



Royal
Horticultural
Society

Trustees' Annual Report and Consolidated Financial Statements **2009/10**

Registered Charity Number 222879/ SC038262

Contents

RHS President's Introduction	03
Acting Director General's Introduction	04
Annual Review 2009/10	05
Financial Review by The Treasurer	12
Our Performance During the Year and Future Plans	16
Governance and Management of the Society	40
Disclosure of Information to Auditors	47
Statement of Council's Responsibilities in Respect of the Trustees' Report and Financial Statements	47
Statement of Compliance	47
Report of the Independent Auditor	48
Statement of Financial Activities	50
Consolidated Balance Sheet	51
Society Balance Sheet	52
Consolidated Cash Flow Statement	53
Notes to the Financial Statements	54
Donors and Supporters	71
Our Patron, Officers of the Society, Senior Staff, Governance Committees and Professional Advisors	72

Annual General Meeting 2010

All members of the Society will have the opportunity to question the Society's trustees on past performance and future plans at the 2010 Annual General Meeting which will be held at the RHS Garden Harlow Carr at 2pm on Thursday 1 July 2010. 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.

For an alternative format of this report, please telephone: 020 7821 3679, or email: agm@rhs.org.uk

RHS President's Introduction

We achieved a tremendous amount in 2009, despite the financial climate. Our gardens looked better than ever and we were thrilled to welcome a record 1.5 million visitors to them over the year, 15% more than in 2008. Wisley Garden received the award for the Best Large Visitor Attraction in the South East, an accolade well deserved by our devoted staff and volunteers. We also saw the completion of our new visitors' centre at Hyde Hall.

Giles Coode-Adams
President



We put on a total of 12 wonderful flower shows throughout the year. These shows promote horticultural excellence and provide an important link between the RHS and the horticultural trade. We are extremely grateful to our exhibitors for the immense efforts they put into their floral displays and gardens. We were also delighted to secure a three year sponsorship with M&G Investments for the Chelsea Flower Show and Gala.

As well as demonstrating and promoting horticultural excellence and expertise we worked hard to bring gardening to new audiences. Our Campaign for School Gardening went from strength to strength, with over 10,000 schools taking part. Research we commissioned provided evidence that the Campaign is helping children and schools in many ways, especially giving children added self confidence. We hope that they will continue to obtain enormous pleasure from gardening for the rest of their lives. In 2010, our education programmes will be boosted by the completion of the Peter Buckley Learning Centre at Rosemoor and the Bramall Learning Centre and Library at Harlow Carr. Both projects were made possible by a terrific response to fundraising campaigns.

Our communities' programmes, **Britain in Bloom** and **It's Your Neighbourhood** brought over 200,000 volunteers together through gardening to care for their local environment. It is truly inspiring to see how they have brought their communities to life through horticulture.

Our horticultural science programmes are of increasing significance in an environment where horticultural research is receiving less support from government and yet risks posed by pests and diseases and a changing climate are increasing. In 2009 we launched a new five year Science Strategy to meet these challenges. I expect science to be an increasing priority for the RHS.

All of this was achieved in a time of great economic uncertainty, following the major downturn in 2008 and the near-collapse of the banking industry following the credit crisis. Council and the Directors therefore decided that costs needed to be reduced across the Society; this included cutting expenditure on salaries by 10% through headcount reductions, an unpleasant but necessary decision.

We were sad to say goodbye to Inga Grimsey, our Director General, but have been very lucky that Gordon Seabright, her deputy, took on the role of Acting Director General with energy and enthusiasm.

This year, our Treasurer, Andrew Sells will be stepping down, as will Nigel Colborn, Professor John MacLeod and Richard Webb. Their contribution to the Society over many years has been unstinting. I, too, will be stepping down and my place will be taken by Elizabeth Banks, who, I know, will carry out her duties with great distinction. I have enormously enjoyed my time as President. I have made so many great friends. I shall soon have more time to talk to them, swap plants and enjoy to the full all the wonderful things our Society has to offer.

I must also thank the many people who have made this year for us one of our very best, despite the considerable challenges we confronted. Without the commitment of our staff, committee members, judges, volunteers, and of course members, this would not have been possible. We are tremendously thankful for your ongoing support for the RHS and for horticulture. I particularly would like to thank all those who made donations to the RHS and those who left us legacies. This year, we received the largest legacy that we have ever been given, £1.5 million from Joan Sams, for which we are most grateful.

Times will remain difficult, but the Society is fitter and better prepared for this and I am confident we will continue to build on the great progress we have made in the last year.

A handwritten signature in black ink that reads "Giles Coode-Adams". The signature is written in a cursive style.

Giles Coode-Adams
President

Acting Director General's Introduction

2009-10 was not an easy year for the RHS. The achievement of the Society's staff in meeting (and in many cases exceeding) the vast majority of the targets we set ourselves was particularly impressive. Their dedication, professionalism and passion for horticulture deserve recognition and great praise.

Gordon Seabright
Acting Director General



Acting Director General's Introduction

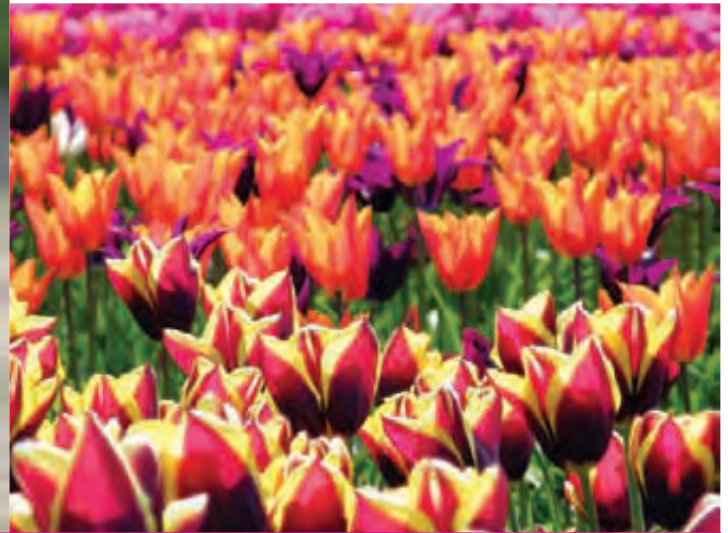
During the course of the year we acted to safeguard and strengthen the Society's financial security, carrying out a major restructure and reducing staffing levels. Although this was necessary and prudent, and enabled the Society to bring about a substantial reduction in its operating costs, it was of course a painful process.

Despite the difficult economic environment, 2009 proved to be a good year for horticulture. Garden visits and sales of plants boomed as people went back to basics, seeking pleasure and fulfilment close to home and in nature. We were able to help both new and experienced gardeners find the inspiration and information they needed through our gardens, shows, publications and website. We also provided direct support through our community, school and advisory programmes. Through all our work we sought to understand and meet the needs of all gardeners as well as communicate to a wider audience the value of gardening to society.

We enter 2010-11 with great optimism. We have adopted a set of Strategic Principles that inform all our work and reaffirm our passion for horticulture, and we will develop a delivery plan for 2011-15 that will set out how we will bring these principles to life. We will also launch our People Plan, through which we will tackle many tough issues and enable our teams to do the best possible job as we cultivate the enthusiasm for gardens and gardening that continues to grow across the UK. And we will continue to build the strength of the RHS to meet the needs of gardeners today and tomorrow.

Gordon Seabright
Acting Director General





01

Annual Review
2009/10



Introduction

The RHS is a charity committed to helping and inspiring gardeners at all levels. We are driven by a love of plants and a belief that gardeners make the world a better place.

We support gardeners by sharing the knowledge and experience that we are continually developing. Our stated purpose as a charity is the encouragement and improvement of the science, art and practice of horticulture in all its branches. We do that today by providing information, advice, ideas and inspiration at our shows and in our gardens, in our publications and online, and through our community and education programmes.

2009 was a year of significant challenge and opportunity for the RHS. The global recession impacted negatively on our investment income and operating surplus. This, coupled with a need to ensure we were resourced appropriately to deliver our strategic objectives, caused us to review and reduce our staffing levels, a difficult process for the whole organisation.

The economic downturn also created opportunities for the Society. The recession caused many people to reflect on their values and to find pleasure closer to home and in the natural environment. As a consequence interest in gardens and gardening grew considerably. The horticultural trade reported a significant boost in sales and the UK tourism industry experienced a similar rise in visitor numbers. For the RHS, this was reflected in record levels of people visiting our gardens, accessing our online information and participating in our learning and communities programmes.





Inspiring and informing horticulture

Demonstrating and promoting horticultural expertise

Our four gardens, Harlow Carr in Yorkshire, Hyde Hall in Essex, Rosemoor in Devon and Wisley in Surrey are essential in helping us to meet our objectives of developing and promoting horticultural excellence and inspiring people to garden. We seek every year to improve each garden further and through a Masterplanning process have identified ways in which the character of each garden can be developed in keeping with its surroundings. We are also improving facilities to enhance garden visitors' experience.

In 2009 we built and opened a new visitors' centre and began exciting associated landscaping at Hyde Hall. We began construction of two new learning centres at Harlow Carr and Rosemoor, both of which will significantly increase our capacity to provide education opportunities to children and adults. We also began the landscaping of the new Bowes Lyon Rose Garden at Wisley. The Masterplan delivery, a packed programme of events, especially around Grow Your Own and the daily efforts of our garden staff have yielded great results. In 2009 we welcomed a record 1.5 million visitors to our gardens, an increase of 15% on the previous year.

Our trials programme, based in our gardens, enables us to test the latest plants being developed by the horticultural trade for use by amateur gardeners, and to award the best plants with the much sought after Award of Garden Merit. In 2009, this programme was subject to a major review to ensure that it continues to reflect the needs of gardeners. The many hundreds of volunteers on the RHS plant committees play a vital role in the trials programme as well as our wider horticultural knowledge and practice.

Our flower shows display the very best in garden plants and design, as well as promoting gardens and gardening to a wide audience. They enable us to talk about issues affecting gardening and the impact that gardens and gardening have on people and the environment. They are also a great way of encouraging people to try gardening for the first time or to set their gardening ambitions at a higher level. In 2009, our three largest flower shows, Chelsea, Hampton Court and Tatton Park attracted 390,000 visitors. Our shows programme also included events in Cardiff, Malvern, London and Wisley as well as BBC Gardeners' World Live in Birmingham. Millions of people who did not make it to our shows were able to enjoy them through extensive media coverage, including dedicated TV programmes on the BBC, our broadcast partner.

Inspiring and informing horticulture (cont)

Sharing expert information and advice

Whilst our gardens and shows are an opportunity for us to build and share horticultural knowledge, we invest in many other ways of doing this too. The RHS website www.rhs.org.uk went from strength to strength in 2009. A redesigned website and the creation of regularly updated engaging content meant that we attracted an average of 700,000 unique users each month. To answer the most frequently asked questions by gardeners we created more than 250 advice pages, adding to the 200 uploaded in 2008.

A key benefit to our members is the horticultural advisory service. Our expert multi-disciplinary advisory team responded to 72,500 horticultural queries in 2009. Of these 17,000 were public enquiries at our shows. The advisory and diagnostic services also provided a unique means of intelligence gathering and early warning about emerging horticultural issues, especially pests and diseases. Over 180 articles for the RHS and other media outlets were informed by these insights, reaching a combined readership of 1.2 million people. Others seeking horticultural knowledge and inspiration were able to make use of the RHS Lindley Library, which houses one of the finest collections of horticultural literature, botanical paintings and archives in the world.

Our own publications, including our monthly magazine *The Garden*, were able to make use of our horticultural and scientific expertise, as well as to promote the work of the RHS to a wider audience. We published a number of new books covering topics such as garden design and growing fruit and vegetables. In what was a very challenging year for the UK publishing market, RHS publications stood up well with over 700,000 books sold.

Growing skills

To ensure a bright future for horticulture, we know that we need to invest in building horticultural skills. For us, this ranges from getting children enthused about gardening (see page 10) through to awarding academic and professional qualifications. Every year we employ around 30 trainees in our gardens to work alongside some of the most expert gardeners in the UK. These trainees undertake a two year programme of practical and academic exercises and assessments.

Some of our curatorial staff join external horticulturalists in studying for the Masters in Horticulture. This is just one of a suite of horticultural qualifications administered and awarded by the RHS School of Horticulture, which also includes Level 2 and 3 certificates offered by colleges across the country.

At a more informal level, over 2,000 people increased their horticultural knowledge and skills by taking part in one of our adult learning events including short courses, demonstrations, workshops and guided walks.

Using dedicated bursary funds, we also supported individual plant exploration, horticultural study tours and conference attendance around the world.





Caring for our environment

We believe that, as the leading horticultural organisation in the UK, we have a duty to use and communicate the latest scientific evidence to inform our work and advice to gardeners. We do this by conducting our own research, evaluating the research of others and through demonstrating and promoting best practice in our gardens, at our flower shows, online and through the media.

We design our scientific programmes to reflect the contemporary needs of gardeners. In 2009, 95% of The Garden readers surveyed agreed with the statement that "As a gardener, it is my responsibility to help look after our environment". Responding to this growing environmental concern, we launched a new Science Strategy this year with environmental stewardship as a focus. Five themes were identified as a priority for our scientific research and interpretation activities for the next five years:

- gardening in a changing climate,
- wildlife in gardens,
- conserving plants in cultivation,
- gardens in the urban environment, and
- sustainable resource use in gardens.

Sixteen research projects were undertaken in 2009 as part of the new Science Strategy delivery. Projects included investigation of:

- the contribution of different types of plants to aerial cooling,
- plants for bugs - garden invertebrate biodiversity in native and non-native plant communities,
- establishing the priorities for cultivated plants in conservation,
- quality of life in cities - the role of the private urban gardens in sustainable development,
- the performance of composted green waste as a substrate for green roofs.

A significant environmental achievement has been the construction of the new Bramall Learning Centre at RHS Garden Harlow Carr, which neared completion in 2009. This building, which will provide much needed teaching and library facilities, has been commissioned and constructed to meet the highest environmentally sustainable standards. It is set to achieve one of the best environmental ratings achieved by any building in Britain. Building features include: a wind turbine and ground source heat pump, construction from natural and recycled materials, a grey water recycling system, passive solar heating and a sedum roof.

In the last year, we have used our scientific knowledge and expertise to provide objective evidence to shape the development of public policy through meetings with the Secretary of State for Environment, Food and Rural Affairs and engagement in policy development processes and public awareness activity. Policy issues included plant pests and diseases, invasive non-native species and growing media.

Inspiring a new generation

In 2007, we launched the Campaign for School Gardening with the aim of bringing the joy of gardening to children in the UK. By the end of 2009, over 10,000 schools had signed up to the Campaign, bringing approximately 2.5 million children to gardening.

Qualitative research we commissioned showed the impact that the Campaign is having on children and their schools. Teachers found the garden an invaluable tool for teaching the primary curriculum, including science, literacy, numeracy and communication skills. School gardens offer teachers the opportunity to use different teaching styles, which has brought learning to life and enabled children who struggle in the classroom environment to thrive. Teachers report that children's behaviour has noticeably improved and they have developed a whole range of life skills, including team work and self-confidence. Children loved the experience of gardening and explained how they had formed friendships through it.

As well as the national Campaign for School Gardening, we have a team of Regional Advisors who work to build skills within schools. By the end of 2009/10 we had secured funds to support four Regional Advisors - in the North East, North West and East of England and in London. The sustainability of the Campaign is dependent on this building of local knowledge, skills and enthusiasm and on a five stage benchmarking scheme that encourages schools to continue developing their garden. The benchmarking was given a boost when Alan Titchmarsh agreed to support the Campaign by rewarding 100 schools each year who reach the highest benchmark levels with a £500 donation for plants and gardening equipment. In addition over 2,000 teachers learnt new gardening and teaching techniques by attending one of our continuing professional development sessions in 2009.

An additional result of the Campaign for School Gardening has been that children have taken their new horticultural skills home, and encouraged their families to garden together. In 2009, we sought to support this further by piloting a Get Your Grown Ups Growing Day. This project, supported by our north of England Regional Advisor, enabled over 100 schools to bring families into their school garden. Activities ranged from the construction of raised beds and greenhouses to planting seeds and bulbs. The opportunity for building the skills of adults attending the day was not lost, with teachers and pupils sharing learning from their gardening experiences. Some schools also put on cookery classes to make use of school grown produce and encourage healthy eating. Teachers reported increased engagement of parents and families in the school as a result of the day and expressed the value this brought to the school. The pilot was so successful in 2009 that it will be rolled out nationally in 2010.

To help families garden together at home, we launched a new families area of our website. These new, regularly updated pages stocked with advice, information and suggested activities for families were viewed 37,000 times in the first four months they were live, nearly double the page views of the previous year.

There are other ways in which the Society has sought to enable families to grow together. Children's natural play areas were introduced at Harlow Carr, Rosemoor and Wisley Gardens as part of our Masterplan developments and these proved very popular with visitors. The gardens put on over 100 days of events with activities aimed at families, including a month in August when children could access the gardens for free. As a result, 158,000 children visited our gardens in 2009/10, a 40% increase on the previous year. Evaluations showed that both children and their families enjoyed participating in planting activities at the gardens and were looking forward to taking the knowledge they had gained from their visit home with them.

To offer additional inspiration to children and families the children's content of the Tatton Park, Hampton Court and Cardiff Flower shows was strengthened, including exhibits of children's growing competitions. Over 11,700 children visited our shows in 2009/10, a 3% increase on 2008/09.

Formal education is also provided in our gardens by our team of education and horticultural experts. Over the year 29,000 children visited our gardens on educational visits, this was an increase of 24% on 2008/09. 95% of teachers rated this free school visits programme as excellent, and currently demand far outstrips supply. To meet this demand construction of two new learning centres at RHS Harlow Carr and Rosemoor Gardens progressed considerably in 2009.



Transforming communities

We believe that by gardening together, local people can build and strengthen their communities and create beautiful, healthy places to live. In 2009, our community horticulture programmes, Britain in Bloom and It's Your Neighbourhood, supported over 200,000 volunteers of all ages in over 2,000 neighbourhoods, villages, towns and cities.

Collectively, these communities looked after an estimated one million acres of public green space, and planted and tended fifteen million plants, trees and shrubs and seven million bulbs. We have been working hard to bring new audiences to gardening. We were therefore delighted that we saw a further 15% increase in the numbers of communities participating in our programmes in 2009, an increase of 25% over the last three years.

Local horticultural societies are an important part of grass-roots gardening. However this resource of gardening knowledge often goes untapped by local communities. This year we piloted a Dig Together Day to bring their skills and enthusiasm for gardening to a wider audience. Over 160 events were held in 2009 and we hope to have even more in 2010 that will help gardeners – novice and expert - to swap tips and ideas and keep growing the gardening skills base. In 2009, there were nearly 3,000 local gardening clubs affiliated to the RHS, representing over 300,000 gardeners.

The past year is one in which the Society had to respond to the challenges of both a difficult economic climate and an increasing demand for our horticultural expertise and the pleasures offered by our gardens. We rose to these challenges, supporting people to garden at home, in school and in their communities. Our gardens looked fantastic and, along with our shows, provided inspiration to millions of people. In the year ahead, we intend to build on these successes and look forward to meeting the needs of gardeners for now and for the future.





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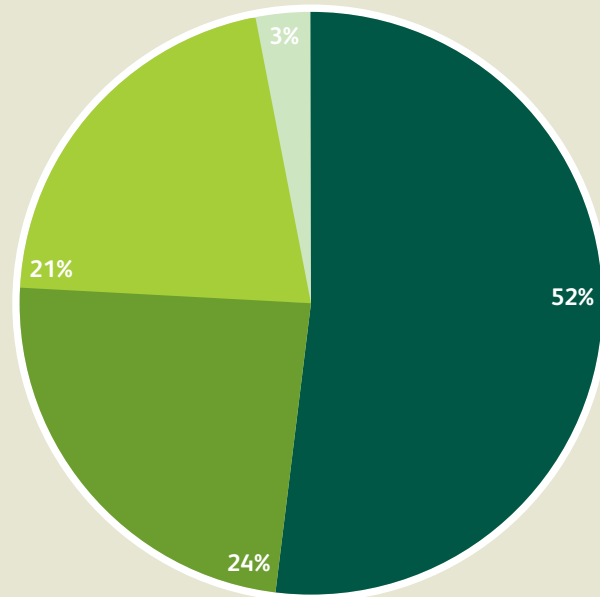
Financial Review by the Treasurer

Financial Review by the Treasurer

As with last year, our financial results are set out right in a format which shows how our money was raised net of the costs incurred in doing so and how our money was spent net of any related income. The figures come from the Consolidated Statement of Financial Activities on page 50, which is presented in accordance with the latest accounting standards. However, the feedback we have received continues to confirm that our graphic explanation is of greater help to the reader in understanding our finances. (For ease of reference 2008/9 figures are shown in brackets, right): -

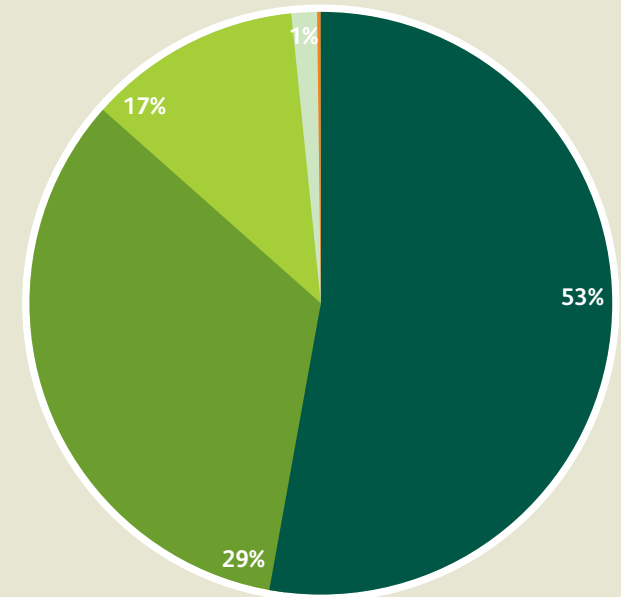
How we raised and spent our funds

How we raised our charitable funds - £24.3m (22.0m)



- Membership
£12.4m (£11.9m)
- Net Trading & Sponsorship
£5.9m (£5.3m)
- Legacies, Donations and Grants
£5.2m (£2.5m)
- Investments & Other Income
£0.8m (£2.3m)

How we spent our funds - £18.8m (£18.9m)



- Gardens
£9.8m (£10.5m)
- Science & Learning
£5.5m (£5.1m)
- Governance and other/
£3.2m (£3.1m)
- Editorial/RHS Online
£3.2m (£3.1m)
- Shows
£0.1m (£0.0m)

Net Income for future investment £5.5m (£3.1m)

Support costs amounting to £8.1m (£6.9m) have been allocated in accordance with the latest accounting standards in arriving at the net figures shown above. 2009/10 support costs include £1.4m reorganisation costs.

Results

We exceeded our budget for the year ended 31st January 2010. This is partly due to change in visitor patterns reflecting the impact of the weather and economic conditions. However, it also reflects the unexpected arrival of the Sams legacy for £1.5m and the extremely successful fundraising for the Learning Centres at Harlow Carr and Rosemoor. As described by the President, we took the decision in early 2009 to re-structure our operations to enable us to continue and grow our charitable activities going forward. This resulted in re-organisation costs of £1.4m, securing savings of £1.7m annually. The key contributors to our net income at £5.5m (2008/9 £3.1m) are explained below and further details are available in the Consolidated Statement of Financial Activities on page 50.

Income

Total Incoming Resources grew by 2%, a third of the rate experienced in the previous year, to £65.8m (2008/9 £64.5m). This is despite legacies and donations income effectively doubling year on year. We are working to secure a greater continuity of this source of income, but for now it represents an unpredictable but most welcome windfall. As we extend the recognition of our charitable message, we need to continue to fund our activity from our ongoing operations for the short to medium term.

The weather pattern of 2009, although failing to meet up to forecast predictions, offered an almost perfect gardening year after three years of extremes. This, combined with the influence of the economic downturn, had a positive effect on the numbers of paying visitors to our gardens. Our visitor number grew, exceeding previous achievements and reaching 1.5m in total.

While these trends benefitted our garden visitor numbers, shows visitors did not meet our target levels. A period of disappointing weather coincided with our July shows, as did the lowest point of consumer confidence. However, our continued commitment to demonstrating horticultural excellence meant that our visitors were delighted with the shows' content and style and we effectively managed to maintain a financial break-even position. In addition RHS Special Events Limited, which delivers the galas at Chelsea and Hampton Court Flower Shows, exceeded their budget for the year, despite the weather.

Membership continues to be our major source of funds. In response to many requests from our members, who value the fact we are a charity, we launched a range of new subscriptions, which attract gift aid. This helped us secure an uplift in income and stabilise our membership numbers in the year, even marginally exceeding budget, due to the loyalty of our members and their willingness to support the new arrangements.

Expenditure and net income

Total Resources Expended reduced by 2% to £60.4m in the year (2008/9 £61.4m). This reflects our commitment to cost control (some of which is highlighted above) while maintaining the delivery of our charitable activities in the gardens, science and learning, shows and online.

We pointed out in our report last year that the opportunities for income growth were so limited in the short to medium term that we would need to deliver cost savings and focus on improving our operational efficiency. The Net Income of £5.5m achieved in 2009/10 reinforces this position, since £2.5m of our income arose from unpredictable sources, namely the unexpected legacy and fundraising exceeding targets for our two major capital projects. In counter-balance, our investment income fell by £1m year on year and the outlook for investment income remains poor. We believe that we have taken the necessary steps to deliver efficiently and consistently in an unstable environment going forward and will continue to monitor our costs carefully.

Investments

The Society's investments are set out in Note 5 on page 58. At £26.5m they comprise assets held to underpin our endowments (for our programme of bursaries and scholarships), Reserve Policy Fund and cash fund investments. Our investment policy is to preserve the real value of our investments over time and to generate a steady income stream from maintaining a diversified portfolio. The Investment Sub Committee monitors the underlying investment performance and has decided to review the performance of our fund manager.

As a consequence of this review, it was decided to move £5m to be invested with Ruffer & Co LLP and subsequent to the year end to appoint two additional managers, Newton Investment managers Limited and Troy Asset Management. In future we shall follow an absolute return strategy and reduce our concentration exposure by moving from one investment manager to three. During the next few months we shall be reviewing the management of the endowment funds.

Results (cont)

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 14 to the financial statements. These reserves, which are reviewed annually by Council, are summarised as follows:

Fixed asset funds totalling £35.6m representing the amount tied up in the net book value of 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 just under 2.5 months of the Society's charitable expenditure, as being appropriate to the Society's commitments. The level compares favourably with Charity Commission guidance that reserves should cover 3-6 months of charitable expenditure depending on the nature of the charity's activity;

The designated Pension Fund reserve has been set aside this year and represents the actuarially-assessed reserve needed to fund the Society's pension scheme deficit, as described below.

The balance on unrestricted reserves, after the above designations, is held in General and Trading funds of £1.6m to provide working capital for the Society and its trading subsidiaries and to fund assets under construction.

Pensions

The balance sheets on pages 51 and 52 include the pension deficit of £3.9m as at 31st January 2010 (2008/9 £2.1m). This deficit is disclosed for FRS17 purposes valuing the Scheme's liabilities and assets at market rates as at the financial year end. This resulted in an increase in the FRS17 deficit.

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. It is this valuation which has set the basis for the employer contributions required to reduce the deficit. With the transfer of all members of the scheme to a defined contribution scheme, we have designated a sum of £1.4m which, taken together with payments made in the year, is sufficient to offset the deficit identified by the Scheme Actuary. While the closure of the scheme helps to minimise the Charity's 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 2009/10 Capital Expenditure amounted to £6.2m (2008/9 £2.7m). This related to the completion of the Hyde Hall Visitor Centre (£2.5m), the construction of the Bramall Learning Centre at Harlow Carr (£2.1m) and work commencing on the Learning Centre at Rosemoor (£0.2m). The balance represents smaller necessary items of investment in plant, equipment and infrastructure.

Outlook

As mentioned above, work is well underway on the Peter Buckley Learning Centre project at Rosemoor, with its opening planned for later in 2010. After a year, which has seen many changes, your Society is now well placed to view the future with confidence and Council is planning its commitments over the next five years, focussing on developing the masterplans for each of the gardens, extending its regional presence and making its online activity the worldwide resource for horticulture and all who garden.

In looking to the future we realise we must develop our income if we are to fund such ambitions. We are most grateful to our membership, sponsors and donors for their continuing support.

Andrew Sells
Treasurer





03

Our Performance throughout the year and Future plans



Our Performance during the year and Future Plans

Over the following pages, we review the Society's achievements against the targets that it set itself for the past year and how these have contributed to delivery of our three year strategic plan.



Our Performance in 2009/10:

Bring the joy of gardening to the lives of a significant number of UK children

Objectives/Planned Activities	Intended Outputs (targets/milestones)	Progress towards outputs (targets/milestones)	Intended Outcomes	Outcomes
Lead campaign to increase and improve gardening in schools				
Expand and develop the Campaign for School Gardening (CfSG) primary programme, and plan development and launch of secondary school programme for 2010/11	<ul style="list-style-type: none"> 1,000 number of schools signed up to the CfSG Field based programmes for the CfSG increased from 2 to at least 4 	<ul style="list-style-type: none"> 10,400 schools signed up to the CfSG with c.20% benchmarking. Most significant growth and progress achieved in areas with regional advisers in place Our Regional Programme areas now in place: east of England, Yorkshire and the Humber, London and North West England 2,158 teachers attended CfSG CPD courses 	<ul style="list-style-type: none"> 65% of teachers report positively of their engagement in the CfSG and of the positive impact it has on learning and behaviour in their schools Teachers report increased interest amongst their pupils in gardening as a result of their involvement in the CfSG Children are more aware of and interested in plants and gardening as a result of the CfSG 	<ul style="list-style-type: none"> Ad hoc feedback from teachers engaged in the CfSG is overwhelmingly positive. A formal survey has not been conducted Research undertaken by the National Foundation for Educational Research for the RHS found an increased interest in plants and gardening amongst learners as a result of their participation in the CfSG (reported by both teachers and learners)
Demonstrate qualitative value of gardening in children's education through development of evidence base:	<ul style="list-style-type: none"> Qualitative research commissioned and conducted and dissemination planned for 2010/11 Key stakeholders made aware of findings 	<ul style="list-style-type: none"> Two pieces of qualitative research initiated: <ul style="list-style-type: none"> NFER research evaluating the impact of the CfSG on schools and learners completed, publication 	<ul style="list-style-type: none"> Stakeholders acknowledge benefits of gardening in education and make tangible commitments to expanding and improving access to school gardens 	<ul style="list-style-type: none"> Initial findings from NFER research identified the following outcomes as a result of the CfSG <ul style="list-style-type: none"> Increased interest in plants and gardening

Bring the joy of gardening to the lives of a significant number of UK children (cont)

Objectives/Planned Activities	Intended Outputs (targets/milestones)	Progress towards outputs (targets/milestones)	Intended Outcomes	Outcomes
Lead campaign to increase and improve gardening in schools (cont)				
<ul style="list-style-type: none"> Commission qualitative research Collate evidence from participating schools 		<p>and influencing activity planned for Summer 2010.</p> <ul style="list-style-type: none"> Leeds University research evaluating impact of school gardening on eating behaviours of learners initiated. Findings not anticipated until 2011/12 		<ul style="list-style-type: none"> Improved learner behaviour Improved cognitive skills Improved attitude to healthy eating Innovative delivery of the whole curriculum aiding learner's academic progress through use of varying learning styles Stakeholder awareness activity planned for 2010
Development of leadership role of the RHS in setting the agenda for gardening as a contribution to a positive childhood	<ul style="list-style-type: none"> Media reporting – Number of articles/exposure through BBC relationship Meetings with key ministers Citation of RHS programmes in relevant policy documents Creation and leading of effective partnerships 	<ul style="list-style-type: none"> Significant coverage of the campaign in national, local and specialist print media, including media partnership with the Independent on Sunday. Also coverage of schools involved in the CfSG on BBC Gardeners' World Meetings with education ministers not yet achieved, as results of research not available until 2010 Involvement in Government backed Growing Schools and Sustainable Schools initiatives Local strategic relationships developed by Regional Advisers with government agencies third sector organisations 	<ul style="list-style-type: none"> RHS recognised by external stakeholders as leading authority on gardening and learning Increased public awareness of RHS and value of gardening in schools The government values the RHS and the CfSG CfSG recognised as umbrella for school gardening within potential partnership groups 	<ul style="list-style-type: none"> Quantitative research conducted in July 09 reported 58 % awareness of RHS as a gardening charity Qualitative research conducted in March 09 suggested horticultural expertise was a key attribute of the brand amongst members and non-members Quantitative research reported 31 % of respondents agreed that the RHS were an organisation that worked with children and young people, 25 % were aware of the CfSG but only 1 % were aware that it was an RHS initiative

Bring the joy of gardening to the lives of a significant number of UK children (cont)

Objectives/Planned Activities	Intended Outputs (targets/milestones)	Progress towards outputs (targets/milestones)	Intended Outcomes	Outcomes
Lead campaign to increase and improve gardening in schools (cont)				
<p>Develop linkages between Britain In Bloom and the CfSG to enable community engagement in CfSG</p> <p>Develop the CfSG website to enable wider online participation in the CfSG in a richer, more locally relevant way</p>	<ul style="list-style-type: none"> • Additional content researched, created and launched • Recognition of contribution to schools within BIB competition 	<ul style="list-style-type: none"> • The Communities and Education teams restructured to integrate community and schools activity and a development plan initiated • Pilot of Get Your Grown Ups Growing initiative delivered encouraging community engagement with CfSG schools. C. 100 schools involved. Activities ranged from adults helping to build raised beds and greenhouses through to children planting up seeds and bulbs ready for spring 	<ul style="list-style-type: none"> • Increased community participation in and perceived value of gardening in schools recorded and reported through website and participating schools and communities 	<ul style="list-style-type: none"> • Feedback from schools participating in Get Your Grown Ups Growing Day was overwhelmingly positive. Teachers reported that they were now filled with confidence, especially in asking for assistance from adults associated with the school, because GYGUG Day was such a success. The day also greatly assisted the schools in providing evidence for their OFSTED reports
Share knowledge, experience and enthusiasm with children within our gardens				
<p>Increase capacity for teaching at Rosemoor and Harlow Carr.</p> <p>Embed learning from Clore Learning Centre at Wisley into our new facilities and our improvements at Hyde Hall</p>	<ul style="list-style-type: none"> • Opening of new teaching facilities at the RHS Gardens at Harlow Carr and Rosemoor 	<ul style="list-style-type: none"> • 29,352 children visited our gardens on educational visits against a target of 27,450 (+24% on 2009/09) • Bramall learning centre at Harlow Carr complete with soft opening planned for May 2010 • Peter Buckley learning centre at Rosemoor commenced, planned opening August 2010 	<ul style="list-style-type: none"> • Children have a wider and deeper appreciation of plants and gardening as a result of visiting our learning centres • Teachers report value of RHS gardens and learning facilities to learning for their pupils 	<ul style="list-style-type: none"> • Feedback expressed that the experience for the children and adults alike was amazing, proved by the children's enthusiasm and the knowledge they gained • Over 95% of teachers rated the educational content and activities of programmes for schools at our gardens as excellent

Bring the joy of gardening to the lives of a significant number of UK children (cont)

Objectives/Planned Activities	Intended Outputs (targets/milestones)	Progress towards outputs (targets/milestones)	Intended Outcomes	Outcomes
Share knowledge, experience and enthusiasm with children within our gardens (cont)				
Creation of many more activities for children in our gardens	<ul style="list-style-type: none"> • 100,000 children visit gardens • Over 100 child centred activities delivered • Children's natural play areas to be delivered or expanded in all gardens • 4 x Garden Explorer trails delivered across all gardens • New bird hide opening at Wisley • Maize Maze returns to Wisley • Children's facilities improved across all gardens with improved menus and toilets • Child centred aspects of masterplans for 2009/10 • Statement of offer developed to ensure that all gardens have standard offering for families 	<ul style="list-style-type: none"> • 157,768 children (27,995 over 6 and 129,773 under 6) visited our gardens. +40 % on 2008/09 • C.100 child centred days delivered across the four gardens in addition to a Kids Go Free month in August • Children's natural play areas created at Wisley, Rosemoor and Harlow Carr • Garden Explorer trails delivered across all gardens • Maize Maze cultivated at Wisley • Children's facilities enhanced across all gardens with improved menus. Improved toilets delivered at Wisley • Statement of offer developed and implemented • A programme of over 100 events targeted at children and families delivered in all four gardens 	<ul style="list-style-type: none"> • Each child feels welcomed and leaves our gardens taking away something they have learnt about gardens, gardening, plants and wildlife 	<ul style="list-style-type: none"> • The results of family activity evaluations showed that children both enjoy taking part in planting activities and taking knowledge about plants away with them • The improved standard of offering led to a 40 % increase year on year of the number of children visiting our gardens

Bring the joy of gardening to the lives of a significant number of UK children (cont)

Objectives/Planned Activities	Intended Outputs (targets/milestones)	Progress towards outputs (targets/milestones)	Intended Outcomes	Outcomes
Increase broader opportunities for children and their families to garden and benefit from the RHS				
<p>Ensure our shows continue to have children involved in the content, and deliver child centred activities and learning opportunities</p> <p>Develop online content for children and families and improve integration of CfSG and wider content</p> <p>Further development of child focused publications</p>	<ul style="list-style-type: none"> Children's content further developed at Tatton, Hampton Court and Cardiff flower shows 11,700 children visit shows Children and families content reviewed, developed and launched Demonstrable increase in traffic on children and families web pages Additional publications considered 	<ul style="list-style-type: none"> Content strengthened at all three shows including children's growing competitions 11,700 children visited Tatton, Hampton Court and Cardiff flower shows (3% increase on 2008/9) New area created for families and children on the RHS website, which is updated monthly. New pages virtually doubled (+90%) page views of our content for children and families to 36,757 in first four months after the site went live A third specialist children's title developed and to be published Spring 2010. Two further publications in planning stages 	<ul style="list-style-type: none"> Families and children leave RHS shows feeling inspired and confident to garden together at home Families feel inspired and confident to garden together at home as a result of accessing RHS Media (online, publications etc) 	<ul style="list-style-type: none"> Tatton Park and Hampton Court Flower Show scored 5.9/7 on mystery shopper assessments of children's content. Indicating a high quality of content. The impact that this had on visitor's confidence to garden was not assessed Previously online traffic was related to specific activity for children (e.g. at HCPFS). The volume and spacing of visits to the site since the redesign reflects the regular content updates and the utility it provides to children and families

Transform our environmental performance, credentials and culture

Objectives/Planned Activities	Intended Outputs (targets/milestones)	Progress towards outputs (targets/milestones)	Intended Outcomes	Outcomes
Take a leadership role in articulating why gardening matters for environmental sustainability				
<p>Identify key issues which can be used to raise the profile of the RHS and demonstrate our leadership</p> <p>Undertake baseline perception analysis and develop programmes and associated policies and communications plans</p>	<ul style="list-style-type: none"> • Increase amongst our target audience of the perception of the RHS as an organisation addressing environmental issues relating to gardens and gardening • Programmes, policies and communications plan developed 	<ul style="list-style-type: none"> • Science strategy developed enabling development of environmental communications plan for 2010, including work on biodiversity, urban greening and growing media • Themes of the environment and sustainability at Chelsea and Hampton Court Palace Flower Shows helped attract significant coverage. There were 1,379 cuttings in May alone. 35 producers covered Chelsea in addition to the BBC. The BBC's 11 hours of programming reached an audience of 2.7 million people during evening broadcasting and 1.4 million during day time broadcasting. There were 46 hours of radio coverage during Chelsea alone 	<ul style="list-style-type: none"> • Increased public perception of and participation in gardening as an environmental activity • More gardeners are aware of sustainable garden practices as a result of RHS information and communication and choose to garden sustainably • Communities are committed to creating sustainable green spaces in their area 	<ul style="list-style-type: none"> • Quantitative research found that 48 % or respondents agreed with the statement that the RHS takes care of the environment 36 % disagreed • A survey of The Garden readers found that 95 % agreed strongly/slightly that "as a gardener it is my responsibility to help look after our environment" • A survey of the 67 Britain in Bloom finalists found that cumulatively they were responsible for 27,000 acres of green space and that they planted 650,000 shrubs, plants and trees and 300,000 bulbs to improve the environmental quality of these areas. All activities were delivered and marked against environmental sustainability criteria

Transform our environmental performance, credentials and culture (cont)

Objectives/Planned Activities	Intended Outputs (targets/milestones)	Progress towards outputs (targets/milestones)	Intended Outcomes	Outcomes
Build and share robust evidence base for role of gardening in environmental sustainability				
Develop programme of research and evidence-based analysis that supports the development of a robust, credible and relevant environmental position, and builds upon our existing science strengths	<ul style="list-style-type: none"> Creation of Science and Advice Strategy supported by key partners 	<ul style="list-style-type: none"> Strategy developed with support from key stakeholders, and communicated Two meetings with the Secretary of State for Environment Food and Rural Affairs secured 	<ul style="list-style-type: none"> Public policy relevant to gardening in society is better informed by a robust evidence base 	<ul style="list-style-type: none"> RHS involvement in key policy development sought by the Department for Environment, Food and Rural Affairs. Advice to the public on growing media and invasive non-native species informed as a result
Building on existing horticultural advice programme through our online resource to serve better the needs of a wider audience of gardeners and engage them with the RHS agenda	<ul style="list-style-type: none"> Development of online advice content 	<ul style="list-style-type: none"> Restructure of advisory section of website completed and over 200 new advisory profiles created 	<ul style="list-style-type: none"> Knowledge available through our online advice enables gardeners to be more aware of key environmental issues of concern 	<ul style="list-style-type: none"> Survey of advisory pages users not conducted in 2009/10
Develop our research agenda in areas of broader social relevance, e.g. understanding the aggregate environmental significance of gardens and gardening activity	<ul style="list-style-type: none"> Research spend allocated to areas of broader social relevance 	<ul style="list-style-type: none"> Initial research projects (on green roofs and aerial cooling) established to demonstrate value of plants and gardens in the urban context 	<ul style="list-style-type: none"> The RHS has a wider understanding and is able to discuss authoritatively the link between social and scientific impact of gardening (particularly in relation to environmental issues) 	<ul style="list-style-type: none"> Findings from research not expected until 2010/11

Transform our environmental performance, credentials and culture (cont)

Objectives/Planned Activities	Intended Outputs (targets/milestones)	Progress towards outputs (targets/milestones)	Intended Outcomes	Outcomes
Demonstrate good practice in environmental sustainability in all that we do				
Reduce further our inputs, including fuel, peat, water, fertiliser and horticultural chemicals, utilising specialist user groups across the gardens, working in liaison with Science & Advisory staff	<ul style="list-style-type: none"> Updated Environmental Audit paper (How we garden) produced with relevant data. 10% reduction on 2008/09 figures for usage of peat. Further reductions in inputs and revisions to practice achieved 	<ul style="list-style-type: none"> Peat now accounts for 0.7% of all growing media, mulch and soil improver use in RHS gardens 	<ul style="list-style-type: none"> Further improvement in environmental practice across all sites which can actively be shared with visitors through interpretation 	<ul style="list-style-type: none"> Not recorded in 2009/10
Intensify our efforts to improve sustainability at our shows year on year, working towards a long term aim of matching the requirements of BS8901 Sustainable Events Management System as a benchmark for good practice	<ul style="list-style-type: none"> Match and improve on 2008 performance in recycling 	<ul style="list-style-type: none"> Significant levels of waste recycled across Chelsea, Tatton Park and Hampton Court Palace Flower Shows – an estimated improvement on 2008/9 performance 	<ul style="list-style-type: none"> As a result of our guidance, shows exhibitors better understand and take further measures to reduce their environmental impact and talk positively about doing so 	<ul style="list-style-type: none"> Perceptions and practices of exhibitors not measured in 2009/10
Target the reduction of use of paper and other consumables and utilities and develop better recycling systems in all our activities	<ul style="list-style-type: none"> As a result of moving to centralised paper procurement achieve a substantial reduction in paper use and cost. At least £70k savings made on periodicals, including postage, and CO2 emissions cut by up to 4 tonnes Additional check meters for electricity use will assist with monitoring and reduced usage Recycling processes implemented in all gardens 	<ul style="list-style-type: none"> Targets achieved. Reduction in paper weights for The Garden achieved postal savings of £33,708; paper cost savings of £46,535. Total cost reduction of £80,243. This equated to a paper tonnage reduction of 81.593 tonnes and CO2 emissions reduction of 268.658 tonnes Recycling processes implemented 	<ul style="list-style-type: none"> Continued improvement in control of consumables and recycling leads to the RHS being perceived externally as an environmentally sustainable organisation 	<ul style="list-style-type: none"> Quantitative research found that 48% of respondents agreed with the statement that the RHS takes care of the environment 36% disagreed

Achieve a substantial growth in our membership

Objectives/Planned Activities	Intended Outputs (targets/milestones)	Progress towards outputs (targets/milestones)	Intended Outcomes	Outcomes
Enhance opportunities for attracting new members through our gardens, shows and online				
Increase the number of visitors to our gardens and shows through our enhanced events programme and improved marketing and PR	<ul style="list-style-type: none"> 1.3 million (of which 252,000 paying) visitors to gardens Proportion of paying visitors to gardens >20% of total adult visitors 429,000 visitors to Chelsea, Hampton Court and Tatton Park flower shows 51,000 members recruited in total 	<ul style="list-style-type: none"> 1.49 million visitors (not including children under 6) 267,000 paying adults 336,000 paying visitors 18% of total visitors are paying adults 22% of visitors are paying visitors Garden events attracted significant visitor numbers, notable events across all four gardens included: <ul style="list-style-type: none"> Grow Your Own: 23,843 Berrylicious events: 12,173 Taste of Autumn: 33,630 In addition the Butterflies in the Glasshouse at Wisley led to year on year increase in total visitors of 22% and paying adults of 41% 389,479 visitors to Chelsea, Hampton Court and Tatton Park flower shows 47,843 new members recruited in total 	<ul style="list-style-type: none"> More people demonstrate support for the RHS and its work 	<ul style="list-style-type: none"> Benchmark established through omnibus research, improvements not visible in 2009/10

Achieve a substantial growth in our membership (cont)

Objectives/Planned Activities	Intended Outputs (targets/milestones)	Progress towards outputs (targets/milestones)	Intended Outcomes	Outcomes
Enhance opportunities for attracting new members through our gardens, shows and online (cont)				
<p>Improve front of house recruitment at all gardens through:</p> <ul style="list-style-type: none"> • Improved training • Increased focus on recruitment • Monthly operations meetings • Improved communication of targets and financial results 	<ul style="list-style-type: none"> • Additional staff trained • Increase overall conversion rate to 7.25 % • Total number of new members recruited through gardens 17,800 (excluding gift packs) 	<ul style="list-style-type: none"> • A total of 45 additional staff and volunteers trained • Conversion rate of 6.7 % <ul style="list-style-type: none"> - Harlow Carr – 5.3 % - Hyde Hall – 3.2 % - Rosemoor – 4.8 % - Wisley – 9.1 % • Total new members recruited through the gardens 17,875 	<ul style="list-style-type: none"> • More people demonstrate support for the RHS and its work 	<ul style="list-style-type: none"> • Total new members recruited through the gardens 17,875 an indication of support for the Society
<p>Redesign look and feel and develop functionality of the membership area of www.rhs.org.uk, and improve e-commerce processes to make online a more effective means of recruitment</p>	<ul style="list-style-type: none"> • Membership content developed 	<ul style="list-style-type: none"> • Launch of eCommerce and membership areas delayed until 2010 	<ul style="list-style-type: none"> • More people demonstrate support for the RHS and its work 	<ul style="list-style-type: none"> • Work (and therefore outcomes) delayed until 2010
Ensure members get the most from their membership by understanding and communicating with them better				
<p>Undertake qualitative and quantitative research to understand the attitudes of members and non-members to the RHS, the work that we undertake and the products and services we offer</p> <p>Ensure that the insights that result from this work are at the heart of all product development and communications planning</p>	<ul style="list-style-type: none"> • Research commissioned and completed • Findings from research reflected in new membership strategies 	<ul style="list-style-type: none"> • Qualitative and quantitative research conducted which fed into launch of a new membership structure in August 2009 	<ul style="list-style-type: none"> • Members feel that the RHS is delivering a membership package that is appropriate to their needs • Members are motivated to join and remain as members because of their support for the charitable purpose of the RHS 	<ul style="list-style-type: none"> • Outcomes not visible in 2009/10

Achieve a substantial growth in our membership (cont)

Objectives/Planned Activities	Intended Outputs (targets/milestones)	Progress towards outputs (targets/milestones)	Intended Outcomes	Outcomes
Ensure members get the most from their membership by understanding and communicating with them better (cont)				
<p>Introduction of customer relationship management system (Carum) to enable provision of clearer and more comprehensive information about existing and potential members</p> <p>Delivery of more targeted benefits and construction of more meaningful and interactive relationships based on information provided</p>	<ul style="list-style-type: none"> Retention rate of 85 % Improved understanding of member needs and effect 	<ul style="list-style-type: none"> First three databases integrated into Carum and rolled out, a further three deferred until 2010 Retention rate of 84.4 % 	<ul style="list-style-type: none"> Additional information enables the RHS to understand better and respond effectively to the needs of its members, ensuring that members feel and speak positively about the organisation 	<ul style="list-style-type: none"> Outcomes not visible in 2009/10
Review and develop our membership package to ensure that it is attractive to and meets the needs of existing and new members				
<p>Grow value of the Recommended Gardens scheme through the identification of and development of a closer, formalised relationship with a number of gardens enabling the RHS to offer a more consistent, tangible benefit to members</p>	<ul style="list-style-type: none"> At least 15 gardens identified and partnerships formed 	<ul style="list-style-type: none"> 17 gardens identified, no partnerships formed. Working group established to examine fifth and partner garden options 	<ul style="list-style-type: none"> The RHS is more able to offer a consistent, national benefit to its members 	<ul style="list-style-type: none"> Outcomes not visible in 2009/10
<p>Deliver improved tailored advice exploiting our unique expertise in gardening</p>	<ul style="list-style-type: none"> Complete restructuring of advice online to make information more accessible and relevant to our members and wider gardeners 	<ul style="list-style-type: none"> Restructure of advisory section of website completed and over 200 new advisory profiles created 	<ul style="list-style-type: none"> Gardeners are better informed to deal with challenges in their garden and confident in undertaking new creative gardening activities 	<ul style="list-style-type: none"> Satisfaction not assessed in 2009/10
<p>Introduce changes to benefits package identified in 2008/09 to allow us to benefit from Gift Aid</p>	<ul style="list-style-type: none"> Increase in membership income through the development and delivery of a Gift Aid compliant membership product 	<ul style="list-style-type: none"> Membership product developed and introduced 25 % of existing and 50 % of new members are signed up for Gift Aid 	<ul style="list-style-type: none"> The RHS position as a charity/worth cause is endorsed 	<ul style="list-style-type: none"> Conversion rates indicate understanding and endorsement of RHS as a charity

Achieve a substantial growth in our membership (cont)

Objectives/Planned Activities	Intended Outputs (targets/milestones)	Progress towards outputs (targets/milestones)	Intended Outcomes	Outcomes
Develop proposition of RHS as a worthy cause				
<p>Improve communication of the impact (and financial cost) of our work in science, education and communities through RHS communications channels (shows, gardens and The Garden) PR activity and paid for media</p>	<ul style="list-style-type: none"> • Maintain membership at 362,600 • Identification of initiatives that best support position of RHS as a worthy cause • Creation and delivery of communications campaigns based on these initiatives • 	<ul style="list-style-type: none"> • Membership 359,205 • 110 news articles, 34 dedicated features and 8 wildlife articles were published in The Garden focusing on the charitable work of the RHS • Communications campaigns included: <ul style="list-style-type: none"> - Combined PR and marketing activity drove a growth of an additional 3,600 schools participating in the Campaign for School Gardening - PR activity on Grow Your Own generated a growth of 500,000 web visits - There were 968 cuttings covering Britain in Bloom during the year 	<ul style="list-style-type: none"> • Key groups demonstrate improved understanding of the charitable activities of the RHS 	<ul style="list-style-type: none"> • 2009/10 a benchmarking year - quantitative research conducted in July 09 reported 58 % awareness of RHS as a gardening charity

Build a range of audiences

Objectives/Planned Activities	Intended Outputs (targets/milestones)	Progress towards outputs (targets/milestones)	Intended Outcomes	Outcomes
Develop and improve the methods we use to communicate, inspire and advise				
Develop market segmentation to enable identification of new audiences and deliver communications with existing audiences in a more appropriate and effective way	<ul style="list-style-type: none"> • More engaged customers leading to an increase in members and garden visitor numbers 	<ul style="list-style-type: none"> • Segmentation developed and applied to CARE system • The Greater London Garden Trail, a new PR initiative attracted five thousand visitors in its first year 	<ul style="list-style-type: none"> • More people are actively engaged in gardening 	<ul style="list-style-type: none"> • Expansion in participation in RHS programmes and steady membership figures indicate increased gardening activity
Ensure that “online” is embedded in all we do and that all staff understand their responsibility for communicating their work Creation and development of departmental online champions Further development and utilisation of the Media Network Project	<ul style="list-style-type: none"> • Online schedule reflects breadth of RHS activities • 700,000 unique users per month 	<ul style="list-style-type: none"> • Media Network embedded across all departments, and cross organisational thematic communications programme developed and planned for delivery in 2010/11 • C.700,000 unique users per month 	<ul style="list-style-type: none"> • Online users report that they are able to find the information they are looking for • Online users are aware of the breadth of work that the RHS undertakes 	<ul style="list-style-type: none"> • 17 % increase on 2008/09 of unique users of RHS website per month reflects value and breadth of online content
Revamp our publications to ensure appropriateness of our communications as we attract new market segments and audiences with widely varying levels of gardening expertise, including review the look and content of <i>The Garden</i> and review and consolidation of publications list	<ul style="list-style-type: none"> • Continue process of reviewing and refreshing the look and content of <i>The Garden</i> • Undertake review of book publishing strategy to focus on raising the profile of RHS, and delivering information to an increased breadth of audience. Specific areas for development include education and children’s publications and additional collaborations with celebrities 	<ul style="list-style-type: none"> • Media review begun January 2010. • Review of book publishing deferred to focus on <i>The Garden</i>/ online 	<ul style="list-style-type: none"> • As a result of accessing our publications people feel inspired and confident to garden, whatever their previous experience 	<ul style="list-style-type: none"> • Outcomes not visible in 2009/10

Build a range
of audiences (cont)

Objectives/Planned Activities	Intended Outputs (targets/milestones)	Progress towards outputs (targets/milestones)	Intended Outcomes	Outcomes
Develop and improve the methods we use to communicate, inspire and advise (cont)				
Develop sustainable differentiated market positions for all shows in order to attract a greater diversity of audiences through more activities, interactivity, children and family programmes	<ul style="list-style-type: none"> Research with stakeholders (media, exhibitors, sponsors) and customers regarding their attitudes to various shows to inform targeting to improve visitor numbers 	<ul style="list-style-type: none"> Research conducted to inform shows marketing strategies for 2010/11 	<ul style="list-style-type: none"> Visitors leave shows feeling confident and inspired to garden 	<ul style="list-style-type: none"> Outcome not visible in 2009/10
Develop the role of our plant committees and specialist plant society partnerships as a forum for sharing specialist knowledge externally	<ul style="list-style-type: none"> Identify target audiences and approaches and the development of a structured programme of activity to engage these audiences effectively 	<ul style="list-style-type: none"> Workshop and event programme established for 2010 to engage committees in outward looking agenda 	<ul style="list-style-type: none"> A broader range of gardeners benefit from greater knowledge and inspiration 	<ul style="list-style-type: none"> Outcomes not visible in 2009/10
Develop our gardens as places of inspiration and enjoyment for all				
Improve gardens and their infrastructure by completing existing upgrade projects in the pipeline	<ul style="list-style-type: none"> Completion of Hyde Hall development and learning centres at Harlow Carr and Rosemoor. First phase of Wisley Bowes Lyon Rose Garden completed 	<ul style="list-style-type: none"> Hyde Hall visitors' centre completed and opened. Construction of learning centres at Harlow Carr and Rosemoor, and Bowes Lyon Rose Garden at Wisley started and on target for completion in 2010 	<ul style="list-style-type: none"> Gardens are perceived as dynamic visitor experiences with something new to see with frequent visits 	<ul style="list-style-type: none"> Projects not yet completed so causal relationship not yet evident however overall improvements in gardens leading to positive outcomes: <ul style="list-style-type: none"> Mystery visitor scores average of 84% across the gardens Significantly increased visitor numbers – 1.49 million

Build a range
of audiences (cont)

Objectives/Planned Activities	Intended Outputs (targets/milestones)	Progress towards outputs (targets/milestones)	Intended Outcomes	Outcomes
Develop our gardens as places of inspiration and enjoyment for all (cont)				
Plan and identify sources of funding for the next group of projects in the masterplans	<ul style="list-style-type: none"> Plans identified and targets determined for fundraising to enable implementation in 2010/11 and 2011/12 	<p>Key projects identified for medium term fundraising and development (to at least 2017) using criteria of strategic fit, fundraising opportunity and organisational readiness to deliver:</p> <ul style="list-style-type: none"> Harlow Carr – Edible Garden and Bathhouse Hyde Hall – Learning Centre Rosemoor – extended visitor centre and car park Wisley – redevelopment of front of House and new science facilities 	<ul style="list-style-type: none"> Developments in gardens act as inspiration to garden visitors encouraging gardening and improved gardening practice 	<ul style="list-style-type: none"> Outcomes not visible in 2009/10
<p>Further improve the visitor experience in the gardens with better customer services and improved and targeted events for specific groups</p> <ul style="list-style-type: none"> Delivery of events program at each garden Specific targeting of Travel Trade market Roll out of Membership Matters program across all garden teams 	<ul style="list-style-type: none"> Annual attendance targets: <ul style="list-style-type: none"> - Harlow Carr 217,820 - Hyde Hall 130,011 - Rosemoor 129,690 - Wisley 831,974 Mystery visitor scores 80 % Reduction in complaints by 5 % 	<ul style="list-style-type: none"> Annual attendance targets: <ul style="list-style-type: none"> - Harlow Carr 258,950 - Hyde Hall 133,795 - Rosemoor 142,461 - Wisley 959,484 Mystery visitor score: <ul style="list-style-type: none"> - Harlow Carr 83.5 % - Hyde Hall 83.7 % - Rosemoor 82.3 % - Wisley 86.2 % Mystery diner score: average 86 % across gardens 	<ul style="list-style-type: none"> Visitors are better engaged in horticulture and gardening and leave with an increased understanding of the RHS Improved experience increases repeat visitation, membership and retention 	<ul style="list-style-type: none"> Mystery visitor scores average of 84 % across the gardens Significantly increased visitor numbers – 1.49 million

Build a range
of audiences (cont)

Objectives/Planned Activities	Intended Outputs (targets/milestones)	Progress towards outputs (targets/milestones)	Intended Outcomes	Outcomes
Extend our reach into new communities and sectors				
Develop and extend our communities programme through the 'Britain in Bloom' and 'It's Your Neighbourhood' (IYN) to achieve a better experience of participation	<ul style="list-style-type: none"> • Develop a closer working relationship with our Region and Nation partners • Roll out BiB judging criteria aligned with RHS core objectives • Agreeing a basis to share knowledge of all participant communities in the BiB campaign • Pilot a national annual launch for the BiB campaign 	<ul style="list-style-type: none"> • Relationships strengthened at all levels, including Council and Director involvement • New judging criteria rolled out • Data collation established and new communications tools developed, as well as a new creative and marketing materials developed for BiB and IYN campaigns • National launch event for BiB and IYN piloted successfully, and planning in place for 2010 launch event • Dig Together Day event aimed at bringing communities together to garden launched. Over 160 events registered across the UK. Evaluation conducted and based on success a repeat day planned for 2010 • New BiB section of RHS online postponed to 2010/11. Despite this the communities section of the RHS website had 91,269 page views with a peak of 3,198 in one day linked to the announcement of BiB competition winners 	<ul style="list-style-type: none"> • Participating communities experience a better quality of environment and richer community experience and are employing improved gardening practices 	<ul style="list-style-type: none"> • 15 % increase in communities participating in Britain in Bloom and It's Your Neighbourhood

Deliver financial performance targets

Objectives/Planned Activities	Intended Outputs (targets/milestones)	Progress towards outputs (targets/milestones)	Intended Outcomes	Outcomes
Develop income generation to support the work that we do				
Implement the new RHS Enterprises and Shows three year strategic plans	<ul style="list-style-type: none"> • RHSE operating profit £2.4 million • RHSSE operating profit £2.2 million 	<ul style="list-style-type: none"> • RHSE operating profit £4.7 million • RHSSE operating profit £2.3 million 	<ul style="list-style-type: none"> • RHS is robustly resourced and able to perform its charitable purpose effectively 	<ul style="list-style-type: none"> • Higher than budgeted operating profits of RHSE and RHSSE helped to secure more robust financial position for 2010/11
Develop and strengthen our fundraising activity Research and implement legacies strategy	<ul style="list-style-type: none"> • £1 million for Harlow Carr Learning Centre • £400,000 for Rosemoor Learning Centre • £500,000 across all income streams for Campaign for School Gardening • £100,000 towards conservation projects in the Lindley Library • Increase in legacy income 	<ul style="list-style-type: none"> • £1.7million raised for Harlow Carr Learning Centre • £565k raised for Rosemoor Learning Centre • £314k income generated for Campaign for School Gardening • In line with library objectives, conservation projects now being pursued in 2010/11 • £2.8m received from legacies, including the largest ever legacy of £1.5m 	<ul style="list-style-type: none"> • RHS is robustly resourced and able to perform its charitable purpose effectively • Funding bodies (existing and potential) view the RHS as a positive investment 	<ul style="list-style-type: none"> • Successful engagement with funders in support of existing and future projects as evidenced by significant fundraised income.
Consistently monitor to ensure progress against our strategy and targets				
Monitor and respond to key operational statistics on a monthly basis	<ul style="list-style-type: none"> • Monthly review meetings achieved • Action plans developed and implemented where necessary 	<ul style="list-style-type: none"> • Monthly financial reviews delivered 	<ul style="list-style-type: none"> • Understanding and development of activity to assist in achieving delivery of key numbers 	<ul style="list-style-type: none"> • The process of monthly financial reviews enabled the Society to meet its financial targets and also delivered the organisational change programme
Regularly review our forecast against budget and our savings target through: <ul style="list-style-type: none"> • Monthly review of actual against budget • Forecast against budget reviews at Business committee 	<ul style="list-style-type: none"> • Tracking of savings implementation achieved • Budget achieved 	<ul style="list-style-type: none"> • Tracking of savings and budget achieved 	<ul style="list-style-type: none"> • Ongoing intelligence supports prudent financial decision making of RHS 	<ul style="list-style-type: none"> • In addition to the monthly reviews, the forecast was monitored effectively enabling the Society to meet its budget targets by taking timely and appropriate decisions

Deliver financial performance targets (cont)

Objectives/Planned Activities	Intended Outputs (targets/milestones)	Progress towards outputs (targets/milestones)	Intended Outcomes	Outcomes
Take steps to improve efficiency and effectiveness				
Introduce procurement and purchasing practices which will improve our cost efficiencies	<ul style="list-style-type: none"> Stationery procurement centralised for all sites by 1st April 2009 Computer equipment purchasing centralised by 1st March 2009 Cost savings achieved- circa £15k per annum stationery, £50k computer equipment 	<ul style="list-style-type: none"> Centralised stationery procurement delivered to schedule, delivering £20k savings Computer equipment purchasing and savings delivered Shows catalogues and handbooks managed off site delivering a further cost benefit gain of £20k 	<ul style="list-style-type: none"> RHS is efficiently resourced and able to perform effectively 	<ul style="list-style-type: none"> Best value for money and increased efficiencies realised
Improve processes to ensure rigour in purchase order control and expenses	<ul style="list-style-type: none"> Purchase order accruals validated. Expenses processed regularly with no build of arrears 	<ul style="list-style-type: none"> Purchase order accruals subject to regular review. Expenses processing budget maintained 	<ul style="list-style-type: none"> Cost certainty throughout the year 	<ul style="list-style-type: none"> Greater cost certainty achieved
Replace and appoint staff in a prudent manner	<ul style="list-style-type: none"> Tighter controls introduced for replacement of roles 	<ul style="list-style-type: none"> Recruitment freeze in 2009. Restructure and redundancy programme took place. All processes and procedures around re-deployment opportunities were agreed through the collective consultation and fully implemented. The Re-deployment policy was communicated successfully. Since December 2009 new released vacancies continue to follow a vacancy Release control system ensuring new roles are approved and within budget. Recruitment expected to be completed by April 2010 	<ul style="list-style-type: none"> A managed establishment meeting the resource requirements of the Society 	<ul style="list-style-type: none"> Since December 2009 new released vacancies continue to follow a vacancy release control system ensuring new roles are approved and within budget

Sharply improve ways of working

Objectives/Planned Activities	Intended Outputs (targets/milestones)	Progress towards outputs (targets/milestones)	Intended Outcomes	Outcomes
Enhance and develop skills and capabilities of leaders and staff				
Develop and nurture our leadership skills	<ul style="list-style-type: none"> Coaching in place for selected leaders and managers 	<ul style="list-style-type: none"> Selected leaders and senior managers received one to one coaching and mentoring, especially in support of the change management process ACAS coaching and training given to Employees' Group (ECG) 	<ul style="list-style-type: none"> RHS is stronger and more able to deliver the charitable purpose with the right skill sets 	<ul style="list-style-type: none"> Change management and leadership skills have developed during the change programme, early insights suggest success of new departmental restructures
Work closely with our senior team to drive change	<ul style="list-style-type: none"> Training provided on Project Management to deliver change programmes 	<ul style="list-style-type: none"> Senior managers supported by HR led the change programme to restructure across all departments and meet 10% reduction in payroll costs by Jan 2010 Project management working group developed standard working practices, delivery of training planned for 2010 	<ul style="list-style-type: none"> RHS is stronger and more able to deliver the charitable purpose with the right skill sets and efficiency 	<ul style="list-style-type: none"> Employee workshops have enabled employees to contribute to future plans for the RHS. Directors and Senior managers have used the feedback to develop an RHS People Plan for 2010 – 2012 indicating priorities for further change

Sharply improve ways of working (cont)

Objectives/Planned Activities	Intended Outputs (targets/milestones)	Progress towards outputs (targets/milestones)	Intended Outcomes	Outcomes
Embed and review internal processes and practices to achieve progress against our plan				
Embed good performance management practices, address poor performance, realign negative behaviours and review our approach to appraisals	<ul style="list-style-type: none"> Coaching managers on performance management Defining outcomes for teams and individuals more clearly Review of the appraisal process started in 2009 	<ul style="list-style-type: none"> Appraisals reviewed in light of restructures, 'Appraisal Lite' approach introduced for 2009 Many work processes involving review of internal processes put on hold in 2009 owing to the restructure programme 	<ul style="list-style-type: none"> Joined up workforce delivering positive outcomes for the RHS 	<ul style="list-style-type: none"> The Appraisal 'Lite' achieved praise for its simplicity and effectiveness in supporting employees to focus on individual development needs. As a result employees have increased confidence in the appraisal system and in their managers
Create more flexibility within our working structures, to reduce hierarchy and enable better delivery	<ul style="list-style-type: none"> Review of Structures and resources to deliver the Strategy 	<ul style="list-style-type: none"> All structures across the Society were reviewed in 2009 to bring about flatter less hierarchical structures and more efficient and effective organisational design, delivered through the change programme 	<ul style="list-style-type: none"> Resources and structures meet the needs of the Society going forward and help it achieve its charitable purpose 	<ul style="list-style-type: none"> Layers of hierarchy removed as a key part of the restructure process, ensuring roles are clear, have breadth of responsibility and enable more effective decision-making
Create a more customer orientated culture both internally and externally	<ul style="list-style-type: none"> Membership Matters Training taken place and being cascaded 95% of managers in customer facing roles to have received customer service training 	<ul style="list-style-type: none"> Membership Matters internal campaign launched early 2009 Training carried out at all sites, and an internal membership brand introduced to the campaign Training has been targeted in key customer facing roles only due to change programme 	<ul style="list-style-type: none"> Higher levels of excellence in customer service demonstrated both internally and externally Better visitor experience ensures visitors feel positive about RHS and inspired to garden 	<ul style="list-style-type: none"> Significantly increased garden visitor numbers and good membership conversion rates in the gardens indicate success in customer facing activity

Key Performance Trends 2006 to 2010

Five Year Statistics at 31 January	Income £m	Expenditure £m	Net assets £m	Membership '000
2006	56.669	51.286	39.540	377
2007	57.115	53.437	44.474	376
2008	60.487	57.169	47.687	375
2009	64.552	61.430	48.589	362
2010	65.821	60.362	55.062	359

Note: Net Assets exclude defined benefit pension scheme liabilities.

We use this performance information to assist us in monitoring the continuing relevance of our aims and the appropriateness of what we do to achieve them. We are grateful for the feedback that we receive from our members and others who use our services and who take part in the market research that we undertake. Together, this helps us continually improve our activities and inform the review and roll forward of our Strategy

RHS Planned Targets and Outcomes for 2010/11

As the period of our current strategy draws to a close we have begun work on developing a framework for an RHS Strategy 2011-15. The Strategic Principles below have been drafted to provide the framework for this process. We have used them to outline a summary of desired targets and outcomes for the forthcoming financial year 2010/11.

	Strategic Principles	Targets	Outcomes
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.	<ul style="list-style-type: none"> • 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 • 401k visitors to HCPFS, CFS and TPFS • 1.5 million visitors to gardens • 6k visitors to Harlow Carr library • 5k visitors to botanical art exhibitions • 7% growth in monthly online visitor numbers • 5% increase in non-members attending Growing for Success regional events programme 	<ul style="list-style-type: none"> • % of defined target audience aware of RHS and value our horticultural expertise
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.	<ul style="list-style-type: none"> • 1.5 million visitors to gardens • 401k visitors to HCPFS, CFS and TPFS • 7% growth in monthly online visitor numbers 	<ul style="list-style-type: none"> • % of defined target audience report increased interest, confidence and participation in gardening as a result of contact with the RHS (online, in garden, shows etc.)

RHS Planned Targets and Outcomes for 2010/11 (cont)

	Strategic Principles	Targets	Outcomes
3.	To provide and support horticultural education at all levels from primary school to vocational training.	<ul style="list-style-type: none"> • 13k schools participating in Campaign for School Gardening, 20 % of which are benchmarking • Establish new RHS level 2 qualifications in 75 centres, level 3 qualifications in 40 centres and practical qualifications in 30 centres. Maintain the overall customer satisfaction score for approved centres at 80 % 	<ul style="list-style-type: none"> • An increase in the number of children (aged 5-11) and vocational students with gardening skills
4.	To support and lead the development of horticultural science for the benefit of gardeners.	<ul style="list-style-type: none"> • 25 scientific articles published in horticultural publications • 10 % increase in traffic to updated Plant Selector • 200 new advice pages available on www.rhs.org.uk based on horticultural research • 3k citizen scientists engaged in research projects 	<ul style="list-style-type: none"> • Horticultural practice is informed and influenced by RHS research
5.	To encourage and support community gardening.	<ul style="list-style-type: none"> • 1,800 communities participate in Britain in Bloom and Its Your Neighbourhood 	<ul style="list-style-type: none"> • Individuals report an enhanced quality of life as a result of participating in RHS community gardening programmes: • Improved environment • Increased “neighbourliness”
6.	To work in partnership with the horticultural trade in order to help the Society deliver its charitable purpose.	<ul style="list-style-type: none"> • 55 % of the UK-based exhibitors of plants and garden products at CFS, HCPFS and TPFS, reported that business had remained the same (as in 2009) or that it had improved. • % increase in web traffic to Award of Garden Merit pages 	<ul style="list-style-type: none"> • Members of the horticultural trade value their relationship with the RHS and report support for RHS charitable activities
7.	To lead the debate on the role of horticulture and horticultural practices in a changing environment.	<ul style="list-style-type: none"> • 10k unique visitors to the ‘Plants for Bugs’ project Bug Blog • 50 % increase in traffic to growing media webpages 	<ul style="list-style-type: none"> • More people garden using sustainable gardening practices

RHS Planned Targets and Outcomes for 2010/11 (cont)

	Strategic Principles	Targets	Outcomes
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.	<ul style="list-style-type: none"> 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. 359k RHS members 52k new members 83.5% membership retention rate 98% retention of partner gardens 70k queries answered by RHS advisory service Mystery garden visitor scores at least 80% Increase in member awareness of RHS charitable purpose and activities 	<ul style="list-style-type: none"> RHS members report a strong affiliation with the Society and its work
9.	To recognise and promote the health and social value of gardening in all we do.	<ul style="list-style-type: none"> Establish a benchmark for public awareness of benefits of gardening 	<ul style="list-style-type: none"> Gardening is recognised by decision makers and the public as having an important impact on health and society
10.	To develop and apply working practices that enable the Society to deliver its charitable purpose.	<ul style="list-style-type: none"> £3,507,000 income from sponsorship, legacies and donations 5% of AGM votes cast electronically Audit of governance completed 	<ul style="list-style-type: none"> RHS is financially robust RHS staff report high levels of work satisfaction Governance arrangements are considered to be effective internally and externally

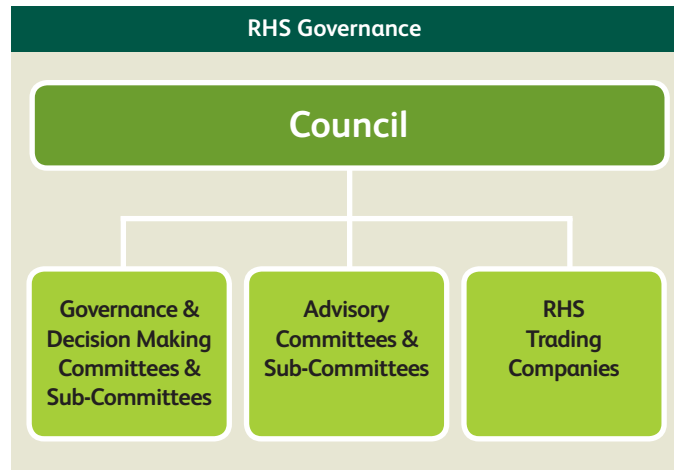


04

Governance
& Management



Governance and management of the Society



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 our website 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, 15 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 at page 72.

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 15 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 trustees 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.

Trustee induction and training

Most trustees have already served on one or more RHS committees before their election. However, on election, trustees 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.

Responsibilities of Council

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.

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Governance and decision-making committees and sub-committees

The Society's governance and decision-making committees and sub-committees and their responsibilities are:

Audit and Risk Committee – ensures that all aspects of the Society's financial and risk management policies, procedures and controls are effective and appropriate.

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

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 trustees. The Committee also makes recommendations on appointments to the governance and decision-making 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.

The membership of the governance and decision making committees can be found at page 73.

Advisory Committees, Sub-Committees and Panels

Council also appoints Advisory Committees and Sub-Committees and Working Groups to provide specialist advice to the RHS and the wider gardening public. Some 500 members of the Society have served on these committees during the past year in a voluntary capacity, generously giving their time and expert knowledge.

- There are 15 specialist plant committees and sub-committees responsible for encouraging excellence in cultivation, the introduction of new plants and the maintenance of selected plant material, and trials.
- Trials assessment panels have been formed where the evaluation of particular plant groups is needed. As a result, there are currently seven panels (constituted outside the RHS committee governance).
- There are also 26 administrative committees providing advice on science, education, shows, libraries and fundraising. These committees disseminate their knowledge to a wider gardening audience across the UK and overseas, thereby fulfilling the learned society remit of the RHS.
- A number of the plant committees are operated jointly with the relevant specialist plant societies.
- The Society also provides an umbrella for specialist groups for Fruit, Lilies, and Rhododendron, Camellia and Magnolia.

Plant (P) and Administrative(A) Advisory Committees as at 31 January 2010:

Advisory Committee on Nomenclature and Taxonomy (A)	Orchid Committee (P)
Advisory Sub-Committee on Conifer Registration (A)	Photographic Advisory Committee (A)
Advisory Sub-Committee on Narcissus Classification (A)	Picture Advisory Committee (A)
Advisory Sub-Committee on Orchid Hybrid Registration (A)	Plant Committee Co-ordinating Committee (A)
Awards Advisory Committee (A)	Qualifications Advisory Committee (A)
Bursaries Advisory Committee (A)	RHS/Three Counties Agricultural Society Joint Committee (A)
Conservation and Environment Advisory Committee (A)	Rock Garden Plant Committee (P)
Daffodil and Tulip Committee (P)	Rock Garden Plant Trials Panel (P)
Daffodil and Tulip Trials Panel (P)	Science and Horticultural Advice Committee (A)
Education and Skills Advisory Committee (A)	Shows Advisory Committee (A)
Fruit, Vegetable and Herb Committee (P)	Daffodil and Tulip Show Schedule Sub-Committee (A)
Fruit Trials Panel (P)	Floral Arrangement Show Schedule Sub-Committee (A)
Vegetable Trials Panel (P)	Fruit and Vegetable Show Schedule Sub-Committee (A)
Fundraising Sub-Committee (A)	Ornamental Plant Show Schedule Sub-Committee (A)
Gardens Advisory Committee (A)	Shows Floral Sub-Committee (A)
Herbaceous Plant Committee (P)	Shows Gardens Sub-Committee (A)
Carnation and Pinks Sub-Committee (P)	Tender Ornamental Plant Committee (P)
Border Carnations and Pinks Trials Panel (P)	Floral Trials Panel (P)
Chrysanthemum Sub-Committee (P)	Trials Advisory Committee (A)
Delphinium Sub-Committee (P)	Woody Plant Committee (P)
Floral Trials Panel (P)	Rhododendron and Camellia Sub-Committee (P)
Iris Sub-Committee (P)	Woody Plant Trials Panel (P)
Perpetual Flowering Carnation Trials Panel (P)	
Sweet Pea Sub-Committee (P)	
Lindley Library Advisory Committee (A)	

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 (RHSESE)

Both companies gift aid their profits to the Society, thereby assisting the funding of our non-commercial, charitable activities.

RHSE is a retailer specialising in plants, horticultural books and gifts. The Company operates plant centres and shops at all four RHS Gardens. Effective 1 November 2009 the catering division which RHSE had operated under licence transferred to the RHS. RHSE continues to manage the division on behalf of the RHS in return for a management fee. RHSE also runs a mail order and on-line retail business, secures sponsorship for RHS activities and events, licenses use of the RHS brand and images and is responsible for letting holiday accommodation at RHS Rosemoor. Through the Hospitality business unit, the Company lets event and exhibition space at the Horticultural Halls and conference facilities at the RHS Conference Centre. Through the Media business unit, the Company publishes books and periodicals.

RHSESE is responsible for organising the acclaimed Gala Previews at the Chelsea and Hampton Court Palace Flower Shows.

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 Executive Directors and other staff. However, Council retains ultimate responsibility for the actions of staff. Details of the Directors appear at page 73. 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 Director has a number of departments under his or her control responsible for the Society's operational activities and implementing the annual work programme agreed by Council. An organisation chart showing the responsibilities of Directors is set out below.



Staff and Volunteers

As at the 31 January 2010, the Society employed 502 full-time and 122 part-time staff (31 January 2009: 584 and 216 respectively). The decrease reflects the Society's need to make payroll cost savings in 2009.

The Society also received help from 939 volunteers (2008/9: 1,133) during the year primarily in the Society's Gardens, at its Shows and in the Membership Marketing Department. Some 500 members of the Society also serve on its advisory committees (see page 43).

Interests of Council and Directors

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:

Nigel Colborn - through LN & RFM Colborn (a company in which he is a partner) wrote articles under contract with the RHS and was paid £2,187 (including expenses). Mr Colborn also delivered a lecture for the RHS for which he received a payment of £1,076 (including expenses).

Raymond Evison - The Guernsey Clematis Nursery Limited (of which Raymond Evison is Chairman) received a payment from the RHS of £3,448 towards the cost of its exhibits at the Chelsea and Inner Temple Flower Shows. A further payment of £3,648 was paid to the Guernsey Clematis Nursery Limited for plants supplied to RHS Plant Centres. Mr Evison received a payment of £908 for delivering lectures at the RHS Garden Wisley Clematis Weekend.

Mark Fane - Crocus.co.uk Ltd (of which Mark Fane is a Director) was paid £2,062 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 £74,148 in commission to RHS Enterprises Limited since Mr Fane's appointment to Council.

Robert Hillier - Hillier Nurseries Limited (of which Robert Hillier is Chairman) was paid £107,986 by RHS Enterprises Limited for the supply of plants for re-sale. Hillier Nurseries Limited was also paid £7,104 by the RHS for the supply of plants and trees for use in RHS

Gardens and at RHS Shows and received payment from the RHS of £9,332 towards the costs of its exhibit at the Chelsea Flower Show.

Jekka McVicar - Jekka's Herb Farm (of which Jekka McVicar is Managing Director) was paid £2,721 towards the cost of an exhibit at the Chelsea Flower Show. Jekka's Enterprises Ltd (of which Jekka McVicar is a Director) was paid £1,005 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 £23,833. 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.

Reimbursement of expenses

The Society operates a scheme to reimburse trustees for their reasonable travel and subsistence costs when engaged on Society business. In 2009/10, eleven trustees were paid a total of £20,000 under this scheme (2008/9 £13,411). Trustees do not receive any other payment in connection with their position. Members of RHS Committees receive no payment for their work for the Society other than the reimbursement of reasonable travel and subsistence costs in accordance with a scheme approved by the Business Committee.

Subsidiary and Related Charities

The Lindley Library Trust (registration number 222879-1) is a subsidiary charity of the RHS. Its charitable purpose is "to pay all proper costs, charges, and expenses of and incidental to the administration and management of the Royal Horticultural Society including the insurance, preservation and improvement of the library and the extension thereof by purchase of books and otherwise". 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 purpose of the Trust is to provide grants and bursaries to individuals from Shropshire or neighbouring counties to enable them to train at RHS Garden Wisley or on another RHS approved course. The Trust has

delegated power to the RHS to make awards of trust funds up to a total of £5,000 per annum. The award of monies above this sum requires trustee approval. During the year, three students following courses at RHS Garden Wisley have benefited from payments from the Trust.

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 the new Company will trade. Any donations that continue to fall due to the NHS will in future be payable direct to the RHS.

Other related parties

The Royal Horticultural Society 1974 Pension Scheme is a related party to the RHS. This Fund is responsible for the investment and payment of pension monies for those RHS staff who joined the defined benefit RHS Pension Scheme. Further information on the Pension Fund can be found at Note 20 to the Financial Statements.

Our Work in Scotland

The Society is also registered as a charity in Scotland and we draw particular attention to the following activities in Scotland during the past year:

- the representation of gardeners' interests on evolving legislation on alien invasive species;
- the promotion of the Campaign for School Gardening to Scottish schools, attracting 112 to sign up to the Campaign to date;
- the registration of students to take the Society's Level 2 and 3 qualifications in three examination centres based in Scottish colleges;
- the award of bursaries to those wishing to pursue horticultural interests;
- continued research collaboration with the Royal Botanic Gardens, Edinburgh, on cultivated plant taxonomy, and on Berberis in particular;
- supporting local communities participating in the annual Britain in Bloom competition with Falkland being crowned the champion of champions at a ceremony in Torbay;
- holding meetings of our Rock Garden Plant Committee and Advisory Committee on Narcissus Classification;
- supporting 87 affiliated, local horticultural societies in the country.

One of the Society's International Registrars is also based in Scotland.

We currently have 5,715 members in the country.

Partnerships

The Society recognises the benefit of working with other charities and organisations in pursuit of its charitable objectives. During 2009/10, the Society worked with:

Historic Royal Palaces - who made available the site for the Hampton Court Palace Flower Show and provided support in organising the charity gala preview;

The Royal Hospital and Cheshire County Council who respectively made available sites for the Chelsea and Tatton Park Flower Shows;

Cardiff Council, Three Counties Agricultural Society and BBC Haymarket Exhibitions – on flower shows in Cardiff, Malvern and Birmingham respectively;

Central and regional government - to deliver educational programmes;

The BBC – who broadcast coverage of our flower shows and other activities;

Mitchell Beazley and Dorling Kindersley - our main co-publishing partners for books;

The Wildlife Trusts – continuing the WildAboutGardens partnership which has resulted in a thriving website for people to share knowledge on garden wildlife
www.wildaboutgardens.org.uk;

Devon County Council – who are supporting activities around RHS Garden Rosemoor.

Awards

As the UK's leading gardening charity, it is our pleasure to recognise the achievements of those who contribute so much to horticulture and gardening in the UK. At our Shows, we issue a range of cups, trophies and medals for exhibits and competitive excellence. Annually we make awards for excellence within horticulture as a whole. Our highest awards are the Victoria Medal of Honour recognising the achievement of British horticulturists; the Veitch Memorial Medal recognising those who have made an outstanding contribution to the advancement of the science and practice of horticulture; the Associateship of Honour conferred on British horticulturists who have rendered distinguished service during the course of their working life; and the Honorary Fellowship for those who have rendered particular service to the RHS and/or British horticulture.

The following awards were presented in 2009/10:

Victoria Medal of Honour

Lord Howick
Mr J Humphris
Lady Skelmersdale

Associates of Honour

Mr M Nelhams
Mr C Beard
Mr A Kirkham

Veitch Memorial Medal

Mr J Van Assche
Dr J Morgan
Mr D Wheeler

Honorary Fellowship

Mr S Cryer
Dr V Payne

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 359,000 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 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.

Throughout the year the trustees have had regard to the guidance provided by the Charity Commission on public benefit.

Further information on the Society's activities can be found at www.rhs.org.uk or by contacting The Secretary at the address shown on page 2.

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 prepares 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 trustees keep health and safety under regular review and in 2008 a new health, safety and welfare policy was implemented.

Auditors

PKF (UK) LLP was re-appointed as the Society's external auditor at the Annual General Meeting on 1 July 2009. Baker Tilly UK Audit LLP continues as provider of the Society's internal audit function.

Disclosure of information to auditors

The trustees who held office at the date of approval of this Trustees' 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 trustee 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.

Statement of Council's Responsibilities in Respect of the Trustees' Report and Financial Statements

In accordance with the Society's Charter and Bye-Laws, the trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Charity law requires the trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the group and 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:

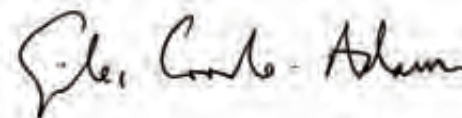
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed 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.

The trustees are required to act in accordance with the trust deed and the rules of the charity, within the framework of trust law. The trustees 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.

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

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.



Giles Coode-Adams

President of the RHS and Chairman of Council

27 April 2010

Independent auditors' report to the Council of The Royal Horticultural Society

We have audited the group and parent charity financial statements ('the financial statements') of the Royal Horticultural Society for the year ended 31 January 2010 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 statements have been prepared under the accounting policies set out therein.

This report is made solely to the charity's trustees as a body, in accordance with regulations made under the Charities Act 1993 and 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 auditors' 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 auditors

The trustees' responsibilities for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom accounting standards ('United Kingdom Generally Accepted Accounting Practice') are set out in the statement of trustees' responsibilities.

We have been appointed as auditors 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 relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Charities Act 1993, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

We also report to you if, in our opinion, the information given in the Trustees' Annual Report is not consistent with those financial statements, if the charity has not kept proper accounting records, if the financial statements are not in agreement with those accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

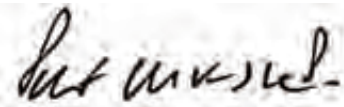
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent charity's affairs as at 31 January 2010 and of the group's incoming resources and application of resources for the year then ended; and
- the financial statements have been properly prepared in accordance with the Charities Act 1993, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

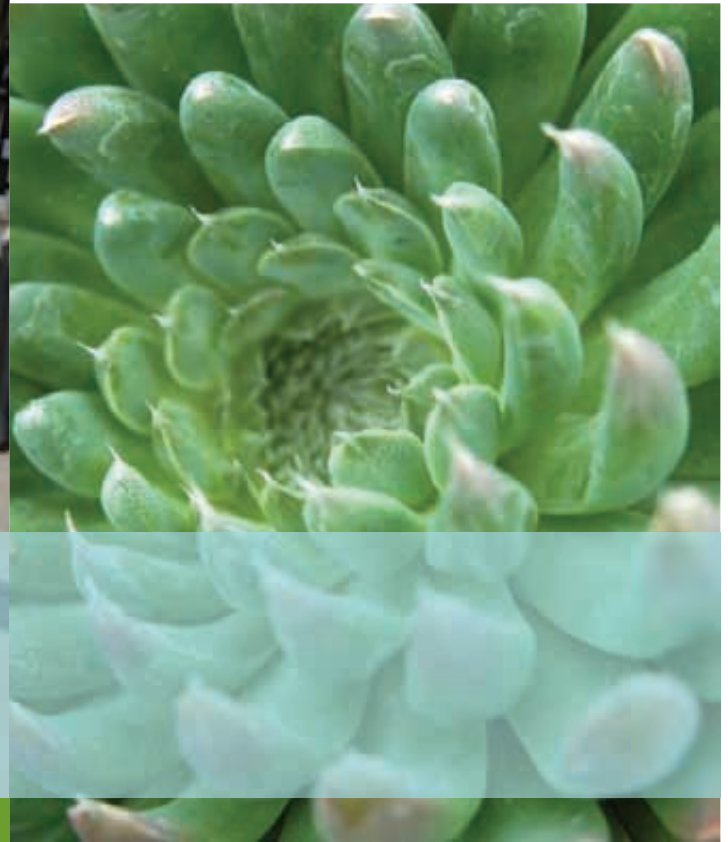


PKF (UK) LLP

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

Farringdon Place
20 Farringdon Road
London
EC1M 3AP

27 April 2010



06
Consolidated
Financial Statements

Consolidated Statement of Financial Activities

For the year ended
31 January 2010

	Note	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	2010 Total £000	2009 Total £000
Incoming Resources	1 iii)					
Incoming Resources From Generated Funds						
Voluntary Income						
Legacies & Donations		3,290	2,879	2	6,171	3,399
Grants		42	–	–	42	64
Activities for Generating Funds						
Trading Income	10	23,677	–	–	23,677	24,129
Sponsorship Income	10	1,623	–	–	1,623	1,739
Investment Income		369	118	–	487	1,341
Incoming Resources From Charitable Activities						
Shows		15,506	–	–	15,506	16,031
RHS Gardens		2,468	6	–	2,474	1,837
Science, Learning & Libraries		796	250	–	1,046	1,095
Membership subscriptions		14,531	–	–	14,531	13,972
Other Incoming Resources		264	–	–	264	945
Total Incoming Resources		62,566	3,253	2	65,821	64,552
Resources Expended	1 iv),2					
Cost Of Generating Funds						
Cost of generating voluntary income						
Legacies & Donations		904	84	–	988	847
Grants		24	–	–	24	77
Fundraising trading: cost of goods sold and other costs						
Trading Costs	10	18,984	–	–	18,984	20,214
Sponsorship	10	463	–	–	463	352
Charitable Expenditure						
Shows		15,565	–	–	15,565	16,045
RHS Gardens		12,125	148	–	12,273	12,381
Science, Learning & Libraries		5,990	578	–	6,568	6,206
Editorial		3,172	–	–	3,172	3,056
Membership services		2,180	–	–	2,180	2,092
Governance Costs		145	–	–	145	160
Total Resources Expended		59,552	810	–	60,362	61,430
Net Income		3,014	2,443	2	5,459	3,122
Gains/(losses) on investment assets	5	990	10	487	1,487	(2,134)
Actuarial gains/(losses) on defined benefit pension scheme	20	(2,385)	–	–	(2,385)	(1,233)
Taxation	6	86	–	–	86	(86)
Net Movement Of Funds	3	1,705	2,453	489	4,647	(331)
Opening Value Of Funds		38,726	4,845	2,905	46,476	46,807
Closing Value Of Funds		40,431	7,298	3,394	51,123	46,476

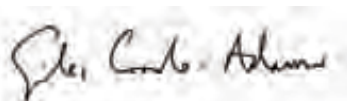
There are no other gains & losses other than those disclosed right. All transactions are derived from continuing activities.

Consolidated Balance Sheet

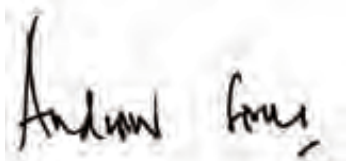
As at 31 January 2010

	Note	2010		2009	
		£000	£000	£000	£000
Fixed Assets					
Tangible assets	9		38,656		34,841
Investments	5		26,456		22,494
			<u>65,112</u>		<u>57,335</u>
Current Assets					
Stocks		1,314			1,378
Debtors	11	4,763			3,358
Cash at bank and in hand		6,570			6,786
			<u>12,647</u>		<u>11,522</u>
Creditors: Amounts Falling Due Within One Year					
Income in advance		(14,596)			(14,037)
Creditors		(7,499)			(5,656)
	12		<u>(22,095)</u>		<u>(19,693)</u>
Net Current Liabilities					
			(9,448)		(8,171)
Creditors: Amounts Falling Due After More Than One Year					
	13		(602)		(575)
Net Assets Before Pension Liability					
Defined benefit pension scheme liability	20		55,062		48,589
			(3,939)		(2,113)
Net Assets After Pension Liability					
			<u>51,123</u>		<u>46,476</u>
Capital Funds					
Endowments	14		3,394		2,905
Income Funds					
Restricted funds	14		7,298		4,845
Unrestricted funds:					
Designated funds	14	42,766		39,534	
General & Trading funds		1,604		1,305	
Pension Reserve	20	(3,939)		(2,113)	
			<u>40,431</u>		<u>38,726</u>
Total unrestricted funds					
			40,431		38,726
Total Funds	14		<u>51,123</u>		<u>46,476</u>

These accounts were approved by Council on 27 April 2010, and signed on its behalf by:



Giles Coode-Adams, President



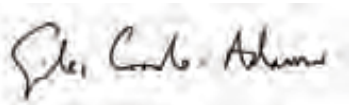
Andrew Sells, Treasurer

Society Balance Sheet

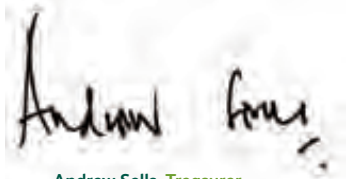
As at 31 January 2010

	Note	2010 £000	2009 £000
Fixed Assets			
Goodwill	8	596	–
Tangible assets	9	38,260	33,774
Investments	5	26,456	22,494
Investment in trading companies	10	110	110
		<u>65,422</u>	<u>56,378</u>
Current Assets			
Stocks		51	50
Debtors	11	6,032	5,248
Cash at bank and in hand		1,580	1,784
		<u>7,663</u>	<u>7,082</u>
Creditors: Amounts Falling Due Within One Year			
Income in advance		(10,567)	(10,388)
Creditors		(6,085)	(3,567)
	12	<u>(16,652)</u>	<u>(13,955)</u>
Net Current Liabilities			
			(8,989)
			(6,873)
Creditors: Amounts Falling Due After More Than One Year			
	13		(602)
			(495)
Net Assets Before Pension Liability			
Defined benefit pension liability	20		55,831
			(3,939)
			<u>49,010</u>
Net Assets After Pension Liability			
			<u>51,892</u>
			<u>46,897</u>
Capital Funds			
Endowments	14		3,394
			2,905
Income Funds			
Restricted funds	14		7,298
Unrestricted funds:			
Designated funds	14	42,766	39,534
General fund		2,373	1,726
Pension Reserve	20	(3,939)	(2,113)
		<u>41,200</u>	<u>39,147</u>
Total unrestricted funds			
			<u>41,200</u>
			<u>39,147</u>
Total Funds			
		<u>51,892</u>	<u>46,897</u>

These accounts were approved by Council on 27 April 2010, and signed on its behalf by:



Giles Coode-Adams, President



Andrew Sells, Treasurer

Consolidated Cash Flow Statement

For the year ended
31 January 2010

	Note	2010 £000	2009 £000
Net Cash Inflow From Operating Activities	16	7,897	3,611
Returns On Investments And Servicing Of Finance			
Interest received		66	201
Dividends received		455	930
Net Cash Inflow From Returns On Investments And Servicing Of Finance		521	1,131
Capital Expenditure And Financial Investment			
Sale of investments		6,784	111
Purchase of tangible fixed assets		(6,159)	(2,733)
Purchase of investments		(9,259)	(2,279)
Net Cash Outflow From Capital Expenditure And Financial Investment		(8,634)	(4,901)
Decrease In Cash	17	(216)	(159)

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 20.

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. However, 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 £2000 are treated as revenue items.

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.

1. Accounting Policies (cont)

viii) Operating leases

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

ix) 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 20.

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.

x) 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.

xi) Liabilities

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

xii) Taxation

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

xiii) Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 January 2010.

xiv) 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

xv) 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. Analysis of Total Resources Expended

The total resources expended during the year comprise the following:

	Direct Cost £000	Support Cost £000	2010 Total £000	2009 Total £000
Cost of generating funds				
Cost of generating voluntary income				
Legacies & Donations	902	86	988	847
Grants	24	–	24	77
Fundraising trading: cost of goods sold and other costs				
Trading costs	16,599	2,385	18,984	20,214
Sponsorship costs	291	172	463	352
Charitable Expenditure				
Shows	13,764	1,801	15,565	16,045
RHS Gardens	10,361	1,912	12,273	12,381
Science, Learning & Libraries	5,581	987	6,568	6,206
Editorial	2,878	294	3,172	3,056
Membership Services	1,753	427	2,180	2,092
Governance Costs	145	–	145	160
Total Resources Expended	52,298	8,064	60,362	61,430

Support costs totaling £8.1m (2009: £6.9m) have been allocated across activities. These include costs associated with providing IT, payroll, human resources, finance, marketing and other central services to the charity's staff, volunteers, gardens and other activities. Costs have been mainly allocated based on headcount, with finance and marketing based on expenditure, to the various activities.

3. Net Movement of Funds

Net movement of funds is arrived at after charging:

	2010 £000	2009 £000
Depreciation (including trading companies)	2,254	2,196
Reorganisation costs	1,357	–
Auditors' remuneration:		
- Audit current year	44	47
- Audit underprovision prior year	17	29
- Other professional services	20	38
Internal Audit	34	28
Operating lease rentals	516	437

And after crediting £nil (2009: £634,000) compensation from the Highways Agency.

4. Employees and Remuneration

	2010 £000	2009 £000
Employee costs during the period amounted to:		
Salaries and wages	17,178	17,356
Social Security	1,581	1,534
Pensions	1,065	1,203
	<u>19,824</u>	<u>20,093</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 companies	187	204
Fundraising activities	9	10
Staff employed in disbursement of charitable expenditure		
Shows	51	53
RHS Gardens	223	224
Science & Learning	153	138
Editorial	22	19
Membership services	16	17
Support	82	104
	<u>743</u>	<u>769</u>

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	8	5
£70,001 - £80,000	–	1
£80,001 - £90,000	4	1
£90,001 - £100,000	1	2
£100,001 - £110,000	1	1
£110,001 - £120,000	1	2
£130,001 - £140,000	1	–

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

Defined benefit scheme	4	4
Defined contribution schemes	16	7

The Society contributed £193,880 (2009: £99,430) 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 £20,000 (2009: £13,411) for travel expenses during the period. The number of Council members reimbursed for expenses was 11 (2009: 6).

5. Fixed Asset
Investments

	UK Cash Instruments £000	UK Property £000	Unit Trusts £000	Total £000
Market value at 1 February 2009	10,139	321	12,034	22,494
Less: disposal proceeds	–	–	(6,784)	(6,784)
Add: acquisitions at cost	–	–	5,178	5,178
Add: net gain/loss on revaluation at 31 January	–	6	1,481	1,487
Add: net movement in cash	4,081	–	–	4,081
Market value at 31 January 2010	14,220	327	11,909	26,456
Historical cost at 31 January 2010	14,220	142	11,533	25,895

Analysed as follows:

	£000
UK Equities	4,556
Overseas Equities	4,543
Index Linked	1,783
Credit & Illiquid strategies	28
Global Funds	424
Property Unit Trusts	260
Other	314
Cash Instruments	14,220
Market value at 31 January 2010	26,128
UK Property	328
Market value at 31 January 2010	26,456
Investments in UK at market value	6,328
Investments outside the UK at market value	5,580

Unrestricted funds at market value of £16,845,756 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 £3,307,574 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	14,220
Endowment Fund: Charishare Distribution Units	1,836
Equities & Property Fund: Charishare Distribution Units	2,256
BlackRock International Equity Distribution Units	1,385

6. 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 now included in the Profit & Loss Account. This resulted in an apparent tax charge in 2009, which did not crystallise as the remaining taxable profits were paid as Gift Aid to the RHS within nine months of the year end as permitted under tax regulations.

7. Commitments For Future Expenditure

Council has authorised future capital expenditure on capital projects amounting to £3,936,000. Contracts have been signed on £1,072,000.

8. Intangible Fixed Assets

	Goodwill £000
Cost	
At 1 February 2009	–
Additions	651
At 31 January 2010	651
Amortisation	
At 1 February 2009	–
Charge for the year	(55)
At 31 January 2010	(55)
Net Book Value	
At 31 January 2010	596
At 1 February 2009	–

Refer to Note 1 xv) Goodwill accounting policy

9. Tangible Fixed Assets

a) Consolidated

	Freehold land and buildings £000	Leasehold land and buildings £000	Buildings on Wisley trust land £000	Assets in construction £000	Plant and equipment £000	Fixtures and fittings £000	Total £000
Cost							
At 1 February 2009	27,812	1,095	1,786	1,815	12,308	3,294	48,110
Additions	221	–	–	5,307	551	80	6,159
Disposals	(110)	–	–	–	–	–	(110)
Transfers	3,524	–	–	(4,075)	551	–	–
At 31 January 2010	31,447	1,095	1,786	3,047	13,410	3,374	54,159
Depreciation							
At 1 February 2009	3,314	168	322	–	7,461	2,004	13,269
Charge for the year	860	22	36	–	1,023	313	2,254
Disposals	(20)	–	–	–	–	–	(20)
Transfers	(55)	55	–	–	–	–	–
At 31 January 2010	4,099	245	358	–	8,484	2,317	15,503
Net Book Value							
At 31 January 2010	27,348	850	1,428	3,047	4,926	1,057	38,656
At 1 February 2009	24,498	927	1,464	1,815	4,847	1,290	34,841

No assets are held under finance leases.

b) Society

	Freehold land and buildings £000	Leasehold land and buildings £000	Buildings on Wisley trust land £000	Assets in construction £000	Plant and equipment £000	Fixtures and fittings £000	Total £000
Cost							
At 1 February 2009	27,812	1,095	1,786	1,775	9,982	1,563	44,013
Additions	174	–	–	5,307	345	63	5,889
Intragroup Transfer	47	–	–	–	466	–	513
Disposals	(110)	–	–	–	–	–	(110)
Transfers	3,524	–	–	(4,075)	551	–	–
At 31 January 2010	31,447	1,095	1,786	3,007	11,344	1,626	50,305
Depreciation							
At 1 February 2009	3,314	168	322	–	5,803	632	10,239
Charge for the year	860	22	36	–	782	126	1,826
Disposals	(20)	–	–	–	–	–	(20)
Transfers	(55)	55	–	–	–	–	–
At 31 January 2010	4,099	245	358	–	6,585	758	12,045
Net Book Value							
At 31 January 2010	27,348	850	1,428	3,007	4,759	868	38,260
At 1 February 2009	24,498	927	1,464	1,775	4,179	931	33,774

No assets are held under finance leases. All fixed assets were held for charitable purposes.

10. Investment in Trading Companies

The trading subsidiaries of the Society are RHS Enterprises Limited, which is responsible for retail operations, and RHS Special Events Limited, which is responsible for organising the charity galas at RHS Flower Shows. Horticultural Halls Limited and RHS Publications Limited are dormant companies.

	2010 £000	2009 £000
The Society's investment in subsidiary companies, at cost, was:		
RHS Enterprises Limited	100	100
Horticultural Halls Limited	10	10
RHS Special Events Limited	–	–
RHS Publications Limited	–	–
	110	110

All the subsidiaries are registered in England and the two trading companies gift aid their profits to the Society. A summary of their trading results is shown below:

Profit & loss account	RHS Enterprises £000	Horticultural Halls £000	RHS Special Events £000	Total £000
Turnover	18,786	–	3,250	22,036
Cost of sales	(9,783)	–	(788)	(10,571)
Gross profit	9,003	–	2,462	11,465
Administration expenses (net of interest receivable)	(7,421)	–	(158)	(7,579)
Other operating income	3,124	–	–	3,124
Profit on disposal of business	651	–	–	651
Net profit	5,357	–	2,304	7,661
Amount gift aided to the Society	(5,195)	–	(2,301)	(7,496)
Taxation	86	–	–	86
Profit for the year	248	–	3	251

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 a turnover of £25.3m and net profit of £5.9m. These results have been included as Trading and as Sponsorship activities on the SoFA.

Balance Sheet	£000	£000	£000	£000
Fixed Assets	518	–	–	518
Current Assets	4,772	–	3,072	7,844
Unsecured Loan to the Society	1,170	–	–	1,170
Current Liabilities	(3,870)	–	(2,775)	(6,645)
Long Term Liabilities	–	–	–	–
Amounts owing to the Society	(2,528)	10	(309)	(2,827)
Net (Liabilities)/Assets	62	10	(12)	60
Share Capital	100	10	–	110
Reserves	(38)	–	(12)	(50)
Equity Shareholders' funds	62	10	(12)	60

11. Debtors: Due Within One Year

	Consolidated		Society	
	2010 £000	2009 £000	2010 £000	2009 £000
Trade debtors	2,020	1,589	392	–
Amounts due from subsidiary undertakings	–	–	2,837	3,449
Other debtors	1,624	262	1,826	531
Taxation recoverable	264	74	264	74
Prepayments	855	1,433	713	1,194
	4,763	3,358	6,032	5,248

12. Creditors: Amounts Falling Due Within One Year

	Consolidated		Society	
	2010 £000	2009 £000	2010 £000	2009 £000
Trade Creditors	2,041	1,674	1,406	1,173
Loan from R.H.S. Enterprises	–	–	1,170	–
Taxation and social security	393	528	393	442
Other creditors	1,055	565	636	513
Accruals	4,010	2,889	2,480	1,439
Income in advance: members' deferred subscriptions	8,557	8,443	8,557	8,442
Income in advance: other	6,039	5,594	2,010	1,946
	22,095	19,693	16,652	13,955

The loan from R.H.S. Enterprises is unsecured, bears interest at 2% above the NatWest base rate and is repayable on demand.

All the income in advance at the start of the year was utilised during the year, except for life membership. The balance at the start of the year for these life memberships was £600,000, £128,000 was utilised during 2009/10 and new life memberships were £230,000, resulting in a balance of £702,000 at 31 January 2010.

13. Creditors: Amounts Falling Due After More Than One Year

	Consolidated		Society	
	2010 £000	2009 £000	2010 £000	2009 £000
Income in advance: members' deferred subscriptions	602	495	602	495
Income in advance: other	–	80	–	–
	602	575	602	495

14. Funds

	Balance 1.02.09 £000	Incoming Resources £000	Resources Expended £000	Transfers £000	Gains/ (losses) £000	Balance 31.1.10 £000
Endowment Funds						
Coke Trusts	1,262	–	–	–	245	1,507
Blaxall Valentine Scholarship	331	–	–	–	64	395
Guerney Wilson Fund	184	–	–	–	29	213
Other Bursary funds	146	–	–	–	38	184
Hyde Hall Endowment Fund	350	–	–	–	–	350
Wisley Endowment Fund	173	–	–	–	34	207
Eric Young Scholarship	104	–	–	–	20	124
Shropshire Horticultural Society	89	–	–	–	17	106
Other Endowed funds	266	2	–	–	40	308
Total Endowed Funds	2,905	2	–	–	487	3,394
Restricted Funds						
Northern Horticultural Society	996	–	–	–	–	996
Garden Development Funds	2,739	2,570	(273)	109	–	5,145
Education & Training Funds	291	565	(450)	403	–	809
Bursary funds	67	92	(68)	–	–	91
Other Restricted funds	752	26	(18)	(512)	9	257
Total Restricted Funds	4,845	3,253	(809)	–	9	7,298
Unrestricted Funds						
Designated Funds						
Hyde Hall development	547	–	–	(547)	–	–
Fixed Asset fund	23,555	–	–	2,805	–	26,360
Bicentenary Glasshouse	7,932	–	(426)	–	–	7,506
Reserve Policy fund	7,500	–	–	–	–	7,500
Designated Pension fund	–	–	–	1,400	–	1,400
Total Designated Funds	39,534	–	(426)	3,658	–	42,766
General & Trading Funds	1,305	62,566	(59,599)	(3,658)	990	1,604
Pension Reserve	(2,113)	–	559	–	(2,385)	(3,939)
Total Unrestricted Funds	38,726	62,566	(59,466)	–	(1,395)	40,431
Total Funds	46,476	65,821	(60,275)	–	(899)	51,123

The Coke Trust provides bursaries for horticultural students and training.

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

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

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

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

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

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

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

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

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

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

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

The Hyde Hall development project represents funds for the general development of Hyde Hall.

The Fixed Asset Fund represents the net book value of the Society's tangible fixed assets, excluding those in construction.

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.

15. Analysis Of Net Assets Between Funds

	Endowment Funds	Restricted Funds	Designated Pension Fund	Other Designated Funds	General & Trading Funds	Pension Reserve	Total Funds
	£000	£000	£000	£000	£000	£000	£000
Tangible Fixed Assets	350	996	–	33,866	3,444	–	38,656
Fixed Asset Investments	3,308	6,302	1,400	7,500	7,946	–	26,456
Current Assets	–	–	–	–	12,647	–	12,647
Current Liabilities	(264)	–	–	–	(21,831)	–	(22,095)
Long Term Liabilities	–	–	–	–	(602)	–	(602)
Pension Scheme Liability	–	–	–	–	–	(3,939)	(3,939)
Total Net Assets	3,394	7,298	1,400	41,366	1,604	(3,939)	51,123

16. Net Cash Inflow From Operating Activities

	2010 £000	2009 £000
Increase in Society funds	5,459	3,122
Pension fund movement, excluding actuarial gains/losses	(559)	–
Investment income receivable	(521)	(1,131)
Depreciation charge	2,254	2,197
Fixed asset disposals	90	214
(Increase)/Decrease in stocks	64	(212)
(Increase)/Decrease in debtors	(1,405)	388
Increase/(Decrease) in creditors	2,515	(967)
Net Cash inflow from operating activities	7,897	3,611

17. Reconciliation Of Net Cash Flow To Movement In Net Funds

	£000	£000
Decrease in cash in the year	(216)	
Cash inflow to cash investments	4,081	
		3,865
Movement in net funds:		
Net funds at 1 February 2009		16,925
Net funds at 31 January 2010		20,790

18. Analysis Of Changes
In Net Funds

	Balance 1.2.09 £000	Cash Flows £000	Balance 31.1.10 £000
Cash at bank and in hand	6,786	(216)	6,570
Cash included within investments	10,139	4,081	14,220
	<u>16,925</u>	<u>3,865</u>	<u>20,790</u>

19. Operating Leases

As at 31 January 2010 the Society and its subsidiaries were committed to annual rentals expiring as follows:

	Consolidated		Society	
	2010 £000	2009 £000	2010 £000	2009 £000
Land and Buildings:				
Within one year	–	414	–	414
Between two to five years	500	1,757	500	1,757
Other:				
Within one year	17	23	10	19
Between two to five years	25	17	12	11
	<u>542</u>	<u>2,211</u>	<u>522</u>	<u>2,201</u>

20. 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 2010 by a qualified independent actuary.

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

	2010 £000	2009 £000
Present value of funded obligations	18,412	14,315
Fair value of plan assets	14,473	12,202
	<u>(3,939)</u>	<u>(2,113)</u>
Present value of unfunded obligations	–	–
Unrecognised past service cost	–	–
	<u>–</u>	<u>–</u>
Surplus / (Deficit)	(3,939)	(2,113)
Net Liability	<u>(3,939)</u>	<u>(2,113)</u>

As required under the revised FRS17, the scheme's assets for this accounting period are based on bid price.

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:

	2010 £000	2009 £000
Current service cost	167	575
Interest on obligations	928	814
Expected return on plan assets	(858)	(921)
Past service cost	–	–
Previously unrecognised surplus deducted from the past service cost	–	–
Losses/(gains) on curtailments and settlements	–	–
Total	<u>237</u>	<u>468</u>
Actual return/(loss) on plan assets	1,734	(1,072)

20. Pension Scheme
(cont)

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

	2010 £000	2009 £000
Opening defined benefit obligation	14,315	13,548
Current service cost	167	575
Past service cost	–	–
Member contributions	50	161
Interest cost	928	814
Actuarial losses/(gains)	3,261	(572)
Losses/(gains) on curtailments	–	–
Liabilities extinguished on settlements	–	–
Liabilities assumed in a business combination	n/a	n/a
Exchange differences on foreign plans	n/a	n/a
Benefits paid	(309)	(211)
Closing defined benefit obligation	18,412	14,315

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:

	2010 £000	2009 £000
Opening fair value of plan assets	12,202	12,668
Expected return	858	921
Actuarial gains and (losses)	876	(1,993)
Assets distributed on settlements	–	–
Contributions by employer	796	656
Assets acquired in a business combination	n/a	n/a
Exchange differences on foreign plans	n/a	n/a
Member contributions	50	161
Benefits paid	(309)	(211)
Closing fair value of plan assets	14,473	12,202

The Society expects to contribute £19,000 each month to the Royal Horticultural Society (1974) Pension Scheme in the next accounting year.

20. Pension Scheme
(cont)

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

	2010 % total plan assets	2010 Expected Return	2009 % total plan assets	2009 Expected Return
Unitised with profits policy	0.1 %	5.75 %	0.5 %	5.75 %
Equities	55.3 %	8.00 %	61.4 %	8.00 %
Bonds	30.1 %	5.50 %	22.5 %	5.50 %
Cash	14.5 %	3.50 %	15.6 %	4.50 %

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.

6) Movement in deficit during the year:

	2010 £000	2009 £000	2008 £000
Deficit in scheme at beginning of the year	(2,113)	(880)	(3,359)
Movement in year:			
Current service cost	(167)	(575)	(766)
Contributions paid by the employer	796	656	730
Bequests to the scheme	–	–	–
Past service costs	–	–	–
Other financial income/(expenditure)	(70)	107	5
Actuarial gain/(loss)	(2,385)	(1,421)	2,510
Deficit in scheme at end of the year	(3,939)	(2,113)	(880)

In the period to 31 May 2009 contributions were paid at the rate of 15 % of pensionable salaries, inclusive of member contributions at the rate of 5 %, plus £14,400 per month. In the period 1 June 2009 to 31 January 2010 contributions were paid at the rate of £19,000 per month. The costs of insuring the death in service benefits for the period to 31 May 2009 were paid in addition.

20. Pension Scheme
(cont)

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

a) Financial assumptions

	2010 £000	2009 £000
Discount rate	5.6 % pa	6.5 % pa
Expected return on plan assets	6.6 % pa	6.9 % pa
Future salary increases	5.1 % pa	4.75 % pa
Pension revaluation in deferment (Retail prices index – maximum 5 %)	3.6 % pa	3.4 % pa
Pension escalation in payment (Retail prices index – maximum 5 %)	3.6 % pa	3.4 % pa
Proportion of employees opting for early retirement	Nil	Nil
Inflation assumption	3.6 % pa	3.5 %

b) Demographic assumptions

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

Retiring today		
Males	23.8	23.7
Females	25.9	25.8
Retiring in 20 years		
Males	25.9	25.8
Females	27.1	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

20. Pension Scheme (cont)

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

	2010 £000	2009 £000	2008 £000	2007 £000	2006 £000
Defined benefit obligation	18,412	14,315	13,548	14,027	12,250
Plan assets	14,473	12,202	12,668	10,668	9,108
Surplus / (deficit)	(3,939)	(2,113)	(880)	(3,359)	(3,142)
Experience adjustments on plan liabilities	472	19	214	(52)	481
Experience adjustments on plan assets	876	(1,993)	525	55	437

As required under the revised FRS17, the scheme's assets for this accounting period are based on bid price.

21. 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 2010 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. Details of related party transactions are included under Interests of Council and Directors on page 45; the total cost of these transactions to the RHS is £165,310. The RHS also received commission from a related party totalling £74,148. There are no further related party transactions requiring disclosure.

Donors and Supporters

The RHS relies on the generous gifts, donations and bequests given by members and supporters. We would also like to thank all anonymous donors. If you would like to support the work of the RHS, please contact the Head of Development at 80 Vincent Square, London SW1P 2PE or telephone 020 7821 3081.

Legacies

Miss J E Bennett	Mrs P E Mills
Mr L D Broadbent	Mrs J M Muir
Mr M M Brown	Mr Peter Nicholls
Mr M E De Molay	Mr C A Olive
Mrs B Edgerton	Mr D A C Peck
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Principal Office of the Royal Horticultural Society:

80 Vincent Square, London SW1P 2PE

Website:

www.rhs.org.uk

Registered Charity Number:

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Professor Brian Huntley

Robert Hillier OBE (appointed 19 January 2010)

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Fred Whitsey VMH (deceased 14 August 2009)

Council

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Andrew Sells (re-elected as Treasurer 2 July 2009)

Professor John MacLeod
(Vice Chairman from 2 July 2009)

George Anderson MBE

Sir Nicholas Bacon Bt OBE DL

Michael Balston

Elizabeth Banks DL

Christopher Beard (retired 2 July 2009)

Christopher Blundell (elected 2 July 2009)

Nigel Colborn (Vice Chairman to 2 July 2009)
(resigned from Council 29 January 2010)

Raymond Evison OBE VMH

Mark Fane (elected 2 July 2009)

Robert Hillier OBE (retired 2 July 2009)

Jekka McVicar

David Morrison

Alastair Muirhead (re-elected 2 July 2009)

Dougal Philip (re-elected 2 July 2009)

Prunella Scarlett LVO

Richard Webb DL

Retired during 2009/10

Christopher Beard (retired 2 July 2009)

Robert Hillier OBE (retired 2 July 2009)

Directors

Inga Grimsey (Director General) (to 31 October 2009)
 Stephen Bennett (Shows Director)
 Sarah Buxton (Director of Finance)
 Jill Cherry (Director of Gardens and Estates)
 Gordon Seabright (Acting Director General and Commercial Director)
 Dr Simon Thornton-Wood (Director of Science and Learning)
 Dan Wolfe (Director of Marketing, Membership and External Communications)

Governance and Decision Making Committees and Sub-Committees**Audit and Risk Committee** (formerly Audit Committee)

Alastair Muirhead (Chairman from 2 July 2009)
 Dr Peter Dawson (retired Chairman to 2 July 2009)
 Christopher Beard (to 2 July 2009)
 Christopher Bowes (to July 2009)
 Dr Kenneth Cockshull
 Dame Mary Keegan (from 30 September 2009)
 John Ravenscroft VMH
 Philip Rego (from 18 November 2009)
 Richard Webb

Business Committee

Andrew Sells (Chairman)
 Sir Nicholas Bacon Bt OBE DL
 Nigel Colborn
 Giles Coode-Adams OBE DL
 David Haselgrove
 Robert Hillier OBE (to 2 July 2009)
 Professor John MacLeod
 David Morrison
 Alastair Muirhead
 Dougal Philip
 Duncan Stirling

Contracts with Trustees and Connected Parties Committee

Dougal Philip (Chairman from 2 July 2009)
 Andrew Sells (to 2 July 2009)
 Nigel Colborn
 Giles Coode-Adams OBE DL (to 2 July 2009)
 Professor John MacLeod
 Prunella Scarlett

Investments Sub-Committee

Andrew Sells (Chairman)
 Rupert Caldecott (from 2 July 2009)
 Giles Coode-Adams OBE DL
 Alastair Muirhead

Nominations and Appointments Committee

Elizabeth Banks (Chairman from 2 July 2009)
 Rosie Atkins
 Sir Nicholas Bacon Bt OBE DL (from 2nd July 2009)
 Giles Coode-Adams OBE DL
 Dennis Espley
 Professor John MacLeod (retired 2 July 2009)
 Jekka McVicar (from 2 July 2009)
 Andrew Sells
 Dr Richard Webb

Pensions Sub-Committee

Giles Coode-Adams (Chairman)
 Colin Ellis
 Alastair Muirhead

Remunerations Sub-Committee

Andrew Sells (Chairman)
 Keith Cameron (from 11 December 2009)
 Giles Coode-Adams (to 2 July 2009)
 Colin Ellis (to 30 June 2009)
 Raymond Evison OBE VMH (from 18 November 2009)
 Mark Fane (from 14 October 2009)

Auditors

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

Solicitors

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

Bankers

National Westminster Bank plc
 169 Victoria Street
 London SW1E 5NB

Investment Fund Managers

BlackRock Investment Management (UK) Limited
 33 King William Street
 London EC4R 9AS
 Ruffer LLP
 80 Victoria Street
 London SW1E 5JL
 CCLA Investment Management Limited
 80 Cheapside
 London EC2V 6DZ

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