garden Hyde Hall was moved in-house this year and a new menu developed. RHS Gardens Rosemoor, Hyde Hall and Wisley all use produce from their Gardens in the restaurants.
- The shop at RHS Garden Wisley introduced a range of food products from fruit and vegetables grown in the Garden.

**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 plays their part in creating an exciting future together.

- RHS received Investors in People accreditation again this year. This national award is the UK's leading people management standard and was designed to help organisations develop high performance through their people.
- A new induction process and pack, including a DVD guide to the RHS, was introduced for all new staff. The Society also introduced a new programme of staff training and launched a new staff magazine, *Clippings*, to share important issues and celebrate success.
- The Society began the process of clarifying pay and conditions of work for employees and launched a Rewards Policy early in 2012.

**10. To have efficient business practices that deliver maximum income for our charitable purpose** – we want to move fast and keep things simple, strip out bureaucracy, wage war on waste and have an effective, stable infrastructure.

- We set up a new internal audit system to ensure that best practice is followed throughout the Society, that funds are spent wisely and that proper and efficient controls and risk management systems are in place.
- The process of installing 300 new computers and upgrading all computers to Windows and MS2010 operating software commenced.

- We introduced a system to invite visitors to Gift Aid their RHS Garden entry fee. This is proving very successful and has generated substantial additional income from reclaimed Gift Aid of £220,000 in 2011/12.

## **The Year Ahead**

Our Strategic Objectives were launched in 2011 and will continue to guide our actions throughout this financial year. The Investment Projects have been carefully selected to deliver these Objectives over the next few years in order to change perceptions of the RHS and deliver improved results and more benefits for our members and the public. These Objectives will continue to lead us to a strong, sustainable and exciting future; one where we will treasure our rich heritage, but also embrace change, welcome positive new ideas and expand our reach and membership. In this way, we will increase our income to fund our charitable projects and deliver maximum public benefit.

There are, of course, many challenges ahead this year, with an ongoing recession, challenging retail conditions and erratic environmental and weather patterns with everything from drought and hosepipe bans, to floods and seemingly never-ending rain that could adversely affect our predominantly outdoor world. We firmly believe, however, that our Objectives and Investment Projects will deliver more benefits to an increasingly broad range of beneficiaries, and see a strong future ahead for the Royal Horticultural Society, its members, staff and supporters.

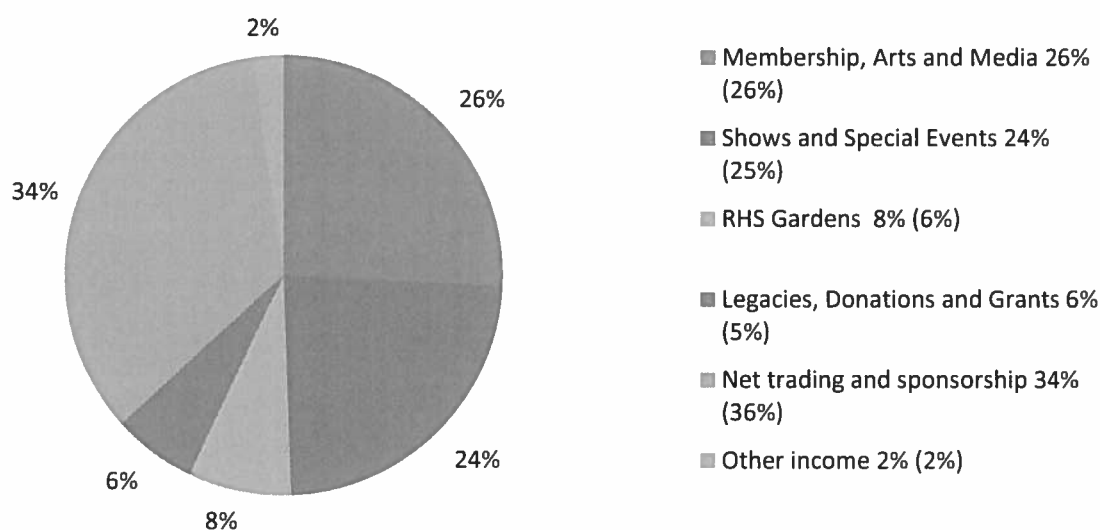


## Financial Review by the Treasurer

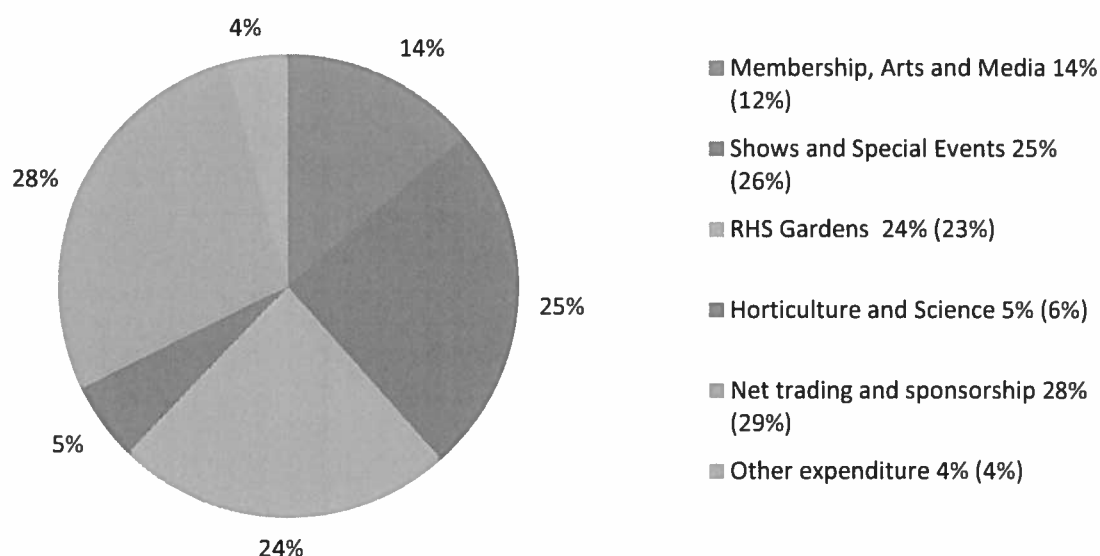
The financial results are set out below showing how money was raised and how money was spent. The figures come from the Consolidated Statement of Financial Activities on page 29, which is presented in accordance with the latest accounting standards. (For ease of reference, 2010/11 figures are shown in brackets below.)

### How we raised and spent our funds

#### How we raised our charitable Funds - £65.8m (£63m)



#### How we spent our funds - £58.3m (£57.5m)



'Other income' includes Investment income, Community, Horticulture and Science income, and Other Incoming Resources. 'Other expenditure' includes expenditure in relation to Legacies, Donations, Grants, Investment Management, Community and Governance.

## **Results**

The Society has delivered a positive financial performance despite the continued challenges of the economic environment and consumer uncertainty.

Our success has been supported by a continued commitment to horticultural excellence in our Gardens and at our Shows, as well as the development of compelling retail, catering and membership products. The Society has also benefitted from positive external factors, such as the growth in domestic tourism and the relative strength of the consumer horticulture sector.

The net income, at £7.5 million, was ahead of our internal budget and a £2 million improvement on the previous year's performance.

## **Income**

The Society generated £65.8 million of income (2010/11: £63.0 million) with the most significant increases from the previous year being created through increased membership, legacy and donations, and increased visits to the four RHS Gardens.

Income from the Membership, Arts and Media elements of the Society remains the major source of funds and at £16.9 million represents approximately one quarter of the total. Membership recruitment continued to increase and closed the year with 383,046 members, the Society's highest ever, and 5.6 per cent more than the previous year. Effective promotional campaigns, third party partnership agreements and record membership conversion at the RHS Gardens led to an additional 70,000 new members joining the RHS, whilst the number of members leaving the Society reduced from 2010/11 levels and was an improvement against the internal target. This trend of improved retention is predicted to continue as our membership grows.

The RHS Gardens income of £5 million was £1.1 million ahead of 2010/11. £500,000 of the improvement is due to bringing the catering at RHS Garden Hyde Hall in-house, where previously sales had been accounted for on a commission-only basis from the external caterers. Overall, income from catering has continued to improve.

Garden visitor numbers remained strong in the year, and at 1.455 million were the Society's second highest of all time, showing a 10 per cent growth on last year. During 2011/12, the Society introduced a Gift Aid scheme across all its Gardens on entry admissions that has led to an additional £220,000 of Gift Aid reclaim income being received.

Income from legacies and donations showed a significant improvement over last year. The introduction of the RHS Fellowship membership scheme in the year aided this, producing £300,000 of additional revenue.

Income from trading operations increased to £21.4 million (2010/11: £21.1 million) with the improvements in Retail and Show Gala income offsetting reductions in Media sales and Horticultural Hall lettings. Retail income increased by £450,000 (3.7 per cent), whilst customer volumes increased by 4 per cent. Show Gala income improved by £150,000 largely due to the great success that is Chelsea Gala Preview night. The Horticultural Halls letting business income fell from 2010/11 levels by £195,000 as the Society felt the effect of reduced Government bookings of the Conference Centre in the Lawrence Hall. Media sales fell in 2011/12 as royalty, subscription and advertising sales all suffered a reduction in demand that affected the industry as a whole. *The Garden* magazine was totally re-designed in 2011/12 to increase its appeal, readership and sales performance.

## **Expenditure and Net Income**

Total expenditure in the year was £58.3 million (2010/11: £57.5 million), an increase of £0.8 million, however, this generated an increased income of £2.8 million.

Significant cost increases occurred in Media, where increased membership led to increased publication and distribution costs of *The Garden* magazine and revenue project expenditure in this division also increased from the previous year.

The other area of material cost increase was within the RHS Gardens, where successfully taking the catering in-house at RHS Hyde Hall has led to additional costs this year. This accounts for 80 per cent of the Garden's £499,000 cost increase from the previous year.

Net income for the year from operations was £7.5 million (2010/11: £5.5 million).

The steady recovery of the financial markets has helped increase the underlying valuations of the Society's investments, resulting in a net revaluation gain of £1.1 million. However, the declining yield from long-term corporate bonds towards the end of 2011/12 (used to derive the FRS17 spot valuation of the Society's defined benefits pension Scheme investments) has meant that an actuarial loss of £2.8 million has been recognised in the financial statements in relation to the pension scheme.

The overall net movement in funds is £5.8 million (2010/11: £8.4 million).

## **Investments**

The Society held investments valued at £31.7 million (2010/11: £30.1 million) and these are set out in Note 6. The Investments Sub-Committee oversees the Society's investments and is responsible for the review and monitoring of the Society's investment performance.

As part of a strategic review carried out in the previous financial year, the Sub-Committee had identified the need to diversify funds across five investment managers to reduce investment risk. This process was completed in the previous financial year with the appointment of two additional fund managers, Newton Investment Managers and Troy Asset Management. As a result of this review, the Society now pursues a real return strategy for all of its investments other than those which are earmarked for specifically identified projects or contingency reserves, which are kept in cash.

## **Reserves**

In line with 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 16 to the financial statements. These reserves, which are reviewed annually by Council, are summarised as follows:

- Fixed Asset Funds totalling £36.6 million (including the Bicentenary Glasshouse Fund) representing the amount tied up in the net book value of unrestricted completed fixed assets.
- Reserve Policy Fund of £7.5 million. Having reviewed the risks to the Society and the challenges to and calls upon its finances, Council has decided to maintain the Fund at this level, which represents 2.2 months of the Society's charitable expenditure, as being appropriate to the Society's commitments.

- Capital and Revenue Project Fund of £7.5 million representing the funding support for the ongoing capital and revenue project investment programme planned for the next five years has been created in 2011/12. The capitalisation of the major capital programme will lead to annual transfers between this Fund and the Fixed Asset Fund.

The balance on unrestricted reserves, after the above designations, is held in General and Trading Funds of £8.2 million to provide working capital for the Society and its trading subsidiaries and to fund assets under construction.

### **Pensions**

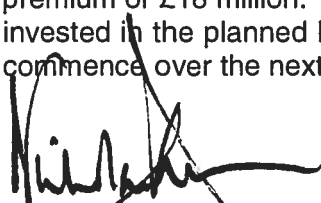
The consolidated and Society balance sheets include the pension deficit of £4.4 million as at 31 January 2012 (2010/11: £1.6 million). The deficit is disclosed for FRS17 purposes valuing the Scheme's liabilities and assets at market rates as at the financial year end.

On the closure of the defined benefit Scheme in May 2009, the Scheme Actuary assessed the underlying deficit at £1.6 million. This was also the FRS17 valuation as at 31 January 2011. A subsequent provisional triennial valuation as at 6 April 2011 valued the Scheme as fully funded. Whilst the closure of the Scheme helps to reduce the charity's exposure to volatility and risk (and in particular longevity and investment risk), we shall continue to be subject to future volatility in the valuation of the Scheme's assets and liabilities; we will continue to evaluate the cost/benefit of available options to mitigate this volatility and, if possible, reduce the liability. The divergence of valuation criteria between the triennial valuation of 6 April 2011 and FRS17 valuation of 31 January 2012 has meant that an FRS 17 valuation of £4.4 million deficit is shown in these financial statements.

### **Capital Expenditure and Disposals**

In 2011/12, Capital Expenditure amounted to £2.1 million (2010/11: £3.3 million). This related to the landscaping of the Peter Buckley Learning Centre at Rosemoor (£113,000), creation of the RHS Experience (£231,000), Gardens' customer admission software development (£82,000), website development (£205,000), RHS Garden Harlow Carr customer reception works (£128,000) and work in progress of the Field Research Facility at RHS Garden Wisley (£391,000). The balance represents smaller projects and necessary items of investment in plant, equipment and infrastructure.

On 20 December 2011, an exchange of contracts took place for the disposal of a 999 year lease of the Society's Lawrence Hall, London. The date of completion was 01 May 2012 for a lease premium of £18 million. The £18 million coupled with a further planned fundraised £9 million will be invested in the planned Investment Projects (described in the Director General's report), which will commence over the next five years.



**Sir Nicholas Bacon**  
**Treasurer**

## **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 us' section of the website ([www.rhs.org.uk](http://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 2011/12 is provided below. However, these were reviewed during the year and a new, stream-lined structure – which emphasises the 'H' for 'Horticulture' in RHS – has been agreed by Council for implementation during 2012.

### **Council and Trustees**

The governing body of the RHS is Council. This comprises the President, Treasurer and up to fifteen ordinary members, all of whom are elected by the RHS membership, and 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 five years with at least three retiring each year and their successors being elected 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. They also make 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 us' 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. The Society also operates an induction and ongoing training programme for all members of Council aimed at increasing their knowledge of the RHS and the duties and responsibilities of trustees.

### **Council is responsible for:**

- The future direction of the Society
- The investment and disposal of Society assets
- The strategic management of the performance of the Society.

It is the guardian of the Society's role as a "Learned Society".

Although Council takes all major strategic decisions and those reserved to it by law, it delegates some decision-making powers to committees and sub-committees. These decision-making committees and sub-committees may comprise of both 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 committees. The Society's governance and decision-making committees and sub-committees and their responsibilities are:

**Audit and Risk Committee** – ensures that all aspects of the Society's financial and risk management policies, procedures and controls are effective and appropriate. The Committee assumed responsibility for monitoring the approval of contracts involving the payment of a trustee or a connected party for the supply of goods and services to the RHS or its trading companies on 1 January 2012.

**Business Committee** – determines business and financial policy and undertakes performance review. The Committee was disbanded on 31 December 2011 and a new Commercial Board has been formed during 2012/13.

**Contracts with Trustees and Connected Parties Committee** – approves contracts involving the payment of a trustee or a connected party for the supply of goods and services to the RHS or its trading companies. The Committee was disbanded on 31 December 2011 and elements of its work have been subsumed by the Audit and Risk Committee.

**Investments Sub-Committee** – reviews and maintains the Society's investment portfolio (including bursary funds). The Sub-Committee reports to the new Commercial Board.

**Nominations, Appointments and Governance Committee** – identifies and recommends candidates for election as members of Council. The Committee also makes recommendations on appointments to the governance and decision-taking committees of the Society and appoints the membership of all advisory committees and representatives on outside bodies. It assumed responsibility for monitoring the day-to-day governance of the Society on 22 November 2011.

**Pensions and Remuneration Sub-Committee** – represents the Society as the 'employer' in the funding and support of The Royal Horticultural Society (1974) Pension Scheme and in the

provision of alternative pension arrangements for employees and approves the terms, conditions and pay of all Directors of the Society. The Committee also takes an overview of the policies for pay and conditions of all other members of the Society's staff. The Sub-Committee reports to Council.

### **Advisory Committees, Sub-Committees and Panels**

Council also appoints committees, sub-committees and working groups to provide specialist advice to the Society and the wider gardening public. Some 450 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 committees and sub-committees can be obtained from The Secretary at the address shown at page 4. Further information about the work of RHS committees, and how these will change during 2012/13 following the review of the Society's governance and management arrangements, 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 Gift Aid their profits 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. However, Council retains ultimate responsibility for the actions of staff. A copy of the scheme of delegated powers to staff can be found in the 'About us' section of our website or on request from The Secretary. Each Leadership Team member has a number of departments under their control and is responsible for the Society's operational activities and delivery of the Strategic Objectives agreed by Council. The Leadership Team at the date of this report were:

Sue Biggs	Director General
James Rudoni	Director of Gardens
Will Havercroft	Head of Retail
Stephen Bennett	Director of Shows
Jim Gardiner	Director of Horticulture
Dan Wolfe	Director of Members, Art & Media
Roger Williams	Head of Science
Ruth Evans	Director of Education, Funding & Community
James Hiley	Director of Finance
Jan Nix	Company Secretary and Director of IT & Internal Audit
Kerry Smith	Head of Human Resources.

### **Staff and Volunteers**

As at the 31 January 2012, the Society employed 552 full-time and 188 part-time staff (31 January 2011: 564 and 167 respectively). Additional seasonal staff were employed during peak periods.

The Society also received help from nearly 1,000 volunteers (2010/11: 1,000) during the year, primarily in the Society's Gardens, at its Shows and in the Membership Department. This includes 450 expert supporters of the Society who serve on its plant, show and advisory committees.

### **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. Members of RHS committees receive no payment for their work for the Society other than those expenses paid in accordance with a scheme approved by Council.

### **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 23 to the Financial Statements).

### **Risk Management**

The Society has in place a risk management policy which documents the Society's underlying approach to risk management, the roles and responsibilities of Council and the executive, the key requirements for reporting and how the effectiveness of the approach will be measured. The Society also maintains a risk management register that addresses the major governance, operational, financial, reputational and regulatory risks that might impact on the Society's objectives and its ability to meet them. The register is subject to regular review in order to take account of emerging new risks and areas where changes in the likelihood of a risk occurring or its impact have been identified.

Progress against risk action plans during the year was monitored by the Audit and Risk Committee and Council and was considered to be satisfactory.

While Council is of the opinion that it has undertaken all reasonable steps to ensure that the major risks to which the Society is exposed are identified and reviewed and that there are systems in



place to mitigate them, it is aware that such processes are designed to manage rather than eliminate all major risks and that it can only provide reasonable, but not absolute, assurance.

Council is committed to ensuring that best practice for risk identification and its management is applied across the Society.

### **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. The 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 in to practice.

### **Employee Involvement**

The decision-making processes incorporate regular feedback from the Employee Consultation Group, as a representative group for all employees across all RHS Sites. The ECG meets quarterly with the Director General, Head of Human Resources and Senior Managers.

## Statement of Trustees' Responsibilities

The trustees are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Charity law requires the trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the group and parent charity and of the incoming resources and application of resources of the group for the year. In preparing those 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;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent charity and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011 and regulations made thereunder. They are also responsible for safeguarding the assets of the group and parent charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

### Disclosure of information to auditors

Council members who held office at the date of approval of this Annual Report confirm that, so far as they were each aware, there is no relevant information of which the Charity's auditors are unaware; and each Council member has taken all the steps that he/she should have taken as a trustee to make himself/herself aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

### Auditors

PKF (UK) LLP was re-appointed as the Society's external auditor at the AGM on 1 July 2011.



**Elizabeth Banks**  
**President of the RHS and Chair of Council**  
1 May 2012

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

We have audited the group and parent charity financial statements ("the financial statements") of the Royal Horticultural Society for the year ended 31 January 2012 which comprise the consolidated statement of financial activities, consolidated balance sheet, society balance sheet, consolidated cash flow statement and the related Notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees', as a body, in accordance with section 44 of the Charities and Trustee Investment (Scotland) Act 2005 and in accordance with regulations made under section 154 of the Charities Act 2011. 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 the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditor**

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the financial statements, which give a true and fair view. We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under section 144 of the Charities Act 2011 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and parent charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

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 2012 and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005, regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and in accordance with the Charities Act 2011 and regulations made thereunder.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where regulations made under the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Act 2011 requires us to report to you if, in our opinion:

- sufficient and proper accounting records have not been kept in respect of the parent charity; or
- the parent charity financial statements do not accord with the accounting records; or
- any information contained in the financial statements is inconsistent in any material respect with the trustees' report; or
- we have not received all the information and explanations we require for our audit.

PKF (UK) LLP

PKF (UK) LLP  
Statutory auditor  
London, UK  
24 May 2012

PKF (UK) LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

**Consolidated Statement of Financial Activities for the Year Ended 31 January 2012**

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2012 £'000	Restated Total 2011 £'000
<b>INCOMING RESOURCES</b>	1 iii)					
<b>INCOMING RESOURCES FROM GENERATED FUNDS:</b>						
<b>Voluntary Income</b>						
Legacies & donations	2	2,282	1,790	-	4,072	3,246
Grants		-	-	-	-	2
<b>Activities for generating funds</b>						
Trading income	11	21,382	-	-	21,382	21,082
Sponsorship Income	11	1,400	-	-	1,400	1,307
<b>Investment Income</b>		539	135	-	674	392
<b>INCOMING RESOURCES FROM CHARITABLE ACTIVITIES</b>						
Membership, Arts and Media		16,935	7	-	16,942	16,486
Community		285	-	-	285	431
Shows & Special Events		15,598	-	-	15,598	15,774
RHS Gardens		5,006	4	-	5,010	3,916
Horticulture		388	-	-	388	324
Science		29	-	-	29	43
<b>OTHER INCOMING RESOURCES</b>		58	-	-	58	5
<b>Total Incoming Resources</b>		<b>63,902</b>	<b>1,936</b>	<b>-</b>	<b>65,838</b>	<b>63,008</b>
<b>RESOURCES EXPENDED</b>	1 iv), 3					
<b>COSTS OF GENERATING FUNDS</b>						
<b>Costs of generating voluntary income</b>						
Legacies & donations		841	-	-	841	937
Grants		-	-	-	-	2
<b>Fundraising trading: cost of goods sold and other costs</b>						
Trading costs	11	16,106	-	-	16,106	16,679
Sponsorship	11	213	-	-	213	159
<b>INVESTMENT MANAGEMENT COSTS</b>		53	-	-	53	47
<b>CHARITABLE EXPENDITURE</b>						
Membership, Arts and Media		8,091	9	-	8,100	6,702
Community		975	455	-	1,430	1,426
Shows & Special Events		14,307	-	-	14,307	14,807
RHS Gardens		13,633	213	-	13,846	13,351
Horticulture		1,224	97	-	1,321	1,303
Science		1,876	32	-	1,908	1,984
<b>GOVERNANCE COSTS</b>		170	-	-	170	138
<b>Total Resources Expended</b>		<b>57,489</b>	<b>806</b>	<b>-</b>	<b>58,295</b>	<b>57,535</b>
<b>NET INCOME BEFORE FUNDS TRANSFERRED</b>		<b>6,413</b>	<b>1,130</b>	<b>-</b>	<b>7,543</b>	<b>5,473</b>
Transfers between funds		(5)	5	-	-	-
<b>NET INCOME / (EXPENDITURE)</b>		<b>6,408</b>	<b>1,135</b>	<b>-</b>	<b>7,543</b>	<b>5,473</b>
Gains on investment assets	6	1,037	-	73	1,110	2,006
Actuarial gains/(losses) on defined benefit pension scheme	22	(2,809)	-	-	(2,809)	957
Taxation	7	-	-	-	-	-
<b>NET MOVEMENT OF FUNDS</b>	4, 16	<b>4,636</b>	<b>1,135</b>	<b>73</b>	<b>5,844</b>	<b>8,436</b>
<b>OPENING VALUE OF FUNDS</b>		<b>50,783</b>	<b>5,226</b>	<b>3,550</b>	<b>59,559</b>	<b>51,123</b>
<b>CLOSING VALUE OF FUNDS</b>		<b>55,419</b>	<b>6,361</b>	<b>3,623</b>	<b>65,403</b>	<b>59,559</b>

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

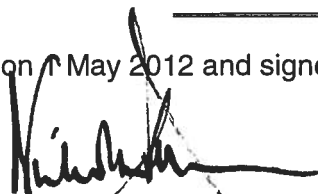
**Consolidated Balance Sheet as at 31 January 2012**

	<i>Note</i>	2012 £'000	2011 £'000
<b>FIXED ASSETS</b>			
Tangible assets	10	39,022	39,518
Investments	6	31,717	30,129
		<u>70,739</u>	<u>69,647</u>
<b>CURRENT ASSETS</b>			
Stock		1,316	1,274
Debtors	13	4,801	3,723
Cash at bank and in hand		13,756	5,940
		<u>19,873</u>	<u>10,937</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			
Income in advance		(14,971)	(13,771)
Creditors		(5,169)	(4,908)
	14	<u>(20,140)</u>	<u>(18,679)</u>
<b>NET CURRENT LIABILITIES</b>		<b>(267)</b>	<b>(7,742)</b>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	15	<b>(701)</b>	<b>(735)</b>
<b>NET ASSETS BEFORE PENSION LIABILITY</b>		<b>69,771</b>	<b>61,170</b>
Defined benefit pension scheme liability	22	(4,368)	(1,611)
<b>NET ASSETS AFTER PENSION LIABILITY</b>		<b>65,403</b>	<b>59,559</b>
<b>CAPITAL FUNDS</b>			
Endowments	16	3,623	3,550
<b>INCOME FUNDS</b>			
Restricted funds	16	6,361	5,226
Unrestricted funds:			
Designated funds	16	51,634	44,833
General & Trading funds	16	8,153	7,561
Pension Reserve	22	(4,368)	(1,611)
<b>Total unrestricted funds</b>		<b>61,780</b>	<b>50,783</b>
<b>TOTAL FUNDS</b>	16	<b>65,403</b>	<b>59,559</b>

These accounts were approved by Council on 1 May 2012 and signed on their behalf by:



Elizabeth Banks  
President



Sir Nicholas Bacon  
Treasurer

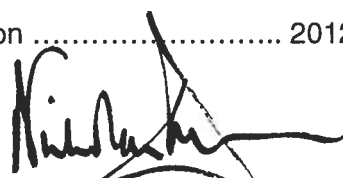
**Society Balance Sheet as at 31 January 2012**

	Note	2012 £'000	2011 £'000
<b>FIXED ASSETS</b>			
Goodwill	9	163	380
Tangible assets	10	38,727	39,152
Investments	6	31,717	30,129
Investment in trading companies	11	110	110
		<u>70,717</u>	<u>69,771</u>
<b>CURRENT ASSETS</b>			
Stock		60	60
Debtors	13	9,315	7,201
Cash at bank and in hand		<u>7,554</u>	<u>913</u>
		<u>16,929</u>	<u>8,174</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			
Income in advance		(11,619)	(10,492)
Creditors		<u>(5,356)</u>	<u>(5,120)</u>
	14	<u>(16,975)</u>	<u>(15,612)</u>
<b>NET CURRENT LIABILITIES</b>		<b>(46)</b>	<b>(7,438)</b>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>			
	15	<b>(654)</b>	<b>(637)</b>
<b>NET ASSETS BEFORE PENSION LIABILITY</b>		<u><b>70,017</b></u>	<u><b>61,696</b></u>
Defined benefit pension scheme liability	22	<u><b>(4,368)</b></u>	<u><b>(1,611)</b></u>
<b>NET ASSETS AFTER PENSION LIABILITY</b>		<u><b>65,649</b></u>	<u><b>60,085</b></u>
<b>CAPITAL FUNDS</b>			
Endowments	16	<b>3,623</b>	<b>3,550</b>
<b>INCOME FUNDS</b>			
Restricted funds	16	<b>6,361</b>	<b>5,226</b>
Unrestricted funds:			
Designated funds	16	<b>51,634</b>	<b>44,833</b>
General & Trading funds	16	<b>8,399</b>	<b>8,087</b>
Pension Reserve	22	<u><b>(4,368)</b></u>	<u><b>(1,661)</b></u>
<b>Total unrestricted funds</b>		<u><b>55,665</b></u>	<u><b>51,309</b></u>
<b>TOTAL FUNDS</b>		<u><b>65,649</b></u>	<u><b>60,085</b></u>

These accounts were approved by Council on ..... 2012 and signed on their behalf by:



Elizabeth Banks  
President



Sir Nicholas Bacon  
Treasurer

Consolidated Cash Flow Statement for the Year Ended 31 January 2012

		2012	2011
	<i>Note</i>	£'000	£'000
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>18</b>	<b>9,703</b>	<b>3,954</b>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest received		112	96
Dividends received		562	267
<b>NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		<b>674</b>	<b>363</b>
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>			
Sale of investments		2,670	11,204
Purchase of tangible fixed assets		(2,083)	(3,280)
Purchase of investments		(3,345)	(21,738)
<b>NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>		<b>(2,758)</b>	<b>(13,814)</b>
<b>INCREASE/(DECREASE) IN CASH</b>	<b>19</b>	<b>7,619</b>	<b>(9,497)</b>



## Notes to the Financial Statements

### 1. Accounting Policies

#### i) Basis of preparation

The financial statements 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 and the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in 2005 and applicable accounting standards.

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. In addition, Horticultural Halls Limited and RHS Publications Limited are dormant subsidiaries. The subsidiaries are consolidated on a line by line basis and have the same accounting reference date as the Society. As a result of paragraph 397 of the SORP the Society is not required to present a Statement of Funds and Activities for the RHS before consolidation. The charity had £52.6m of gross income and the net movement in total funds was £5.6m.

#### ii) 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, which can be negative where sums covenanted to the Society are in excess of the profit for the year for the subsidiary. The Pension Reserve represents the deficit or surplus on the Royal Horticultural Society (1974) Pension Scheme on an FRS17 basis. See Note 22.

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. Income generated from the endowment funds is treated as restricted income.

#### iii) Incoming resources

Incoming resources represent the total income receivable during the year comprising membership subscriptions, income from shows, gardens, scientific and educational activities, income from trading subsidiaries, investment income, legacies, donations and sundry other income.

Legacy income and other donations are recognised in the accounts when the cash has been received or, if earlier, when there is certainty of receipt and the amount is quantifiable. Subscriptions are credited to incoming resources over the period to which the membership relates. Life subscriptions are credited to income in equal instalments over a ten year period. Income in advance for shows and other activities is recognised at the time of the show or other activity. Investment income is recognised on an accruals basis. Gift Aid is recognised on an accruals basis. All incoming resources from endowment funds are restricted income. No income has been reported net of expenditure.

#### iv) 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.

Costs of generating funds include the costs incurred in generating voluntary income. Fundraising trading costs are the costs of those activities. Charitable expenditure represents the costs of shows, gardens, scientific, educational, editorial activities and membership services. Governance costs relate to the general running of the charity and include costs for audit, 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.

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

**v) Deferred income**

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

**vi) Depreciation and impairment**

Fixed assets are stated at 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:

Buildings	2%
Motor vehicles	20%
Plant & equipment, fixtures & fittings	10-33%
Greenhouses	5%

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 on 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.

**vii) Investments**

Investments are stated at market value on the balance sheet date. The Statement of Financial Activities (SoFA) includes the net gains and losses arising on revaluations and disposals throughout the year. The funds are largely invested on a real return basis.

**viii) Operating leases**

Operating lease rentals are charged to the SoFA on a straight line basis over the term of the lease.

**ix) Funds transfer**

Funds transfers primarily 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.

**x) Pension schemes**

The Society contributed during the year to a defined benefit scheme, which was closed to new entitlements in January 2002. The pension scheme was closed to future service accruals on 31 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 FRS17 and as detailed in Note 22.

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.

**xi) 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.

**xii) Liabilities**

Liabilities are recognised at the same time as the expenditure to which they relate is incurred.

**xiii) Taxation**

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

**xiv) Basis of consolidation**

The consolidated financial statements include the financial statements of the charity and its subsidiary undertakings made up to 31 January 2012.

**xv) 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.

**xvi) Goodwill**

Goodwill arising as a result of the acquisition of a division from a subsidiary company by the Society is capitalised and amortised on a straight line basis over its estimated useful economic life, which is considered to be three years. The carrying value of goodwill will be periodically reviewed, and impairment provisions made where appropriate.

**xvii) 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. The Council are also of the opinion that, because the acquisition of new items for the collection is infrequent the amounts involved are not material, either year-by-year in respect of income, or collectively, in relation to the balance sheet; and the inclusion of any heritage assets acquired during the year would show a misleading position about heritage assets to a reader of the accounts. Expenditure which 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 12.

## **2. Legacy income**

The Society is also the residuary beneficiary of two legacies that have been included in the financial statements. There is a significant degree of uncertainty around this figure, as it cannot be accurately determined nor receipt guaranteed. An estimate of the amount involved is £200,000 (2010/11: £400,000).

### 3. Analysis of Total Resources Expended

The total resources expended during the year comprise the following:

	Direct costs £'000	Support Costs £'000	2012 Total £'000	Restated 2011 Total £'000
<b>Cost of generating funds</b>				
<b>Costs of generating voluntary income</b>				
Legacies & donations	791	50	841	937
Grants	-	-	-	2
<b>Fundraising trading: cost of goods sold and other costs</b>				
Trading costs	13,941	2,165	16,106	16,679
Sponsorship costs	188	25	213	159
<b>Investment Management costs</b>	53	-	53	47
<b>Charitable expenditure</b>				
Members Art and Media	6,305	1,795	8,100	6,702
Community and Development	1,198	232	1,430	1,426
RHS Shows	13,035	1,272	14,307	14,807
RHS Gardens	11,080	2,766	13,846	13,351
Horticulture	1,129	192	1,321	1,303
Science	1,519	389	1,908	1,984
<b>Governance costs</b>	170	-	170	138
<b>Total Resources Expended</b>	<u>49,409</u>	<u>8,886</u>	<u>58,295</u>	<u>57,535</u>

Support costs totalling £8.9m (2011: £8.9m) have been allocated across activities. These include costs associated with providing IT, payroll, human resources, finance, marketing and other central services to the charity's staff, volunteers, gardens and other activities. Costs have been mainly allocated based on headcount, with marketing based on expenditure, to the various activities.

The 2011 comparatives of income and expenditure have been restated. Retail discounts are now shown as discounted sales income rather than as cost of goods sold under expenditure. In addition, catering is now reported under the RHS Gardens heading in both the Society and Group accounts, as provision of facilities for visitors rather than as a trading activity. Charitable expenditure has been re-grouped into the categories of activity currently used by the organisation.

#### Governance Costs

	2012 £'000	2011 £'000
Audit Fees, Tax and VAT Advice	66	44
Internal Audit, where sourced externally	11	32
Committees and AGM costs	93	62
	<u>170</u>	<u>138</u>

#### 4. Net Movement of Funds

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

	<b>2012</b>	2011
	<b>£'000</b>	£'000
Depreciation (including trading companies)	2,550	2,418
Release expense accrual no longer required	-	(1,218)
Auditors' remuneration:		
- Audit current year	47	47
- Audit (over) under provision prior year	17	(6)
- Other professional services	15	22
Internal Audit (where externally supplied)	11	32
Operating lease rentals	527	525

#### 5. Employee Remuneration

	<b>2012</b>	2011
	<b>£'000</b>	£'000
Employee costs during the period		
Salaries and wages	16,483	16,548
Social Security	1,528	1,543
Pensions	1,149	942
	<u>19,160</u>	<u>19,033</u>

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

	<b>2012</b>	Restated 2011
	<b>£'000</b>	£'000
<b>Staff employed in funds generation</b>		
Trading activities	166	174
Fundraising activities	2	2
<b>Staff employed in disbursement of charitable expenditure</b>		
Members, Art and Media	89	87
Community	24	20
RHS Shows	43	44
RHS Gardens	309	273
Horticulture	20	18
Science	44	46
Support	68	66
	<u>765</u>	<u>730</u>

The 2011 number of staff has been restated from 714 to 730. The average number of full time equivalent staff in 2011 and 2012 have been calculated on a consistent basis, and are comparable with the published number of staff in 2010 of 743.

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

	<b>2012</b>	2011
	<b>Number</b>	Number
£60,001 – £70,000	9	13
£70,001 – £80,000	4	2
£80,001 – £90,000	2	1
£90,001 – £100,000	3	2
£130,001 – £140,000	-	1
£150,001 -- £160,000	1	-
£160,001 – £170,000	-	1

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

Defined benefit	-	-
Defined contribution	18	20

The Society contributed £ 150,097 (2010/11: £151,387) 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 were reimbursed a total of £ 17,664 (2011: £25,479) for travel expenses during the period. The number of Council members reimbursed for expenses was 11 (2010/11: 12).

## 6. Fixed Asset Investments

	UK Cash Instruments £'000	UK Property £'000	Other Investments £'000	Total £'000
Market Value at 1 February 2011	5,353	327	24,449	30,129
Less: Disposal proceeds	-	-	(2,670)	(2,670)
Add: acquisitions at cost	-	-	3,345	3,345
Add: net gain/(loss) on revaluation at 31 January	-	-	1,110	1,110
Add: net movement in cash	(197)	-	-	(197)

Market value at 31 January 2012	5,156	327	26,234	31,717
---------------------------------	-------	-----	--------	--------

Historical cost at 31 January 2012	5,156	142	25,117	30,415
------------------------------------	-------	-----	--------	--------

Analysed as follows

	£'000
UK Fixed Interest	3,183
Overseas Fixed Interest	2,075
UK Equities	4,783
Overseas Equities	7,395
Index Linked	4,439
Credit & Illiquid strategies	821
Global Funds	525
Property Unit Trusts	240
Commodities	1,948
Other*	825
Cash Instruments	5,156

Market value at 31 January 2012	31,390
UK Property	327

Market value at 31 January 2012	31,717
---------------------------------	--------

Investments in UK at market value	16,275
Investments outside the UK at market value	9,959
Market Value of UK and Non-UK Investments	26,234

Unrestricted funds at market value of £27,620,725 are invested in a diversified portfolio of equity, fixed interest, cash and alternative investments with a level of risk appropriate to the Society's charitable status.

Endowment funds amounting to £3,769,817 are invested in compliance with the Trustees Act 2000.

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

	£'000
Cash Instruments	5,156
Endowment Fund: Newton Global Growth & Income Fund for Charities	1,781
Endowment Fund: Trojan Income Fund	1,988
Newton Real Return Fund	7,001
Trojan Fund	7,753

\*Other includes £662k of cash, £112k of Multi Asset Funds and £51k of Derivatives held within pooled investment vehicles managed by third party investment managers.

## **7. Taxation**

An amount equivalent to the profit chargeable to corporation tax has been paid each year by its two subsidiaries to the Royal Horticultural Society under Gift Aid. With the introduction of FRS21, only the amounts paid by 31 January or otherwise legally committed are included in the Profit & Loss Account of the subsidiaries.

## **8. Commitments for future expenditure**

Council has authorised future expenditure on capital and revenue projects amounting to £7.7m (2011: £3m). Contracts have been signed on £1.4m (2011: £505k).

The Council of the RHS has authorised a further £27m of projects over a five year period, contingent upon the completion of the sale of the lease of Lawrence Hall, generating £18m (described in Note 24) and a further £9m, anticipated to be raised through fundraising.

## **9. Intangible Fixed Assets**

	<b>Goodwill</b> <b>£'000</b>
<b>COST</b>	
At 1 February 2011	651
Additions	-
At 1 January 2012	<u>651</u>
<b>AMORTISATION</b>	
At 1 February 2011	(271)
Charge for one year	(217)
At 31 January 2012	<u>(488)</u>
<b>NET BOOK VALUE</b>	
At 31 January 2012	<u>163</u>
At 1 February 2011	<u>380</u>



**THE ROYAL HORTICULTURAL SOCIETY**  
Annual Report and Consolidated Financial Statements 2011/12

**10. Tangible Fixed Assets**

a) CONSOLIDATED		Freehold land and buildings	Leasehold land and buildings	Buildings on Wisley trust land	Assets in construction	Plant and equipment	Fixtures and fittings	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>COST</b>								
At 1 February 2011		36,301	1,095	1,786	473	14,176	3,608	57,439
Additions		584	-	-	674	683	142	2,083
Disposals		-	-	-	-	(2,772)	(469)	(3,241)
Transfers		25	-	-	(400)	127	248	-
<b>At 31 January 2012</b>		<b>36,910</b>	<b>1,095</b>	<b>1,786</b>	<b>747</b>	<b>12,214</b>	<b>3,529</b>	<b>56,281</b>
<b>DEPRECIATION</b>								
At 1 February 2011		5,043	267	394	-	9,694	2,523	17,921
Charge for the year		1,028	22	36	-	1,245	219	2,550
Disposals		-	-	-	-	(2,743)	(469)	(3,212)
<b>At 31 January 2012</b>		<b>6,071</b>	<b>289</b>	<b>430</b>	<b>-</b>	<b>8,196</b>	<b>2,273</b>	<b>17,259</b>
<b>NET BOOK VALUE</b>								
<b>At 31 January 2012</b>		<b>30,839</b>	<b>806</b>	<b>1,356</b>	<b>747</b>	<b>4,018</b>	<b>1,256</b>	<b>39,022</b>
<b>At 1 February 2011</b>		<b>31,258</b>	<b>828</b>	<b>1,392</b>	<b>473</b>	<b>4,482</b>	<b>1,085</b>	<b>39,518</b>
b) SOCIETY		Freehold land and buildings	Leasehold land and buildings	Buildings on Wisley trust land	Assets in construction	Plant and equipment	Fixtures and fittings	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>COST</b>								
At 1 February 2011		36,301	1,095	1,786	445	12,042	1,772	53,441
Additions		584	-	-	674	682	113	2,053
Disposals		-	-	-	-	(2,069)	-	(2,069)
Transfers		25	-	-	(372)	99	248	-
<b>At 31 January 2012</b>		<b>36,910</b>	<b>1,095</b>	<b>1,786</b>	<b>747</b>	<b>10,754</b>	<b>2,133</b>	<b>53,425</b>
<b>DEPRECIATION</b>								
At 1 February 2011		5,043	267	394	-	7,690	895	14,289
Charge for the year		1,028	22	36	-	1,197	166	2,449
Disposals		-	-	-	-	(2,040)	-	(2,040)
<b>At 31 January 2012</b>		<b>6,071</b>	<b>289</b>	<b>430</b>	<b>-</b>	<b>6,847</b>	<b>1,061</b>	<b>14,698</b>
<b>NET BOOK VALUE</b>								
<b>At 31 January 2012</b>		<b>30,839</b>	<b>806</b>	<b>1,356</b>	<b>747</b>	<b>3,907</b>	<b>1,072</b>	<b>38,727</b>
<b>At 1 February 2011</b>		<b>31,258</b>	<b>828</b>	<b>1,392</b>	<b>445</b>	<b>4,352</b>	<b>877</b>	<b>39,152</b>

No assets are held under finance lease. All assets are used for charitable purpose.

The Trustees are aware that there is a material difference between the carrying value of Land and Buildings in these accounts and the market value of the 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.

## 11. Investment in Trading Companies

	<b>RHS Enterprises £'000</b>	<b>Horticultural Halls £'000</b>	<b>RHS Special Events £'000</b>	<b>Total £'000</b>
<b>Profit &amp; Loss Account</b>				
Turnover	17,583	-	3,466	21,049
Cost of sales	(8,909)	-	(763)	(9,672)
Gross profit	8,674	-	2,703	11,377
Administration expenses (net of interest receivable)	(5,921)	-	(169)	(6,090)
Other operating income	2,139	-	-	2,139
Net profit	4,892	-	2,534	7,426
Amount gift aided to the Society	(4,829)	-	(2,534)	(7,363)
<b>Profit/(loss) for the year</b>	<b>63</b>	<b>-</b>	<b>-</b>	<b>63</b>

The figures above include the transfer of trading items between the Society and its subsidiaries which have been eliminated in the consolidated Statement of Financial Activities (SoFA) to show income of £21.4m and net profit of £7.5m. These results form part of the Trading and as Sponsorship activities on the SoFA.

	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Balance sheet</b>				
Fixed assets	416	-	-	416
Current assets	5,350	-	3,352	8,702
Unsecured Loan to the Society	1,170	-	-	1,170
Current Liabilities	(1,545)	-	(2,799)	(4,344)
Long Term Liabilities	(47)	-	-	(47)
Amounts owing (to)/from the Society	(5,193)	10	(566)	(5,749)
Net Assets/(Liabilities)	151	10	(13)	148
Share Capital	100	10	-	110
Reserves	51	-	(13)	38
Equity Shareholders' Funds	151	10	(13)	148

## **12. 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 holds an extensive collection of heritage assets that are held and maintained principally for their contribution to 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 and 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, domestic produce and allied activities such as beekeeping and commercial horticulture.

The collections are in three main areas:

- **Printed works:** The Library contains over 80,000 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 19C. 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 two hundred 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 over 23,000 botanical art works depicting garden plants, a special collection of 7,000 orchid award paintings, 200,000 photographs from the late 19<sup>th</sup> 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 e.g. 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 5 libraries, its enquiry service, through a detailed online catalogue and an ongoing programme of digitisation. Over 50,000 visitors use the libraries each year.

## **Herbarium**

The Royal Horticultural Herbarium at Wisley is the largest herbarium dedicated to ornamental plants in the UK and has an international role as a major repository of nomenclatural standard specimens.

### Composition and Remit:

- The current herbarium is estimated to exceed 80,000 specimens, mostly collected post-1980 but many earlier specimens. Gathering of specimens began around 1916.
- The majority of specimens are of ornamental plants. Collections come principally from the following sources:
  - i RHS gardens, especially Wisley
  - ii RHS Trials
  - iii RHS Shows, primarily the plants that are given awards
  - iv Plant Heritage collections
  - v Plants sent for identification to the Botanists by members
- It incorporates the British Pteridological Society (BPS) herbarium of fern cultivars and the Frederick Hanbury Herbarium of European plants collected mainly in the 19<sup>th</sup> Century.
- Around 1000 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, especially those of a weedy nature.
- Crop plants, including fruit and vegetables, are not represented to any extent in the herbarium.

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

### Standards Collection:

- The 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 (2009).
- There are 5,767 nomenclatural standard specimens in the herbarium to date (1,723 herbarium specimens, 4,044 images).
- The herbarium continues to add to its collection of nomenclatural standards from RHS Trials, RHS Shows and contributions directly from nurseries and breeders.
- The RHS Herbarium has been accepted as part of the Global Plants Initiative to scan and make available online all its nomenclatural standards and type specimens.

Image Collection:

- The current herbarium is complemented by an extensive image collection, consisting of:
  - i c. 3,300 watercolour paintings of plants that received an award either in trial or at a show mainly between 1920 and 1955.
  - 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 greatest users of the collection are amateur gardeners and loans cannot be made to them. A programme has begun to digitise the herbarium collections and make them available online. Loans are also more likely to be conducted by scanning the specimens in the future.

### 13. Debtors due within one year

	Consolidated		Society	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Trade debtors	1,747	1,632	816	556
Amounts due from subsidiary undertakings	-	-	5,759	4,767
Other debtors	823	745	768	706
Taxation recoverable	786	529	787	529
Prepayments	1,445	817	1,185	643
	<u>4,801</u>	<u>3,723</u>	<u>9,315</u>	<u>7,201</u>

### 14. Creditors amounts falling due within one year

	Consolidated		Society	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Trade creditors	1,429	1,339	957	901
Loan from RHS Enterprises	-	-	1,170	1,170
Taxation and social security	420	631	420	631
Other creditors	535	629	445	510
Accruals	2,785	2,309	2,364	1,908
Income in advance: members deferred subscriptions	7,491	7,627	7,491	7,627
Income in advance: other	7,480	6,144	4,128	2,865
	<u>20,140</u>	<u>18,679</u>	<u>16,975</u>	<u>15,612</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 £766,000, £134,000 was utilised during 2011/12 and deferred income for new life memberships was £165,000, resulting in a balance of £797,000 at 31 January 2012.

### 15. Creditors amounts falling due after one year

	Consolidated		Society	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Income in advance: members' deferred subscriptions	654	637	654	637
Income in advance: other	47	98	-	-
	<u>701</u>	<u>735</u>	<u>654</u>	<u>637</u>

## 16. Funds

	Balance 01.02.11 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	Gains/ (losses) £'000	Balance 31.01.12 £'000
<b>ENDOWMENT FUNDS</b>						
Coke Trusts	1,680	-	-	-	39	1,719
Blaxall Valentine Scholarship	441	-	-	-	10	451
Guerney Wilson Fund	238	-	-	-	5	243
Other Bursary Funds	127	-	-	-	4	131
Hyde Hall Endowment Fund	350	-	-	-	-	350
Wisley Endowment Fund	119	-	-	-	3	122
Eric Young Scholarship	138	-	-	-	3	141
Knowles Bequest	186	-	-	-	4	190
Shropshire Hort Society	118	-	-	-	3	121
Other Endowed Funds	153	-	-	-	2	155
<b>Total Endowed Funds</b>	<b>3,550</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>73</b>	<b>3,623</b>
<b>RESTRICTED FUNDS</b>						
Northern Horticultural Society	996	-	-	-	-	996
Garden Development Fund	2,911	732	(201)	5	-	3,447
Education & Training Fund	887	892	(481)	-	-	1,298
Field Research facility	137	181	-	-	-	318
Bursary Funds	60	104	(48)	-	-	116
Other Restricted Funds	235	27	(76)	-	-	186
<b>Total Restricted Funds</b>	<b>5,226</b>	<b>1,936</b>	<b>(806)</b>	<b>5</b>	<b>-</b>	<b>6,361</b>
<b>UNRESTRICTED FUNDS</b>						
<b>Designated Funds</b>						
Fixed asset fund	30,255	-	-	(273)	-	29,982
Bicentenary Glasshouse	7,078	-	(426)	-	-	6,652
Capital and Revenue Project Fund	-	-	-	7,500	-	7,500
Reserve Policy fund	7,500	-	-	-	-	7,500
Designated Pension Fund	-	-	-	-	-	-
<b>Total Designated Funds</b>	<b>44,833</b>	<b>-</b>	<b>(426)</b>	<b>7,227</b>	<b>-</b>	<b>51,634</b>
<b>General and Trading Funds</b>	<b>7,561</b>	<b>63,836</b>	<b>(57,049)</b>	<b>(7,232)</b>	<b>1,037</b>	<b>8,153</b>
<b>Pension Reserve</b>	<b>(1,611)</b>	<b>66</b>	<b>(14)</b>	<b>-</b>	<b>(2,809)</b>	<b>(4,368)</b>
<b>Total Unrestricted Funds</b>	<b>50,783</b>	<b>63,902</b>	<b>(57,489)</b>	<b>(5)</b>	<b>(1,772)</b>	<b>55,419</b>
<b>Total Funds</b>	<b>59,559</b>	<b>65,838</b>	<b>(58,295)</b>	<b>-</b>	<b>(1,699)</b>	<b>65,403</b>
<b>Society only, General and Trading Fund</b>	<b>8,087</b>	<b>50,612</b>	<b>(44,105)</b>	<b>(7,232)</b>	<b>1,037</b>	<b>8,399</b>

## 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 **Guerney Wilson Fund** was established to further the horticultural work of the Society.

The **Hyde Hall Endowment Fund** was established on the transfer of the garden into the Society's care.

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 N England.

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

## RESTRICTED FUNDS

The **Northern Horticultural Society Funds** represent the assets Horticultural Society.

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

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

**Field Research Facility** is for the development of the centre.

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

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

## UNRESTRICTED FUNDS

### Designated Fund

The **Fixed Asset Fund** represents the net book value of the Society's tangible fixed assets, excluding those in construction and in endowed, restricted or general and trading funds.

### Bicentenary Glasshouse

The Bicentenary Glasshouse fund forms part of the Fixed Asset Fund, and arose following the completion of the Glasshouse at Wisley, funded from a range of sources, brought together in this designated fund.

**Capital and Revenue Project fund** represents funding support for the on-going capital and revenue project investment programme planned for the next five years. The capitalisation of this programme will lead to annual transfers between this fund and the Fixed Asset Fund.

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

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.



## 17. Analysis of net assets between funds

	Endowment Funds £'000	Restricted Funds £'000	Design ated Funds £'000	General & Trading Funds £'000	Pension Reserve £'000	Total Funds £'000
Tangible Fixed Assets	291	1,843	36,634	254	-	39,022
Fixed Asset Investments	3,770	4,518	15,000	8,429	-	31,717
Current Assets	-	-	-	19,873	-	19,873
Current Liabilities	-	-	-	(20,140)	-	(20,140)
Long Term Liabilities	(438)	-	-	(263)	-	(701)
Pension Scheme Liability	-	-	-	-	(4,368)	(4,368)
<b>Total Net Assets</b>	<b>3,623</b>	<b>6,361</b>	<b>51,634</b>	<b>8,153</b>	<b>(4,368)</b>	<b>65,403</b>

## 18. Net cash inflow from operating activities

	2012 £'000	2011 £'000
Increase in Society fund	7,543	5,473
Pension Fund movement, excluding actuarial gains/losses	(52)	(1,371)
Investment income receivable	(674)	(363)
Depreciation charge	2,550	2,418
Fixed asset disposals	29	-
(Increase)/Decrease in stocks	(42)	40
Decrease/(Increase) in debtors	(1,469)	1,040
(Decrease)/Increase in creditors	1,818	(3,283)
<b>Net Cash inflow from operating activities</b>	<b>9,703</b>	<b>3,954</b>

## 19. Reconciliation of net cash flow to movement in net funds

	£'000	£'000
Increase in cash in the year	7,816	
Cash outflow to cash investments	(197)	
		7,619
Movement in net funds		
Net funds at 1 February 2011		11,293
<b>Net funds at 31 January 2012</b>		<b>18,912</b>

## 20. Analysis of changes in net funds

	<b>Balance 1.2.11 £'000</b>	<b>Cash Flows £'000</b>	<b>Balance 31.1.12 £'000</b>
Cash at bank and in hand	5,940	7,816	13,756
Cash included within investments	5,353	(197)	5,156
	<u>11,293</u>	<u>7,619</u>	<u>18,912</u>

## 21. Operating leases

As at 31 January the Society and its subsidiaries were committed to annual rentals expiring as follows:

	<b>Consolidated</b>		<b>Society</b>	
	<b>2012 £'000</b>	<b>2011 £'000</b>	<b>2012 £'000</b>	<b>2011 £'000</b>
Land and Buildings:				
Within one year	147	-	147	-
Between two to five years	78	500	78	500
Other:				
Within one year	7	18	2	10
Between two to five years	52	50	32	31
	<u>284</u>	<u>568</u>	<u>259</u>	<u>541</u>

## **22. Pension Scheme**

The Royal Horticultural Society made contributions during the year to a final salary defined benefit pension plan in the UK, the Royal Horticultural Society (1974) Pension Scheme. The pension scheme was closed to future service accruals on 31 May 2009. A full actuarial valuation of the scheme was carried out as at 6 April 2011, which has been updated to 31 January 2012 by a qualified independent actuary. No further future contributions are expected to be made by the RHS into the scheme.

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

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Present value of funded obligations	22,125	19,048
Fair value of plan assets	17,757	17,437
	<u>(4,368)</u>	<u>(1,611)</u>
Present value of unfunded obligations	-	-
Unrecognised past service cost	-	-
	<u>(4,368)</u>	<u>(1,611)</u>
Deficit	(4,368)	(1,611)
Net Liability	<u>(4,368)</u>	<u>(1,611)</u>

As required under the revised FRS17, the scheme's assets for this accounting period are based on bid price. Please note the asset figures for previous accounting periods have not been restated.

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 profit or loss are as follows:**

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Current service cost	14	20
Interest on obligations	1,046	1,031
Expected return on plan assets	(1,110)	(996)
Past service cost	Nil	Nil
Previously unrecognised surplus deducted from the past service cost	Nil	Nil
Losses (gains) on curtailments and settlements	Nil	Nil
Total	<u>(50)</u>	<u>55</u>
Actual return on plan assets	453	1,616

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

	<b>2012</b> <b>£'000</b>	<b>2011</b> <b>£'000</b>
Opening defined benefit obligation	19,048	18,412
Current service cost	14	20
Member contributions	-	-
Interest cost	1,046	1,031
Actuarial (gains) / losses	2,152	(337)
Liabilities assumed in a business combination	n/a	n/a
Exchange differences on foreign plans	n/a	n/a
Benefits paid	(135)	(78)
Closing defined benefit obligation	<u>22,125</u>	<u>19,048</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. The above service cost represents the cost of benefit accrual to 31 May 2009 plus the expenses payable to Aviva for running the scheme over the accounting period.

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

	<b>2012</b> <b>£'000</b>	<b>2011</b> <b>£'000</b>
Opening fair value of plan assets	17,437	14,473
Expected return	1,110	996
Actuarial gains and (losses)	(657)	620
Assets distributed on settlements	-	-
Contributions by employer	2	1,426
Assets acquired in a business combination	n/a	n/a
Exchange differences on foreign plans	n/a	n/a
Member contributions	-	-
Benefits paid	(135)	(78)
Closing fair value of plan assets	<u>17,757</u>	<u>17,437</u>

**5) The major categories of plan assets as a percentage of total plan assets, and expected return, are as follows:**

	<b>2012</b> <b>%Total plan assets</b>	<b>2012</b> <b>Expected return</b>	<b>2011</b> <b>% Total plan assets</b>	<b>2011</b> <b>Expected return</b>
Unitised with profits policy	0.1%	5.5%	0.1%	5.75%
Equities	51.3%	8.0%	53.8%	8.00%
Bonds	32.2%	4.5%	31.2%	5.00%
Cash	16.4%	3.5%	14.9%	3.50%

The expected returns have been based on the current split by investment sector of the assets of the scheme, using average expected returns on each sector. Please note that disclosing expected returns is not mandatory.

**6) Movement in deficit during the year:**

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Deficit in scheme at beginning of the year	(1,611)	(3,939)
<i>Movement in year:</i>		
Current service cost	(14)	(20)
Contributions paid by the employer	2	1,426
Bequests to the scheme	-	-
Past service costs	-	-
Other financial (expenditure)/income	64	(35)
Actuarial gain/(loss)	(2,809)	957
Deficit in scheme at end of the year	<u>(4,368)</u>	<u>(1,611)</u>

In the period to 31 January 2012 employer contributions of £2,000 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**

	<b>2012</b>	<b>2011</b>
Discount rate	4.5% pa	5.5% pa
Expected return on plan assets	6.1% pa	6.4% pa
Future salary increases	4.2% pa	5.1% pa
Pension revaluation in deferment (Retail prices index – maximum 5%)	3.2% pa	3.6% pa
Pension escalation in payment (Retail prices index – maximum 5%)	3.2% pa	3.6% pa
Proportion of employees opting for early retirement	Nil	Nil
Inflation assumption	3.2% pa	3.6% pa

**b) Demographic assumptions**

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

Retiring today		
Males	23.6	24.0
Females	25.5	26.0
Retiring in 20 years		
Males	26.0	26.0
Females	27.9	27.2

**(ii) Pre retirement mortality rates**

The following mortality rates represent the probability of a person age x exact dying within one year.

<b>Age</b>	<b>Males</b>	<b>Females</b>
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:**

	<b>2012</b>	2011	2010	2009	2008
	<b>£'000</b>	£'000	£'000	£'000	£'000
Defined benefit obligation	<b>22,125</b>	19,048	18,412	14,315	13,548
Plan assets	<b>17,757</b>	17,437	14,473	12,202	12,668
(Deficit)	<b>(4,368)</b>	(1,611)	(3,939)	(2,113)	(880)
Experience adjustments on plan liabilities	<b>278</b>	710	472	19	214
Experience adjustments on plan assets	<b>657</b>	620	876	(1,993)	525

### **23. 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. Written assurances have been obtained from all Council members and senior staff that for the period ending 31 January 2012 they have not influenced any transaction between the Society and a related party, as defined by FRS8.

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 Business Committee, and the Directors to declare any material interests that they may have in the activities of the Society and its trading companies. Council and, up until 31 December 2011, the Contracts with Trustees and Connected Parties Committee consider and approve contracts between trustees and the Society and its trading companies. The total cost of these transactions to the RHS in the year is £33,700. The RHS also received commission from a related party totalling £125,494. Details are as follows:

Raymond Evison - The Guernsey Clematis Nursery Limited (of which Raymond Evison is Chairman) received a payment from the RHS of £2,680 towards the cost of its exhibits at the Chelsea Flower Shows. A further payment of £600 was paid to the Guernsey Clematis Nursery Limited for talks by Raymond Evison for RHS Wisley.

Mark Fane - Crocus.co.uk Ltd (of which Mark Fane is a Director) was paid £26,126 for the supply of plants to RHS Gardens. Crocus.co.uk Ltd has a contract with RHS Enterprises Limited under which Crocus.co.uk Ltd supply mail order plants under the RHS brands. Crocus.co.uk Ltd. has paid £125,494 in commission to RHS Enterprises Limited in the year ended 31/1/12. In addition, Crocus.co.uk Ltd was paid £3,428 for plants ordered through the RHS Enterprises Limited mail order facilities. The plants were selected by competition winners of a 'Grow Your Own' campaign, based on gift voucher values.

Jekka McVicar - Jekka's Herb Farm (of which Jekka McVicar is Managing Director) was paid £187 for plants provided to Harlow Carr and £101 for plants to replenish stock at Wisley. Jekka's Enterprises Ltd (of which Jekka McVicar is a Director) was paid £578 for delivering lectures for the RHS (including 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 22).

There are no further related party transactions requiring disclosure.

## **24. Post Balance Sheet Event**

On 20 December 2011 an exchange of contracts took place for the disposal of a 999 year lease of Lawrence Hall, Greycoat Street, London. The date of completion was 1 May 2012, for a lease premium of £18m. The implications of this lease disposal are disclosed here as a post balance sheet event, and no implications or transactions (other than the implications of cancelled customers' contracts) are included elsewhere in the financial statements in respect of the year to 31 January 2012, as all risks remain with the RHS until the completion date.

The Lawrence Hall is owned by the RHS and as at 31 January 2012 was under informal lease to RHS Enterprises Limited (a trading subsidiary of the RHS) for the trading purpose of a Conference Centre. This informal lease will be terminated prior to the completion date.

The Lawrence Hall has a restricted use clause, for use by non-residential institutions for Assembly and Leisure. It was therefore considered appropriate that it should be let on a 999 year lease to the Governing Body of Westminster School for a premium of £18m. The RHS has retained the right to use the property for not more than 20 days in every year, to enable larger events to be held than could be accommodated in just the Lindley Hall (which remains in the RHS property portfolio as a conference facility).

A premium deposit of £1.8m was paid by the Governing body of Westminster School in December 2011 and it was being held in an ESCROW account as at 31 January 2012, and was released upon completion.

Every effort is being made to reassign staff affected by the sale of the lease.

All 3<sup>rd</sup> parties affected by the disposal of the lease have been informed and every effort has been made to find and suggest alternative venues for customers affected by the cancellation of their advance bookings. An accrual has been made of £228,868 for the implications of cancelled customers' contracts, which will form part of the profit/loss on lease disposal in 2012/13.

As the Net Book Value of the Lawrence Hall is £352k, and costs (including the implications of cancelled customers' contracts) are anticipated to be £300k, the book value of the disposal is anticipated to be £17.3m, and the cash flow disposal value is anticipated to be £17.7m.

The funds released by the disposal of this 999 year lease will be made available for a major investment programme planned for the RHS over the next 5 years.



## **Donors and Supporters**

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

### **Legacies**

Miss Joyce Yvonne Baynham	Mr Hubert Kenneth Kitchen
Mr Phillip Birket	Mr Geoffrey Douglas Mais
Mr Michael Thomas Bonney	Mrs Jean Mary Mann
Miss Patricia Joan Brittain	Mrs Eileen Beatrice Mary Mason
Mr Lewis James Burling	Mrs Frances Matty
Miss Cicely Margaret Burton	Celia Jean Ann Nicholls Charitable Trust
Mr Douglas William Buttery	Mr Michael Dan Paterson
Dr RJ W Byrde	Mrs Jean Graham Pillans
Nora Pauline Camell	Mrs Janina Piskor
Mr Kenneth Derrick Carter	Joan Beryl Sams
Mrs Madeleine Rose Coombes	Mr Stuart Arthur Saunders
Miss Freda Beverley Patricia Crawshaw	The Spencer Horticultural Trust
Mrs Kathleen Mary Davidson	Eileen Nena May Stevens
Miss Brenda Dulake	Mrs Diana Marianne Ramsey Swithinbank
Mr Andrew Kirkwood McCosh Elliot	Mr Desmond Sykes
Miss Margaret Beryl Emary	Mrs Meidbin Elizabeth Thirlwell
Miss Esme Moya Engall	Miss Jean Eirian Imogen Thomas
Mrs Daphne Jean Gilbert	Mrs Mary Diane Thompson
Miss Margaret Louise Gulliver	Mrs Maureen Anne Turner
Melinda Ellen Hardwicke	Mr Norman Keith Wales
Miss Audrey Doreen Haynes	Miss Lilian Daphne Wardman
Mrs Patricia Healey	Mrs Margaret Wilkinson
Miss Margaret Esther Heydenrych	Mr Eric Frederick Woodward
Mrs Millicent Hollins (Harris)	Beryl Rosemary Wright
Miss Barbara Johnson	

### **Donations**

#### **Fellows, Major Donors and Charitable Trusts**

Ms Liz Airey	The Oliver Ford Trust
Henry Angest	Mr & Mrs Roger Gabb
The Arbib Foundation	Mr & Mrs Philip Gibbs
Augusta Charitable Trust	Angela and Clive Gilchrist
Mr Lawrence Banks	The Golden Bottle Trust
The Bellasis Trust	Mr & Mrs Peter Hambro
Mrs Rosamund Bernays	The Helen Hamlyn Trust
The BGS Cayzer Charitable Trust	The Herbert Charitable Foundation
Mrs Ian Bond	Mr & Mrs Anthony Hoare
The Charlotte Bonham-Carter Charitable Trust	Mr Will Hobhouse
The City Bridge Trust	Thomas Hughes-Hallett
John Coates Charitable Trust	The Earl and Countess of Inchcape
Mr Stuart Donachie	The Inchcape Foundation
The D'Oyly Carte Charitable Trust	Simon and Emma Keswick
Englefield Charitable Trust	Sir Henry & Lady Keswick
The Eranda Foundation	The Hon Mrs Julia Kirkham
Esmée Fairbairn Foundation	Mr Michael Le Poer Trench
The Lord Faringdon Charitable Trust	Lady Lennox-Boyd
The A M Fenton Trust	Mr & Mrs Matthew Lindsey-Clark
LSA Charitable Trust	Coral Samuel Charitable Trust

Béatrice and James Lupton  
The Andrew W. Mellon Foundation  
The Millichope Foundation  
Mrs Usha Mittal  
Jon and Patricia Moynihan  
The Open Futures Trust  
Mrs Antoinette Oppenheimer  
Salomon Oppenheimer Philanthropic Foundation  
Mrs Gregory Palm  
Mr Terence Pentony  
The Lord Phillimore  
Annie Prebensen  
Mrs David Reid  
Sir Simon & Lady Robertson  
Mr & Mrs Stuart Roden  
Mrs Josie Rowland

The Dr Mortimer & Theresa Sackler Foundation  
Sandra Charitable Trust  
Stanley Smith (UK) Horticultural Trust  
Mr & Mrs Colin Spires  
The Samuel Storey Family Charitable Trust  
Mr A Sutch  
Mr Bernard Taylor  
Mrs Sarah Taylor  
Professor Caroline Tisdall  
Alan & Alison Titchmarsh  
The Topinambour Trust  
Mrs Carolyn Townsend  
Vision Capital  
The Wates Foundation  
The Hon Mrs Simon Weinstock  
Mr & Mrs Hellmuth Weisser  
The Garfield Weston Foundation  
The Wixamtree Trust

**Business**

Agriframes  
Anglian Home Improvements  
AW Champion  
Ball Colegrave  
Bulldog Tools  
Cunard  
The Daily Telegraph  
M&G Investments  
Manchester Airport  
Medici  
Nether Wallop Trading Co.  
Renault  
Suttons Seeds  
Thompson and Morgan  
Waitrose  
Witan Investment Trust

We would like to also thank all anonymous donors.

**If you would like to support the work of the RHS, please contact the Head of Community and Development, at 80 Vincent Square, London SW1P 2PE or telephone 020 78213081**

## **Governance Committees**

### **Audit & Risk Committee**

Alastair Muirhead (Chairman)  
David Haselgrove  
Dame Mary Keegan  
Sir Anthony May (from 1<sup>st</sup> July 2011)  
Philip Rego

### **Business Committee (to 31 December 2011)**

Sir Nicholas Bacon (Chairman)  
Elizabeth Banks  
Dennis Espley (from 1<sup>st</sup> July 2011)  
Mark Fane  
Professor Peter Gregory  
David Haselgrove  
David Morrison  
Alastair Muirhead  
Dougal Philip  
Mark Porter (from 1<sup>st</sup> July 2011)  
Johanna Waterous

### **Investments Sub-Committee (reporting to the Business Committee)**

Alastair Muirhead (Chairman)  
Sir Nicholas Bacon  
Elizabeth Banks  
Rupert Caldecott  
Ross Reason (from 24<sup>th</sup> March 2011)

### **Nominations, Appointments and Governance Committee**

David Morrison (Chairman)  
Rosie Atkins  
Sir Nicholas Bacon  
Elizabeth Banks  
Dennis Espley (to 1<sup>st</sup> July 2011)  
David Haselgrove  
Robert Hillier (from 1<sup>st</sup> July 2011)  
Jekka McVicar  
Lorna Parker (from 1<sup>st</sup> July 2011)  
Dr Richard Webb

### **Pensions & Remunerations Sub-Committee (reporting to the Business Committee)**

Sir Nicholas Bacon (Chairman)  
Elizabeth Banks  
Christopher Blundell  
Keith Cameron  
Mark Fane  
Alistair Muirhead

### **Contracts with Trustees & Connected Parties Committee (to 31 December 2011)**

Dougal Philip (Chairman)  
George Anderson  
David Haselgrove  
Prunella Scarlett

## **Professional Advisors**

### **Auditors**

PKF (UK) LLP  
Farringdon Place  
20 Farringdon Road  
London EC1M 3AP

### **Solicitors**

Stephenson Harwood  
One, St Paul's Churchyard  
London EC4M 8SH

### **Bankers**

National Westminster Bank plc  
169 Victoria Street  
London SW1E 5NB

### **Investment Fund Managers**

BlackRock Investment Management (UK) Ltd.  
33 King William Street  
London EC4R 9AS

Ruffer LLP  
80 Victoria Street  
London SW1E 5JL

CCLA Investment Management Limited  
80 Cheapside  
London EC2V 6DZ

Newton Investment Management Limited  
160 Queen Victoria Street  
London EC4V 4LA

Troy Asset Management  
44 Davies Street  
London W1K 5JA