



**ANNUAL REPORT  
AND CONSOLIDATED FINANCIAL STATEMENTS  
2016/2017**

**Patron**

HM The Queen

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Mr Lawrence Banks CBE VMH DL  
Mr Christopher Brickell CBE VMH  
Mr Raymond Evison OBE VMH  
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Mrs Carolyn Hardy OBE VMH (died 25 September 2016)  
The Rt Hon The Lord Heseltine CH PC  
Mr Robert Hillier OBE VMH  
Professor Brian Huntley  
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Mrs Jekka McVicar VMH (from 27 June 2016)  
Dr H F Oakeley  
Mrs Jane Pepper  
Mr John Ravenscroft VMH  
Mr John Sales VMH  
The Dowager Marchioness of Salisbury VMH (died 14 December 2016)  
Mr Martin Slocock VMH  
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**Council**

Sir Nicholas Bacon Bt OBE DL (re-elected as President 27 June 2016)  
Mr Alastair Muirhead (re-elected as Treasurer 27 June 2016)  
Mr James Alexander-Sinclair (re-elected 27 June 2016)  
Mr George Anderson (retired 27 June 2016)  
Mr Christopher Blundell DL  
Professor Mick Crawley  
Mr Dennis Espley (re-elected 27 June 2016)  
Mr Mark Fane  
Professor Peter Gregory  
Mr David Haselgrove (retired 27 June 2016)  
Dame Mary Keegan DBE (elected 27 June 2016)  
Mr Matthew Lindsey-Clark (elected 27 June 2016)  
Mr Neil Lucas  
Mr David Morrison (retired 27 June 2016)  
Mrs Lorna Parker  
Mr Mark Porter  
Mrs Sarah Raven (elected 27 June 2016)  
Dr David Rae  
Lady Xa Tollemache  
Mr Jon Wheatley

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\* These sections form part of the Trustees' Annual Report

## Annual General Meeting 2017

All members of The Royal Horticultural Society (the "Society") will have the opportunity to meet Members of Council (who are Trustees of the Royal Horticultural Society), the Director General and Leadership Team, and ask questions on past performance and future plans at the 2017 Annual General Meeting which will be held at RHS Garden Rosemoor, Devon, at 2pm on Wednesday 12 July 2017. For further information about the meeting, go to [www.rhs.org.uk/AGM](http://www.rhs.org.uk/AGM) or contact The Secretary at the address shown below.

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

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



## **President's Review of 2016/17**

As I move into my fourth year as RHS President, I am delighted by the progress that has been made by the Society, under the expert guidance of the Director General, Sue Biggs, and Council. We have been able to effect change on many fronts and that illustrates the dedication and talent that we have within the Society. I consider myself incredibly fortunate to be President at this most exciting time.

I am glad to be able to report that during 2016/17, the Society has seen a range of developments successfully move from the planning to the implementation phase. Additionally, during this year we have been able to honour the Queen's 90<sup>th</sup> birthday at the Chelsea Flower Show with the creation of two magnificent floral arches and a photographic record of Her Majesty's many visits to the Show.

We are ambitious, and much progress has been made with the Ornamental Horticulture Roundtable Group which is chaired by the Director General. This Group of organisations from the sector held the initial Health and Horticulture Conference at the RHS Hampton Court Palace Flower Show which brought together the health and public policy departments, and a cross section from the industry for the first time, including the former CEO of the NHS, Lord Crisp.

We all know instinctively that gardening is good for our health. At last we and others are beginning to translate that instinct into evidence which will allow the NHS to treat patients in a more holistic manner. This is likely to be far cheaper than conventional remedies.

For the first time, in 2013, the Horticulture Sector delivered the Horticulture Matters report which drew attention to a looming green skills crisis that is threatening the long term sustainability of the UK Horticulture Sector. We vowed to do all we could to highlight the many highly skilled and hugely valuable career opportunities that exist within the sector. The Ornamental Horticulture Roundtable Group has done much to change the perception of gardening and position it as a viable career choice for the most able in our society as well as highlighting the career opportunities for people of all skill levels.

We supported this work last year by launching a new initiative with secondary schools across the UK called Green Plan It.

This project saw young people work with professional mentors from the horticultural sector on projects to develop designs for a green space within their community. The programme ran in eight cities across the UK and helped several hundred children to understand the benefits of gardening generally, and horticulture specifically, as a great career. This will be expanded in 2017.

In Salford, the realisation of the Society's newest garden, RHS Garden Bridgewater, took a significant step forward with the submission of a planning application which will breathe new life into this historic site. This has now been granted in principle. We also recruited two new high-profile ambassadors to take the horticultural message to new and diverse audiences. TV gardener Carol Klein was named ambassador for Bridgewater, while Baroness Floella Benjamin will be raising the profile of gardening to communities and young people – we are delighted to have their support.

Community gardening was very much highlighted last year. The Mayor of London, Sadiq Khan, joined the RHS and residents of the Angell Town estate in Brixton to mark the opening of a garden which they had created in partnership with the RHS. This really was a great example of the way in which gardening can unite a community that has suffered violence and isolation. If anyone ever doubted the power of gardening to act as a catalyst for inclusion, they should speak with the residents of the Angell Town Estate.

As you can see from the above, we have been busy with many projects which were additional to our more public areas of operation.

The four RHS gardens reached a significant milestone when they welcomed their two millionth visitor and all gardens have had their best year ever. Quite rightly, the staff across all the gardens should be immensely proud of this achievement.

The RHS Campaign for School Gardening celebrated the recruitment of its 30,000th member. Ten years ago, at the Campaign launch, such a success story could never have been imagined. To put that number into context, it means that 67% of all primary schools and 77% of secondary schools in the UK now have access to RHS advice, guidance and insight into how gardening can bring lessons to life and enhance learning.

Despite the many successes the Society has enjoyed over the past year, we can say with total confidence that the RHS will not rest on its laurels and that we will continue to improve our performance.

And it appears that my confidence in the RHS is shared by Government. Sue Biggs has been awarded a CBE in recognition of her services to the environment and horticulture. What a truly positive end to my review of 2016/17.



**Sir Nicholas Bacon**  
**President**  
**Date: 09 May 2017**

## Director General: Looking to the Future

2017 promises to be an incredibly important, exciting and pivotal year in the history of the RHS, as we work towards our vision of enriching everyone's life through plants, and making the UK a greener and more beautiful place.

As part of the commitment the RHS made to our members and supporters to increase the reach and breadth of our work and change the future of horticulture, we are moving many projects from the planning to the development phase. These projects are being delivered as part of a £160 million investment the RHS is making in UK horticulture over the next decade.

One of the highlights of 2017 for me, and an occasion I'm proud to be part of, is the opening of the very first RHS Chatsworth Flower Show, a spectacular celebration of the power of plants to excite, inspire and delight. Set in the stunning grounds of the Chatsworth Estate in Derbyshire, the show's theme of Design Revolutionaries will celebrate the spirit of horticultural mavericks such as Capability Brown and Joseph Paxton. I think that it's fitting that the first ever Chatsworth show should honour those who have broken new ground, bent more than a few horticultural rules, set new standards and achieved the seemingly unachievable.

The development of RHS Garden Bridgewater, the charity's newest garden, is moving steadily along, underpinned by unseen but crucial work, to ensure we keep moving in the right direction at the right pace. The Garden, which will breathe new life into the historic grounds of Worsley New Hall in Salford, will be a major step towards the RHS making good on our promise to help more people, from more communities, have the opportunity to experience the many life enhancing benefits of plants and gardens.

But while our capital and fundraising activity gathers pace, our science activity is also moving forward. This year the RHS scientists will confront what is perhaps one of the greatest threats facing UK horticulture, climate change, following their much anticipated Gardening in a Changing Climate report which was launched in April. The report looks at the impact climate change is already having on gardening and gardeners and the practical steps we can all take not just to survive, but thrive in a changing world. It will also provide information on the plants we could all be growing in order to meet the challenge of climate change.

Addressing major social and environmental challenges will be a thread that runs throughout our activity this year. At the RHS Chelsea Flower Show Professor Nigel Dunnett, who was part of the team that created the beautiful wildflower meadows at the London Olympic Park, will create the RHS Greening Grey Britain garden. The garden will highlight the many positive services, over and above the aesthetic, that plants and gardens provide. Services that range from the ability to capture airborne pollutants, to the crucial role they play in reducing urban flooding. Professor Dunnett argues that gardens and plants are no longer an optional and decorative 'nice to have', they are essential.

At the RHS Chatsworth Flower Show we'll be unveiling the RHS Garden for a Changing Climate. This feature garden will present two different versions of a small suburban plot. One will be based on the climate we currently enjoy, showcasing the plants we can now grow, while the other will provide a tantalising glimpse into the future. This vision of the future, when our climate will become increasingly warmer and drier in the summer, but also more turbulent with intense, unpredictable heavy showers, will be based on the findings of the RHS Gardening in a Changing Climate Report.

At the RHS Hampton Court Flower Show the Gardens for a Changing World will raise awareness of the UK's declining wildlife numbers and help gardeners adopt the mind-set and practices needed to help more to become the guardians of our valuable wildlife.

In the corridors of power, the Ornamental Horticulture Roundtable Group, which is made up of the country's major horticultural bodies and which I have the great pleasure of chairing, continues to



build bridges with politicians, policy makers and key influencers. This unseen work is vital if UK horticulture is to achieve its ambitions, one of which is the recruitment of a well-educated, motivated and sustainable workforce. This year we aim to speak to more MPs and Ministers than ever before as the horticulture sector, like most other industries in the UK economy, wrestle with the opportunities and threats that our withdrawal from the EU presents.

We have a lot of important work to do this and £40 million fundraising to achieve, but I am incredibly excited about what we can achieve together in 2017. These are exciting times for the RHS and UK horticulture generally.

With your continued support, patience and understanding the RHS will be an even stronger, more innovative and more dynamic charity. You inspire us to be better, brighter and more courageous and for that I am truly grateful.



**Sue Biggs**  
**Director General**  
**Date: 09 May 2017**



## Activities in 2016/17: What the RHS does

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

### Gardens

We have four renowned Gardens; RHS Garden Harlow Carr in North Yorkshire, RHS Garden Hyde Hall in Essex, RHS Garden Rosemoor in Devon and our flagship garden, RHS Garden Wisley in Surrey. Here we provide gardeners across the UK with access to diverse plant collections, innovative and attractive planting design and the highest horticultural standards and practices. Our Gardens hold Plant Trials to judge plant performance, and those considered to perform particularly well earn the RHS Award of Garden Merit (AGM) so gardeners can identify plants that will thrive in most garden situations. Plants that are particularly good for pollinating insects (so vital for a healthy, sustainable environment) are identified by the RHS Perfect for Pollinators logo.

In 2016/17, we welcomed over 2 million visitors to our Gardens – a 6.6% increase on the previous year.

### Shows

We are responsible for organising inspirational Flower Shows at Chelsea in central London, Hampton Court Palace in Surrey and Tatton Park in Cheshire, as well as preparing for a new show at Chatsworth in Derbyshire which will take place for the first time in June 2017. Seasonal shows are also held at all four RHS gardens. We have an established programme of shows at our Horticultural Halls in London and shows held in partnership include the RHS Flower Show Cardiff (with Cardiff Council) and the RHS Malvern Spring Festival; we also contribute content to the Malvern Autumn Show (for the Three Counties Agricultural Society). We also collaborate with groups and societies to deliver specialist shows at our Gardens and Horticultural Halls in London. In 2016 we introduced a series of RHS On Tour to visit London Farmers Markets to sell plants and give helpful advice.

### Collections

The Herbarium at Wisley holds an internationally important collection of dried and pressed plant specimens of cultivated ornamental plants. It is the largest herbarium dedicated to the conservation of ornamental plants in the UK.

The history and art of horticulture is centred in the RHS Lindley Library which holds a renowned collection of botanical art, a rich archive and an extensive collection of photographs covering all aspects of gardening. The collections – more than 30,000 works of art and 80,000 titles (the oldest dating to 1514) – provide an unmatched reference for the influences and knowledge that underpin our perspective on horticulture and are used by gardeners, scholars, garden writers, journalists, members and the public from the UK and overseas. The Library at Vincent Square in central London, and its branches in each of the RHS Gardens, are open most days of the week, offer lending facilities to members and free access to everyone.

In the adjacent Lindley Hall and at our four Gardens, art exhibitions and talks are held for the benefit of our members and the wider public.

## **Media**

The RHS shares its knowledge online through our website, social media streams and in print. Our website ([www.rhs.org.uk](http://www.rhs.org.uk)), attracted 18.5 million unique users, a 5% increase in traffic year on year.

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

## **Science**

The RHS is the recognised centre of excellence for horticultural science and advice. In October 2015 we introduced the *RHS Science Strategy 2015-2019* so we can equip people with the knowledge they need to garden successfully in the future. Our strategy is based on four key themes:

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

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

## **Education**

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

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

Our Campaign for School Gardening encourages children at primary and secondary level to become involved in gardening and, for adults, we organise lectures, courses and workshops in our Gardens and around the country.

We also offer a number of bursary funds to support plant research, expeditions, study tours and conference attendances around the world.

## **Retail**

We offer excellent shopping opportunities for members and visitors in our four Gardens and at our Flower Shows. Sales are generated through our plant centres, gift shops and bookshops, with RHS Garden Wisley offering the best selection of horticultural books and plants in the UK. Sales through



our online facility are rapidly increasing. We earn further income for our charitable purposes from licensing the use of images from our library.

### **Outreach**

We are the national organising body for the Britain in Bloom and It's Your Neighbourhood community gardening movement working in partnership with the 17 Regions and Nations. RHS Britain in Bloom promotes environmental and horticultural good practice in local communities and enables the RHS to support gardeners throughout the UK at a local level. We link to schools and other groups such as Affiliated Societies (including gardening clubs) to expand our outreach and increase the national and international network of gardeners, and encourage gardening in prisons through our Windlesham Trophy award.

### **How we ensure access for all**

We aim to ensure that anyone with an interest in horticulture and gardening can benefit from our work and we do sometimes need to make a charge for access to our services and work. We try to ensure that as many people as possible benefit, whatever their means. In particular, we provide free access to an extensive knowledge base through our website and libraries; offer free open days and facilitate educational visits at all our Gardens; award bursaries for horticultural study; make available the benefit of our Plant Trials programme to the public and horticultural industry through our Award of Garden Merit and Perfect for Pollinators schemes; and support community gardening initiatives through the RHS Campaign for School Gardening, RHS Britain in Bloom, RHS Greening Grey Britain and the affiliation of local horticultural societies. We also ensure that there is extensive coverage of our Shows on free-to-air television, radio, various websites and social media.

We are grateful to our generous donors and those who leave us legacies – without their kind donations we could not undertake all the work we do. We receive no government funding and therefore rely on our commercial activity and the welcome support of our members (more than 476,000 at the time of going to press) to deliver our charitable purpose, and we provide them with access to a range of services and activities such as free entry for themselves and a member of their family to our Gardens and nearly 200 Partner Gardens (free entry for RHS members at selected times); reduced admission prices to our Shows; a monthly magazine; additional gardeners' advisory services; and the knowledge that their membership has helped enable us to undertake much of our scientific, educational, art and outreach work. We place no restrictions on membership and endeavour to keep membership subscriptions at an affordable level.

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



## Objectives, Achievements and Developments

The RHS was founded in 1804, and our core objective is to be the world's leading gardening Charity by inspiring passion and excellence in the science, art and practice of horticulture. In 2014 we were delighted to introduce the *RHS Vision*, our 10-year Strategic Investment Programme of £160 million to enable us to provide even better inspiration and advice for more people, and help secure and improve the future of horticulture. Our Vision is to enrich everyone's life through plants, and make the UK a greener and more beautiful place. In everything we do, we will aim to use our Guiding Principles, which are to: **Inspire. Involve. Inform. Improve.**

### Our Strategic Objectives for 2016/17

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

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

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

- We welcomed over 2 million visitors to our gardens – a 6.6% increase on 2015/16.
- Our website attracted an average 1.55 million unique visitors every month, up from 1.49 million the previous year. Our friends on Facebook increased to 183,421 and we now have 120,821 followers on Twitter, 146,298 on Pinterest and have more than doubled the number of those using Instagram to 25,598.
- We organised our fifth National Gardening Week from 11–17 April 2016, an event supported at our four Gardens, private and public gardens, and by the garden centre and nursery industry across the UK. It provided the opportunity for us to strengthen and promote our Greening Grey Britain campaign which encourages people to use horticulture to transform unloved spaces.
- We worked with the Evening Standard newspaper, on its "Estate We're In" project to transform a community space in Angell Town, Brixton. Residents helped designer Ann-Marie Powell to plant the RHS Greening Grey Britain garden at RHS Chelsea Flower Show in May and afterwards the plants used were donated to Brixton. RHS staff worked alongside residents to plant up the space.

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

Who will protect the nation's individual gardens and plants if we don't?

- Our bursary scheme provided financial support for a range of horticultural projects including overseas expeditions, study tours, conference attendance and work placements at botanic and historic gardens around the world. A combined total of £102,496 for 87 bursaries were awarded to professional and student horticulturists to broaden their skills, knowledge, and experience.
- Our Restore a Book appeal to safeguard some of the horticultural treasures in our RHS Lindley Library raised £35,700 in the year, leading to the restoration of 1,222 books and other publications.
- At the RHS Chelsea Flower Show we organised our first Front Garden Summit and brought together more than 100 policymakers, developers, planners, garden designers and landscapers to discuss creative, inspired solutions to slow down the loss of front gardens.



- This year the Science team produced 60 publications (20 peer-reviewed and 40 edited). This scientific work advances horticulture practice and adds to the global knowledge-bank on gardening and garden plants.
- We shared our scientific expertise to train 11 PhD students. These PhD students contribute to new horticultural knowledge and will become the next generation of horticultural and environmental scientists.
- The RHS is the only organization that monitors plant pests in UK gardens. We work closely with DEFRA to inform them when we discover new Pests and Diseases in the UK. Our scientific work helps to safeguard UK horticulture and helps to reduce the Plant Health risks for our members, gardeners, our horticultural networks and the wider environment. This information is also used to inform the UK governments Pest Risk Register.
- The RHS is the international leader in Horticultural Taxonomy. In 2016 we published the 9th edition of the International Code of Nomenclature for Cultivated Plants (ICNCP) and the supplements for the International Dianthus, Dahlia, Daffodil, Rhododendron and Orchid registers. This work helps our members, gardeners, garden designers, media, horticulturists and the horticultural industry by providing them with the right name or the right plant to use in their garden or in delivering their professions effectively.

### **3. To transform communities through gardening.**

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

- Our Campaign for School Gardening involves 30,226 schools, which equates to more than 6 million UK children now involved in gardening at school. We also trained 1,019 teachers in 2016 through our extensive and varied teacher-training programme. The campaign's new website (<https://schoolgardening.rhs.org.uk/home>) was launched to encourage horticulture in more schools.
- We ran our first nationwide Green Plan It challenge to introduce secondary school students to horticulture and its potential careers. In school time, and with links to the National Curriculum, around 70 secondary schools designed a green space specifically for their local community.
- The RHS Britain in Bloom campaign for 2016 asked community gardeners to use the Greening Grey Britain campaign to support health and happiness. A new category 'Overcoming Adversity' was launched to recognise how communities had restored their green spaces after suffering environmental catastrophes such as damage caused by flooding.
- 2,189 'Bloom' groups were involved and 1,955 more local groups took on the It's Your Neighbourhood challenge. More than 300,000 volunteers across the country invested some 11.7 million hours.
- Working with the National Gardens Scheme, we continued to administer the annual Elspeth Thompson Bursary. This provides financial assistance to amateur gardeners within community groups in England and Wales, to enable them to create a garden or horticulture based project for the benefit of the community, or to enable them to acquire horticultural knowledge and skills.

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

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

- Our successful and acclaimed Flower Shows continue to attract hundreds of thousands of gardeners. We welcomed 165,000 people to the RHS Chelsea Flower Show, 135,000 to the RHS Hampton Court Palace Flower Show, 63,000 to the RHS Flower Show Tatton Park, 26,000 visitors to the RHS Flower Show Cardiff, and 67,649 visitors to the RHS Malvern Spring Festival which is



a joint venture with Three Counties Agricultural Society. We also started work on our new event, RHS Chatsworth Flower Show, Derbyshire which will take place in June 2017.

- As part of our Investment Programme, we unveiled a new landscape masterplan by landscape architect Tom Stuart-Smith for our fifth garden site, RHS Garden Bridgewater in Salford, Greater Manchester and employed its first Curator, Marcus Chilton-Jones. This garden will bring the best in horticulture to thousands more people in the North West.
- Landscape plans by Christopher Bradley-Hole for the new developments at RHS Garden Wisley were also made public. We progressed plans for the new-look front of house and with the completion of a wooden framed Barn building we are now able to relocate staff and the Wisley Garden Library from Aberconway House. Work continues across Wisley as we invest £60 million in our flagship garden.
- Our Rocket Science project concluded with 600,000 children from more than 5,000 schools growing seeds that had spent time in space with British astronaut Tim Peake and comparing them to seeds that had remained on earth. Their results were analysed by Biomathematics & Statistics Scotland and reported in our Rocket Science: Our Voyage of Discovery summary document.

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

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

- At the end of the financial year, we had 472,157 members, a record high and a net increase of 23,180 members on the previous year.
- The number of Fellows, our top membership tier and another important source of support, reached 144.

## **6. To provide a voice for all gardeners.**

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

- We meet regularly with our Plant Committees and specialist Plant Societies, and communicate regularly with Affiliated Societies. We aim to improve the service we give to gardeners with specialist interests.
- Our Plant Trials team worked closely with the gardening trade to explore ways for the Award of Garden Merit to appear more frequently at points of sale. We continue to work closely with organisations such as the Horticultural Trades Association to help ensure that the Award of Garden Merit and Perfect for Pollinators logos are used to maximum benefit.
- Through the Ornamental Horticulture Roundtable Group (OHRG), a collaboration with other horticultural industry and trade organisations, we meet every quarter to raise the profile of horticulture with Government and progress the group's Action Plan.
- We met with Andrea Leadsom, Secretary of State for the Environment, and continue to demonstrate to Government the positive social, economic and environmental contribution horticulture makes, such as driving tourism and making our communities better places to live. Together with our colleagues in the industry, we will continue to raise the profile of the industry.
- In July with the OHRG, we held the Health and Horticulture Forum at the RHS Hampton Court Flower Show to draft the Charter for Horticulture and Health.



- We attended a Parliamentary Reception with the All Party Group for Gardening and Horticulture and called upon Government for support to secure growth in the industry amidst the challenge of an exit from the EU.

## **7. To share and build expert knowledge.**

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

- Our Gardening Advice Service handled a record 91,715 gardening enquiries, ranging from pest and disease identification to the best ways of growing individual plants. Additionally we recorded 53.5 million separate views of our advice and plant pages online.
- Our fortnightly series of RHS Podcasts receives an average 272,667 downloads per month and there are more than 3 million over the year.
- We published *Kniphofia: The Complete Guide*, our first monograph since 1956.

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

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

- Our website is now mobile responsive allowing mobile phone users to access and enjoy RHS online at their convenience. Now 60% of those using the website access it via a mobile device
- We have an ongoing programme of improvements for the different areas of our website. The redesigned RHS Shows pages were completed during the summer and we are now working to update the RHS Gardens hub.
- Through our Gardening Advice Service, online and by phone, we ensure the best advice available. Gardening advice was provided to over 91,000 people in 2016.
- Each month we publish *The Garden*, our membership magazine to keep gardeners up to date with horticultural practices, gardening trends and Society developments. We also publish two quarterly magazines *The Plantsman* and *Orchid Review* as well as a range of practical and reference books.
- We are improving the orientation and interpretation signage across all of our Gardens. This project aims to enhance visitors' enjoyment by improving way-marking and introducing discreet interpretation panels designed to increase understanding of, for example, how and why our Curators have developed the plantings in the gardens.

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

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

- We gave 103 long service awards during 2016, with three for 30 years' service and three for 35 years' service. Our longest serving employee has been working with us for more than 46 years.
- In our third Employee Engagement Survey with Best Companies we continued with an improvement in both our response rate and overall level of engagement. We remain a 'One to Watch' organization in the Best Companies rankings.

- We hosted our now Annual Volunteers Day to thank our 1,300 volunteers for their valuable contributions.

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

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

- We constantly review our administrative costs to ensure that maximum funds are spent on our charitable works.
- We are continuing with the development of a new Customer Relationship Management system in-house; this will provide a comprehensive understanding of our members' and other customers' interactions with us, thereby enabling us to provide them with a more targeted and satisfying personal service.
- The Internal Audit Team develops an annual risk-based audit plan and its reviews continue to lead to improved procedural efficiencies across the Society. Internal Audit focuses on adding value and strengthening our internal control framework.
- Secretariat and Finance continue to conduct detailed reviews of our high-value contracts, providing us with assurance that the Society is adequately protected when entering into new commercial agreements.

**The Year Ahead**

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

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

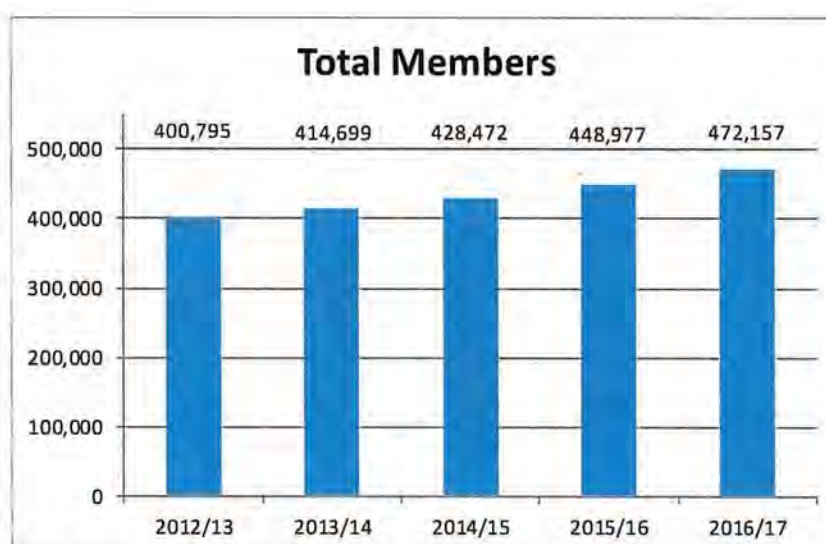


## Treasurer's Financial Review

### Results for Financial Year 01 February 2016 – 31 January 2017

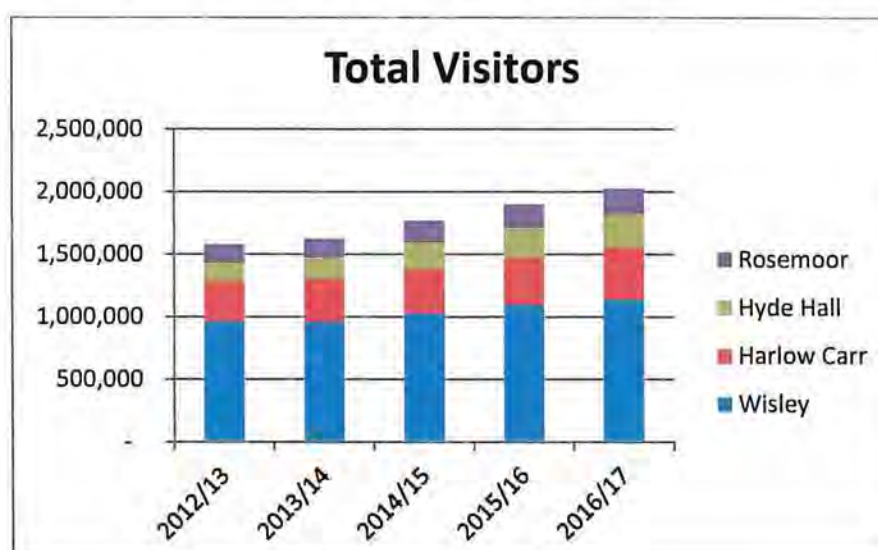
The Society has continued its record of successful financial performance during 2016/17, once again generating a net surplus in excess of our budget. The net surplus before gains on investments was £6.1m and income increased by 7.9% to a record £82.5m whilst, during the year, the rate of investment in our Strategic Investment Programme has gathered pace.

Membership of the Society continued to expand, and grew to a record 472,157 (2015/16: 448,977), an increase of 5.2% over the previous year's record membership. Over the past five years, our membership has steadily increased by over 70,000, an increase of 17.8%.



New events in the Gardens, and the growth of the existing Christmas Glow event in particular, resulted in record-breaking visitor numbers for the year with over 2 million visitors across the four Gardens for the first time. All Gardens had record years, with Harlow Carr exceeding 400,000 visitors and Rosemoor exceeding 200,000 visitors for the first time.

Over the past five years, visitor volumes across our four Gardens have increased by 449,000 (29%).



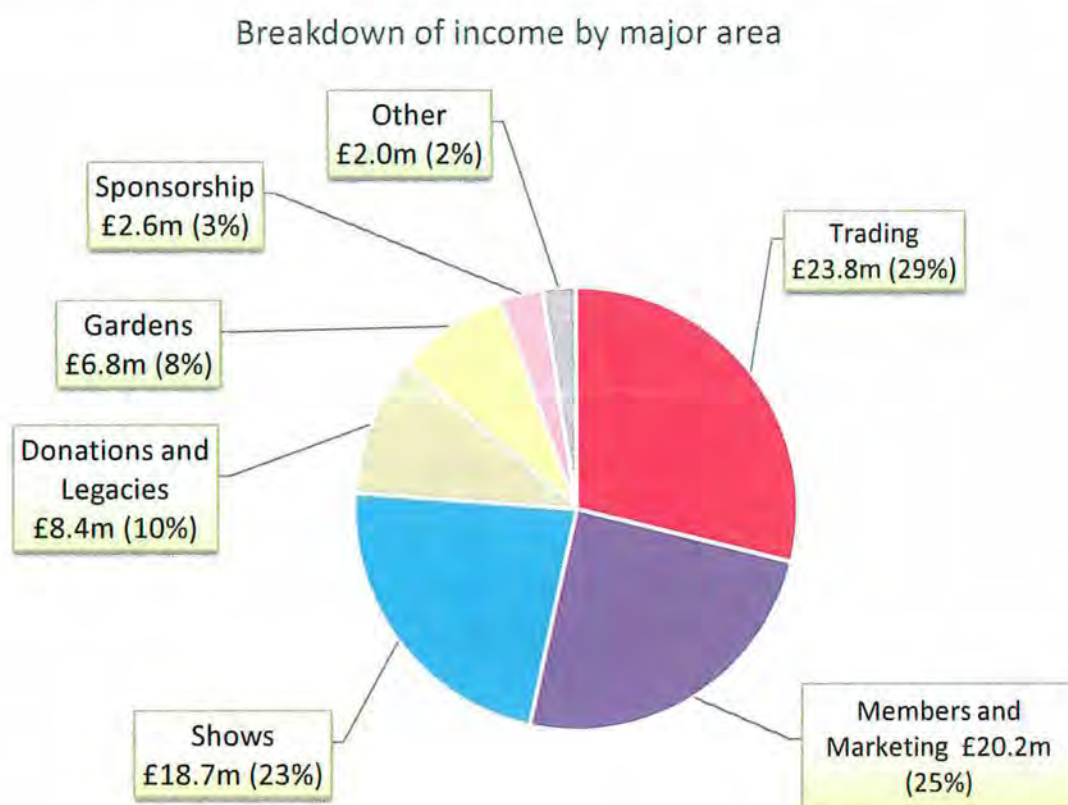


The £160m, 10-year Strategic Investment Programme is now well under way and the Society is committed to investing a substantial part of its reserves and anticipated future net income into this inspirational long term undertaking, the potential from which is huge, underpinning our ability to achieve the ambitious charitable aims that the Society is striving for in the coming years. Of the anticipated £160m investment, the Society is seeking to raise in excess of £40m from fundraising. To date, we have already invested £20m in projects and it will be necessary to designate further elements of the Society's reserves over the coming years to the Strategic Investment Programme Fund (currently £49m), in order to ensure sufficient funds are available to complete this challenging programme.

The key contributors to our net income, together with other salient elements of the Society's financial affairs, are explained below and further details are available in the Consolidated Statement of Financial Activities on page 32.

## Income

The Society generated total income of £82.5m, compared to £76.5m in 2015/16, an increase of 7.9%. A breakdown of this year's income by major area is shown below:



Trading income includes retail operations from all four RHS Gardens, events income from gala nights at the Chelsea and Hampton Court Palace Flower Shows, income from advertising in The Garden magazine and income from hiring out of the Lindley Hall. At £23.8m (2015/16: £23.3m), it represents 29% of the total income of the Society and was £0.5m (2.4%) higher than in 2015/16.

Income from the Members and Marketing division, at £20.2m (2015/16: £18.3m), is higher than last year by £1.9m (10.4%), and is 25% of the Society's total income; this continues to represent a major



source of funds to re-invest in our charitable projects. As mentioned above, membership numbers increased to yet another new record of 472,157 by year-end.

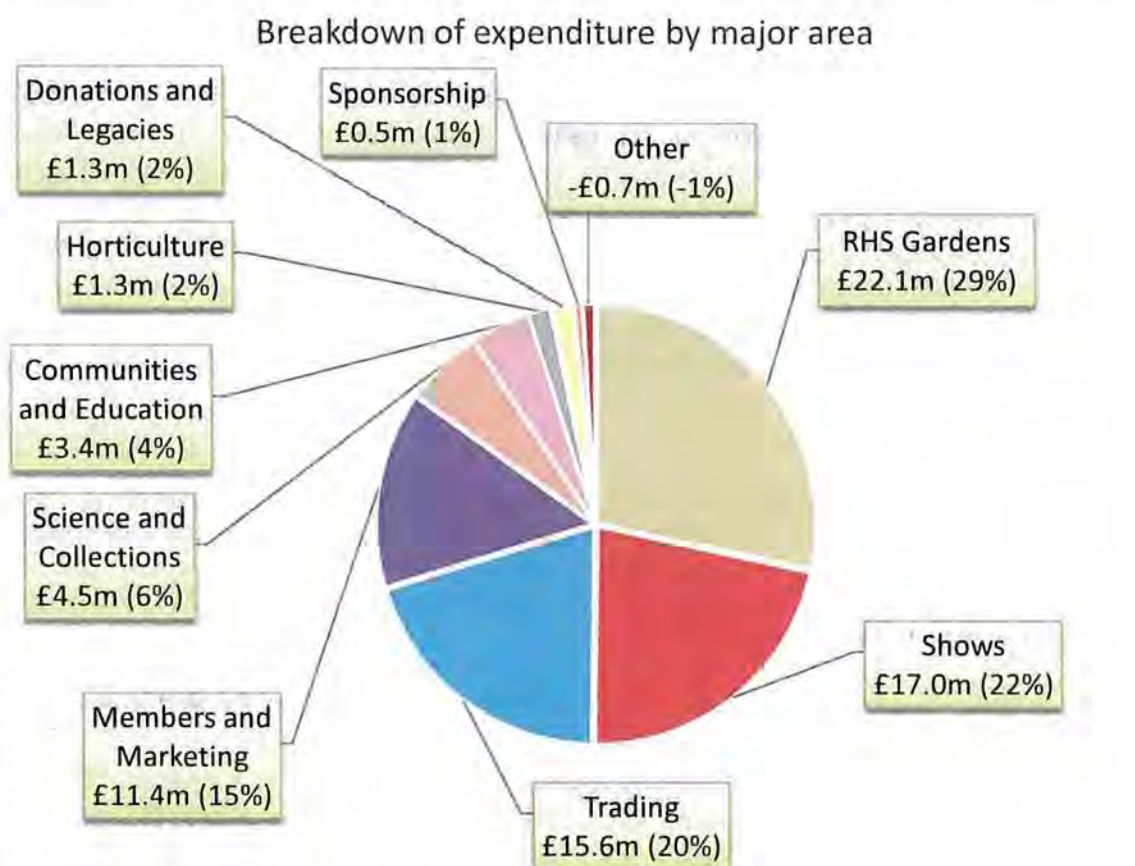
RHS Shows income increased to £18.7m (2015/16: £18.2m), up £0.5m, (3.0%), representing 23% of the Society's income. The Chelsea Flower Show was once again a sell-out, with 165,000 visitors. RHS Hampton Court Palace and Tatton Park Flower Shows were impacted by lower than planned sales in the weeks directly before the shows; however, attendances at these events still amounted to 135,000 and 63,000 respectively. In the coming year, our shows income will see a material increase with the addition of the Chatsworth Show.

Legacies and donations increased to £8.4m (2015/16: £6.9m) as awareness for the Key Investment Projects grows, with increases in gifts to the Society; this will be a critical income stream over the next few years.

RHS Gardens income, which includes gate receipts and catering but excludes income from retail operations, reached £6.8m (2015/16: £6.0m), up £0.8m (12.6%). As previously mentioned, Garden visitor numbers exceeded 2 million and grew by 6.7%, with all Gardens having their best ever year. Catering customers at the Gardens also continued to grow on the back of this.

## Expenditure

Total expenditure in the year was £76.4m (2015/16: £71.1m), an increase of £5.3m (7.4%) which included spending of £4.0m on Key Investment Projects within the Strategic Investment Programme. A breakdown of this year's expenditure by major area is shown below:





RHS Gardens had a total expenditure of £22.1m in 2016/17, up £2.9m on 2015/16. Investment in headcount and horticulture across the gardens are the major drivers of the increase on prior years, helping to ensure that our world class gardens are maintained, improved and developed.

Shows had a total expenditure of £17.0m in 2016/17, up £0.9m on 2015/16. The increase came from the investment in a new central shows hub used for all shows, and from increased costs of security, particularly at Chelsea.

Trading expenses of £15.6m are £0.4m lower than in 2015/16, a decrease of 2.6% on prior year. All areas within Trading have achieved decreased expenditure through tighter purchasing and better management of resources.

Members and Marketing continued to focus its efforts and expenditure on supporting the growth in, and providing excellent service to, our membership, whilst also partnering with third parties to reach potential members who wouldn't ordinarily consider joining the RHS.

Science and Collections expenditure is in line with 2015/16, a year in which costs increased by £2.0m, thereby continuing the high level of investment in this area, recognising and rewarding the talent which will ensure the future of great scientists within the RHS.

Communities and Education expenditure has increased by £0.2m on 2015/16 due to additional resources to support the RHS Campaign for School Gardening.

Horticulture expenditure (covering trials, bursaries, partner garden support and Affiliated Societies) is in line with last year.

The Society's Strategic Investment Programme increased its expenditure in 2016/17, with £4.0m invested as revenue expenditure (in addition to the capital expenditure of £8.5m discussed below). Revenue expenditure included £0.7m on garden masterplanning fees across Wisley and Bridgewater Gardens; £0.2m on our Community Outreach projects across the UK; £0.5m towards our "Horticulture Matters" programme where we have committed to make horticulture a career to be proud of; £1.2m towards IT and Digital resources in order to bring our systems in line with 21<sup>st</sup> century requirements; £0.3m towards increased Horticultural Science resources; and £0.8m covering additional resources required as support to the Society in delivering all the different projects that make up the Strategic Investment Programme.

### **Fixed Asset Investments**

At the year-end, the Society held Fixed Asset Investments valued at £96.7m (2015/16: £90.8m) as set out in Note 8. These investments either provide support for the Society's reserves or are earmarked for allocation against future expenditure on the Strategic Investment Programme. The Investments Committee oversees the Society's investments and is responsible for the review of the Society's investment performance.

Endowments gifted to the Society total £5.0m and form part of the Fixed Asset Investments. The Society's endowed investments are managed on a total return basis with 3.5% of the endowment fund balance withdrawn each year and made available for bursaries. In accordance with this policy, Council transferred £135k from the endowment to restricted funds for spending in the year. In bursary funds where these balances have not been fully expended, the unspent balances are carried forward for spending in the following year.



Over the three years to 31 January 2017, the endowed portfolio produced annualised total returns of 10.8% per year, significantly above the Society's target return of RPI plus 3.5% per annum. Council will continue to review the level of annual withdrawal to ensure that an appropriate balance between the needs and interests of current and of future beneficiaries of the Society's activities is maintained.

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

The Society's cash and liquid fixed income securities are invested in two funds; the CCLA Investment Managers Limited Charities Official Investment Fund (COIF) Charities Deposit Fund and the Royal London Asset Management (RLAM) Cash Plus Fund. Over the year, the Charities Deposit Fund, which is a cash fund only, has essentially met its target return of the average LIBID rate over the period, which was 0.52%. The RLAM Fund, which is invested in both cash and liquid fixed income securities, has returned 1.5% for the year, being 1.0% ahead of the "cash plus" target. The remaining non-endowed investments within designated funds have generated a return of 10.98% per year over the three years to 31 January 2017, which is 9.3% per annum above the Society's target of achieving a positive real return in excess of RPI.

These investments are held in funds across three investment managers to diversify the investment risk. During the year, the Society divested £15m of the RLAM Cash Plus Fund and invested this sum with a new investment manager, Fulcrum, into its TM Fulcrum Diversified Core Absolute Return Fund. The Society's holdings in pooled investment vehicles managed by Troy Asset Management Limited and Veritas Asset Management LLP were maintained unchanged.

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

## **Reserves**

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

- Fixed Asset Funds totalling £63.5m representing the amount invested in the net book value of unrestricted fixed assets.
- Reserve Policy Fund of £7.5m. Having reviewed the risks to the Society, and the challenges and calls upon its finances, Council considers it appropriate and prudent, in the context of the Society's commitments, to maintain the fund at this level, which is equivalent to approximately 2 months of the Society's charitable expenditure.



- Strategic Investment Programme Funds of £49.0m representing the funding support which has been specifically designated to date for the on-going Key Investment Projects within the Strategic Investment Programme for capital and revenue projects which have been grouped into three projects; Existing Gardens, 5<sup>th</sup> Garden and Community Outreach. Over time, the execution of the Strategic Investment Programme will lead to further elements of the Society's reserves being similarly designated. It is envisaged that this investment programme will take a minimum of ten years to complete, commencing from 2014. The capitalisation of this major capital programme will lead to annual transfers between this fund and the Fixed Asset Fund.

The balance on unrestricted reserves, after the above designations (which includes the Reserve Policy Fund), is held in General and Trading Funds of £15.7m to provide working capital for the Society and its trading subsidiaries (RHS Enterprises Ltd and RHS Special Events Ltd).

### **Pensions**

The consolidated and Society balance sheets include the pension net liability on the 1974 Defined Benefit Pension Scheme of £8.0m as at 31 January 2017 (2015/16: £5.0m). The deficit is disclosed for FRS 102 purposes, valuing the Scheme's liabilities based on actuarial assumptions and assets at market rates as at the financial year-end.

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

### **Capital Expenditure and Disposals**

In 2016/17, capital expenditure amounted to £10.9m (2015/16: £2.6m). Of this, £8.5m related to the Strategic Investment Programme which forms part of our landmark £160m investment in the future of horticulture by 2023/24. Expenditure has increased considerably compared to previous years as several of our Key Investment Projects are now underway. Expenditure has been incurred on delivering various projects throughout the year including a new reception and Library Entrance at the Lindley Library in London, enabling works for large projects at our Wisley and Hyde Hall gardens, as well as architects' and consultants' fees across all sites including our new RHS Bridgewater garden in Salford.

Amongst the larger capital additions at our gardens, £4.6m was spent at Wisley on infrastructure works in readiness for the new Welcome building, the Centre for Science and Horticulture, and new office accommodation. At Hyde Hall, capital additions on the expansion of the Welcome building and enabling works for the new Hyde Hall Hilltop development amounted to £1.5m. Expenditure of £0.7m on a new Garden Room at Rosemoor for events was also being constructed during the year which is due for completion in Spring 2017. The balance of capital expenditure represents a combination of architects' and consultants' fees as we continue with design development of the projects at the various sites.

There were no sales of fixed assets in the year. Costs of £1,804k, and accumulated depreciation of £1,437k were written off as disposals in the year.



## **Outlook**

The Society has made significant strides towards delivering our Strategic Investment Programme. The next 4 years will see the delivery of a number of the large capital projects and our absolute focus is now on ensuring the successful execution of these important and complex undertakings, and on managing the attendant risks, whilst continuing to exercise close control over the day to day running of the Society's normal operations and to provide our members with a first class experience.

As I have indicated in previous years' reports, we will need to deploy a significant part of both our investment reserves and our future annual operating surpluses to meet the costs of the Strategic Investment Programme of this scale. In addition, to supplement the Society's own resources, we will need to raise additional funds from donors and external funding bodies and this is a central focus of our efforts in 2017, building on the momentum developed in 2016. Given the size and ambition of our plans, we need to maintain the tight governance structures that are in place around each of the major projects, in order to continue to control carefully both the financial and the project management challenges that they present.

Notwithstanding the diversity and scale of these undertakings, we continue to view the future with confidence.



**Alastair Muirhead**  
**Treasurer**  
**Date: 09 May 2017**



## Structure, Governance and Management

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

A summary of the Society's structure, governance and management arrangements in 2017 is provided below. This broad structure – which emphasises the 'H' for 'Horticulture' in RHS – has been in place since December 2012, though it has been adjusted in the past year with the disbanding of the Pensions and Remuneration Committee and establishment of the Remuneration Committee in its place (with any other responsibilities being absorbed by the Commercial Board).

### Council and Trustees

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

### Election and Appointment to Council

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

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

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

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

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

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



### **Council Members' Induction and Training**

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

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

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

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

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

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

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

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

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

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

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

### **Advisory Groups and Forums**

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

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

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

### **RHS Trading Companies**

Our active trading companies are:

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

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

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

### **Management of the Society**

The day-to-day running of the Society is delegated to the Director General and her Leadership Team. A copy of the scheme of delegations to the Leadership Team can be found in the 'About the RHS' section of our website, or on request from The Secretary. Each Leadership Team member has a division under their control and is responsible for the Society's operational activities and delivery of the Strategic Objectives agreed by Council. The Leadership Team during 2016/17 were:

Ms Sue Biggs	Director General
Mrs Ruth Evans	Director of Education, Funding & Communities
Dr Alistair Griffiths	Director of Science & Collections
Mr Mark Norman	Director of Finance
Ms Hayley Monckton	Director of Communications
Mrs Jan Nix	Director of Risk & Governance
Mrs Sally Charleton	Director of Customer & Commercial (appointed 1 August 2016)
Ms Lucy Semmens	Director of People
Mr Matthew Rooke	Director of Technology & Editorial
Mr Tom Shelston	Director of Members & Marketing
Dr Tim Upson	Director of Horticulture

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



### **Staff and Volunteers**

As at the 31 January 2017, the Society employed 659 full-time and 224 part-time staff (31 January 2016: 643 and 207 respectively). Additional seasonal staff were employed during peak periods. The Society also received help from more than 1,300 volunteers during the year. This included 601 regular operational volunteers in the Society's Gardens with an additional 382 volunteers helping at its Shows and in the Membership Department and 355 expert supporters of the Society who serve on its boards, committees and advisory groups. We are focused on improving the diversity of those who work for and volunteer at the RHS, and the Trustees recognise the importance of working to improve diversity within our governance structure. Our Nominations, Appointments and Governance Committee has diversity as a standard agenda item to ensure that it is maintained as a focus of the Society.

### **Reimbursement of expenses**

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

### **Subsidiary and related charities and other related parties**

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

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

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

The Royal Horticultural Society (1974) Pension Scheme is a related party to the RHS (see Note 29 to the Financial Statements).

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

### **Risk Management**

The Society has 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 the measures by which 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 changes in the likelihood of a risk occurring or its impact. Progress against risk action plans during the year was monitored by the Audit and Risk Committee and Council and was considered to be satisfactory.

While Council is of the opinion that it has undertaken all reasonable steps to ensure that the major risks to which the Society is exposed are identified and reviewed and that there are systems in place to mitigate them, it is aware that such processes are designed to manage rather than eliminate all major risks and that it can only provide reasonable, but not absolute, assurance.

Major risks to the Society include:

**a) Strategic Investment Programme (SIP) delivery**

To ensure adequate resourcing of the SIP, recruitment requirements for additional resources have been identified and actioned. There is continued monitoring to ensure the correct level of personnel are in place with the correct skills to facilitate delivery of each project. Given the importance of external fundraising to the financing of the SIP, an RHS Fundraising Group has been established; this meets regularly to monitor fundraising progress and provides regular updates to Council. There is continual monitoring by the Leadership Team of the high quality of our "business as usual" activity to ensure that the SIP programme is not detracting from this.

**b) Weather**

The weather can significantly impact Garden and Show visitor numbers as well as sales income. While this cannot be eliminated, measures have been taken to reduce the impact, including increasing garden events, encouraging pre-booking of tickets and growing online sales.

Council is committed to ensuring that best practice for the identification and management of risk 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. Council members keep health and safety under regular review.

**Equal Opportunities**

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

**Employee Involvement**

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



## **Statement of Trustees' Responsibilities**

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles set out in the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity and group will continue in business.

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

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **Auditors**

Grant Thornton UK LLP were reappointed as auditors to the Society at the AGM on 27 June 2016.



**Sir Nicholas Bacon**  
**President of the RHS and Chair of Council**  
**Date: 09 May 2017**



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

We have audited the financial statements of the Royal Horticultural Society for the year ended 31 January 2017 which comprise the Group and Society balance sheets, the Group and Society statements of financial activities, the Group statement of cash flows, 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), including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

### **Respective responsibilities of Trustees and auditor**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 29, the Trustees are responsible for the preparation of the financial statements which give a true and fair view. We have been appointed as auditor under sections 151 of the Charities Act 2011 and 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **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 2017 and of the Group's and parent charity's incoming resources and application of resources, including the Group and the parent income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).



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

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

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

Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
London

Date:

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

**THE ROYAL HORTICULTURAL SOCIETY**  
**Annual Report and Consolidated Financial Statements 2016/17**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR  
THE YEAR ENDED 31 JANUARY 2017**

		Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2017 Total £'000	2016 Restated Total £'000
	Note					
<b>INCOME AND ENDOWMENTS FROM:</b>	1 iv)					
Donations & Legacies	2	6,061	2,303	-	8,364	6,864
Grants		75	65	-	140	-
<b>CHARITABLE ACTIVITIES:</b>						
Members and Marketing		20,214	-	-	20,214	18,313
Shows		18,740	-	-	18,740	18,196
RHS Gardens		6,755	-	-	6,755	5,998
Communities and Education		637	-	-	637	458
Horticulture		280	4	-	284	317
Science and Collections		140	5	-	145	102
<b>OTHER TRADING ACTIVITIES</b>						
Trading Income		23,830	-	-	23,830	23,282
Sponsorship Income		2,565	-	-	2,565	2,027
<b>INVESTMENTS</b>	2	576	-	21	597	842
<b>OTHER</b>	11	190	-	-	190	51
<b>Total</b>		<b>80,063</b>	<b>2,377</b>	<b>21</b>	<b>82,461</b>	<b>76,450</b>
<b>EXPENDITURE ON:</b>	1 v)					
<b>RAISING FUNDS</b>						
Donations & Legacies		1,326	-	-	1,326	1,306
Trading Costs		15,610	-	-	15,610	16,025
Sponsorship		487	-	-	487	356
<b>CHARITABLE ACTIVITIES</b>	3a					
Members and Marketing		11,368	-	-	11,368	9,442
Shows		17,013	-	-	17,013	16,103
RHS Gardens		20,855	1,198	-	22,053	19,148
Communities and Education		3,137	310	-	3,447	3,224
Horticulture		1,178	108	-	1,286	1,292
Science and Collections		4,334	152	-	4,486	4,213
<b>OTHER</b>	12	(713)	-	-	(713)	(29)
<b>Total</b>		<b>74,595</b>	<b>1,768</b>	<b>-</b>	<b>76,363</b>	<b>71,080</b>
<b>NET INCOME BEFORE GAINS ON INVESTMENTS</b>		<b>5,468</b>	<b>609</b>	<b>21</b>	<b>6,098</b>	<b>5,370</b>
Gains on investment assets	8, 21a	5,307	-	916	6,223	820
<b>NET INCOME</b>		<b>10,775</b>	<b>609</b>	<b>937</b>	<b>12,321</b>	<b>6,190</b>
Transfers between funds	21a	1,346	(905)	(441)	-	-
<b>Other recognised (losses)/gains:</b>						
Actuarial (losses)/gains on defined benefit pension scheme	21a, 28	(3,015)	-	-	(3,015)	1,526
<b>NET MOVEMENT IN FUNDS</b>	6, 20a, 21a	<b>9,106</b>	<b>(296)</b>	<b>496</b>	<b>9,306</b>	<b>7,716</b>
<b>Reconciliation of funds:</b>						
<b>TOTAL FUNDS BROUGHT FORWARD</b>	20a, 21a	<b>118,533</b>	<b>5,604</b>	<b>4,542</b>	<b>128,679</b>	<b>120,963</b>
<b>TOTAL FUNDS CARRIED FORWARD</b>	20a, 21a	<b>127,639</b>	<b>5,308</b>	<b>5,038</b>	<b>137,985</b>	<b>128,679</b>

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



**THE ROYAL HORTICULTURAL SOCIETY**  
**Annual Report and Consolidated Financial Statements 2016/17**

**SOCIETY STATEMENT OF FINANCIAL ACTIVITIES FOR  
THE YEAR ENDED 31 JANUARY 2017**

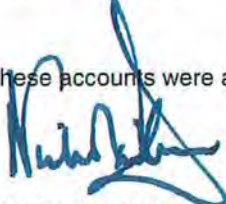
	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2017 Total £'000	2016 Restated Total £'000
<b>INCOME AND ENDOWMENTS FROM:</b>	1 iv)					
Donations & Legacies	2	22,124	2,303	-	24,427	16,394
Grants		75	65	-	140	-
<b>CHARITABLE ACTIVITIES:</b>						
Members and Marketing		19,826	-	-	19,826	18,071
Shows		18,765	-	-	18,765	18,240
RHS Gardens		7,738	-	-	7,738	7,077
Communities and Education		637	-	-	637	458
Horticulture		280	4	-	284	315
Science and Collections		140	5	-	145	102
<b>INVESTMENTS</b>	2	576	-	21	597	842
<b>OTHER</b>		354	-	-	354	453
<b>Total</b>		<b>70,515</b>	<b>2,377</b>	<b>21</b>	<b>72,913</b>	<b>61,952</b>
<b>EXPENDITURE ON:</b>	1 v)					
<b>RAISING FUNDS</b>						
Donations & Legacies		1,405	-	-	1,405	1,369
<b>CHARITABLE ACTIVITIES</b>	3b					
Members and Marketing		11,503	-	-	11,503	9,399
Shows		17,320	-	-	17,320	16,632
RHS Gardens		21,567	1,198	-	22,765	19,992
Communities and Education		3,226	310	-	3,536	3,329
Horticulture		1,206	108	-	1,314	1,330
Science and Collections		4,500	152	-	4,652	4,408
<b>OTHER</b>		74	-	-	74	-
<b>Total</b>		<b>60,801</b>	<b>1,768</b>	<b>-</b>	<b>62,569</b>	<b>56,459</b>
<b>NET INCOME BEFORE GAINS ON INVESTMENTS</b>		<b>9,714</b>	<b>609</b>	<b>21</b>	<b>10,344</b>	<b>5,493</b>
Gains on investment assets	8, 21a	5,307	-	916	6,223	820
<b>NET INCOME</b>		<b>15,021</b>	<b>609</b>	<b>937</b>	<b>16,567</b>	<b>6,313</b>
Transfers between funds	21a	1,346	(905)	(441)	-	-
<b>Other recognised (losses)/gains</b>						
Actuarial (losses)/gains on defined benefit pension scheme	21a, 28	(3,015)	-	-	(3,015)	1,526
<b>NET MOVEMENT IN FUNDS</b>	20b	<b>13,352</b>	<b>(296)</b>	<b>496</b>	<b>13,552</b>	<b>7,839</b>
<b>Reconciliation of funds:</b>						
<b>TOTAL FUNDS BROUGHT FORWARD</b>	20b	<b>114,404</b>	<b>5,604</b>	<b>4,542</b>	<b>124,550</b>	<b>116,711</b>
<b>TOTAL FUNDS CARRIED FORWARD</b>	20b	<b>127,756</b>	<b>5,308</b>	<b>5,038</b>	<b>138,102</b>	<b>124,550</b>


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

**CONSOLIDATED BALANCE SHEET  
AS AT 31 JANUARY 2017**

	Note	2017 £'000	2016 Restated £'000
<b>FIXED ASSETS</b>			
Tangible assets	13a	63,502	54,855
Investments	8	<u>96,728</u>	<u>90,773</u>
		<u>160,230</u>	<u>145,628</u>
<b>CURRENT ASSETS</b>			
Stock	16	1,736	1,793
Debtors	17	6,476	6,741
Cash at bank and in hand	25	<u>10,727</u>	<u>11,558</u>
		<u>18,939</u>	<u>20,092</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			
Income in advance		(24,002)	(21,650)
Creditors		<u>(7,721)</u>	<u>(9,074)</u>
	18	<u>(31,723)</u>	<u>(30,724)</u>
<b>NET CURRENT LIABILITIES</b>		<b>(12,784)</b>	<b>(10,632)</b>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	19	<b>(1,431)</b>	<b>(1,268)</b>
<b>NET ASSETS BEFORE PENSION LIABILITY</b>		<b>146,015</b>	<b>133,728</b>
Defined benefit pension scheme liability	28	<u>(8,030)</u>	<u>(5,049)</u>
<b>NET ASSETS AFTER PENSION LIABILITY</b>		<b>137,985</b>	<b>128,679</b>
<b>CAPITAL FUNDS</b>			
Endowments	21a	5,038	4,542
<b>INCOME FUNDS</b>			
Restricted funds	21a	5,308	5,604
Unrestricted funds:			
Designated funds	21a	120,002	108,949
General & Trading Funds	21a	15,667	14,633
Pension Reserve	21a	<u>(8,030)</u>	<u>(5,049)</u>
Total unrestricted funds		<b>127,639</b>	<b>118,533</b>
<b>TOTAL FUNDS</b>	21a	<b>137,985</b>	<b>128,679</b>

These accounts were approved by Council on 09 May 2017 and signed on their behalf by:

  
Sir Nicholas Bacon  
President

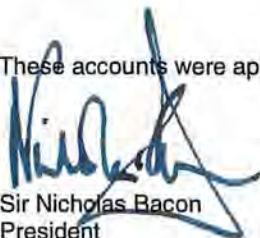
  
Alastair Muirhead  
Treasurer




**SOCIETY BALANCE SHEET  
AS AT 31ST JANUARY 2017**

	Note	2017 £'000	2016 Restated £'000
<b>FIXED ASSETS</b>			
Tangible assets	13b	63,569	54,891
Investments	8	96,728	90,773
Investments in trading companies	14	110	110
		<u>160,407</u>	<u>145,774</u>
<b>CURRENT ASSETS</b>			
Stock		75	65
Debtors	17	9,719	10,334
Cash at bank and in hand		3,994	4,208
		<u>13,788</u>	<u>14,607</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			
Income in advance		(19,890)	(17,586)
Creditors		(6,742)	(11,928)
	18	<u>(26,632)</u>	<u>(29,514)</u>
<b>NET CURRENT LIABILITIES</b>		<b>(12,844)</b>	<b>(14,907)</b>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>			
	19	<b>(1,431)</b>	<b>(1,268)</b>
<b>NET ASSETS BEFORE PENSION LIABILITY</b>		<b>146,132</b>	<b>129,599</b>
Defined benefit pension scheme liability	28	(8,030)	(5,049)
<b>NET ASSETS AFTER PENSION LIABILITY</b>		<b>138,102</b>	<b>124,550</b>
<b>CAPITAL FUNDS</b>			
Endowments	21a	5,038	4,542
<b>INCOME FUNDS</b>			
Restricted funds	21a	5,308	5,604
Unrestricted funds:			
Designated funds	21a	120,002	108,949
General & Trading Funds	21a	15,784	10,504
Pension Reserve	21a	(8,030)	(5,049)
Total unrestricted funds		127,756	114,404
<b>TOTAL FUNDS</b>		<b>138,102</b>	<b>124,550</b>

These accounts were approved by Council on 09 May 2017 and signed on their behalf by:

  
Sir Nicholas Bacon  
President

  
Alastair Muirhead  
Treasurer

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 JANUARY 2017**

	Note	<b>2017</b>		<b>2016</b> Restated	
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
<b>Net cash provided by operating activities</b>	23		10,147		7,473
<b>Cash flows from investing activities</b>					
Interest received from investments		98		133	
Dividends received from investments		506		746	
Sale of investments	8	14,994		10,951	
Purchase of tangible fixed assets	13a	(10,912)		(2,611)	
Purchase of investments	8	(15,579)		(24,618)	
Movement in Cash within pooled investments		312		(160)	
<b>Net cash used in investing activities</b>			(10,581)		(15,559)
Change in cash and cash equivalents in the reporting period	24		(434)		(8,086)
Cash and cash equivalents at the beginning of the reporting period	25		32,099		40,185
<b>Cash and cash equivalents at the end of the reporting period</b>	24		<u>31,665</u>		<u>32,099</u>