

Royal
Horticultural
Society

**ANNUAL REPORT
AND CONSOLIDATED FINANCIAL STATEMENTS
2010/11**

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HM The Queen

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Alan Titchmarsh MBE DL VMH
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Council

Elizabeth Banks DL (elected as President 1 July 2010)
Giles Coode-Adams (retired 1 July 2010 as President)
Sir Nicholas Bacon Bt OBE DL (elected as Treasurer 1 July 2010)
Andrew Sells (retired as Treasurer 1 July 2010)
George Anderson MBE
Rosie Atkins (elected 1 July 2010)
Michael Balston
Christopher Blundell
Raymond Evison OBE VMH
Mark Fane
Professor Peter Gregory (elected 1 July 2010)
David Haselgrove (elected 1 July 2010)
The Hon Sarah Joiner (appointed 1 July 2010)
Professor John MacLeod (deceased 18 June 2010)
Jekka McVicar (re-elected 1 July 2010)
David Morrison
Alastair Muirhead
Dougal Philip
Prunella Scarlett LVO (re-elected 1 July 2010)
Richard Webb DL (retired 1 July 2010)

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Annual General Meeting 2011

All members of the Society will have the opportunity to question Members of Council (who are Trustees of the Royal Horticultural Society) on past performance and future plans at the 2011 Annual General Meeting which will be held at the RHS Garden Wisley at 2pm on Friday 1 July 2011. For further information about the meeting go to www.rhs.org.uk/AGM or contact The Secretary at the address shown below.

If you have any questions about anything contained in this Report or the accompanying Financial Statements, please address these in the first instance to The Secretary, Royal Horticultural Society, 80 Vincent Square, London SW1P 2PE, telephone 020 7821 3679, fax 020 7821 3020, email agm@rhs.org.uk. We would also welcome your suggestions on how the Report can be improved in future years.

President's Introduction: Review of 2010/11

My first year as President of the Royal Horticultural Society has been rewarding, and enjoyable. Although I thought that I was familiar with the wide range of activities undertaken by the RHS I have spent the last year finding out even more ways in which the Society, as the world's leading gardening charity, works towards promoting the science, art and practice of horticulture as the founders set out in 1804.

None of the work would be possible without the support of the committees, the members and donors, and I would like to take this opportunity to thank them. The RHS has been through significant changes and Sue Biggs joined the Society as Director General in August. I have taken great pleasure in working closely with her and all the staff and their commitment and enthusiasm is stimulating.

2010 marked the 60th anniversary of RHS Harlow Carr in Harrogate, Yorkshire. This was celebrated with the opening of the Bramall Learning Centre within the Mary Weston Building by RHS Vice President, Alan Titchmarsh. This new education facility also received a visit from HRH the Duchess of Cornwall. The Centre provides an opportunity for local schools and other groups to learn about gardening through a wide variety of formal and informal courses. The Building itself has achieved the highest ratings for energy efficiency and is the most efficient building of its type in the UK.

The RHS has worked with the National Foundation for Educational Research on a major study that showed gardening provides opportunities for improving literacy and numeracy but also improved pupils' confidence, resilience and self esteem. This report underpins the continuing RHS commitment to the Campaign for School Gardening, which has been joined by more than 13,000 schools nationwide.

Scientific research has continued to break new ground in understanding issues facing today's gardeners. Many members trust the expert independent advice and the work on encouraging biodiversity in gardens. The RHS is one of the leading sources in understanding the issues of gardening in a changing climate, of managing resource use and the importance of green spaces in urban environments, as well as the research into the threat from pests and diseases. A further initiative was the launch of the 'Grow Your Own' iPhone app. This valuable new gardening tool for the digital generation is already being used by more than a quarter of a million gardeners, and was recently listed as one of the Sunday Times' Top 500 apps in the world.


Our shows continue to be beacons of horticultural excellence and the passion for gardening is shared with not just the hundreds of thousands that visit the shows but also with the BBC audiences which are watched by millions on television and online. There were slightly fewer visitors to the RHS gardens owing to the severe cold snaps at the beginning and end of last year but 2010 was second only to 2009 for garden visits.

The RHS Garden Wisley was awarded the title of 'Large Visitor Attraction of the Year' from VisitBritain, a great achievement and testament to the hard work of all the staff. The year ended with more recognition as RHS Harlow Carr was voted the 'Best Large Visitor' attraction in Yorkshire and it is now short listed for the same award that RHS Garden Wisley currently holds. The Lindley Library was designated by the Museums & Libraries Association as of national and international significance, which is a tribute to the quality of the library.

Membership has grown with an increase in the number of new members and improvement in the retention of existing members. This growth in membership and Gift Aid income, combined with the

control of expenditure, offset the negative impact of the challenging economic environment and poor Spring weather. As a result, the Society has maintained a credible performance for the year, achieving a net increase in funds ahead of budget.

The RHS is well placed in 2011 to continue to meet the needs of today's gardeners and I look forward to working with colleagues and across the gardening world to build on the success. Thank you again for your support.



Elizabeth Banks
President

Director General's Introduction: Looking to the Future

I joined the RHS in August 2010 having been a member of the Society for 18 years, and a regular visitor to RHS Wisley Garden, Hampton Court and Chelsea Flower Shows. After a 30 year career in the luxury travel industry, I was thrilled to be appointed to my role as Director General. This is truly a dream job for me as it combines my business experience with my love for all things gardening, and gives me the great privilege of guiding this incredible organisation forward, a responsibility I take very seriously. We are lucky to have such a rich heritage to treasure and so many passionate and committed people working hard together to make Britain a better, greener, more beautiful place. I am confident that we will develop and grow our Society, and lead it into a strong, and exciting future for our members.

Central to that growth is our ability to reach and engage with *all* gardeners, regardless of their knowledge and experience – whether they are a world horticultural expert or an excited novice wanting to climb onto the first step of gardening, the RHS is the place for everyone. We certainly aim to be the trusted voice of authority in gardening but we also want to be known and loved as the charity for all gardeners.

Looking forward, our commitment to inspiring and demonstrating horticultural expertise will be at the core of what we do. We have a long and cherished tradition of gardening in this country and it is vital that horticultural knowledge and good gardening practice is maintained for future generations, especially in the face of a changing climate and increasing disease and pest threats.

I am sure that everyone reading this understands about the transforming impact that gardening can have. It's thankfully so easy to get lost in the beauty and fun of gardening, to forget the stresses and strains of daily life once you're amongst beautiful plants. Because of this, we believe passionately that gardening can transform the lives of individuals and communities and we're going to be working hard this year to spread our reach even further. We will explore how we can expand our work throughout the UK via RHS Britain in Bloom as well as our network of affiliated societies and gardening clubs to ensure that we support gardeners wherever and whenever they are gardening.

Our work in the community will continue to expand through our investment in education. From children in Campaign for School Gardening to adults learning in our gardens, from trainees embarking on a professional career in gardening to the highest qualification and pinnacle of achievement, the RHS Master of Horticulture - in all these areas, we are committed to investing in educating and growing the gardeners of today and the future.

We hope that we can inspire as well as inform gardeners, and that is why we will continue to invest to ensure that our gardens and shows are world class and demonstrate the very best in horticulture. We want to ensure that we offer the very best welcome, service and expert independent advice to every visitor. The same applies to our amazing libraries, where we will provide greater access to the wealth of knowledge, beauty and history that exists in them. The Lindley Library in London in particular is a hidden treasure trove of centuries old important horticultural books, inspirational botanical paintings and breathtakingly beautiful photography. These collections are definitely not to be missed, and we will be increasing the access to them during 2011.

If we achieve all this, and let people know about it, we hope that more and more gardeners will recognise the value of the Society and want to support our work. They can do this by becoming a member, donating to our development programmes, or by volunteering to get involved. It's easy for us to "just" be seen as organiser of some of the world's finest flower shows and gardens, but without the incredible support of our members, volunteers and donors, we wouldn't be able to build

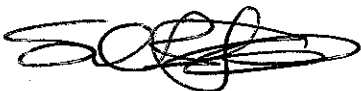
new scientific and educational facilities, open up art and 'Grow Your Own' to communities or deliver the joy and beauty of gardening to so many people throughout the UK.

During my first few months, I reviewed the structure of the organisation with the aim of ensuring that we make the most efficient use of the charity's resources. Changes were made to the Society's structure in November 2010, allowing us to be in the best possible shape to move our organisation forward into the future. This then led on to developing 10 Strategic Objectives together with Council and the Leadership Team that will guide our decision making until 2013 as we build and improve the Society. You can read more about these on page 8, and about our future plans on page 14, Future Developments and Developments.

In delivering our objectives we want to be more open, more accessible, more relevant and more communicative, working closely with our partners in the gardening world. If you would like to send me your views on ways you think we could improve our Society then please contact me anytime.

All of us at the RHS are lucky to be surrounded by beautiful plants, gardens, shows and collections, so no wonder it's such a great place to work - because at the end of the day gardening is a pleasure, both for the gardener and all those who are lucky enough to experience the pleasure of the gardener's efforts.

Our job is quite simply to ensure that the RHS continues to be the best support a gardener can have.



Sue Biggs
Director General

ACTIVITIES IN 2010 / 11 - WHAT THE RHS DOES

The following is a summary of the Society's principal activities and how we provide public benefit.

Community Gardening

The Society is proud of its work devoted to extending gardening to as many communities and corners of Britain 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 and a host of Affiliated Societies and schools to expand our reach.

Art, Libraries & Media

The RHS Lindley Library comprises the finest collection 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, Westminster and branches in each of the RHS Gardens are open and access is free to everyone.

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

Science

The 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, identifying and promoting solutions to major issues for them. The Society carries out scientific research into plants, their physiology, cultivation and identification, and the pests and diseases affecting them. We also provide authoritative horticultural advice to our members and to the wider public via our website; through lectures and seminars; and leading the debate on issues influencing horticulture and gardening.

Education

The Society aims to share practical knowledge and inspire everyone 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 Office of Qualifications and Examination Regulations, 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 the diverse craft skills and practical understanding of horticulture.

We also run the Campaign for School Gardening to encourage as many schoolchildren as possible to get growing, and to help every child get involved in gardening. With regards to adult education, we organise a range of lectures, courses and workshops in our Gardens and around the country, aimed at inspiring adults and building 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.

Last but not least, the Society administers a number of bursary funds and through these is able to support plant exploration, study tours and conference attendances around the world.

Flower Shows

The RHS is responsible for organising the inspirational world class Flower Shows at Chelsea, Hampton Court Palace in Surrey and Tatton Park in Cheshire, as well as seasonal shows in Wisley, Hyde Hall and at the Society's Horticultural Halls in London. Other Shows held 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).

Gardens

Through our four renowned Gardens at Harlow Carr in North Yorkshire, Hyde Hall in Essex, Rosemoor in Devon and Wisley in Surrey, 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 Gardens also hold plant trials to judge the performance of plants – those that are considered to perform well receive the RHS Award of Garden Merit (AGM) to help gardeners identify plants that will thrive in most garden situations.

Retail

In all four gardens and throughout our Shows, the RHS offers an excellent retail experience for our members and visitors. Sales are generated through our plant centres, gift shops and bookshops, where Wisley offers arguably the best horticultural bookshop in the world. In addition, the Retail division offers a mail order service, online sales and earns further income for our charitable purposes from licensing out images from our extensive library.

HOW WE ENSURE 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 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 Gardens, Britain in Bloom and the affiliation of local horticultural societies. We also ensure that there is extensive coverage of our flower shows on free to air television.

As a membership charity, we rely on the support of our 362,780 members to deliver our charitable purpose. In return for this vital assistance, we provide our members with access to a range of services and activities such as free entry for themselves and for a member of their family to our gardens and over 140 recommended gardens; reduced admission prices to our shows; a 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 to share our knowledge and best practice. We place no restrictions on membership and endeavour to keep membership subscriptions at an affordable level.

ACHIEVEMENTS IN 2010 / 11

Performance against our published plans is summarised on the following pages under each of our strategic aims for the year.

	Strategic Principles to January 2011	Targets to January 2011	Performance to January 2011
1.	To develop and promote horticultural expertise and to make it available to a wide audience both in the UK and the rest of the world.	<p>Implementation of garden Masterplans, specifically: Peter Buckley Learning Centre at Rosemoor and Bramall Learning Centre at Harlow Carr; visitor centre at Hyde Hall; Bowes Lyon Rose Garden at Wisley; and project initiation documents developed for additional Masterplan elements.</p> <p>6,000 visitors to Harlow Carr library.</p> <p>5% increase in non-members attending Growing for Success regional events.</p>	<p>Masterplan projects implemented:</p> <p>Visitor centre at Hyde Hall opened 11 March 2010</p> <p>The Bramall Learning Centre, Harlow Carr opened 28 June 2010</p> <p>The Peter Buckley Learning Centre at Rosemoor opened 15 April 2011</p> <p>Planting of the Bowes Lyon Rose Garden at Wisley is underway and will be opened 14 July 2011.</p> <p>11,000 visitors to Harlow Carr library</p> <p>An 11% decline in non-member visits to the Growing for Success regional events.</p>
2.	To encourage interest in horticulture and participation in gardening at all levels and provide inspiration and advice for all gardeners, including the Society's members, the wider public and the younger generation.	<p>1.5 million visitors to our gardens.</p> <p>401,000 visitors to Chelsea (CFS), Hampton Court Palace (HCPFS) and Tatton Park (TPFS) shows.</p> <p>7% growth in monthly online visitor numbers.</p>	<p>1.32 million visitors to our gardens.</p> <p>396,000 visitors to the CFS, HCPFS and TPFS shows.</p> <p>A 7.8% decline in online visits (due to technical issues with the content management system, now resolved).</p>

<p>3.</p>	<p>To provide and support horticultural education at all levels from primary school to vocational training.</p>	<p>13,000 schools participating in Campaign for School Gardening, 20% of which are benchmarking.</p> <p>Establish new RHS level 2 qualifications in 75 centres, level 3 qualifications in 40 centres and practical qualifications in 30 centres.</p> <p>Maintain the overall customer satisfaction score for above centres at 80%.</p>	<p>13,000 schools (425 in Scotland) now participate in the Campaign for School Gardening, with 26% engaged in benchmarking.</p> <p>The number of centres approved to offer our Qualifications and Credit Framework (QCF) qualifications is:</p> <table border="0"> <tr> <td>QCF Level 2 Theory</td> <td>90</td> </tr> <tr> <td>QCF Level 3 Theory</td> <td>42</td> </tr> <tr> <td>QCF Practical</td> <td>43</td> </tr> </table> <p>Three colleges are registered to offer these qualifications in Scotland.</p> <p>The number of practical qualifications will not be known until July 2011.</p> <p>Overall customer satisfaction score for approved centres was 81%.</p>	QCF Level 2 Theory	90	QCF Level 3 Theory	42	QCF Practical	43
QCF Level 2 Theory	90								
QCF Level 3 Theory	42								
QCF Practical	43								
<p>4.</p>	<p>To support and lead the development of horticultural science for the benefit of gardeners.</p>	<p>25 scientific articles published in horticultural publications.</p> <p>10% increase in traffic to updated Plant Selector.</p> <p>200 new advice pages available on www.rhs.org.uk based on horticultural research.</p> <p>3,000 citizen scientists engaged in research projects.</p>	<p>26 scientific articles published in horticultural publications.</p> <p>82% increase in traffic to these pages.</p> <p>200 new advice pages added on www.rhs.org.uk based on horticultural research.</p> <p>1,300 citizen scientists engaged in research projects last year.</p>						
<p>5.</p>	<p>To encourage and support community gardening.</p>	<p>1,800 communities participate in Britain in Bloom and It's Your Neighbourhood.</p>	<p>2,100 communities are now participating in the Britain in Bloom and It's Your Neighbourhood initiatives.</p> <p>Falkland in Scotland has retained its Champion of Champions crown in the RHS 2010 Britain in Bloom Awards, pipping fellow Scottish team Pitlochry to the top spot.</p>						

6.	To work in partnership with the horticultural trade in order to help the Society deliver its charitable purpose.	<p>55% of the UK-based exhibitors of plants and garden products at CFS, HCPFS and TPFs, reported that business had remained the same or that it had improved.</p> <p>Increase in web traffic to Award of Garden Merit pages.</p>	<p>66% at Chelsea 45% at Hampton Court 70% at Tatton Park</p> <p>of the exhibitors at the shows above reported business had stayed the same or improved.</p> <p>Page views of the Award of Garden Merit / Trials pages of the site grew by 10.9% on 2009/10 number.</p>
7.	To lead the debate on the role of horticulture and horticultural practices in a changing environment.	<p>10,000 unique visitors to the 'Plants for Bugs' project Bug Blog.</p> <p>50% increase in traffic to growing media webpages.</p>	<p>The 'Plants for Bugs' blog received 4,102 unique visitors.</p> <p>Over the year the number of unique visits to the growing media pages increased by 5.8% year on year, with dramatic growth in visits since October 2010 redesign.</p>
8.	To provide a range of values, benefits and services for the Society's members that will help to maintain and support existing membership and to facilitate growth over time.	<p>359,000 RHS members.</p> <p>52,000 new members.</p> <p>83.5% membership retention rate.</p> <p>98% retention of partner gardens.</p> <p>70,000 queries answered by RHS advisory service.</p> <p>Mystery garden visitor scores at least 80%.</p> <p>Increase in member awareness of RHS's charitable purpose and activities.</p>	<p>362,780 members (5,712 in Scotland).</p> <p>53,960 new members.</p> <p>86% membership retention rate.</p> <p>99% retention of partner gardens.</p> <p>65,700 queries were answered by the advisory service. The cold start to the growing season in 2010 resulted in a marked reduction in enquiries at the beginning of the year.</p> <p>Average mystery shopper scores at the gardens were 86.5%.</p> <p>Understanding of the RHS charity that:</p> <p>Works with communities held at 38%.</p> <p>Works with children held at 30%.</p> <p>That cares for the environment increased from 48% to 52%.</p>

9.	To recognise and promote the health and social value of gardening in all we do.	Establish a benchmark for public awareness of benefits of gardening.	A benchmark for public awareness of the benefits of gardening has not been established, will be completed during 2011.
10.	To develop and apply working practices that enables the Society to deliver its charitable purpose.	<p>Through fundraising activities to provide £3.5m income from sponsorship, legacies and donations, to support and fund charitable goals.</p> <p>5% of Annual General Meeting (AGM) votes cast electronically.</p> <p>Audit of governance completed.</p>	<p>We received £4.6m through our fundraising activities.</p> <p>In 2010 no votes were cast electronically at the AGM.</p> <p>A governance review is still ongoing.</p>

FUTURE OBJECTIVES 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.

OUR STRATEGIC OBJECTIVES TO 2013

Our strategic objectives will guide and inform our actions throughout 2011 and beyond in order to change perceptions of the RHS and deliver improved results and more public benefits.

- The long term aim is to encourage more and more people to garden and to be known, loved and trusted as the charity for all gardeners. Our purpose as the world's leading gardening charity is to inspire passion and excellence in the science, art and practice of horticulture. In everything that we do, we will aim to use our Guiding Principles to: Inspire. Involve. Inform. Improve.
- Between 2011 and 2013, we will deliver all elements of our 3 year strategic action plan, all of which are focussed on delivering more value and benefits to more people of all ages, and experiences – who have a common love of gardening that binds them together. All core actions will be started in the current financial year; see below for how we plan to deliver increased value, services and benefits to our beneficiaries.
- In the short term, we have now launched our 10 Strategic Objectives. These will 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 so that we succeed in our objective to increase the size of our supporter base. In this way, we will increase our income to fund our charitable projects and deliver maximum public benefit.

We will work hard to achieve our 10 Strategic Objectives over the next three years in order to:

1. 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 to individuals and society. Our aim is to better communicate the integrated picture of our charitable purpose so that we can build strong emotional connections with our supporters that create unshakeable loyalty into the future.

2. 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 gardens if we don't? There are many fine charities involved in the protection of formal gardens or woodlands, but can anyone else safeguard the future of individual's gardens and plants? With the help of our Plant Committees, we aim to train the gardeners of the future; be increasingly influential as the centre of excellence for independent horticultural science and advice; pass on our love of gardening and all things horticultural to all.

3. Transform communities through gardening.

Through our work, we want to make Britain a better, greener and more beautiful place. We plan to launch our Regional Strategy in 2011 allowing us to expand our reach throughout the UK. We will more clearly define the various community gardening activities; create community allotment plots in RHS gardens and make a tangible impact on urban green spaces.

4. 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. In such a fast moving world, we want to refresh our shows, gardens, publications and websites to offer inspirational new ideas. We will remain at the cutting edge of horticulture with the highest possible standards in our plants and bookshops, with Wisley arguably the best horticultural bookshop in the world.

5. 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. We will increase our members and visitors by creating a powerful case for support around our broad charitable purpose.

6. Provide a voice for all gardeners.

Our aim is to be the trusted voice of authority for the many and the few. We aim to deliver a wider, more effective communications plan that applies to all areas of the RHS, that enables two way dialogue with all types of gardeners and engages with the total horticultural sector and government to our mutual benefit.

7. Share and build expert knowledge.

Anything anyone ever wanted to know about horticulture from beginners to experts – this is our remit and we aim to achieve this by improving our online offering so that we offer a world class website; improving interpretation and our advisory service and bring the expertise of the RHS and other specialists together in many different ways.

8. Delight our customers with exceptional services and products.

We want our customers to talk about us constantly and to come back again and again because their experience was so good. We will put our customers at the heart of everything we do, improving their personal experiences at every point throughout our organisation.

9. 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. We will be increasing the amount of training, as well as improving the involvement and ownership of staff and volunteers. We also hope to retain the Investors in People award this year.

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

We want to move fast and keep things simple, strip out bureaucracy and wage war on waste so that cost control is in our DNA. We must ensure we have an effective, stable infrastructure for IT and facilities to enable the business to deliver maximum benefits, and efficient business practices that will enable us to deliver increased public benefits.

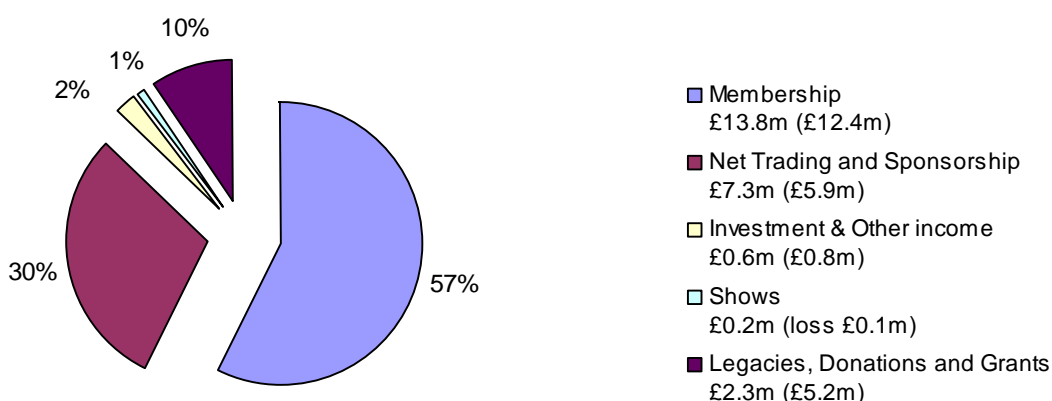
Of course there are many challenges ahead this year, with an ongoing recession, poor retail trading and erratic environmental and weather patterns that could affect our predominantly outdoor world. But we firmly believe that the above actions will deliver increasing benefits to an increasingly broad reach of beneficiaries, and see a strong future ahead for the Royal Horticultural Society, its members, staff and supporters.

FINANCIAL REVIEW BY THE TREASURER

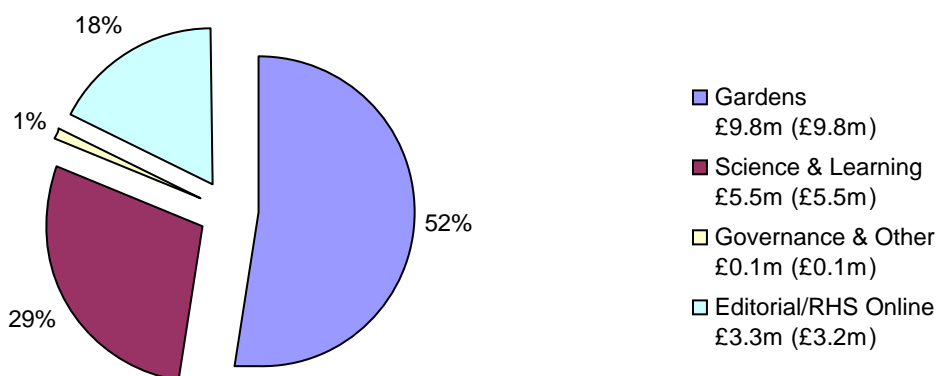
The financial results are set out below showing how money was raised net of the costs incurred and how money was spent net of any related income. The figures come from the Consolidated Statement of Financial Activities on page 26, which is presented in accordance with the latest accounting standards. (For ease of reference 2009/10 figures are show in brackets below): -

HOW WE RAISED AND SPENT OUR FUNDS

How we raised our net charitable funds - £24.2m (£24.1m)



How we spent our funds - £18.7m (£18.6m)



- Net Income for future investment £5.5m (£5.5m)

RESULTS

RESULTS

Despite the very challenging economic environment and poor Spring weather in 2010 we managed to deliver a satisfactory result, exceeding our internal budget and matching the previous year's Net Income of £5.5m. During the year we delivered many targets including the completion of two major capital projects, which will help to promote horticulture to wide audiences. The Peter Buckley Learning Centre was completed in November 2010, with an official opening in April 2011; likewise the Bramall Learning Centre was completed in the year and officially opened in June 2010.

Membership continues to be a major source of funds and membership grew by 1% to 362,780 members. There has been a strong uptake of the new subscriptions that attract Gift Aid and this has contributed to the 12% growth in membership income.

Shows continue to attract large audiences, with over 396,000 visitors attending Chelsea, Hampton Court and Tatton Park. Chelsea was fully subscribed and the Tatton Park show attracted an increased number of visitors. They act as inspiration to thousands of gardeners and offer an accessible and visual way to demonstrate horticultural excellence.

During the year the gardens attracted over 1,320,000 visitors, it was not a surprise that this was a 12% fall of the previous year which had such perfect weather patterns but it was still the second best year ever for garden visitor numbers.

Income

In the light of difficult trading conditions the income generated of £63.5m (2009/10: £65.8m) was a reasonable performance. Two of our major income streams, Membership and Shows increased over the previous year but other income streams, notably Trading and Legacy & Donations income were down. The Membership income benefited from the high uptake of subscription that attracted Gift Aid, and Shows income increased due to higher attendance. Our Garden income fell by 11% due to lower visitor numbers, and led to suppressed trading income from retail and catering facilities. Legacy income by its nature is more volatile and explains the fall in income in this category; the fundraising for specific projects continues to be successful, and with greater funds raised for the Peter Buckley Learning Centre will allow us to undertake more extensive landscaping works.

Expenditure and Net Income

Total expenditure in the year was £58.0m (2009/10: £60.4m), a reduction of £2.4m compared to the previous year. Strong control of budgets helped keep costs at similar or lower levels than the previous year. There was a net reduction of £0.8m in salary and related costs, as the full year savings from the previous year restructuring came to fruition. As a result of this, expenditure in all areas was similar to or less than the previous year.

Net income was £5.5m (2009/10: £5.5m). The Society's expenditure was managed down in line with the reduced income.

The steady recovery in the stock market helped increase the underlying valuation of investments and the pension fund, resulting in a net revaluation gain of £3.0m. This substantial increase resulted in an overall net movement of funds of £8.4m (2009/10: £4.6m)

Investments

The Society held investments valued at £30.1m (2009/10: £26.5m) and are set out in note 6 on page 35. The Investments Sub-Committee oversees the Society's investments and is responsible for the review and maintenance of the Society's investment performance.

As a result of a strategic review the Sub-Committee had identified the need to diversify funds across five investment managers to reduce investment risk. This process was completed in this financial year with the appointment of two additional fund managers, Newton Investment Managers and Troy Asset Management. Further, as part of the strategic review Newton Investment Managers and Troy Asset Management were appointed to manage the endowment funds.

Reserves

In line with the Charity Commission guidance that a charity should maintain adequate reserves to ensure its ability to deliver its charitable objectives, the Society holds unrestricted reserves for a number of purposes which are set out in note 15 to the financial statements. These reserves, which are reviewed annually by Council, are summarised as follows:

- Fixed asset funds totalling £37.3m (including the Bicentenary Glasshouse Fund) representing the amount tied up in the net book value of unrestricted completed fixed assets;
- Reserve Policy fund of £7.5m. 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 2.3 months of the Society's charitable expenditure, as being appropriate to the Society's commitments.

The balance on unrestricted reserves, after the above designations, is held in General and Trading funds of £7.6m to provide working capital for the Society and its trading subsidiaries and to fund assets under construction.

Pensions

The balance sheets on pages 27 and 28 include the pension deficit of £1.6m as at 31st January 2011 (2009/10: £3.9m). This 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 confirmed the underlying deficit at £1.6m, as identified by the scheme specific triennial valuation as at April 2008. Funds of £1.4m were designated in 2009/10 and paid in the year 2010/11. This payment and the actuarial gain of £0.9m contributed to the reduction in the deficit from £3.9m to £1.6m. Whilst the closure of the scheme helps to minimise the Charity's financial exposure, we shall continue to be subject to future variations in the triennial valuation (next due as at April 2011) and will continue to monitor further options to reduce the liability as required.

Capital Expenditure

In 2010/11 Capital Expenditure amounted to £3.3m (2009/10: £6.2m). This related to the construction of the Peter Buckley Learning Centre at Rosemoor (£1.1m) and the completion of the Bramall Learning Centre at Harlow Carr (£0.8m). The balance represents other necessary items of investment in plant and equipment, fixtures and fittings, and assets under construction.



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) or obtained on request from The Secretary at the address shown at page 2.

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 also act as the Trustees of the Society. The President acts as 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 replacements 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 and knowledge.

If a vacancy arises during the year, Council has the power to appoint a new trustee. An appointed trustee 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 and Appointments Committee comprising both serving Council members and other members of the Society is responsible for identifying candidates for election to Council after having regard to the role description and person specification and the skills, knowledge and experience of existing Trustees. 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 on the same section.

Council Members Induction and Training

Most Council members have already served on one or more RHS committees before their election. However, on election, Council 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 and 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 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 taking 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.

Business Committee – determines business and financial policy and undertakes performance review.

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.

Investments Sub-Committee – reviews and maintains the Society's investment portfolio (including bursary funds).

Nominations and Appointments Committee – identifies and recommends candidates for election as Council members. 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.

Remuneration and Pensions 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 Sub-Committee also takes an overview of the policies for pay and conditions of all other members of the Society's staff.

Advisory Committees, Sub-Committees and Panels

Council also appoints Committees and Sub-Committees and Working Groups to provide specialist advice to the RHS 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 2. Further information about the work of RHS Committees 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 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 (joined the Society 1 August 2010)
James Rudoni	Director of Gardens (from 1 November 2010)
Will Havercroft	Head of Retail (from 1 November 2010)
Stephen Bennett	Director of Shows
Jim Gardiner	Director of Horticulture
Dan Wolfe	Director of Members, Art & Media
Roger Williams	Head of Science (from 1 November 2010)
Ruth Evans	Head of Community & Development (from 1 November)
James Hiley	Director of Finance & Co. Secretary (joined the Society 7 February 2011)
Jan Nix	Head of Internal Audit and IT (joined the Society 1 November 2010)
Kerry Smith	Head of Human Resources (from 1 November 2010)

The following were members of the Leadership Team but left during the financial year:

Sarah Buxton	Director of Finance & IT (to 31 October 2010)
Simon Thornton-Wood	Director of Science & Learning (to 31 October 2010)
Gordon Seabright	Commercial Director (to 31 October 2010)

Staff and Volunteers

As at the 31 January 2011, the Society employed 564 full-time and 167 part-time staff (31 January 2010: 502 and 122 respectively). The increase reflects the filling of vacancies and transfer of Hyde Hall Catering to in-house management.

The Society also received help from over 1,000 volunteers (2009/10: 939) 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

Council members 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 the Business Committee.

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 21 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 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, reassurance.

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 COUNCIL'S RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

In accordance with the Society's Charter and Bye-Laws, the Council members are responsible for preparing the 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 Council members to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the group and the Society and of the incoming resources and application of resources, including the net income or expenditure, 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 estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

Council members are required to act in accordance with the trust deed and the rules of the charity, within the framework of trust law. The Council members are responsible for keeping accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 1993, the Charities and Trustee Investment (Scotland) Act 2005 and regulations made thereunder. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Council members 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.

Statement of Compliance

Council acting as the Trustees of the RHS confirm that they have reviewed the accounting policies used in the preparation of the accounts and that these comply with current statutory requirements, the requirements of the Society's Royal Charter and Bye-Laws and the requirements of the Charity Statement of Recommended Practice 2005.

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 are each aware, there is no relevant audit 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 2010. Baker Tilly UK Audit LLP continued to act as provider of the Society's internal audit function.



Elizabeth Banks
President of the RHS and Chair of Council
15 April 2011

INDEPENDENT AUDITORS' REPORT TO THE COUNCIL OF THE ROYAL HORTICULTURAL SOCIETY

We have audited the group and the parent charity financial statements ("the financial statements") of the Royal Horticultural Society for the year ended 31 January 2011 which comprise the group statement of financial activities, the group and charity balance sheets, the group 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 regulations made under the Charities and Trustee Investment (Scotland) Act 2005 and in accordance with regulations made under the Charities Act 1993. 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 council's responsibilities, the Trustees are responsible for the preparation of the financial statements. We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under section 43 of the Charities Act 1993 and report in accordance with regulations made under those Acts. Our responsibility is to audit 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 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

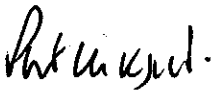
In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charity's affairs as at 31 January 2011 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, regulation 8 of the Charities Accounts (Scotland) Regulations 2006 and in accordance with the Charities Act 1993 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 Trustees Investment (Scotland) Act 2005 and regulations made under the Charities Act 1993 requires us to report to you if, in our opinion:

- adequate 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
- any information or explanation to which we are entitled has not been afforded to us.



PKF (UK) LLP
Statutory auditor
London

15 April 2011

Eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR END 31 JANUARY 2011**

	Note	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	2011 Total £000	2010 Total £000
INCOMING RESOURCES						
INCOMING RESOURCES FROM GENERATED FUNDS						
Voluntary Income						
Legacies & Donations	2	1,748	1,571	16	3,335	6,171
Grants		2	-	-	2	42
Activities for generating funds						
Trading Income	11	23,261	-	-	23,261	23,677
Sponsorship Income	11	1,254	-	-	1,254	1,623
Investment Income		314	49	-	363	487
INCOMING RESOURCES FROM CHARITABLE ACTIVITIES						
Shows		15,737	-	-	15,737	15,506
RHS Gardens		2,208	-	-	2,208	2,474
Science, Learning & Libraries		698	159	-	857	1,046
Membership subscriptions		16,217	-	-	16,217	14,531
OTHER INCOMING RESOURCES						
		241	-	-	241	264
Total Incoming Resources		61,680	1,779	16	63,475	65,821
RESOURCES EXPENDED						
COSTS OF GENERATING FUNDS						
Costs of generating voluntary income						
Legacies & Donations		1,029	2	-	1,031	988
Grants		2	-	-	2	24
Fundraising trading: cost of goods sold and other costs						
Trading Costs	11	16,965	-	-	16,965	18,984
Sponsorship	11	268	-	-	268	463
INVESTMENT MANAGEMENT COSTS						
		47	-	-	47	-
CHARITABLE EXPENDITURE						
Shows		15,487	37	-	15,524	15,565
RHS Gardens		11,793	181	-	11,974	12,273
Science, Learning & Libraries		5,566	753	-	6,319	6,568
Editorial		3,338	-	-	3,338	3,172
Membership services		2,409	-	-	2,409	2,180
GOVERNANCE COSTS						
		125	-	-	125	145
Total Resources Expended		57,029	973	-	58,002	60,362
NET INCOME BEFORE FUNDS TRANSFER		4,651	806	16	5,473	5,459
Transfers between funds		3,068	(2,886)	(182)	-	-
NET INCOME / (EXPENDITURE)		7,719	(2,080)	(166)	5,473	5,459
Gains on investment assets	6	1,676	8	322	2,006	1,487
Actuarial gains/(losses) on defined benefit pension scheme	21	957	-	-	957	(2,385)
Taxation	7	-	-	-	-	86
NET MOVEMENT OF FUNDS	4,15	10,352	(2,072)	156	8,436	4,647
OPENING VALUE OF FUNDS		40,431	7,298	3,394	51,123	46,476
CLOSING VALUE OF FUNDS		50,783	5,226	3,550	59,559	51,123

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

CONSOLIDATED BALANCE SHEET FOR THE YEAR END 31 JANUARY 2011

	Note	2011		2010	
		£000	£000	£000	£000
FIXED ASSETS					
Tangible assets	10		39,518		38,656
Investments	6		30,129		26,456
			<u>69,647</u>		<u>65,112</u>
CURRENT ASSETS					
Stocks		1,274		1,314	
Debtors	12	3,723		4,763	
Cash at bank and in hand		5,940		6,570	
		<u>10,937</u>		<u>12,647</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR					
Income in advance		(13,771)		(14,596)	
Creditors	13	(4,908)		(7,499)	
		<u>(18,679)</u>		<u>(22,095)</u>	
NET CURRENT LIABILITIES			(7,742)		(9,448)
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR					
	14		(735)		(602)
NET ASSETS BEFORE PENSION LIABILITY			61,170		55,062
Defined benefit pension scheme liability	21		(1,611)		(3,939)
NET ASSETS AFTER PENSION LIABILITY			59,559		51,123
CAPITAL FUNDS					
Endowments	15		3,550		3,394
INCOME FUNDS					
Restricted funds	15		5,226		7,298
Unrestricted funds:					
Designated funds	15	44,833		42,766	
General & Trading funds		7,561		1,604	
Pension Reserve	21	(1,611)		(3,939)	
Total unrestricted funds			50,783		40,431
TOTAL FUNDS	15		59,559		51,123

These accounts were approved by Council on 15 April 2011 and signed on their behalf by:



Elizabeth Banks
President

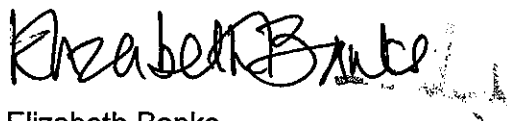


Sir Nicholas Bacon
Treasurer

SOCIETY BALANCE SHEET FOR THE YEAR END 31 JANUARY 2011

		2011		2010
		£000	£000	£000
FIXED ASSETS				
Goodwill	9		380	596
Tangible assets	10		39,152	38,260
Investments	6		30,129	26,456
Investment in trading companies	11		110	110
			<u>69,771</u>	<u>65,422</u>
CURRENT ASSETS				
Stocks		60		51
Debtors	12	7,201		6,032
Cash at bank and in hand		913		1,580
		<u>8,174</u>		<u>7,663</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR				
Income in advance		(10,492)		(10,567)
Creditors	13	(5,120)		(6,085)
		<u>(15,612)</u>		<u>(16,652)</u>
NET CURRENT LIABILITIES			(7,438)	(8,989)
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR				
	14		(637)	(602)
NET ASSETS BEFORE PENSION LIABILITY			<u>61,696</u>	<u>55,831</u>
Defined benefit pension liability	21		(1,611)	(3,939)
NET ASSETS AFTER PENSION LIABILITY			<u>60,085</u>	<u>51,892</u>
CAPITAL FUNDS				
Endowments	15		3,550	3,394
INCOME FUNDS				
Restricted funds	15		5,226	7,298
Unrestricted funds:				
Designated funds	15	44,833		42,766
General fund		8,087		2,373
Pension Reserve	21	(1,611)		(3,939)
Total unrestricted funds			<u>51,309</u>	<u>41,200</u>
TOTAL FUNDS			<u>60,085</u>	<u>51,892</u>

These accounts were approved by Council on 15 April 2011 and signed on their behalf by:


Elizabeth Banks
President


Sir Nicholas Bacon
Treasurer

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR END 31 JANUARY 2011

		2011	2010
		£000	£000
NET CASH INFLOW FROM OPERATING ACTIVITIES	17	3,954	7,897
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		96	66
Dividends received		<u>267</u>	<u>455</u>
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		363	521
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Sale of investments		11,204	6,784
Purchase of tangible fixed assets		(3,280)	(6,159)
Purchase of investments		<u>(21,738)</u>	<u>(9,259)</u>
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		(13,814)	(8,634)
DECREASE IN CASH	18	<u>(9,497)</u>	<u>(216)</u>

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 1993 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.

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 21.

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. 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.

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 21.

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 2011.

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.

2. LEGACY INCOME

The Society is also the residuary beneficiary of a legacy that has not 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 £400,000 (2009/10: £nil).

3. ANALYSIS OF TOTAL RESOURCES EXPENDED

The total resources expended during the year comprise the following:

	Direct Cost £000	Support Cost £000	2011 Total £000	2010 Total £000
Costs of generating funds				
Costs of generating voluntary income				
Legacies & Donations	935	96	1,031	988
Grants	2	-	2	24
Fundraising trading: cost of goods sold and other costs				
Trading costs	14,369	2,596	16,965	18,984
Sponsorship costs	73	195	268	463
Investment Management Costs	47	-	47	-
Charitable expenditure				
Shows	13,558	1,966	15,524	15,565
RHS Gardens	9,776	2,198	11,974	12,273
Science, Learning & Libraries	4,872	1,447	6,319	6,568
Editorial	2,972	366	3,338	3,172
Membership Services	1,836	573	2,409	2,180
Governance Costs	125	-	125	145
Total Resources Expended	48,565	9,437	58,002	60,362

Support costs totalling £9.4m (2010: £8.1m) 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 finance and marketing based on expenditure, to the various activities.

4. NET MOVEMENT OF FUNDS

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

	2011 £000	2010 £000
Depreciation (including trading companies)	2,418	2,254
Reorganisation costs	-	1,357
Release expense accrual no longer required	(1,218)	-
Auditors' remuneration:		
- Audit current year	47	44
- Audit (over) under provision prior year	(6)	17
- Other professional services	22	20
Internal Audit	32	34
Operating lease rentals	525	516

5. EMPLOYEE REMUNERATION

	2011 £000	2010 £000
Employee costs during the period amounted to:		
Salaries and wages	16,548	17,178
Social Security	1,543	1,581
Pensions	942	1,065
	<u>19,033</u>	<u>19,824</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:

	Number	Number
Staff employed in funds generation		
Trading activities	200	187
Fundraising activities	9	9
Staff employed in disbursement of charitable expenditure		
Shows	46	51
RHS Gardens	191	223
Science & Learning	136	153
Editorial	23	22
Membership services	18	16
Support	91	82
	<u>714</u>	<u>743</u>

During the year the catering activity at Hyde Hall was brought in-house which resulted in a transfer of 8 FTEs, this is reflected in Trading activities. Likewise there was a reclassification of 26 FTE catering staff at Rosemoor who were previously reported in RHS Gardens.

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

	Number	Number
£60,001 - £70,000	13	8
£70,001 - £80,000	2	-
£80,001 - £90,000	1	4
£90,001 - £100,000	2	1
£100,001 - £110,000	-	1
£110,001 - £120,000	-	1
£130,001 - £140,000	1	1
£160,001 - £170,000	1	-

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

Defined benefit scheme	-	4
Defined contribution schemes	20	16

The Society contributed £151,387 (2009/10: £193,880) 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 £25,479 (2010: £20,000) for travel expenses during the period. The number of Council members reimbursed for expenses was 12 (2009/10: 11).

6. FIXED ASSET INVESTMENTS

	UK Cash Instruments £000	UK Property £000	Unit Trusts £000	Total £000
Market Value at 1 February 2010	14,220	327	11,909	26,456
Less: Disposal proceeds	-	-	(11,204)	(11,204)
Add: acquisitions at cost	-	-	21,738	21,738
Add: net gain/loss on revaluation at 31 January	-	-	2,006	2,006
Add: net movement in cash	(8,867)	-	-	(8,867)
Market value at 31 January 2011	5,353	327	24,449	30,129
Historical cost at 31 January 2011	5,353	142	23,284	28,779

Analysed as follows

	£000
UK Fixed Interest	2,623
Oversea Fixed Interest	1,062
UK Equities	5,964
Overseas Equities	7,638
Index Linked	4,319
Credit & Illiquid strategies	432
Global Funds	554
Property Unit Trusts	258
Commodities	1,591
Other	8
Cash Instruments	5,352
Market value at 31 January 2010	29,802
UK Property	327
Market value at 31 January 2010	30,129
Investments in UK at market value	13,632
Investments outside the UK at market value	10,817
Market Value of UK and Non-UK Investments	24,449

Unrestricted funds at market value of £26,164,885 are invested in a diversified portfolio of equity, fixed interest and cash investments with a level of risk appropriate to the Society's charitable status.

Endowment funds amounting to £3,637,680 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	5,353
Endowment Fund: Newton Global Growth & Income Fund for Charities	1,809
Endowment Fund: Trojan Income Fund	1,828
Newton Real Return Fund	6,809
Trojan Fund	6,824

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 capital expenditure on capital projects amounting to £3,046,000. Contracts have been signed on £505,000.

9. INTANGIBLE FIXED ASSETS

SOCIETY

	Goodwill
	£000
COST	
At 1 February 2010	651
Additions	-
At 31 January 2011	651
AMORTISATION	
At 1 February 2010	(55)
Charge for the year	(216)
At 31 January 2011	(271)
NET BOOK VALUE	
At 31 January 2011	380
At 1 February 2010	596

Refer to Note 1 xvi) Goodwill accounting policy

10. TANGIBLE FIXED ASSETS

a) CONSOLIDATED

	Freehold land and buildings £000	Leasehold land and buildings £000	Buildings on Wisley trust land £000	Assets in con- struction £000	Plant and equipment £000	Fixtures and fittings £000	Total £000
COST							
At 1 February 2010	31,447	1,095	1,786	3,047	13,410	3,374	54,159
Additions	2,063	-	-	386	627	204	3,280
Transfers	2,791	-	-	(2,960)	139	30	-
At 31 January 2011	36,301	1,095	1,786	473	14,176	3,608	57,439
DEPRECIATION							
At 1 February 2010	4,099	245	358	-	8,484	2,317	15,503
Charge for the year	944	22	36	-	1,210	206	2,418
At 31 January 2011	5,043	267	394	-	9,694	2,523	17,921
NET BOOK VALUE							
At 31 January 2011	31,258	828	1,392	473	4,482	1,085	39,518
At 1 February 2010	27,348	850	1,428	3,047	4,926	1,057	38,656

b) SOCIETY

	Freehold land and buildings £000	Leasehold land and buildings £000	Buildings on Wisley trust land £000	Assets in con- struction £000	Plant and equipment £000	Fixtures and fittings £000	Total £000
COST							
At 1 February 2010	31,447	1,095	1,786	3,007	11,344	1,626	50,305
Additions	2,063	-	-	358	583	132	3,136
Transfers	2,791	-	-	(2,920)	115	14	-
At 31 January 2011	36,301	1,095	1,786	445	12,042	1,772	53,441
DEPRECIATION							
At 1 February 2010	4,099	245	358	-	6,585	758	12,045
Charge for the year	944	22	36	-	1,105	137	2,244
At 31 January 2011	5,043	267	394	-	7,690	895	14,289
NET BOOK VALUE							
At 31 January 2011	31,258	828	1,392	445	4,352	877	39,152
At 1 February 2010	27,348	850	1,428	3,007	4,759	868	38,260

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

11. INVESTMENT IN TRADING COMPANIES

Profit & loss account	RHS Horticultural	RHS Special	Total	
	Enterprises	Halls		Events
	£000	£000	£000	£000
Turnover	17,440	-	3,318	20,758
Cost of sales	(9,003)	-	(713)	(9,716)
Gross profit	8,437	-	2,605	11,042
Administration expenses (net of interest receivable)	(4,755)	-	(150)	(4,905)
Other operating income	2,060	-	-	2,060
Net profit	5,742	-	2,455	8,197
Amount gift aided to the Society	(5,716)	-	(2,456)	(8,172)
Profit/(Loss) for the year	26	-	(1)	25

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 £22.3m and net profit of £9.3m. These results form part of the Trading and as Sponsorship activities on the SoFA.

Balance Sheet	£000	£000	£000	£000
Fixed Assets	487	-	-	487
Current Assets	4,406	-	3,124	7,530
Unsecured Loan to the Society	1,170	-	-	1,170
Current Liabilities	(1,581)	-	(2,656)	(4,237)
Long Term Liabilities	(98)	-	-	(98)
Amounts owing (to)/from the Society	(4,296)	10	(481)	(4,767)
Net Assets/(Liabilities)	88	10	(13)	85
Share Capital	100	10	-	110
Reserves	(12)	-	(13)	(25)
Equity Shareholders' funds	88	10	(13)	85

12. DEBTORS DUE WITHIN ONE YEAR

	Consolidated		Society	
	2011 £000	2010 £000	2011 £000	2010 £000
Trade debtors	1,632	2,020	556	392
Amounts due from subsidiary undertakings	-	-	4,767	2,837
Other debtors	745	1,624	706	1,826
Taxation recoverable	529	264	529	264
Prepayments	817	855	643	713
	3,723	4,763	7,201	6,032

13. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated		Society	
	2011 £000	2010 £000	2011 £000	2010 £000
Trade Creditors	1,339	2,041	901	1,406
Loan from R.H.S. Enterprises	-	-	1,170	1,170
Taxation and social security	631	393	631	393
Other creditors	629	1,055	510	636
Accruals	2,309	4,010	1,908	2,480
Income in advance: members' deferred subscriptions	7,627	8,557	7,627	8,557
Income in advance: other	6,144	6,039	2,865	2,010
	18,679	22,095	15,612	16,652

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 £702,000, £122,000 was utilised during 2010/11 and deferred income for new life memberships was £186,000, resulting in a balance of £766,000 at 31 January 2011.

14. CREDITORS AMOUNTS FALLING DUE AFTER ONE YEAR

	Consolidated		Society	
	2011 £000	2010 £000	2011 £000	2010 £000
Income in advance: members' deferred subscriptions	637	602	637	602
Income in advance: other	98	-	-	-
	735	602	637	602

15. FUNDS

	Balance 1.2.10 £000	Incoming Resources £000	Resources Expended £000	Transfers £000	Gains/ (losses) £000	Balance 31.1.11 £000
ENDOWMENT FUNDS						
Coke Trusts	1,507	-	-	-	173	1,680
Blaxall Valentine Scholarship	395	-	-	-	46	441
Guernsey Wilson Fund	213	-	-	-	25	238
Other Bursary Funds	184	-	-	(76)	19	127
Hyde Hall Endowment Fund	350	-	-	-	-	350
Wisley Endowment Fund	207	-	-	(100)	12	119
Eric Young Scholarship	124	-	-	-	14	138
Knowles Bequest	152	16	-	-	18	186
Shropshire Hort Society	106	-	-	-	12	118
Other Endowed Funds	156	-	-	(6)	3	153
Total Endowed Funds	3,394	16	-	(182)	322	3,550
RESTRICTED FUNDS						
Northern Horticultural Society	996	-	-	-	-	996
Garden Development Funds	5,145	1,066	(239)	(3,061)	-	2,911
Education & Training Funds	809	616	(606)	68	-	887
Field Research facility	-	37	-	100	-	137
Bursary Funds	91	39	(67)	(3)	-	60
Other Restricted Funds	257	21	(61)	10	8	235
Total Restricted Funds	7,298	1,779	(973)	(2,886)	8	5,226
UNRESTRICTED FUNDS						
Designated Funds						
Fixed asset fund	26,360	-	-	3,895	-	30,255
Bicentenary Glasshouse	7,506	2	(426)	(4)	-	7,078
Reserve Policy fund	7,500	-	-	-	-	7,500
Designated Pension Fund	1,400	-	-	(1,400)	-	-
Total Designated Funds	42,766	2	(426)	2,491	-	44,833
General and Trading Funds	1,604	61,678	(57,974)	577	1,676	7,561
Pension Reserve	(3,939)	-	1,371	-	957	(1,611)
Total Unrestricted Funds	40,431	61,680	(57,029)	3,068	2,633	50,783
TOTAL FUNDS	51,123	63,475	(58,002)	-	2,963	59,559

The Coke Trust provides bursaries for horticultural students and training.

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

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

The 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.

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.

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.

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.

The Northern Horticultural Society Funds represent the assets acquired by the Society on the merger with the Northern Horticultural Society.

Fund transfers

The transfer of funds out of endowment funds to restricted funds resulted from earlier misclassifications of specific restricted funds. £76k related to a training bursary, now included in the Education and Training fund. £100k related to a Wisely experimental garden fund, now included in the Field Research facility.

Within restricted funds the transfer out of restricted funds to unrestricted funds arose from the completion of capital projects, thereby fulfilling the restriction

placed on these funds. The significant projects were £1.1m for the Peter Buckley Learning Centre and £1.8m for the Bramall Learning Centre, both reported under Garden Development funds. The other transfers relate to smaller capital projects.

The purpose of the £1.4m designated pension fund was fulfilled during the year, with a payment of the same amount into the defined benefit pension scheme. On undertaking the payment the designation was deemed no longer necessary and has been removed.

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Endowment Funds	Restricted Funds	Designated Funds	General & Trading Funds	Pension Reserve	Total Funds
	£000	£000	£000	£000	£000	£000
Tangible Fixed Assets	350	996	37,333	839	-	39,518
Fixed Asset Investments	3,638	4,230	7,500	14,761	-	30,129
Current Assets	-	-	-	10,937	-	10,937
Current Liabilities	-	-	-	(18,679)	-	(18,679)
Long Term Liabilities	(438)	-	-	(297)	-	(735)
Pension Scheme Liability	-	-	-	-	(1,611)	(1,611)
Total Net Assets	3,550	5,226	44,833	7,561	(1,611)	59,559

17. NET CASH INFLOW FROM OPERATING ACTIVITIES

	2011 £000	2010 £000
Increase in Society funds	5,473	5,459
Pension fund movement, excluding actuarial gains/losses	(1,371)	(559)
Investment income receivable	(363)	(521)
Depreciation charge	2,418	2,254
Fixed asset disposals	-	90
Decrease in stocks	40	64
Decrease/(Increase) in debtors	1,040	(1,405)
(Decrease)/Increase in creditors	(3,283)	2,515
Net Cash inflow from operating activities	3,954	7,897

18. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	£000	£000
Decrease in cash in the year	(630)	
Cash inflow to cash investments	<u>(8,867)</u>	
		(9,497)
Movement in net funds		
Net funds at 1 February 2010		20,790
		<u>11,293</u>
Net funds at 31 January 2011		<u>11,293</u>

19. ANALYSIS OF CHANGES IN NET FUNDS

	Balance	Cash	Balance
	1.2.10	Flows	31.1.11
	£000	£000	£000
Cash at bank and in hand	6,570	(630)	5,940
Cash included within investments	14,220	(8,867)	5,353
	<u>20,790</u>	<u>(9,497)</u>	<u>11,293</u>

20. OPERATING LEASES

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

	Consolidated		Society	
	2011	2010	2011	2010
	£000	£000	£000	£000
Land and Buildings:				
Within one year	-	-	-	-
Between two to five years	500	500	500	500
Other:				
Within one year	18	17	10	10
Between two to five years	50	25	31	12
	<u>568</u>	<u>542</u>	<u>541</u>	<u>522</u>

21. 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 2008, which has been updated to 31 January 2011 by a qualified independent actuary.

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

	2011 £000	2010 £000
Present value of funded obligations	19,048	18,412
Fair value of plan assets	17,437	14,473
	<u>(1,611)</u>	<u>(3,939)</u>
Present value of unfunded obligations	-	-
Unrecognised past service cost	-	-
Deficit	<u>(1,611)</u>	<u>(3,939)</u>
Net Liability	<u>(1,611)</u>	<u>(3,939)</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:

	2011 £000	2010 £000
Current service cost	20	167
Interest on obligations	1,031	928
Expected return on plan assets	(996)	(858)
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>55</u>	<u>237</u>
Actual return on plan assets	1,616	1,734

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

	2011	2010
	£000	£000
Opening defined benefit obligation	18,412	14,315
Current service cost	20	167
Member contributions	-	50
Interest cost	1,031	928
Actuarial (gains) / losses	(337)	3,261
Liabilities assumed in a business combination	n/a	n/a
Exchange differences on foreign plans	n/a	n/a
Benefits paid	(78)	(309)
	<hr/>	<hr/>
Closing defined benefit obligation	19,048	18,412

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:

	2011	2010
	£000	£000
Opening fair value of plan assets	14,473	12,202
Expected return	996	858
Actuarial gains and (losses)	620	876
Assets distributed on settlements	-	-
Contributions by employer	1,426	796
Assets acquired in a business combination	n/a	n/a
Exchange differences on foreign plans	n/a	n/a
Member contributions	-	50
Benefits paid	(78)	(309)
	<hr/>	<hr/>
Closing fair value of plan assets	17,437	14,473

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

	2011	2011	2010	2010
	% Total plan	Expected	% Total plan	Expected
	assets	return	assets	return
Unitised with profits policy	0.1%	5.75%	0.1%	5.75%
Equities	53.8%	8.00%	55.3%	8.00%
Bonds	31.2%	5.00%	30.1%	5.50%
Cash	14.9%	3.50%	14.5%	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:

	2011	2010
	£000	£000
Deficit in scheme at beginning of the year	(3,939)	(2,113)
<i>Movement in year:</i>		
Current service cost	(20)	(167)
Contributions paid by the employer	1,426	796
Bequests to the scheme	-	-
Past service costs	-	-
Other financial (expenditure)/income	(35)	(70)
Actuarial gain/(loss)	957	(2,385)
	<hr/>	<hr/>
Deficit in scheme at end of the year	(1,611)	(3,939)

In the period to 31 January 2011 employer contributions of £1,419,000 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

	2011	2010
Discount rate	5.5% pa	5.6% pa
Expected return on plan assets	6.4% pa	6.6% pa
Future salary increases	5.1% pa	5.1% pa
Pension revaluation in deferment		
(Retail prices index – maximum 5%)	3.6% pa	3.6% pa
Pension escalation in payment		
(Retail prices index – maximum 5%)	3.6% pa	3.6% pa
Proportion of employees opting for early retirement	Nil	Nil
Inflation assumption	3.6% pa	3.6% pa

b) Demographic assumptions

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

Retiring today		
Males	24.0	23.8
Females	26.0	25.9
Retiring in 20 years		
Males	26.0	25.9
Females	27.2	27.1

(ii) Pre retirement mortality rates

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

Age	Males	Females
30	0.00033	0.00019
40	0.00052	0.00041
50	0.00138	0.00104
60	0.00441	0.00278

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

	2011	2010	2009	2008	2007
	£000	£000	£000	£000	£000
Defined benefit obligation	19,048	18,412	14,315	13,548	14,027
Plan assets	17,437	14,473	12,202	12,668	10,668
(Deficit)	(1,611)	(3,939)	(2,113)	(880)	(3,359)
Experience adjustments on plan liabilities	710	472	19	214	(52)
Experience adjustments on plan assets	620	876	(1,993)	525	55

22. 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 2011 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 the Contracts with Trustees and Connected Parties Committee approved the following contracts between trustees and the Society and its trading companies. The total cost of these transactions to the RHS is £45,732. The RHS also received commission from a related party totalling £119,101. Details are as follows:

Raymond Evison - The Guernsey Clematis Nursery Limited (of which Raymond Evison is Chairman) received a payment from the RHS of £2,932 towards the cost of its exhibits at the Chelsea Flower Shows. A further payment of £4,169 was paid to the Guernsey Clematis Nursery Limited for the supply of a bespoke branded patio clematis.

Mark Fane - Crocus.co.uk Ltd (of which Mark Fane is a Director) was paid £13,957 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 £119,101 in commission to RHS Enterprises Limited since Mr Fane's appointment to Council.

Jekka McVicar - Jekka's Herb Farm (of which Jekka McVicar is Managing Director) was paid £37 for plants provided to Hyde Hall, Jekka's Productions (of which Jekka McVicar is a Director) was paid £750 for writing articles in the Garden Magazine. Jekka's Enterprises Ltd (of which Jekka McVicar is a Director) was paid £705 for delivering lectures for the RHS (including expenses).

Richard Webb - The Bransford Webbs Plant Company supplied RHS Enterprises Ltd with plants for resale and received payment of £24,972. Webbs Garden Centres Ltd of which Mr Webb is a shareholder and of which a relative is Chairman, holds shares in the supplying Company.

All payments are shown net of VAT.

There are no further related party transactions requiring disclosure.

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

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Business & Statutory

Agriframes

Alitex

Anglian Home Improvements

AW Champion

Ball Colegrave

Bulldog Tools

Country Living Magazine

The Daily Telegraph

DECC Low Carbon Building Programme/Energy Saving Trust

Devon County Council: Investing in Devon Fund

Dorset Cereals

Forest

Government Office of Yorkshire & Humber/Department of Health

Holiday Inn

HSBC Private Bank

Laurent-Perrier UK

Low Carbon Building Programme

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Marshall's plc

NS&I

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Alastair Muirhead
Dougal Philip
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