



**ANNUAL REPORT  
AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2019**

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Mr Jon Wheatley

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

## **Annual General Meeting 2019**

All members of The Royal Horticultural Society (the “Society”) will have the opportunity to meet Members of Council (who are Trustees of the Royal Horticultural Society), the Director General and Leadership Team, and ask questions on past performance and future plans at the 2019 Annual General Meeting which will be held in the RHS Lindley Hall, Westminster, London SW1P 2QW at 2pm on Tuesday 25 June 2019. For further information about the meeting, go to [rhs.org.uk/AGM](https://rhs.org.uk/AGM) or contact The Secretary at the address shown below.

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

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

## **President's Review of 2018/19**

Too hot, too cold, too wet, too windy; every year the weather impacts to a greater or lesser degree on the activities of the Royal Horticultural Society. Every year, we seem to overcome the dire predictions of impending gloom and 2018 was no exception.

There is an intense focus on delivering our significant development programme, particularly at Wisley and our new garden-to-be at Bridgewater. And of course, we have equal focus on running the charity and all its existing areas of work with its varied and fascinating activities.

Last year, we completed developments at Hyde Hall, opening the Clore Learning Centre, the Adam Frost Landscape, and the Winter and Vegetable Garden. All those who visit feel that the whole horticultural environment has been enriched; besides which, the restaurant should apply for a Michelin Star!

As I experience at first hand the major building works that are progressing at Wisley and at Bridgewater in and around the Walled Garden, I marvel and am so proud that all the staff are so motivated to deliver these game-changing and, dare I say, historic developments which will serve the RHS well for years to come.

Of course, we get very excited by those projects which we can see arising out of the ground, or providing a much more exciting horticultural experience. But there are many aspects of the work we do that are not so obviously visible.

The RHS and NHS have a partnership in the crucial area of mental health. One of the outward visible signs was the RHS Chelsea Garden being relocated to the Camden and Islington NHS Foundation Trust. Less apparent, but in the long term so much more significant, is the belief that plants and gardening activity can be so important for mental health.

The Science programme which incorporates plant health, biosecurity and partnerships with other Research Institutes, illustrates the growing importance of RHS Science. The subjects that have been investigated in the last year include slugs, Xylella and research regarding the effect of digging on the human frame! The Ornamental Horticultural Roundtable Group, chaired by our Director General Sue Biggs, commissioned Oxford Economics to investigate the economic effect of horticulture to the UK economy. The answer - of £24.2 billion supporting some 570,000 jobs - was in some quarters regarded with incredulity. But it just shows that something which we are aspiring to achieve is worth far more than we ever could have dreamed.

The Flower Shows excelled in the good weather (although it was too hot for some at Hampton Court!) and the overall floral effect of Chatsworth, its setting and the great feedback all contributed to an impressive season.

Underpinning all these developments is the fundraising. There is an ambitious target of £40 million. Last year we reached and surpassed the midpoint; that was a triumph. We also achieved our first grant from the National Lottery Heritage Fund, the first from them for many years; a huge thank you to all our funders, both large and small.

Congratulations to the Cornish city of Truro for winning the top spot in the 2018 national finals of Britain in Bloom. Environmentally-conscious volunteers showed great imagination in overcoming extreme weather challenges and it was an inspiration meeting all the finalists at the awards held in Belfast.

As we move into another year and I begin my last year as your President, the achievements hitherto have been great, but there is still much to do, not least to complete, by 2024, the largest development programme in the history of the RHS. I have no doubts that the energy and focus required to run a successful charity will continue and the RHS will go from strength to strength.

**Sir Nicholas Bacon**  
**President**  
**Date: 30 April 2019**

## **Director General: Looking to the Future**

We are now halfway through a key period in the Society's history. In 2014 we announced our 10-year £160 million investment in the all-important future of horticulture. Underpinning it is our commitment to inspire everyone to grow for the good of our health, our environment and learning how to be better gardeners and custodians of our green planet.

The first phase of our transformation at RHS Garden Wisley in Surrey is the June opening of a new Welcome building that puts spectacular horticulture at the forefront. The arrival landscape, designed by Christopher Bradley-Hole, features an avenue of 100 beautiful cherry trees that lead you to and through the new Welcome building. Our visitors, more than a million last year, will find wonderful new facilities including a very large outdoor plant centre that supports and champions British growers and specialist nurseries, and an indoor shopping treasure trove that includes a glasshouse packed full of indoor plants and gardening delights.

RHS scientists are committed to supporting Britain's 27 million gardeners and finding solutions to reduce the impact of some of the biggest environmental challenges facing us today, from extreme weather conditions to pests and diseases. So we are now fundraising to build the first National Centre for Horticultural Science and Learning at Wisley. We are very grateful to the players of the National Lottery who enabled the National Lottery Heritage Fund to award us a grant of almost £4 million to kick this off but we still have more millions to raise. The build will begin this year and is due to open in 2020.

Our new RHS Garden Bridgewater in Salford reached a key milestone when the 170-year-old wall surrounding the 11 acre walled garden was finally restored in early 2019, thanks to a £5 million grant from the Garfield Weston Foundation. We need to raise the final £5.5 million to open the garden in summer 2020, so it can showcase beautiful horticulture, inspire thousands of people, and be a treasured resource for the many varied communities in and around Greater Manchester.

We continue to promote the benefits of gardening for health and wellbeing to help tackle depression, anxiety and social isolation. With funding from Salford Primary Care Together, we are working with partners Swinton and Salford University to deliver and evaluate an innovative social prescribing programme at RHS Garden Bridgewater – a first for the RHS.

We are thrilled to have the support of HRH The Duchess of Cambridge who has co-designed 'The RHS Back to Nature Garden' for the RHS Chelsea Flower Show to inspire all generations to connect with nature, gardens and enjoy growing plants. After the show, much of the garden will go to an NHS Mental Health Trust, as part of our ongoing partnership with NHS England.

New horticulture at all of our gardens continues to bring fresh inspiration for visitors. At RHS Garden Hyde Hall in Essex the colourful Winter Garden and a new 'riverbed' in the Dry Garden are highlights while at RHS Garden Rosemoor in Devon, a Cool Garden designed by Jo Thompson opens this year to complement the Hot Garden, and show how landscapes can help manage high volumes of rainfall, a key impact of climate change.

This year RHS Garden Harlow Carr in Yorkshire is celebrating 70 years of development as a garden since the Northern Horticultural Society began trials there in 1949. After amalgamating with the RHS in 2001, Harlow Carr has continued to create new horticulture each year, including banks of its iconic Himalayan blue poppies.

Beyond our science, gardens and flower shows, our work will continue to promote the value of plants and nature to young people, the next generation of gardeners, with more than 38,000 school and youth groups involved in our Campaign for School Gardening and our inspiring Green Plan It for secondary school teenagers. RHS Britain in Bloom, the UK's largest horticultural campaign, has helped 300,000 community volunteers transform their neighbourhoods for the better, and you may

have seen some of these amazing people on the second BBC TV series about Bloom. And I hope our Greening Great Britain campaign will get more of us to plant, nurture and enjoy more trees, shrubs, flowers, fruit, vegetables, herbs and houseplants in whatever space we have. Last but not least, we will be continuing to pressurise the government to invest in the future of horticulture in the UK, a valuable and important industry to be proud of.

I want to thank all our staff, volunteers, partners, funders and, of course, our members. The highlight of this year has been welcoming our 500,000th member, an achievement we're very proud of, because without our members none of the above would be possible. But I have to admit I'm hoping we can persuade some of those 27 million gardeners who aren't yet members to join us and help us fight for the beauty and power of our plants, our gardens and our unique green planet.

We truly value all your support – without it we wouldn't be able to undertake the work we do to try our hardest to inspire everyone to grow for a greener, healthier and happy future.

**Sue Biggs**  
**Director General**  
**Date: 30 April 2019**

## What the RHS does

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

### Gardens and Horticulture

Horticulture is at the centre of everything that we do at the RHS. We have four renowned gardens; RHS Garden Harlow Carr in North Yorkshire; RHS Garden Hyde Hall in Essex; RHS Garden Rosemoor in Devon; and our flagship garden, RHS Garden Wisley in Surrey. In 2016 we took over the historic but neglected gardens of Worsley New Hall estate to create RHS Garden Bridgewater. We plan a phased opening of the 154 acre site in Salford, Greater Manchester starting with the 11 acre Walled Garden - one of the largest in the UK - in 2020.

We support UK gardeners and share knowledge and expertise through our network of Affiliated and Plant Societies, Partner Gardens, allotment visits, online, through our Gardening Advice service, and outreach events by our plant committees.

We host Plant Society events at our gardens free of charge to support their work and help them share their passion and expertise with others.

We support UK nurseries through the promotion of new introductions in our trials, the Chelsea Plant of the Year competition and our Shows Exhibitor bursary to encourage new nurseries.

We contribute knowledge to gardeners and the horticultural industry through our trials, the Award of Garden Merit for garden-worthy plants, reports and articles in *The Garden* magazine and *RHS Grower Guides*.

We continue to encourage the next generation, and to help solve the green skills crisis through our Horticulture Matters campaign, by promoting horticultural careers via our apprenticeships, qualifications, bursaries, PhDs, Green Plan It challenge, and social media campaign #MyGreenOffice.

### Science and Collections

The RHS is the recognised centre of excellence for horticultural science and advice, creating a legacy for horticultural science. In the last year we have continued to implement and embed our Science Strategy and so equip people with the knowledge they need to garden successfully in the future. Our strategy is based on four key themes:

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

Our scientists, advisers and information specialists in the Science and Library teams are committed to helping gardeners improve and develop their horticultural skills, as well as identifying, providing and promoting solutions to major issues. We carry out scientific research into plant health, environmental horticulture and botany for the benefit of people who want information to help them garden. We also provide evidence-based horticultural advice and information through our Gardening Advice service, extensive Lindley Library collections to members and the wider public via our website, library services, through lectures and seminars, providing evidence in government and by leading the debate on issues influencing horticulture and gardening.

RHS Libraries hold collections that cover more than 500 years of gardening history and science. Held across three main branches, the library holdings are the finest horticultural collection in the world and include historic and contemporary books on gardening, botanical artworks, photographs and the personal archives of a number of notable gardeners and garden designers – offering a unique insight into horticulture, both past and present. The Lindley Library in London is open every weekday and the garden libraries at RHS Gardens Wisley and Harlow Carr are open seven days a week. They all offer free access to everyone and RHS members can borrow books from the extensive lending collection. The RHS Library service also runs a lively exhibition and events programme with activities including behind-the-scenes tours, short courses and family activities.

The RHS Herbarium at Wisley holds an internationally important collection of 87,600 dried and pressed plant specimens of cultivated ornamental plants. The RHS Herbarium is one of a very small number in the world dedicated to ornamental and horticultural plants and is the largest herbarium dedicated to building a permanent record of ornamental plants in the UK, which is fundamental for their conservation and use.

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

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

### **Shows**

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

We organise inspirational Flower Shows at Chelsea in central London, Hampton Court Palace in southwest London, Bute Park in Cardiff, Tatton Park in Cheshire, and at the Chatsworth Estate in Derbyshire.

Seasonal shows were also held at all four RHS Gardens, at our Horticultural Halls in London and a series of RHS On Tour to London Farmers Markets and community shows to showcase our work and give advice.

In partnership with the Three Counties Agricultural Society we run the RHS Malvern Spring Festival and contribute content to the Malvern Autumn Show.

### **Outreach and Communities**

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

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

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

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

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

### **Education**

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

The RHS Campaign for School Gardening continues to go from strength to strength encouraging children at primary and secondary level to connect with nature and grow their skills. It now has more than 38,243 members. In 2018, 45,000 pupils and students benefitted from Educational visits to RHS Gardens.

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

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

### **Media**

The RHS further shares its knowledge online through our website ([rhs.org.uk](https://www.rhs.org.uk)), social media streams, podcasts and in print with 18.9 million unique users during the year.

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

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

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

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

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

### **Funding and Membership**

We are grateful to our generous donors and those who leave us legacies – without which we could not undertake all the work we do, and we welcome the support of our 502,666 members to deliver our charitable purpose.

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

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

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

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

## Objectives, Achievements and Developments

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

### Our Strategic Objectives for 2018/2019

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

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

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

- To illustrate, to a wide audience, the value of understanding plant health we hosted a recording of BBC Gardeners' Question Time for Radio 4 on our joint 'Bloomin' Healthy Garden' at the RHS Chatsworth Flower Show. This feature explored why gardeners should be concerned about plant health and provided tips on how to manage a range of pest and disease problems.
- More than 75,000 people enjoyed and expanded their horticultural and botanical knowledge by exploring the collections at the RHS Libraries.
- More than 2 million people were inspired through visiting our four Gardens.
- 18.9 million unique visitors accessed our website during the year, and we recorded 97 million page views. There were 9.5 million downloads of our RHS gardening podcasts. Our friends on Facebook increased to 305,965 and we now have 159,305 followers on Twitter, 147,434 on Pinterest and almost doubled the number of those using Instagram to 64,283
- Our seventh National Gardening Week from 30 April-6 May 2018 encouraged gardeners to share a passion for plants. The event was supported at our four Gardens, in private and public gardens, and by the garden centre and nursery industry across the UK.
- The lives of 6 million children have been enhanced by RHS Community Outreach Advisors through the RHS Campaign for School Gardening at more than 38,000 UK schools and youth groups.
- We partnered with the National Health Service to celebrate its 70<sup>th</sup> birthday by promoting gardening for the benefit of mental health and wellbeing. Via a competition, The RHS Feel Good Garden, designed by Matt Keightly at the RHS Chelsea Flower Show, was relocated to the Camden and Islington NHS Foundation Trust.

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

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

- Beginners and professional gardeners have benefitted from content from the RHS Gardening Advice service and on the RHS website which has translated and distilled information from 53 scientific edited and peer-reviewed papers in environmental horticulture, plant health and botany
- The next generation of horticultural scientists is being trained through collaboration with 14 UK partner universities. In 2018 we supported three BScs, one MSc and 16 PhD students. These students contribute to the expanding horticultural and gardening knowledge-base.
- The RHS is the only organisation to monitor plant pests in UK gardens. We work closely with DEFRA to inform it when we discover new pests and diseases in the UK. As part of the Plant Health and Biosecurity Alliance Group and have contributed to a proposed plant health assurance scheme for the industry. We are developing new plant health management techniques to help protect gardens and are undertaking research to find better ways to manage both common pests and emerging

threats not yet in the UK.

- We have invested in three new plant health staff, enabling the implementation of new RHS plant health policy and principles ([rhs.org.uk/science/plant-health-in-gardens/plant-health-policy](https://rhs.org.uk/science/plant-health-in-gardens/plant-health-policy)) to guide practice across the Society and protect UK gardens from pests and diseases.
- For the first time RHS scientists sequenced the entire chloroplast genome for a daffodil species, *Narcissus poeticus*. This work helps with the identification, and in the longer term, the selection and breeding of daffodils for gardeners.
- Visitors could see our work first hand through five exhibitions at the Lindley Library, heritage apples displays at all RHS Gardens and an exhibition of orchid portraits at the RHS Spring Launch and Orchid Show. Additionally we staged a lively programme of short courses, study days and behind-the-scenes tours at our three main library branches (London, Harlow Carr and Hyde Hall).
- Ambitious conservation projects allow us to preserve key parts of the nation's gardening heritage. With funding from The Pilgrim Trust and the Charles Haywood Foundation we worked to conserve the Society's rare collection of fruit drawings by William Hooker
- A combined total of £146,709 for 103 bursaries was awarded to professional and student horticulturists to broaden their skills, knowledge, and experience. Projects include overseas expeditions, study tours, conference attendance and work placements at botanic and historic gardens around the world
- Total Advice user sessions online for 2018/19 was 30.5 million and our Gardening Advice customer satisfaction scored 9.6/10.

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

*We want to help transform everyone's life and make the UK a better, greener and more beautiful place.*

- With our help more than 2,500 gardening groups in Britain, including many in socio-economically deprived areas have transformed their public spaces.
- We have trained more than 1,000 teachers so they can deliver horticulture through the national curriculum.
- To introduce the world of horticulture and its potential careers to students aged 12-14 years we organised our third nationwide Green Plan It challenge.
- To reach out to a more diverse audience and recognise excellence in specific areas, we initiated six categories of Discretionary Awards for the 54th RHS Britain in Bloom campaign. These were Involving Young People, Wild About Gardens, Gardening in a Changing Climate, Parks and Green Spaces, Growing Communities and Community Champions.
- More than 300,000 people have enriched their neighbourhoods and lives through plants via RHS Britain in Bloom, including It's Your Neighbourhood.
- With the National Garden Scheme, we continued to administer the annual Elspeth Thompson Bursary. This provides financial assistance to amateur gardeners within community groups in England and Wales to enable them to create a garden or horticulture-based project for the benefit of the community, or to enable them to acquire horticultural knowledge and skills.

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

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

- Work began on our new National Centre for Horticultural Science and Learning at RHS Garden Wisley. Designs for the Wellbeing, Wildlife and World Food Gardens sited here have been confirmed and will, we hope, inspire people to grow plants to benefit their environment and wellbeing.
- More than 520,000 visitors enjoyed, learnt and were inspired by plants and gardening at our successful and acclaimed flower shows around the UK in 2018. Our show calendar included RHS Flower Show Cardiff in April, RHS Malvern Spring Festival in early May, the world famous RHS Chelsea Flower Show at the end of May, RHS Chatsworth Flower Show at the beginning of June,

RHS Hampton Court Palace Flower Show and RHS Flower Show Tatton Park which celebrated its 20<sup>th</sup> anniversary, both in July. Our series of shows held in the Horticultural Halls in London were interspersed throughout the season from February to October along with RHS On Tour which visited local community and agricultural events offering advice and inspiration.

- To the delight of new and returning visitors, we unveiled The Stumpery, at RHS Garden Rosemoor (which features ferns and shade-loving plants against a sculptural backdrop of gnarled tree limbs and small stumps), the Winter Garden at RHS Garden Hyde Hall (with around 100 types of coloured-stemmed dogwoods), The Heather Garden at RHS Garden Wisley, and the new Rock Garden at RHS Garden Harlow Carr.
- More than 80 percent of the bricks within the 1.5km perimeter of the 11 acre walled garden at RHS Garden Bridgewater were restored and reused during its renovation.

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

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

- At the end of the financial year, we had 502,666 members. This is the first time in the Society's history we have welcomed this monumental figure.
- The number of Fellows, our top membership tier and important source of support, increased for the fifth consecutive year. We now have 166.
- Our members can enjoy visiting a network of 181 great RHS Partner Gardens in the UK and 23 overseas.

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

*Our aim is to be the trusted voice of authority for everyone.*

- To continually improve the service we give to gardeners with specialist interests, we meet regularly with RHS Plant Committees, specialist Plant Societies and Affiliated Societies.
- Our Plant Trials team works closely with the gardening trade to explore ways for the Award of Garden Merit to appear more frequently at points of sale. We continue to work closely with organisations such as the Horticultural Trades Association to help ensure that the Award of Garden Merit and Plants for Pollinators logos are used to maximum benefit.
- We listen to tens of thousands of gardeners each year and respond to their needs by sharing this collective knowledge through our Gardening Advice service and online. Our Gardening Advice service handled 99,868 gardening enquiries and more than 30.5m user sessions of our online plants and advice information. Advice ranges from pest and disease identification to the best ways of growing individual plants. Since going live in July the new online Gardening Advice service for members answered 2,720 enquiries.
- Our work with Westminster and Whitehall continues to demonstrate influence; the launch of the Government's *A Green Future: 25 Year Environment Plan* references how plants, trees and gardens are part of policy interventions that support human health and wellbeing, as well as tackling environmental challenges. The Ornamental Horticulture Roundtable Group, currently chaired by the RHS, has helped continue to bring the industry together with policy makers and produced a key piece of research, *The Economic Impact of Ornamental Horticulture and Landscaping in the UK* which uncovered the true scale of our £24bn contribution to tax revenues and an employment footprint of 568,000 jobs. The All Party Parliamentary Gardening and Horticulture Group undertook a parliamentary inquiry into the challenges the industry faces and made nine vital recommendations to government.
- The RHS is the international leader in Horticultural Taxonomy and in 2018 we published the International register supplements for orchids, *Clematis*, Rhododendron and *Dahlia*. These works help to better conserve and use garden plants and provide members, gardeners, garden designers, media, horticulturists and the horticultural industry with the right name or the right plant to use in their garden or in delivering their professions effectively.

## 7. To share and build expert knowledge.

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

- Our Gardening Advice service provided information for 30.5 million user sessions.
- Gardeners across the world can access our website which hosts 11,355 plant profiles, 1,200 gardening advice pages and 93 advice videos.
- Our fortnightly series of RHS Gardening Podcasts received 9.5 million downloads in 2018, almost double the number from 2017.
- We published 11 books including *RHS Practical Houseplants* and *RHS The Small-space Gardener* to mirror the trend for indoor gardening and growing on balconies and patios.
- The *RHS Plant Finder 2018* was published in book and online formats. It provides a snapshot of the availability of British garden plants and is instrumental in connecting gardeners with nurseries and plant breeders. It is also an important resource for home and professional gardeners and promotes stability in plant names.
- We published the *New Edition (5<sup>th</sup>) RHS Pests and Diseases* which has been extensively edited and updated.
- The development of our fifth garden, RHS Garden Bridgewater, continues apace, and dedicated content on the website ensures our visitors and members are up to date with all the stories about making this new garden.
- On our website, the 'Get Involved' section is continually updated, sharing the latest impact, stories and reach of our community gardening work – from Greening Great Britain to Britain in Bloom.
- The Garden remains the largest-circulation gardening magazine in the UK, bringing inspiring content to members; new content includes Garden Solutions, where RHS gardeners give their top tips and advice to readers, as well as specially commissioned photographic plates and garden reviews.

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

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

- To attract and enthuse those new to gardening, the book *How to Garden if You're New to Gardening* brought together a range of inspiring and practical projects to help people improve their outdoor space.
- Our podcasts received 9.5 million downloads in 2018, almost double the number from 2017. The RHS Gardening Podcast continues to be published fortnightly, bringing thousands of listeners up to date with the latest knowledge and ideas from the RHS, as well as topical tips and advice.
- Our new Garden Guides continue to be developed, and both RHS Garden Wisley and RHS Garden Hyde Hall now have fully updated and beautiful printed booklets.

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

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

- We continued our Volunteer Strategy objectives by giving thanks and recognition to more than 2,000 volunteers, who donated 82,184 hours across the organisation. Volunteers were invited to attend 'thank you' events organised between June and November, with more than 500 volunteers attending.
- In October, our Long Service award scheme was launched for volunteers. A total of 307 volunteers who had volunteered for durations between five and 30 years were all thanked with a signed letter from the Director General and a special badge reflecting the number of years they have volunteered for the RHS.
- Our strategies for inclusive volunteering continue with numerous successful initiatives. Examples are animal welfare (pig keeping) volunteers at Bridgewater, involving young people studying animal

husbandry at a local college, and curatorial volunteering opportunities for young people with special educational needs at Wisley.

- The Volunteer Survey showed 91 percent of respondents rated their overall experience at the RHS as 'good' or 'excellent'. 89 percent agreed or strongly agreed with the statement that "I believe I can make a valuable contribution to the success of this organisation".
- We have ensured GDPR compliance for volunteers across the Society by developing and delivering bespoke GDPR training for all relevant volunteers.
- We have developed and delivered the new in-house Management Development Programme that covers the following modules: Management Styles, Setting Objectives, Successful Delegation, Giving Feedback and Coaching Skills, with more being developed.
- We introduced a new Learning Management System in February 2018 (which staff voted to call the "Tool Shed"). It has been accessed by 937 staff and 170 volunteers and has been used to complete mandatory courses such as Safeguarding and GDPR. 170 e-learning courses have been completed on subjects ranging from IT, Health and Safety and Wellbeing.
- We have continued to embed a coaching approach across the RHS and developed our internal coaching pool within the People Team – we now have four internal coaches that have delivered 1:1 programmes to managers and senior managers to develop confidence and to get the best from their teams.
- We ran a Wisley Wellbeing Week (8-12 October 2018) to promote the support available in the RHS, social opportunities, and health and wellbeing. Activities ranged from arts and crafts, yoga, and a picnic. Staff said they enjoyed their experiences and reported a greater sense of belonging to a caring organisation.
- The Director General and Director of People signed the Time to Change Pledge in December. The pledge focuses on breaking down the barriers associated with mental health issues by raising awareness of, acknowledging and discussing stress, depression, anxiety and other issues across the organisation. The Time to Change movement is led by MIND and Rethink Mental Illness, encouraging people to change how we think and act about mental health.
- We appointed Aon Consulting Ltd as our official benefits broker. This includes our new occupational health provider, Duradiamond, and employee assistance provider, Lifeworks. Lifeworks offers free unlimited confidential counselling support 24/7 and is available for all employees; an online portal and free app, providing advice, support, and tips for health, wellbeing and financial support.
- Following feedback from new joiners at the beginning of 2018, we have implemented changes to improve the new joiner experience at the RHS. This has included a review of key roles and responsibilities, our organisation-wide induction and information available from day one. The People Team has worked together to improve each step of the new joiner journey, including incorporating elements on the new Learning Management System (Tool Shed), and has been a significant step forward.

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

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

- We have upgraded to a new Finance system with Retail to follow later in the summer which will improve efficiency and align with today's technology.
- Through the detailed and wide-ranging introduction of the GDPR requirements, our process and procedures have been reviewed.

## **The Year Ahead**

Our Strategic Investment Programme remains a major focus. We believe our projects will change perceptions of the RHS as a charity and deliver significant improvements for the benefit of our members, the public and horticulture. We firmly believe that through our work, including the Strategic Investment Programme, we will deliver more benefits in the years ahead to an increasingly broad range of people of different ages, backgrounds and skill levels throughout Britain.

Our key focus is on delivering the gardens and buildings associated with the opening of RHS Garden Bridgewater in Salford, and the National Centre for Horticultural Science and Learning at Wisley, so that our members, the public, schoolchildren and community groups can benefit from these investments. Of course, the day-to-day work of our charity also continues and we will be focussed on providing fabulous experiences for our visitors to our gardens and shows. Deserving particular mention is the transformative new welcome area to RHS Garden Wisley, and RHS Chatsworth Flower Show, now in its third year and we hope going from strength to strength for the people of the Midlands and South Yorkshire – both of these events take place in June this year.

Our scientists will continue to find solutions to gardening problems, our educational and outreach teams will be working hard to inspire more people to grow, and our fundraising teams (indeed the whole Society) will be hoping to secure the remaining £14.7 million we need to complete our ambitious plans for horticulture. In these challenging times our focus on health is of paramount importance, and our concern for mental health and the help contact with plants can bring, will remain core through our Chelsea garden, with the Duchess of Cambridge, our work on social prescribing and, internally, in delivering on signing our Time to Change pledge.

Last but not least, we will be continuing to pressurise the government to invest in the future of horticulture in this country, a valuable and important industry to be proud of.

## Financial Review

### Results for Financial Year 01 February 2018 – 31 January 2019

2018/19 has been a challenging year, with our visitor numbers and trading impacted by a combination of factors. We had extremes of weather, with the 'Beast from the East' bringing the cold and snow in March, to be closely followed by a record-breaking dry, hot summer. The disruption at Wisley arising as a consequence of the construction of the new Welcome building, now nearing completion, sorely tested the patience of our visitors. And we have had to contend with the broader environment of economic and Brexit uncertainty, which has clearly affected consumer confidence. That said, the net income achieved, at £10.4m, was a demonstration of the Society's resilience.

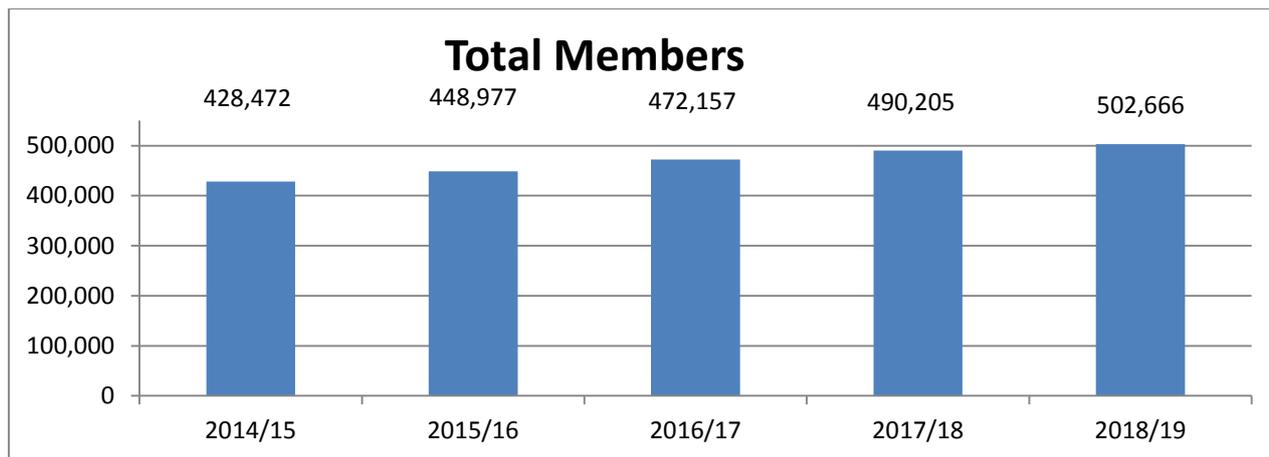
Our results continue to benefit from the impact of the fundraising, net of the related revenue expenditure, in relation to the Strategic Investment Programme, as the pipeline of pledged funds converts into receipts. The breakdown of the year's total income and net income between our regular operations and the Strategic Investment Programme is shown in the following table:

	<b>Regular Operations £'000</b>	<b>SIP £'000</b>	<b>Total £'000</b>
Total income	90,153	7,516	97,669
Net income before gains on investments and depreciation	11,133	2,874	14,007
Net income before gains on investments	7,571	2,874	10,445

Our income from regular operations increased by 1.6% to £90.2m (2017/18: £88.7m), whilst the total of donations, legacies and grant income received specifically towards the Strategic Investment Programme increased to £7.5m (2017/18: £7.2m). As highlighted last year, the receipt of pledged funds for the Strategic Investment Programme will continue to have a substantial influence on the Society's results over the next few years and, by their very nature, the amounts received are likely to vary significantly from one year to the next.

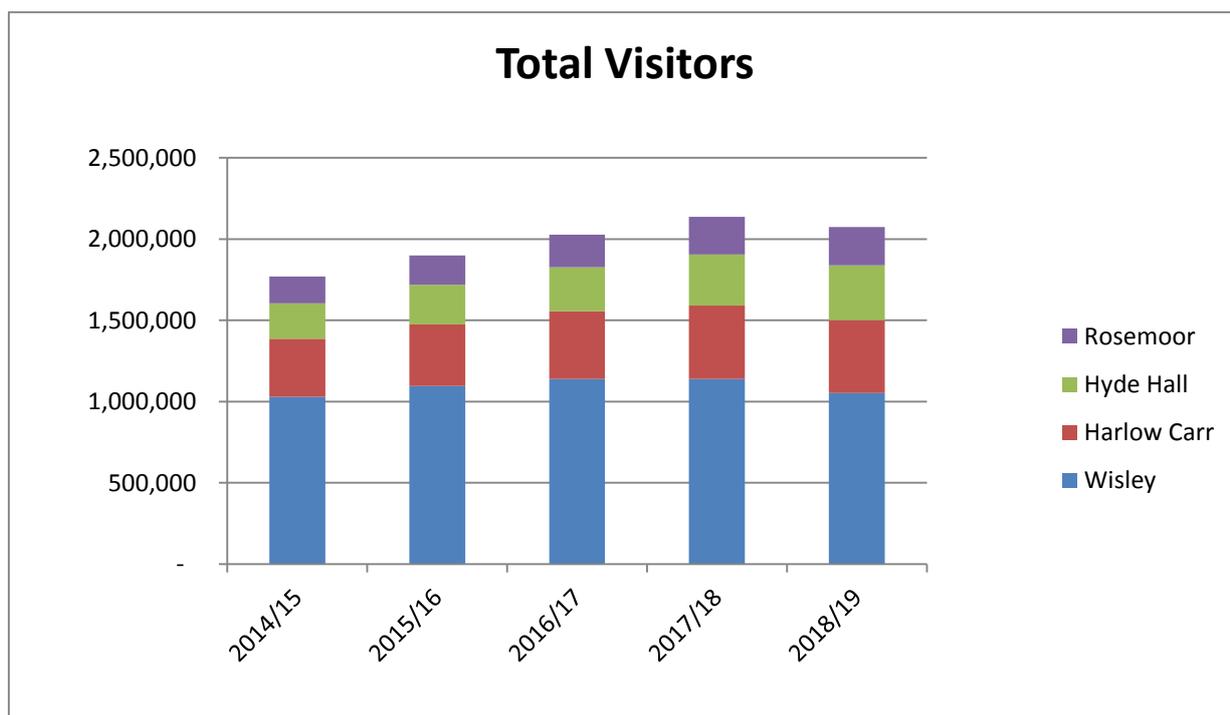
Net Income from regular operations before gains on investments and depreciation increased to £11.1m (2017/18 £10.1m). The net income from regular operations before gains on investments but after depreciation was £7.6m (2017/18: £6.8m).

Membership of the Society continued to increase, albeit at a slower rate than in the previous five years, and grew to a new record of 502,666 (2017/18 490,205), an increase of 2.5% over the prior year's figure. Over the past five years, our membership has grown steadily by more than 74,000, a cumulative increase of 17.3%.



Visitor numbers to the RHS Gardens ended the year at 2.1m, 63k shy of last year's record, which we regard as a good result given the impact of the weather extremes and the construction-related disruption at Wisley. Pleasingly, Hyde Hall and Rosemoor both increased their visitor numbers to new highs as visitors enjoyed the investments made at these gardens as part of the Strategic Investment Programme.

Over the past five years, visitor volumes across our four gardens have increased by more than 300,000 (17%).



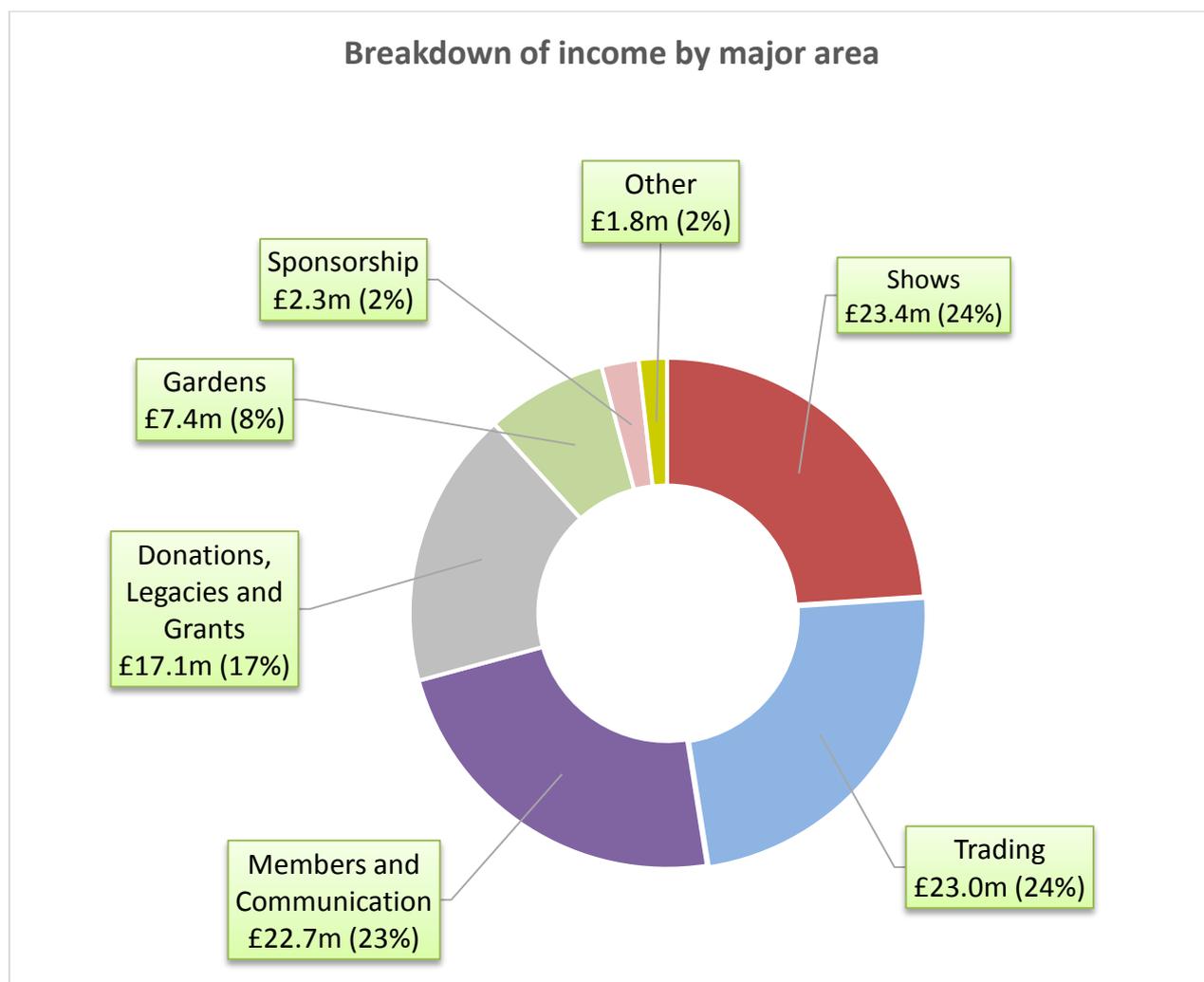
We are now mid-way through the 10-year Strategic Investment Programme and the Society is committed to investing a substantial part of its reserves and anticipated future net income into this inspirational long term undertaking in order to achieve the ambitious charitable aims that the Society has set itself in the coming years. Of the anticipated total investment, the Society is contributing £120m from reserves and annual surpluses over the period and is seeking to raise in excess of £40m from fundraising. To date, we have received fundraising donations of £14.5m, including the £7.5m received this year, and have pledges of a further £10.8m towards the £40m. We have already invested £77.9m in projects and have now designated existing reserves of £27.2m towards the

Strategic Investment Programme to ensure sufficient funds are set aside to complete this ambitious programme.

The key contributors to our net income, together with other salient elements of the Society's financial affairs, are explained below and further details are available in the Consolidated Statement of Financial Activities on page 39 and in the subsequent pages.

### Income

The Society generated total income of £97.7m, compared to £95.9m in 2017/18. A breakdown of this year's income by major area is shown below:



RHS Shows income represents 24% of the Society's income and increased by £0.7m (3.2%) to £23.4m (2017/18: £22.7m). The RHS Chelsea Flower Show was once again a sell-out, with over 165,000 visitors, and attendance at RHS Flower Show Tatton Park grew, reversing the previous years' declining trend. Attendance at RHS Chatsworth Flower Show, the second year of this show's operation, was targeted at a lower level than last year in order to improve the visitor experience following 2017's critical feedback and the impact of the poor weather conditions but, despite positive show reviews, actual visitor numbers were disappointingly lower than budget. RHS Hampton Court Palace Flower Show, which took place during the hottest period of the summer, was down against last year but still attracted 125,120 visitors.

Trading income includes retail operations from all four RHS Gardens, events income from gala nights at the Chelsea and Hampton Court Palace Flower Shows, and income from advertising and hiring out of the Lindley Hall. At £23.0m (2017/18: £23.4m), it represents 24% of the total income of the Society and was £0.4m (1.6%) lower than in 2017/18. This small decline in trading income reflects the impact on early season retail sales of “the Beast from the East” and the deterrent effect of the construction-related disruption at Wisley as well as the tougher general economic climate which particularly impacted magazine advertising. Our online retail sales grew by 16% over last year and now represent 20% of our retail revenue.

Income from the Members and Communication division, representing 23% of the Society's total income, at £22.7m (2017/18: £21.8m), was higher than last year by £0.9m (4.2%); this continues to be a major, stable and recurring source of funds to re-invest in our charitable projects. As mentioned above, membership numbers had increased by year-end to yet another new record of 502,666.

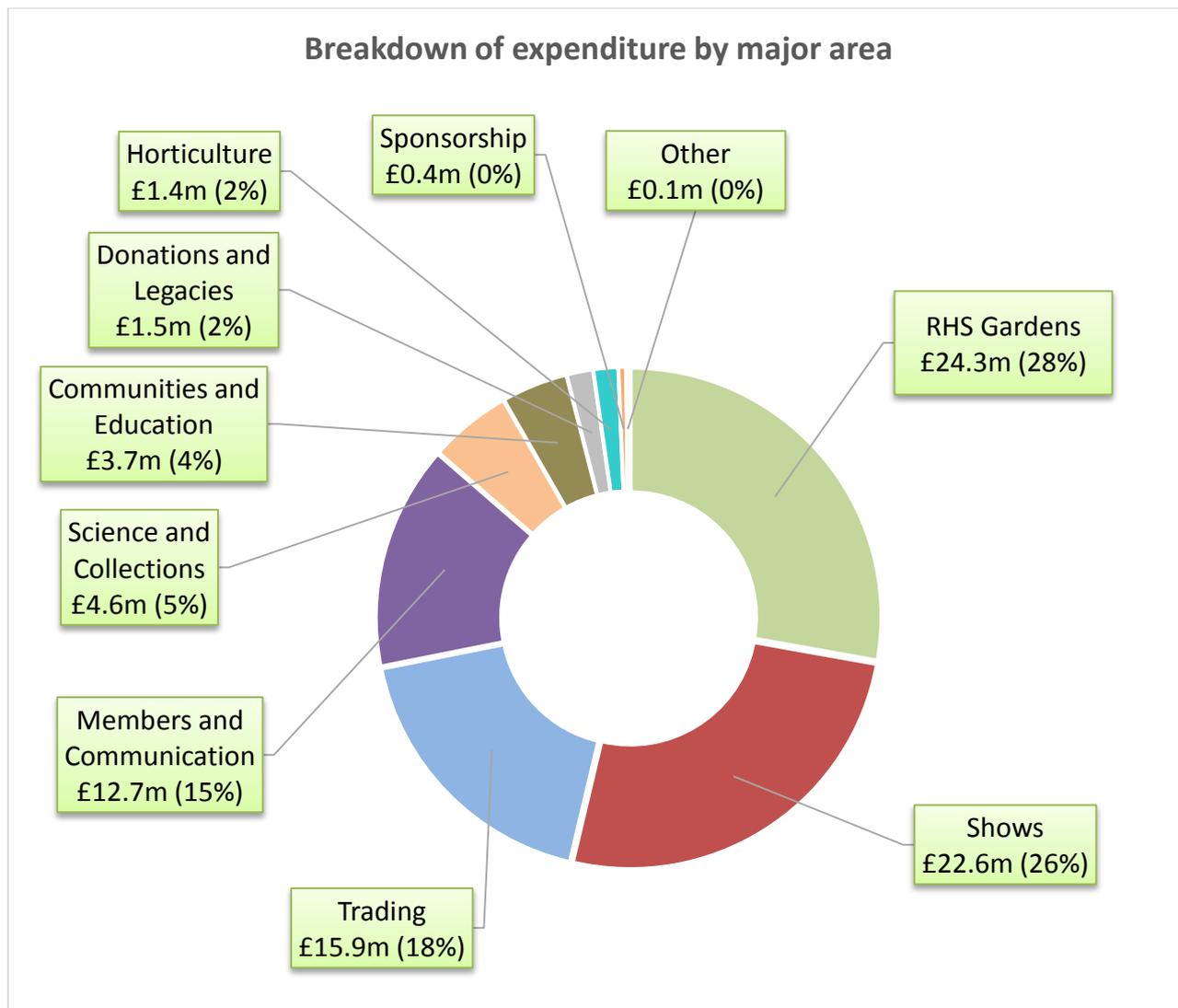
Donations, legacies and grants income increased by £0.8m (5.1%) to £17.1m (2017/18: £16.3m). Within this are specific donations and grants of £7.5m (2017/18: £7.2m) the majority of which are supporting the two Strategic Investment Programme projects, at RHS Wisley for our National Centre for Horticultural Science and Learning and at RHS Bridgewater. Fundraising is a critical income stream and will remain a key focus over the next few years.

RHS Gardens income, which includes gate receipts and catering but excludes income from retail operations (included within Trading income above), reached £7.4m (2017/18: £7.2m), up £0.2m (2.9%). The improvement in income has been achieved despite a lower aggregate visitor number but reflects the increase in visitors to RHS Hyde Hall on completion of the new Learning Centre and Restaurant, as well as other event initiatives, including Glow at three gardens which generated increased interest.

### **Expenditure**

Total expenditure in the year was £87.2m (2017/18: £84.9m), an increase of £2.3m (2.8%) which included spending of £4.6m (2017/18: £4.6m) on projects within the Strategic Investment Programme. A breakdown of this year's expenditure by major area is shown below:

**Breakdown of expenditure by major area**



RHS Gardens expenditure totalled £24.3m (2017/18: £23.7m), up £0.6m (2.6%) reflecting the continuing investment in headcount and horticulture in the gardens, ensuring that our world-class gardens are maintained, improved and developed.

Shows had a total expenditure of £22.6m (2017/18: £22.2m) an increase of £0.4m (1.8%). The majority of this increase came from the cost of improving the visitor experience at Chatsworth as well as from investing in additional show content at both Hampton Court Palace and Chatsworth.

Trading expenses of £15.9m (2017/18: £15.6m) increased by £0.3m (1.9%), reflecting the higher cost of goods for both retail and show galas.

Members and Communication expenses at £12.7m (2017/18: £12.0m) increased by £0.7m (5.7%) reflecting the growth in membership volume and the increasing costs of producing and distributing The Garden magazine.

Science and Collections expenditure increased by £0.3m (6.1%) to £4.6m (2017/18: £4.4m) continuing the investment in RHS Gardening Advice, heritage assets and additional staff focused on plant health, ensuring that the RHS continues to offer attractive career opportunities for talented scientists.

Communities and Education expenditure, at £3.7m, has increased by £0.2m (6.3%) on 2017/18 continuing to deliver involvement in communities and schools through the RHS Campaign for School Gardening.

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

The Society's Strategic Investment Programme increased its expenditure in 2018/19, with £4.6m invested as revenue expenditure (in addition to the capital expenditure of £31.5m discussed below). Major areas of revenue expenditure included; £0.4m on our Community Outreach projects across the UK; £0.6m towards our Horticulture Matters programme under which we have committed to make horticulture a career to be proud of; £1.9m towards IT and Digital resources in order to bring our systems in line with 21st-century requirements; £0.3m towards increased Horticultural Science resources; and £1.2m covering additional resources required as support to the Society in delivering all the individual projects that make up the Strategic Investment Programme.

### **Fixed Asset Investments in Funds**

At the year-end, the Society held Fixed Asset Investments in Funds valued at £76.1m (2017/18: £99.1m) as set out in Note 9. These investments either provide support for the Society's reserves or are earmarked for allocation against future expenditure on the Strategic Investment Programme; during the year, £23m was drawn down to this end. The Investments Committee is responsible for the oversight of the Society's investments.

Endowments gifted to the Society total £5.8m and form part of the Fixed Asset Investments. The Society's endowed investments are managed on a total return basis with up to a maximum of 3.5% of the endowment fund balance withdrawn each year and made available for bursaries. In accordance with this policy, Council transferred £179k from the endowment to restricted funds for spending in the year. Any unspent bursary funds are carried forward for spending in the following year.

Over the three years to 31 January 2019, the endowed portfolio produced annualised total returns of 8.2% per year, 1.7% above the Society's target return of RPI plus 3.5% per annum. Council will continue to review the level of annual withdrawal to ensure that an appropriate balance between the needs and interests of current and of future beneficiaries of the Society's activities is maintained.

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

The Society's cash and liquid fixed income securities are invested in two funds; the CCLA Investment Managers Limited Charities Official Investment Fund (COIF) Charities Deposit Fund and the Royal London Asset Management (RLAM) Cash Plus Fund. Over the year, the Charities Deposit Fund, which is a cash only fund, returned 0.45%. This fund has seen divestments of £11m in the year as the Society draws down on its investments to fund the SIP programme. The RLAM Fund, which is invested in both cash and liquid fixed income securities, has returned an annualised 0.5% per year over the three years, being equal to the 'cash plus' target.

The remaining non-endowed investments within Restricted and Designated funds have generated an annualised return of 5.0% per year over the three years to 31 January 2019, which is 2.1% above the Society's target of achieving a positive real return in excess of annualised RPI of 2.9%. These

investments are held at year-end in funds managed by two investment managers, Troy Asset Management Limited and Veritas Asset Management.

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

### **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 both restricted and unrestricted reserves for a number of purposes which are set out in Note 22 to the financial statements. These reserves, which are reviewed annually by Council, are summarised as follows:

- Restricted Funds total £12.6m; funds that are to be used in accordance with specific restrictions imposed by the donors.
- Fixed Asset Funds total £95.3m, representing the amount invested in the net book value of fixed assets.
- Investment Property Funds total £15.4m, representing the amount invested in properties in Wisley village that are let on the open market.
- Reserve Policy Fund total £8.4m; having reviewed the risks and challenges to the Society, and the potential calls upon its finances, Council considers it appropriate and prudent, in the context of the Society's scale of activity and overall commitments, to maintain the fund at this level, which is equivalent to approximately three months of the Society's total payroll cost.
- Strategic Investment Programme Funds of £27.2m represent the funding support which has been specifically designated to date for the continuing projects within the Strategic Investment Programme for capital and revenue projects. These have been grouped into three designations; Existing Gardens, 5th Garden and Community Outreach. Over time, the execution of the Strategic Investment Programme will lead to further elements of the Society's reserves being similarly designated. It is envisaged that this investment programme will take a minimum of 10 years to complete from its commencement in 2014. The capitalisation of this major expenditure programme will lead to annual transfers between this fund and the Fixed Asset Fund.

The balance on unrestricted reserves, after the above designations (which includes the Reserve Policy Fund), is held in General and Trading Funds of £6.9m to provide working capital for the Society and its trading subsidiaries (RHS Enterprises Ltd and RHS Special Events Ltd).

### **Pensions**

The consolidated and Society balance sheets include the pension net liability on the 1974 Defined Benefit Pension Scheme of £6.0m as at 31 January 2019 (2017/18: £6.5m). The deficit is disclosed for FRS 102 purposes, valuing the Scheme's liabilities based on actuarial assumptions and assets at market rates as at the financial year-end.

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

### **Capital Expenditure and Disposals**

In 2018/19, capital expenditure amounted to £33.6m (2017/18: £17.0m). Of this, £31.5m related to the Strategic Investment Programme. Expenditure has increased considerably compared to previous years as several of our projects have been completed and others are now under construction.

At Wisley, expenditure has been incurred on delivering various projects throughout the year including £17.5m on construction and landscaping of the new Wisley Welcome building, £4.9m on the new curatorial hubs and propagation glasshouses completed in February 2019 in readiness for the new National Centre for Horticultural Science and Learning.

At Hyde Hall, spend of £2m resulted in the completion of the new Hilltop development which delivered three new buildings; a new Learning Centre, an events space and a restaurant all operational from June 2018.

At Bridgewater garden enabling works, site infrastructure and design development to the value of £6.5m have progressed well, with the new Welcome building contractor on site from January 2019.

### **Outlook**

We are now into the second half of our Strategic Investment Programme which has already delivered considerable enhancements at Rosemoor and Hyde Hall, and the opening of the new Welcome building at Wisley is imminent. Over the next 24 months, two further large capital projects will be delivered; the National Centre for Horticultural Science and Learning at Wisley and the first phase of the new garden at Bridgewater. While great progress has been made towards ensuring the successful funding for and execution of these important and complex undertakings, there is much still to be done in fulfilling these objectives. To meet the cost of the remaining balance of the Strategic Investment Programme, we will use a substantial part of our fixed asset investments as well as our year-by-year annual operating surpluses. In addition, a central focus in the next few years is to raise the remaining £14.7m, towards these two major projects as well as for the redevelopment of the Harrogate Arms at Harlow Carr and refurbishment of the historical Laboratory building at Wisley, to reach our overall £40m fundraising target. The rigorous governance structures that are in place around each of the major projects enable us to continue to control carefully both the financial and the project management risks that this ambitious investment programme presents.

Meanwhile, we continue to focus on the day-to-day running of the Society's normal operations and on providing our members with the outstanding experience they expect.

The general economic and political environment will continue to provide challenges for the Society in 2019, as will the increasingly evident effects of climate change. Nevertheless, as I come to the end of my tenure as Treasurer, I am confident that the investment made in the last few years, and the strength of the organisation that has been built, put the RHS in a robust position to address these challenges and continue to develop and grow.

**Alastair Muirhead**  
**Treasurer**  
**Date: 30 April 2019**

## Structure, Governance and Management

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

A summary of the Society's structure, governance and management arrangements in 2019 is provided below. This broad structure has been in place since December 2012, though it has been adjusted in the past year with People matters being brought into the new People and Remuneration Committee (previously overseen by the Commercial Board).

### Council and Trustees

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

### Election and Appointment to Council

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

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

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

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

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

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

### Council Members' Induction, Training and Performance

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

Council undertake an annual feedback exercise where individuals can comment on performance of Council and raise any issues or concerns. Further, the President ensures that feedback is provided to individual Trustees throughout the year, as and when required.

Trustees undertake an induction programme shortly after election, and throughout their term attend ad hoc training and receive updates to Trustee legal responsibilities.

### **Council responsibilities**

Council is accountable for the running of the Society as a whole, for ensuring that the Society complies with its governing documents and legal obligations, pursues its charitable objectives and uses its assets to pursue those aims, and acts in the interests of the beneficiaries. As part of Council's accountability, performance of the Society is measured and assessed against the Charity Governance Code and is reviewed by the Nominations, Appointments and Governance Committee and Council annually.

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

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

During the year, the Audit and Risk Committee oversaw the change in auditors from Grant Thornton U.K. LLP to Crowe U.K. LLP as part of the ongoing regular governance review for audit services.

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

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

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

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

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

**People and Remuneration Committee** (previously the Remuneration Committee) – reports to Council and is responsible for making recommendations to Council on the remuneration and

benefits for the Director General and all members of the Leadership Team of the Society. The Committee also reviews and monitors People policies, processes and practices; and reviews and approves appointments to and terminations from the Leadership Team.

### **Advisory Groups and Forums**

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

Some 404 individuals have served on these Boards, Committees, Groups and Forums during the past year in a voluntary capacity, generously giving their time and expert knowledge.

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

### **RHS Trading Companies**

Our active trading companies are:

- i. RHS Enterprises Limited - a garden-related retailer operating at RHS Gardens, RHS Shows and online.
- ii. RHS Special Events Limited - organises gala events for fundraising purposes at the RHS's Chelsea and Hampton Court Palace Flower Shows.

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

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

### **Related charities and other related parties**

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

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

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

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

### **Management of the Society**

The day-to-day running of the Society is delegated to the Director General and her Leadership Team. A copy of the scheme of delegations to the Leadership Team can be found in the 'About the RHS' section of our website, or on request from The Secretary. Each Leadership Team member has a division under their control and is responsible for the Society's operational activities and delivery of the Strategic Objectives agreed by Council. The Leadership Team during 2018/19 were:

Ms Sue Biggs	Director General
Mrs Sally Charleton	Director of Gardens

Mrs Ruth Evans	Director of Education, Funding & Communities
Mrs Carole Goldsmith	Director of People (from October 2018)
Prof Alistair Griffiths	Director of Science & Collections
Ms Hayley Monckton	Director of Communications
Mrs Jan Nix	Director of Risk & Governance
Mr Mark Norman	Director of Finance
Ms Helena Petit	Director of Shows (from Feb 2018)
Mr Matthew Rooke	Digital Director
Ms Lucy Semmens	Director of People (to October 2018)
Mr Tom Shelston	Director of Members & Communication
Dr Tim Upson	Director of Horticulture

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

### **Staff and Volunteers**

As at 31 January 2019, the Society employed 684 full-time and 276 part-time staff (31 January 2018: 649 and 285 respectively). Additional seasonal staff were employed during peak periods. The Society also directly received help from more than 1,700 volunteers during the year. This included 877 regular operational volunteers in the Society's Gardens with an additional 515 volunteers helping at its Shows and in the Membership Department and 404 expert supporters of the Society who serve on its boards, committees, forums and advisory groups.

Our overall median gender pay gap is 5.37%; ie the median hourly pay rate for males is 5.37% higher than for females.

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

### **Principal Risks and Uncertainties**

The Society has an established risk management policy in place which documents its approach to risk. Our reputation is extremely important to us; it is affected by our decisions, performance, and activities across a wide range of areas as we strive to ensure that our members, visitors, gardeners, customers and other key stakeholder expectations are met. Threats to our reputation ("reputational risk") is the consequence of our key risks, all of which are actively managed. The policy outlines the roles and responsibilities of Council and the Executive, the key requirements for reporting, and how the effectiveness of this approach will be measured.

The Society has a dedicated Internal Audit function which undertakes audits as agreed with the Audit and Risk committee, and maintains a detailed risk register that addresses the major risks that face the Society and may impact its ability to achieve objectives. The register is subject to monthly review by the Leadership Team in order to take account of emerging risks and changes in risk profile. The register is discussed biannually at the Audit and Risk Committee and submitted at least annually to Council for information and review.

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

<b>Risks</b>	<b>Management and mitigation</b>
What are the key risks facing the Society?	What is the Society doing to reduce the likelihood or minimise the impact of these risks occurring?
<b>Strategic Investment Programme</b>	
<p>Over the 10-year period to 2023/24, the Society is committing significant cash reserves to the delivery of the Strategic Investment Programme and seeking to achieve a fundraising target of £40m. The delivery of the SIP will create inevitable disruption within our gardens and be resource-heavy.</p>	<p>Some elements of the SIP are either complete (Hyde Hall, Rosemoor) or nearing completion (Welcome building at Wisley) with the next significant projects being Bridgewater and the new National Centre for Horticultural Science &amp; Learning.</p> <p>The Society has increased staffing levels within its Fundraising, Finance and Estates teams to support the delivery of these projects. The projects and fundraising are managed through both Executive and Trustee groups where progress, changes, costs and risks are monitored through a change-control and early-warning procedure.</p>
<b>Extreme Weather</b>	
<p>Adverse weather can significantly reduce the number of visitors to our gardens and shows, impacting our sales performance. Weather extremes (flooding, drought, high winds and snow) and changes due to climate change may also cause significant damage to our plant collections within the gardens.</p>	<p>The Society has put commercial measures in place to reduce the impact of adverse weather, including increasing garden events, encouraging pre-booking of tickets and growing online sales.</p> <p>On an operational level, the Society has in place tree management and irrigation procedures for each garden, as well as emergency closure plans.</p> <p>Our Strategic Investment Programme will provide more indoor event space and facilities within our gardens that will further mitigate this risk.</p>
<b>Loss of Key Staff</b>	
<p>Attracting and retaining skilled and passionate staff is at the heart of the Society's success. Our employees are key to service delivery and a high turnover would impact the Society's ability to deliver on its Strategic Investment Programme and on business as usual.</p>	<p>A detailed Employee Engagement Survey has been performed periodically to gather feedback on employee satisfaction, moving to more frequent shorter online surveys in 2019. This is followed by a detailed action plan agreed with our teams. We have a staff consultation group which meets regularly with members of the Senior Management to work collaboratively on any issues or changes that affect the wider teams. In addition, an ongoing comprehensive training programme ensures employees are equipped with the necessary skills to manage the organisational and operational changes. The continued focus of staff retention during the year has resulted in a significant increase in staff retention.</p>

<b>Technology and Data Protection</b>	
<p>The Society had an ageing IT infrastructure which has needed considerable investment.</p> <p>With the introduction of General Data Protection Regulations during 2018, the Society, along with most organisations, faced increasing compliance risks over the collection and management of data relating to members, non-members, visitors, volunteers and employees.</p>	<p>The Society has initiated many projects including the upgrade of its Finance, Retail and Membership systems to deal with the needs of its increasing membership base. The Society has increased its technical and project management resources to meet delivery timelines in 2018/19 and 2019/20.</p> <p>The Society has invested in a comprehensive compliance project in order to meet applicable regulatory requirements, including GDPR, and to ensure the systems are robust and secure against risks such as cyber attacks.</p>
<b>Plant Health</b>	
<p>Uncontrolled or unmitigated plant health issues could result in damage to RHS Gardens, RHS Retail and RHS Shows and ultimately affect both the horticultural content and financial performance of the Society.</p>	<p>With the increasing threat to plant health in the UK, the Society is adopting a number of plant health 'principles', which are now widely regarded in the horticulture sector as representing best practice to tackle emerging issues, and has appointed three plant health scientists as well as making a number of changes to our horticultural, retail and shows activities.</p> <p>Preventive action has been taken to reduce particularly high-risk diseases such as <i>Xylella fastidiosa</i> reaching the RHS Gardens and events. This includes the ban of high-risk plants from RHS Gardens and RHS Shows from 2018 onwards together with reinforcement of quarantine procedures across the Society for all other imported plants.</p>

### **Health and Safety**

The Society maintains rigorous procedures for ensuring the health and safety of its visitors, staff and volunteers based on proportionate principles of risk management and the introduction of a safeguarding policy and action plan for 2019. The Audit & Risk committee and Council members keep health and safety under regular review.

### **Equal Opportunities**

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

### **Employee Involvement**

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

### **Fundraising statement**

Our guiding principle for fundraising is to build secure, long-term fundraising support from our members, encouraging their interest in our charitable work, allowing them to engage with our staff

and projects, and seeing how their additional gifts help us. Our fundraising materials are written and designed around this principle.

During the year, the Society's fundraising has been concentrated around the Strategic Investment Programme. We still have some way to go to reach our target but we successfully achieved pledges totalling £10.8m during the year.

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

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

In 2018/19 we did not receive any complaints about our fundraising activity. If complaints are received, we shall respond quickly and ensure corrective action is taken as required. Those corrective actions might include retraining fundraisers and updating monitoring processes. We have a complaints policy, which can be found at [rhs.org.uk/about-the-rhs/support-us/making-a-donation/Fundraising-promise](https://rhs.org.uk/about-the-rhs/support-us/making-a-donation/Fundraising-promise).

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

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

### **Safeguarding**

Our activities can often involve interaction with children and vulnerable adults. All of our people have a moral and legal responsibility to look after the young people and vulnerable adults they may meet, work or volunteer with at the RHS. Whether our volunteers or staff are working with educational groups such as schools and colleges, or working with the communities on outreach projects, or running events and shows, we are absolutely committed to ensuring the protection and support of young people and vulnerable adults so that they can live free from harm, abuse and neglect.

We have a safeguarding policy in place and this is supported by training and guidance, with measures to manage concerns effectively and protect those who are most vulnerable. As part of our code of practice, the RHS Behaviours and Business Practices document is available to all our staff via the intranet and provides clarity and guidance on the expectations of all those working for the RHS. This is reinforced during the induction period for all new employees, with additional guidance provided by line managers. Our Management Development Programme offers managers insight into how to develop staff and how to give feedback. The training we offer around safeguarding covers how staff act towards vulnerable people. The eLearning is mandatory for all staff, and those whose role involves working directly with children and vulnerable adults receive additional face-to-face training.

This has been cascaded to the whole organisation. While we are vigilant in our safeguarding duties we are conscious of the need for continuous improvement and are seeking to evolve and improve our policy and associated processes and procedures to ensure that they remain robust.

## **Trustees' Responsibilities Statement**

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

The Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005 requires the Trustees to prepare financial statements for each financial year. The Trustees have to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. The Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and the group and of the incoming resources and application of resources, including the income and expenditure, of the group for that period. In preparing these financial statements, the Trustees are required to:

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

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

**Sir Nicholas Bacon**  
**President of the RHS and Chair of Council**  
**Date: 30 April 2019**

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

### Opinion

We have audited the financial statements of The Royal Horticultural Society for the year ended 31 January 2019 which comprise the consolidated statement of financial activities, the parent and consolidated balance sheets, the consolidated cash flow statements and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 January 2019 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

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

### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 35, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditor under section 151 of the Charities Act 2011, and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

**Use of our report**

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

**Crowe U.K. LLP**

Statutory Auditor

**London**

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

**THE ROYAL HORTICULTURAL SOCIETY**  
**Annual Report and Consolidated Financial Statements 2018/19**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR  
THE YEAR ENDED 31 JANUARY 2019**

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2019 Total £'000	2018 Total £'000
<b>INCOME AND ENDOWMENTS FROM:</b>						
Donations and Legacies	2					
	3	6,933	5,300	670	12,903	16,290
Grants	3	151	4,081	-	4,232	15
<b>CHARITABLE ACTIVITIES:</b>						
Members and Communication		22,686	-	-	22,686	21,764
Shows		23,378	-	-	23,378	22,652
RHS Gardens		7,420	2	-	7,422	7,211
Communities and Education		611	116	-	727	597
Horticulture		130	-	-	130	128
Science and Collections		113	-	-	113	136
<b>OTHER TRADING ACTIVITIES</b>						
Trading Income		23,038	-	-	23,038	23,404
Sponsorship Income		2,287	-	-	2,287	3,124
<b>INVESTMENTS</b>	3	416	-	18	434	365
<b>OTHER</b>	12	319	-	-	319	244
<b>Total</b>		<b>87,482</b>	<b>9,499</b>	<b>688</b>	<b>97,669</b>	<b>95,930</b>
<b>EXPENDITURE ON:</b>						
<b>RAISING FUNDS</b>						
Donations and Legacies	2, 4	1,481	-	-	1,481	1,411
Trading Costs		15,849	-	-	15,849	15,559
Sponsorship		433	-	-	433	597
<b>CHARITABLE ACTIVITIES</b>						
Members and Communication		12,717	-	-	12,717	12,026
Shows		22,550	-	-	22,550	22,162
RHS Gardens		23,802	467	-	24,269	23,659
Communities and Education		3,578	160	-	3,738	3,515
Horticulture		1,248	147	-	1,395	1,344
Science and Collections		4,548	99	-	4,647	4,379
<b>OTHER</b>	13	145	-	-	145	234
<b>Total</b>		<b>86,351</b>	<b>873</b>	<b>-</b>	<b>87,224</b>	<b>84,886</b>
<b>NET INCOME BEFORE GAINS ON INVESTMENTS</b>						
	25	1,131	8,626	688	10,445	11,044
Gains on investment assets	9, 15	2,701	-	64	2,765	2,320
<b>NET INCOME</b>		<b>3,832</b>	<b>8,626</b>	<b>752</b>	<b>13,210</b>	<b>13,364</b>
Transfers between funds	22	8,006	(7,876)	(130)	-	-
<b>Other recognised gains/(losses):</b>						
Actuarial gains on defined benefit pension scheme	22, 29	108	-	-	108	983
<b>NET MOVEMENT IN FUNDS</b>	7, 22, 31	<b>11,946</b>	<b>750</b>	<b>622</b>	<b>13,318</b>	<b>14,347</b>
<b>RECONCILIATION OF FUNDS:</b>						
<b>Total funds brought forward</b>	22, 31	<b>135,342</b>	<b>11,854</b>	<b>5,136</b>	<b>152,332</b>	<b>137,985</b>
<b>Net movement in funds</b>		<b>11,946</b>	<b>750</b>	<b>622</b>	<b>13,318</b>	<b>14,347</b>
<b>Total funds carried forward</b>	22, 31	<b>147,288</b>	<b>12,604</b>	<b>5,758</b>	<b>165,650</b>	<b>152,332</b>

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

The accompanying accounting policies and notes form an integral part of the financial statements and are set out on pages 42-72

**THE ROYAL HORTICULTURAL SOCIETY**  
**Annual Report and Consolidated Financial Statements 2018/19**

**BALANCE SHEET**

**AS AT 31 JANUARY 2019**

Registered Charity Number : 222879/SC038262

	Note	Consolidated		Society	
		2019 £000	2018 £000	2019 £000	2018 £000
<b>FIXED ASSETS</b>					
Tangible assets	14	95,336	66,406	95,320	66,373
Investments in funds	9	76,087	99,124	76,087	99,124
Investments in properties	15	15,420	11,125	15,420	11,125
Investments in trading companies	16	-	-	110	110
		<b>186,843</b>	176,655	<b>186,937</b>	176,732
<b>CURRENT ASSETS</b>					
Stock	18	1,901	1,589	83	74
Debtors	19	8,686	6,786	14,161	12,327
Cash at bank and in hand		10,285	7,118	8,731	5,415
		<b>20,872</b>	15,493	<b>22,975</b>	17,816
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>					
Income in advance		(24,958)	(23,981)	(20,578)	(19,790)
Creditors		(8,435)	(7,443)	(15,082)	(14,081)
	20	<b>(33,393)</b>	(31,424)	<b>(35,660)</b>	(33,871)
<b>NET CURRENT LIABILITIES</b>		<b>(12,521)</b>	(15,931)	<b>(12,685)</b>	(16,055)
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>					
	21	<b>(2,694)</b>	(1,925)	<b>(2,671)</b>	(1,925)
<b>NET ASSETS BEFORE PENSION LIABILITY</b>		<b>171,628</b>	158,799	<b>171,581</b>	158,752
Defined benefit pension scheme liability	29	(5,978)	(6,467)	(5,978)	(6,467)
<b>NET ASSETS AFTER PENSION LIABILITY</b>		<b>165,650</b>	152,332	<b>165,603</b>	152,285
<b>CAPITAL FUNDS</b>					
Endowments	22	5,758	5,136	5,758	5,136
<b>INCOME FUNDS</b>					
Restricted funds	22	12,604	11,854	12,604	11,854
Unrestricted funds:					
Designated funds	22	146,356	132,341	146,356	132,341
General & Trading funds	22	6,910	9,468	6,863	9,421
Pension Reserve	22	(5,978)	(6,467)	(5,978)	(6,467)
Total unrestricted funds		<b>147,288</b>	135,342	<b>147,241</b>	135,295
<b>TOTAL FUNDS</b>	22	<b>165,650</b>	152,332	<b>165,603</b>	152,285

The accompanying accounting policies and notes form an integral part of the financial statements and are set out on pages 42-72

These accounts were approved by Council on 30 April 2019 and signed on their behalf by:

Sir Nicholas Bacon (President)

Alastair Muirhead (Treasurer)

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 JANUARY 2019**

	Note	2019 £'000	2018 £'000	£'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
<b>Net cash provided by operating activities</b>	25	<b>13,756</b>		13,359
<b>Cash flows from investing activities</b>				
Interest received from investments		<b>18</b>		100
Dividends received from investments		<b>416</b>		313
Sale of investments	9	<b>36,693</b>		17,688
Purchase of tangible fixed assets	14a	<b>(33,586)</b>		(17,000)
Purchase of investments	9	<b>(25,113)</b>		(23,019)
Movement in Cash within pooled investments		<b>(8,582)</b>		7,043
<b>Net cash used in investing activities</b>		<b>(30,154)</b>		(14,875)
Change in cash and cash equivalents in the reporting period	26, 27	<b>(16,398)</b>		(1,516)
Cash and cash equivalents at the beginning of the reporting period	26, 27	<b>30,149</b>		31,665
<b>Cash and cash equivalents at the end of the reporting period</b>	26, 27	<b>13,751</b>		<b>30,149</b>

The accompanying accounting policies and notes form an integral part of the financial statements and are set out on pages 42-72

## Notes to the Financial Statements

### 1. Charity Information

The Royal Horticultural Society was founded in 1804 and awarded a Royal Charter in 1809. It is a registered charity in England and Wales (charity number: 222879) and also in Scotland (charity number: SC038262).

### 2. Accounting Policies

#### Basis of preparation

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

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

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

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

RHS is a registered charity and as such is potentially exempt from taxation on its income and gains to the extent that they are applied to its charitable purposes. There was no tax charge during the year. The subsidiaries donate, under Gift Aid, all distributable profits to the charity each year.

The Society has taken advantage of the exemption in FRS 102 from the requirement to prepare a charity-only cash flow statement and certain disclosures about the Society's financial statements.

#### Judgements in applying accounting policies and key sources of estimation uncertainties

There are a number of actuarial assumptions used in the quantification of the group's pension commitments which are described in Note 29. There are a number of assumptions in the fair value of the investment properties which are described in Note 15. With the exception of the pension commitments and investment property fair-value assumptions, there are no material judgements or estimates applied in the preparation of these accounts.

#### Fund accounting

Unrestricted funds comprise the Designated funds, the General fund, non-charitable trading funds, and the Pension Reserve. Designated funds are General funds designated for specific purposes by Council. The General fund is the accumulation of surpluses and deficits and is available for use at the discretion of Council in furtherance of the Society's general charitable objectives. The non-

charitable trading funds represent the reserves of the trading subsidiaries. The Pension Reserve represents the deficit or surplus on the Royal Horticultural Society (1974) Pension Scheme on an FRS 102 basis (see Note 29).

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

The Society was granted permission by the Charity Commission on 28 November 2012 to adopt the use of a total return policy in relation to its permanent endowment funds. The Society adopted the policy from the financial year ended 31 January 2014.

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

### **Incoming resources**

Incoming resources are included in the Statement of Financial Activities when the RHS is entitled to the income, the receipt is probable and the amount can be quantified with reasonable accuracy. If these conditions are not met then the income is deferred. The following specific policies apply to categories of income:

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

Legacies are accounted for based on settlement of the estate or receipt of payment, whichever is earlier.

Donations include Gift Aid donations on membership subscriptions and garden entry tickets.

Grants received in advance of the associated work being carried out are deferred only when the donor has imposed preconditions on the expenditure of resources.

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

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

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

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

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

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

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

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

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

### **Resources expended**

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

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

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

### **Allocation of support costs**

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

### **Tangible Fixed Assets**

Freehold land is considered to have an indefinite useful life and is not depreciated.

Fixed assets are stated at cost, deemed cost or donated valuation. Where it has been identified that the recoverable amount of a fixed asset is below its net book value the asset is written down to its recoverable amount and the impairment loss is recognised in the Statement of Financial Activities.

Equipment purchases below £2,000 are treated as revenue items.

Depreciation is calculated to write off the cost of fixed assets by equal instalments over their expected useful economic lives. The depreciation rates are as follows:

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

Fixed assets under construction are not depreciated until the asset has reached completion; upon completion the asset is transferred to the appropriate fixed asset class and depreciated at the appropriate rate.

The useful economic life of the revalued properties in Wisley village was assessed in 2016. This was deemed to be 50 years from the initial revaluation date of 1 February 2014.

### **Heritage Assets**

The RHS holds two categories of Heritage Assets, the Lindley Library Collection and the RHS Herbarium. This is explained further in Note 17. As reliable cost information is not available and conventional valuation approaches lack sufficient meaning given that certain aspects of these assets are irreplaceable, no value is included on the balance sheet in respect of these assets. All subsequent expenditure incurred on the heritage assets is reviewed to determine whether it meets the criteria set out in FRS 102 for capitalising subsequent expenditure on an asset. Where the criteria is not met the expenditure is accounted for through the Statement of Financial Activities. Expenditure that is required to preserve or prevent further deterioration of individual collection items is recognised in the Statement of Financial Activities when it is incurred. The policies for management and preservation of the collections are stated in Note 17.

### **Investments in Funds**

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

### **Investment Properties**

Investment properties are stated at their market value at the balance sheet date. No depreciation is provided for in respect of investment properties in accordance with FRS 102. Such properties are held for their investment potential and not for consumption within the business.

### **Operating leases**

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

### **Pension schemes**

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

The fund movements and liabilities for this scheme have been recognised in the accounts according to the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and as detailed in Note 29.

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.

### **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.

### **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.

### **Financial Instruments**

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method.

Financial assets held at amortised cost comprise cash at bank and in hand, together with trade debtors, other debtors and accrued income.

Financial liabilities held at amortised cost comprise trade creditors, other creditors and accruals.

Financial assets held at fair value include investments, excluding cash held as part of the investment portfolio.

### **Termination Payments**

Termination payments are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The charity recognises termination payments when it is demonstrably committed to either (i) terminating the employment of current employees according to a detailed formal plan without the possibility of withdrawal, or (ii) providing termination payments as a result of an offer made to encourage voluntary redundancy, or (iii) the employee's contract is terminated and payment has been made in full.

## **3. Income**

### **Legacy Income**

The estimated value of legacies notified but neither received nor included in income is £1,435k (2018: £835k).

### **Grant Income**

During the year the Society received a grant from Salford City Council towards the Bridgewater KIP, which meets the definition of a government grant. There are no unfulfilled conditions or contingencies relating to this grant or other forms of government assistance, from which the charity has directly benefitted, recognised in the accounts.

### **Investment Income**

Investment income of £434k (2018: £365k) is made up of income from investments of £416k (2018: £315k) and interest from cash holdings of £18k (2018: £50k).

#### 4. Analysis of Expenditure - Group

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

	<b>Direct Cost £'000</b>	<b>Support Cost £'000</b>	<b>2019 Total £'000</b>	2018 Total £'000
<b>Charitable expenditure</b>				
Members and Communication	11,928	789	12,717	12,026
Shows	21,961	589	22,550	22,162
RHS Gardens	20,397	3,872	24,269	23,659
Communities and Education	3,224	514	3,738	3,515
Horticulture	1,220	175	1,395	1,344
Science and Collections	3,782	865	4,647	4,379
<b>Total expenditure on charitable activities</b>	<b>62,512</b>	<b>6,804</b>	<b>69,316</b>	<b>67,085</b>
<b>Raising funds expenditure</b>				
Donations and Legacies	1,293	188	1,481	1,411
Trading	14,346	1,503	15,849	15,559
Sponsorship	396	37	433	597
<b>Total expenditure on raising funds activities</b>	<b>16,035</b>	<b>1,728</b>	<b>17,763</b>	<b>17,567</b>
Other	145	-	145	234
<b>Total expenditure</b>	<b>78,692</b>	<b>8,532</b>	<b>87,224</b>	<b>84,886</b>

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

#### 5. Analysis of Total Support Costs - Group

	<b>Donations and Legacies £'000</b>	<b>Trading £'000</b>	<b>Sponsorship £'000</b>	<b>Charitable Activities £'000</b>	<b>2019 Total £'000</b>	2018 Total £'000
Leadership Team	11	87	2	394	494	397
Finance & Estates	77	618	16	2,796	3,507	3,063
IT	55	440	11	1,992	2,498	2,767
Risk & Governance	21	172	4	779	976	836
Communications	2	13	-	61	76	75
HR	22	173	4	782	981	1,128
	<b>188</b>	<b>1,503</b>	<b>37</b>	<b>6,804</b>	<b>8,532</b>	<b>8,266</b>

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

Remaining support costs have been apportioned on a full year equivalent headcount basis.

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

## 6. Risk and Governance Costs

	<b>2019</b>	2018
	<b>£'000</b>	£'000
Audit Fees	51	59
Internal Audit	372	345
Health and Safety	124	115
Secretariat	293	289
Legal	136	28
	<u>976</u>	<u>836</u>

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

## 7. Net Movement of Funds

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

	<b>2019</b>	2018
	<b>£'000</b>	£'000
Depreciation (including trading companies)	<b>3,562</b>	3,261
Auditors' remuneration:		
- Statutory audit current year	<b>51</b>	59
- Audit (over)/under provision prior year	<b>(6)</b>	5
- Tax services	<b>10</b>	24
- Other professional services	<b>16</b>	15
Operating lease rentals - Land & Buildings	<b>89</b>	88
- Other Assets	<b>141</b>	132

## 8. Employee Remuneration

	<b>Permanent Staff</b>		<b>Casual Staff</b>		<b>Total</b>	
	<b>2019</b>	2018	<b>2019</b>	2018	<b>2019</b>	2018
	<b>£'000</b>	£'000	<b>£'000</b>	£'000	<b>£'000</b>	£'000
Employee costs during the period:						
Salaries and wages	<b>23,650</b>	22,971	<b>2,710</b>	2,365	<b>26,360</b>	25,336
Social Security	<b>2,351</b>	2,223	<b>125</b>	129	<b>2,476</b>	2,352
Pensions	<b>2,683</b>	2,469	<b>59</b>	42	<b>2,742</b>	2,511
	<u><b>28,684</b></u>	<u>27,663</u>	<u><b>2,894</b></u>	<u>2,536</u>	<u><b>31,578</b></u>	<u>30,199</u>

All staff are contracted to the Society.

Redundancy and termination payments in 2019 were made to 11 individuals and amounted to £92k (2018: £268k). These payments were as a result of a review of resources required. There are no outstanding redundancy and termination payment liabilities for 2019 (2018: £nil).

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

	<b>2019</b>	2018
	<b>Number</b>	Number
<b>Staff employed in funds generation:</b>		
Trading activities	<b>157</b>	158
Fundraising activities	<b>16</b>	15
<b>Staff employed in disbursement of Charitable expenditure:</b>		
Members and Communication	<b>64</b>	68
Shows	<b>49</b>	49
RHS Gardens	<b>368</b>	348
Communities and Education	<b>48</b>	46
Horticulture	<b>20</b>	18
Science and Collections	<b>90</b>	84
Support	<b>145</b>	135
	<b><u>957</u></b>	<u>921</u>

Key management personnel for the Group and for the Society are the same and have been determined to be the Leadership Team and the Trustees. See pages 29 and 30 for a list of members of the Leadership Team.

Remuneration in respect of the Leadership Team was as follows:

	<b>2019</b>	2018
	<b>£'000</b>	£'000
Emoluments	<b>1,500</b>	1,387
Pension contributions	<b>131</b>	141
	<b><u>1,631</u></b>	<u>1,528</u>

During the year, 12 Leadership Team members participated in the defined contribution pension scheme. The total number of employees whose remuneration and benefits in the year, excluding pension contributions paid directly by the Society, exceeded £60,000 was:

	<b>2019</b>	2018
	<b>Number</b>	Number
£60,001 - £70,000	<b>16</b>	15
£70,001 - £80,000	<b>8</b>	10
£80,001 - £90,000	<b>4</b>	4
£90,001 - £100,000	<b>2</b>	2
£100,001 - £110,000	<b>3</b>	1
£110,001 - £120,000	<b>2</b>	3
£120,001 - £130,000	<b>2</b>	2
£140,001 - £150,000	<b>1</b>	1
£150,001 - £160,000	<b>1</b>	1
£220,001 - £230,000	<b>1</b>	1
	<b><u>40</u></b>	<u>40</u>

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

Defined contribution	<b>39</b>	39
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The highest paid director is paid the equivalent of Society pension contributions directly as part of remuneration.

The Society contributed £303k (2018: £290k) to defined contribution pension schemes on behalf of employees whose annual remuneration exceeded £60,000.

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

Council members were reimbursed a total of £12k (2018: £23k) for travel and subsistence expenses during the period. The number of Council members reimbursed for expenses was 12 (2018: 12).

## 9. Fixed Asset Investments in Funds

	UK Cash Instruments £'000	UK Property £'000	Unit Trusts £'000	Total £'000
Market Value at 1 February 2018	11,007	85	88,032	99,124
Less: Disposal proceeds	-	-	(36,693)	(36,693)
Add: acquisitions at cost	-	-	25,113	25,113
Add: net gain/(loss) on revaluation at 31 January	-	23	(497)	(474)
Less: net movement in cash	(10,983)	-	-	(10,983)
<b>Market value at 31 January 2019</b>	<b>24</b>	<b>108</b>	<b>75,955</b>	<b>76,087</b>
<b>Historical cost at 31 January 2019</b>	<b>24</b>	<b>30</b>	<b>72,032</b>	<b>72,086</b>

Analysed as follows

	£'000
UK Fixed Interest	31,580
Overseas Fixed Interest	18,586
UK Equities	3,423
Overseas Equities	13,233
Index Linked	4,553
Commodities	1,138
Cash Instruments held within pooled investment vehicles*	3,442
	<u>75,955</u>
Cash Instruments held separately**	24
Market value at 31 January 2019	75,979
UK Property	108
<b>Market value at 31 January 2019</b>	<u><b>76,087</b></u>
Investments in UK at market value	40,746
Investments outside the UK at market value	35,233
<b>Market value of UK and non-UK investments</b>	<u><b>75,979</b></u>

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

\*\*Cash instruments managed by RHS

Restricted and unrestricted funds at market value of £70.9m are invested in a diversified portfolio of equity, fixed interest, other diversifying strategies and cash investments with a level of risk appropriate to the Society's charitable status.

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

Historical cost of Fixed Asset Investments includes, for each pooled investment vehicle, income received that has been reinvested during the financial period of that investment vehicle. This totalled £6k.

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

	<b>£'000</b>
RLAM Cash Plus Fund	51,004
Troy Trojan Fund	11,382
Veritas Global Real Return Fund	13,571

**Total gain on investment assets**

	<b>£'000</b>
Net loss on revaluation of investments at 31 January 2019	(474)
Gain on revaluation of investment properties*	3,239
	<u>2,765</u>

\*Investment properties are included in Note 15.

## **10. Taxation**

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

## **11. Commitments for future expenditure**

Future capital commitments for budgeted spend and on signed contracts are £24.1m (2018: £16.1m), relating to the projects within the Strategic Investment Programme. Included in this number are commitments for RHS Garden Bridgewater (£18.5m), Wisley Welcome building (£3.5m) and Wisley Hilltop (£2.0m).

## **12. Other incoming resources**

Other incoming resources of £319k (2018: £244k) are primarily from rental income from investment properties in Wisley village.

## **13. Other expenditure**

Other expenditure of £145k (2018: £234k) includes expenditure on the investment properties in Wisley village and investment management fees.

## 14. 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
<b>COST/MARKET VALUE</b>							
At 1 February 2018	60,001	1,095	1,545	16,864	3,124	2,625	85,254
Additions	2,883	-	700	28,823	1,006	174	33,586
Disposals	(12)	-	(32)	-	(7)	(60)	(111)
Reclassifications	-	-	(1,262)	-	-	-	(1,262)
Transfers	2,367	-	-	(2,808)	446	(5)	-
At 31 January 2019	65,239	1,095	951	42,879	4,569	2,734	117,467
<b>DEPRECIATION</b>							
At 1 February 2018	15,682	420	556	-	1,306	884	18,848
Charge for the year	2,377	22	23	-	880	260	3,562
Disposals	(8)	-	(12)	-	(6)	(47)	(73)
Reclassifications	-	-	(206)	-	-	-	(206)
At 31 January 2019	18,051	442	361	-	2,180	1,097	22,131
<b>NET BOOK VALUE</b>							
At 31 January 2019	47,188	653	590	42,879	2,389	1,637	95,336
At 1 February 2018	44,319	675	989	16,864	1,818	1,741	66,406

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

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**b) Society**

	<b>Freehold land and buildings £'000</b>	<b>Leasehold land and buildings £'000</b>	<b>Buildings on Wisley trust land £'000</b>	<b>Assets in construction £'000</b>	<b>Plant and equipment £'000</b>	<b>Fixtures and fittings £'000</b>	<b>Total £'000</b>
<b>COST/MARKET VALUE</b>							
At 1 February 2018	60,001	1,095	1,545	16,864	3,124	2,458	85,087
Additions	2,883	-	700	28,823	1,006	175	33,587
Disposals	(12)	-	(32)	-	(7)	(60)	(111)
Reclassifications	-	-	(1,262)	-	-	-	(1,262)
Transfers	2,367	-	-	(2,808)	446	(5)	-
<b>At 31 January 2019</b>	<b>65,239</b>	<b>1,095</b>	<b>951</b>	<b>42,879</b>	<b>4,569</b>	<b>2,568</b>	<b>117,301</b>
<b>DEPRECIATION</b>							
At 1 February 2018	15,682	420	556	-	1,306	750	18,714
Charge for the year	2,377	22	23	-	880	244	3,546
Disposals	(8)	-	(12)	-	(6)	(47)	(73)
Reclassifications	-	-	(206)	-	-	-	(206)
<b>At 31 January 2019</b>	<b>18,051</b>	<b>442</b>	<b>361</b>	<b>-</b>	<b>2,180</b>	<b>947</b>	<b>21,981</b>
<b>NET BOOK VALUE</b>							
<b>At 31 January 2019</b>	<b>47,188</b>	<b>653</b>	<b>590</b>	<b>42,879</b>	<b>2,389</b>	<b>1,621</b>	<b>95,320</b>
<b>At 1 February 2018</b>	<b>44,319</b>	<b>675</b>	<b>989</b>	<b>16,864</b>	<b>1,818</b>	<b>1,708</b>	<b>66,373</b>

During the year, the freehold Deers Farm properties in Wisley village were refurbished and rented on the open market and reclassified as Investment Properties, as shown in Note 15.

## 15. Investment Properties

	<b>Consolidated</b>		<b>Society</b>	
	<b>2019</b>	2018	<b>2019</b>	2018
	<b>£000</b>	£000	<b>£000</b>	£000
Market valuation at 1 February	<b>11,125</b>	10,427	<b>11,125</b>	10,427
Reclassifications from Tangible Fixed Assets	<b>1,056</b>	393	<b>1,056</b>	393
Revaluation gain/(loss)	<b>3,239</b>	305	<b>3,239</b>	305
Market valuation at 31 January	<u><b>15,420</b></u>	<u>11,125</u>	<u><b>15,420</b></u>	<u>11,125</u>

Market valuations were provided by a RICS independent property and construction consultancy in January 2019. These are based on the fair value of the properties at the balance sheet date, which is deemed to be the open market values at January 2019 for RHS-owned residential properties within Wisley village that are either vacant and are being prepared to rent on the open market, or are for properties that are currently on the open rental market. There has not been a significant change in value between the date of the valuation and the balance sheet date.

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

## 16. Investment in Trading and Other Companies

	Company registration number	2019 £'000	2018 £'000	
RHS Enterprises Ltd	01211648	100	100	Trading
RHS Special Events Ltd	03119017	-	-	Trading
Horticultural Halls Ltd	02074555	10	10	Dormant
RHS Publications Ltd	04438083	-	-	Dormant
		<u>110</u>	<u>110</u>	

The Profit and Loss Account and Balance Sheet for the two trading subsidiaries are shown below.

<b>Profit &amp; Loss Account</b>	<b>RHS Enterprises Ltd £'000</b>	<b>RHS Special Events Ltd £'000</b>
Turnover	20,643	4,923
Cost of sales	<u>(8,234)</u>	<u>(1,171)</u>
Gross profit	12,409	3,752
Administration expenses (net of interest receivable)	(6,771)	(136)
Other operating income	<u>414</u>	<u>-</u>
Net profit	6,052	3,616
Taxation	<u>(1,150)</u>	<u>(687)</u>
<b>Profit for the year</b>	<u><u>4,902</u></u>	<u><u>2,929</u></u>
<b>Balance Sheet</b>		
Fixed Assets	15	-
Current Assets	4,117	992
Unsecured Loan to the Society	4,000	3,500
Current Liabilities	(1,942)	(3,869)
Long Term Liabilities	(23)	-
Amounts owing to the Society	<u>(6,011)</u>	<u>(634)</u>
Net Assets/(Liabilities)	<u><u>156</u></u>	<u><u>(11)</u></u>
Share Capital	100	-
Reserves	<u>56</u>	<u>(11)</u>
Equity Shareholders' Funds	<u><u>156</u></u>	<u><u>(11)</u></u>

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

The subsidiaries donate, under Gift Aid, all distributable profits to the charity each year.

## **17. RHS Heritage Assets**

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

### **The RHS Lindley Library Collection**

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

The collections are in three main areas:

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

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

#### **Public Access**

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

## **Herbarium**

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

Composition and remit:

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

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

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

Nomenclatural Standards Collection:

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

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

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

Image Collection:

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

Access

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

**18. Stock**

	<b>Consolidated</b>		<b>Society</b>	
	<b>2019</b>	2018	<b>2019</b>	2018
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
Finished goods for resale	<b>1,793</b>	1,492	-	-
Other	<b>108</b>	97	<b>83</b>	74
	<b><u>1,901</u></b>	<u>1,589</u>	<b><u>83</u></b>	<u>74</u>

Stock recognised in expenditure during the year was £7.0m (2018: £6.9m)

## 19. Debtors due within one year

	Consolidated		Society	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Trade debtors	2,699	2,654	1,616	1,844
Amounts due from subsidiaries	-	-	6,448	6,436
Other debtors	697	793	585	686
Taxation recoverable	252	195	635	430
Prepayments	2,599	2,477	2,438	2,264
Accrued income	2,439	667	2,439	667
	<u>8,686</u>	<u>6,786</u>	<u>14,161</u>	<u>12,327</u>

## 20. Creditors amounts falling due within one year

	Consolidated		Society	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Income in advance:				
Deferred members' subscriptions	12,473	13,235	12,473	13,235
Income in advance: other	12,485	10,746	8,105	6,555
Income in advance total	<u>24,958</u>	<u>23,981</u>	<u>20,578</u>	<u>19,790</u>
Trade creditors	1,203	1,159	858	964
Loans from subsidiaries (Note 16)	-	-	7,500	7,500
Taxation and social security	-	145	-	-
Other creditors	1,603	1,481	1,477	1,170
Accruals	5,629	4,658	5,247	4,447
	<u>33,393</u>	<u>31,424</u>	<u>35,660</u>	<u>33,871</u>

All the income in advance at the start of the year was utilised during the year, except life membership. The balance at the start of the year for these life memberships was £1,895k, £253k was utilised during 2018/19 and deferred income for new life memberships was £555k, resulting in a balance of £2,197k at 31 January 2019. £330k is due to be utilised in 2019/20, with £1,868k deferred to future years.

## 21. Creditors amounts falling due after one year

	Consolidated		Society	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Income in advance:				
Deferred members' subscriptions	1,868	1,612	1,868	1,612
Income in advance: other	826	313	803	313
	<u>2,694</u>	<u>1,925</u>	<u>2,671</u>	<u>1,925</u>

## 22. Funds

	Balance 01.02.18 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	Gains/ (losses) £'000	Balance 31.01.19 £'000
<b>ENDOWMENT FUNDS</b>						
Coke Trusts	2,515	9	-	(83)	33	2,474
Blaxall Valentine Scholarship	680	2	-	(18)	8	672
Guernsey Wilson Fund	349	1	-	(7)	4	347
Other Bursary Funds	301	1	-	(6)	4	300
Wisley Endowment Fund	262	1	-	(1)	3	265
Eric Young Scholarship	273	1	-	(1)	3	276
Knowles Bequest	337	1	-	(1)	4	341
Hand Bequest	-	620	-	-	-	620
Shropshire Hort Society	214	1	-	(7)	3	211
Other Endowed Funds	205	51	-	(6)	2	252
<b>Total Endowed Funds</b>	<b>5,136</b>	<b>688</b>	<b>-</b>	<b>(130)</b>	<b>64</b>	<b>5,758</b>
<b>RESTRICTED FUNDS</b>						
Garden Development Funds	547	124	(143)	(227)	-	301
Education & Training Funds	1,619	366	(342)	(31)	-	1,612
Bursary Funds	494	-	(147)	114	-	461
SIP Restricted Funds	7,288	7,252	(154)	(7,743)	-	6,643
Other Restricted Funds	1,906	1,757	(87)	11	-	3,587
<b>Total Restricted Funds</b>	<b>11,854</b>	<b>9,499</b>	<b>(873)</b>	<b>(7,876)</b>	<b>-</b>	<b>12,604</b>
<b>UNRESTRICTED FUNDS</b>						
<b>Designated Funds</b>						
Fixed Asset Fund	66,406	-	-	28,930	-	95,336
Investment Property Fund	11,125	-	-	1,056	3,239	15,420
Reserve Policy Fund	7,500	-	-	900	-	8,400
<b>Strategic Investment Programme Fund</b>						
KIP: Existing Gardens	36,100	-	-	(16,550)	-	19,550
KIP: 5 <sup>th</sup> Garden, Bridgewater	10,400	-	-	(3,400)	-	7,000
KIP: Community Outreach	810	-	(160)	-	-	650
<b>Total Designated Funds</b>	<b>132,341</b>	<b>-</b>	<b>(160)</b>	<b>10,936</b>	<b>3,239</b>	<b>146,356</b>
<b>General and Trading Funds</b>	<b>9,468</b>	<b>87,482</b>	<b>(85,655)</b>	<b>(3,847)</b>	<b>(538)</b>	<b>6,910</b>
<b>Pension Reserve</b>	<b>(6,467)</b>	<b>-</b>	<b>(536)</b>	<b>917</b>	<b>108</b>	<b>(5,978)</b>
<b>Total Unrestricted Funds</b>	<b>135,342</b>	<b>87,482</b>	<b>(86,351)</b>	<b>8,006</b>	<b>2,809</b>	<b>147,288</b>
<b>TOTAL FUNDS</b>	<b>152,332</b>	<b>97,669</b>	<b>(87,224)</b>	<b>-</b>	<b>2,873</b>	<b>165,650</b>
<b>Society only, General and Trading Fund</b>	<b>9,421</b>	<b>72,988</b>	<b>(71,161)</b>	<b>(3,847)</b>	<b>(538)</b>	<b>6,863</b>

#### ENDOWMENT FUNDS

**The Coke Trust** provides bursaries for horticultural students and training.

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

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

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

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

**Knowles Bequest** for study of horticulture in northern England.

**Hand Bequest** to support the student training scheme at Wisley.

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

#### RESTRICTED FUNDS

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

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

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

**SIP Restricted funds** provide funding for the Strategic Investment Programme.

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

#### UNRESTRICTED FUNDS

##### Designated Funds

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

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

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

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

- (i) The building of a new National Centre for Horticultural Science and Learning at Wisley. This will provide the facilities to deliver and engage gardeners with four key strategic science themes, namely a global knowledge bank on gardening and garden plants; plant health in gardens; gardening in a changing world; and plant science for all people, plants and the planet.
- (ii) A new Welcome building at Wisley opening in June 2019. The improved visitor entrance will be signposted by an avenue of 100 cherry trees. Plant sales will be at the fore to engage better with visitors and encourage more people to purchase and grow plants. A dedicated space for specialist UK nurseries will promote plants and offer expertise through a series of events. The Wisley Shop will stock our unrivalled range of garden sundries, horticultural books and gifts, alongside a new café and restaurant facilities.

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

**KIP: 5<sup>th</sup> Garden, Bridgewater Fund** represents the investment set aside to develop an additional Society Garden near Salford. This will provide hundreds of thousands more people with the benefits of having an RHS Garden within their vicinity. The garden centre will have a range of horticultural features and significant biodiversity of plants. It will have a calendar of events, including garden shows, with a focus on learning both for adults and children, benefitting local schools and communities, and boosting the local economy by attracting visitors. The first elements of this garden are expected to open in 2020.

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

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

##### General and Trading Funds

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

##### Transfers

Transfers between endowment and restricted funds reflect the adjustments required for the total return accounting policy (see Notes 2 and 23). Transfers between unrestricted and designated funds represent capital expenditure where asset purchases/developments are held and depreciated in designated funds.

### 23. Endowment Funds – 2018/19

	Endowment £'000	Unapplied Total Return £'000	2019 Total £'000
<b>At beginning of reporting period:</b>			
Trust for investment / permanent endowment	2,636	-	2,636
Fixed Asset endowment	350	-	350
Unapplied total return (Income)	-	2,150	2,150
<b>Total</b>	<b>2,986</b>	<b>2,150</b>	<b>5,136</b>
<b>Movements in reporting period:</b>			
Gift of endowment funds	670	-	670
Reclassification of Fixed Asset endowment	(350)	350	-
Investment return: dividends and interest	-	18	18
Investment return: realised and unrealised gains and (losses)	-	64	64
<b>Total</b>	<b>320</b>	<b>432</b>	<b>752</b>
Unapplied total return allocated to income in the reporting period	-	(130)	(130)
<b>Net movements in reporting period</b>	<b>320</b>	<b>302</b>	<b>622</b>
<b>At end of the reporting period:</b>			
Trust for Investment / permanent endowment	3,306	-	3,306
Unapplied total return	-	2,452	2,452
<b>Total</b>	<b>3,306</b>	<b>3,122</b>	<b>5,758</b>

The reclassification relates to the correction of a prior year adjustment to remove fixed assets from endowments.

### 24. Analysis of net assets between funds – 2018/19

	Endowment Funds £'000	Restricted Funds £'000	Designated Funds £'000	General & Trading Funds £'000	Pension Reserve £'000	2019 Total Funds £'000
Tangible Fixed Assets	-	-	95,336	-	-	95,336
Investment Properties	-	-	15,420	-	-	15,420
Investments in Funds	5,138	11,364	35,600	23,985	-	76,087
Current Assets	620	1,240	-	19,012	-	20,872
Current Liabilities	-	-	-	(33,393)	-	(33,393)
Long Term Liabilities	-	-	-	(2,694)	-	(2,694)
Pension Scheme Liability	-	-	-	-	(5,978)	(5,978)
<b>Total Net Assets</b>	<b>5,758</b>	<b>12,604</b>	<b>146,356</b>	<b>6,910</b>	<b>(5,978)</b>	<b>165,650</b>

## 25. Net cash inflow from operating activities

	2019 £'000	2018 £'000
Increase in group funds	10,445	11,044
Pension fund movement, excluding actuarial gains/losses	(381)	(580)
Investment income receivable	(434)	(413)
Depreciation charge	3,562	3,261
Fixed asset disposals	38	15
(Increase)/Decrease in stocks	(312)	147
(Increase) in debtors	(1,900)	(310)
Increase in creditors	2,738	195
Net Cash inflow from operating activities	<u>13,756</u>	<u>13,359</u>

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

	£'000	£'000
Increase in cash in the year	3,167	
Cash inflow to cash investments	<u>(19,565)</u>	
Movement in net cash funds		(16,398)
Net cash funds at 1 February 2018		30,149
Net cash funds at 31 January 2019		<u>13,751</u>

## 27. Analysis of changes in net cash funds

	Balance 01.02.18 £'000	Cash Flows £'000	Balance 31.01.19 £'000
Cash at bank and in hand	7,118	3,167	10,285
Cash included within investments (Note 9)	23,031	(19,565)	3,466
	<u>30,149</u>	<u>(16,398)</u>	<u>13,751</u>

## 28. Operating leases

As at 31 January 2019 the Society and its subsidiaries future minimum operating lease payments are as follows:

	Consolidated		Society	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
<u>Land and Buildings:</u>				
Not later than one year	84	84	84	84
Later than one year and not later than five years	145	311	145	311
<u>Other:</u>				
Not later than one year	150	144	130	124
Later than one year and not later than five years	221	327	202	291
	<u>600</u>	<u>866</u>	<u>561</u>	<u>810</u>

As at 31 January, the future minimum lease income due under non-cancellable rental operating leases was as follows:

	Consolidated		Society	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Not later than one year	449	311	449	311
Later than one year and not later than five years	-	-	-	-
	<u>449</u>	<u>311</u>	<u>449</u>	<u>311</u>

Total rental income received from operating leases in 2019 was £311k (2018 £239k).

## 29. Pension scheme

The Royal Horticultural Society (1974) Pension Scheme (the Scheme) was closed to future service accruals on 31 May 2009. A full actuarial valuation of the Scheme was carried out as at 5 April 2017, which has been updated to 31 January 2019 by a qualified independent actuary. To ensure that the Scheme's Statutory Funding Objective is met (i.e. there are sufficient assets to cover the Scheme's technical provisions), an agreement was reached in October 2017 between the Trustees of the Scheme and the Society that additional contributions will be paid to the Scheme of £76,417 per month for a period of nine years beginning 5 April 2017. During the year, contributions of £917k were paid by the Society. A triennial valuation will be conducted in 2020/21, the outcome of which will determine whether the Society will need to amend its future contributions to the Scheme in respect of any deficit.

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

	<b>2019</b> <b>£'000</b>	2018 £'000
Present value of funded obligations	<b>(35,175)</b>	(36,490)
Fair value of plan assets	<b>29,197</b>	30,023
	<hr/>	<hr/>
Deficit	<b>(5,978)</b>	(6,467)
	<hr/>	<hr/>
Net Liability	<b>(5,978)</b>	(6,467)
	<hr/>	<hr/>

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

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

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

	<b>2019</b> <b>£'000</b>	2018 £'000
Past service cost	<b>383</b>	-
Net interest	<b>153</b>	220
	<hr/>	<hr/>
Total expense	<b>536</b>	220
	<hr/>	<hr/>
Actual return on plan assets	<b>(352)</b>	1,790
	<hr/>	<hr/>

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

	<b>2019</b> <b>£'000</b>	2018 £'000
Opening defined benefit obligation	<b>36,490</b>	36,474
Interest cost	<b>895</b>	903
Actuarial (gain)/loss	<b>(1,202)</b>	124
Benefits paid	<b>(1,391)</b>	(1,011)
Past service cost	<b>383</b>	-
	<hr/>	<hr/>
Closing defined benefit obligation	<b>35,175</b>	36,490
	<hr/>	<hr/>

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

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

	<b>2019</b>	2018
	<b>£'000</b>	£'000
Opening fair value of plan assets	<b>30,023</b>	28,444
Interest income	<b>742</b>	683
Return on assets	<b>(1,094)</b>	1,107
Contributions by employer	<b>917</b>	800
Member contributions	-	-
Benefits paid	<b>(1,391)</b>	(1,011)
	<hr/>	<hr/>
Closing fair value of plan assets	<b>29,197</b>	30,023
	<hr/>	<hr/>

**5) The assets in the Scheme are as follows:**

	<b>2019</b>	2018
	<b>£'000</b>	£'000
Bonds	<b>5,183</b>	5,249
Diversified Growth Fund	<b>20,614</b>	20,866
Cash	<b>335</b>	176
Insurance policies	<b>3,065</b>	3,732
	<hr/>	<hr/>
Fair value of Scheme assets	<b>29,197</b>	30,023
	<hr/>	<hr/>

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

	<b>2019</b>	2018
	<b>£'000</b>	£'000
Deficit in Scheme at beginning of the year	<b>(6,467)</b>	(8,030)
Movement in year:		
Contributions paid by the employer	<b>917</b>	800
Other financial expenditure	<b>(536)</b>	(220)
Actuarial gain / (loss)	<b>108</b>	983
	<hr/>	<hr/>
Deficit in Scheme at end of the year	<b>(5,978)</b>	(6,467)
	<hr/>	<hr/>

In the period to 31 January 2019 employer contributions of £917k (2018: £800k) were paid into the Scheme. The cost of life insurance was paid in addition.

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

**a) Financial assumptions**

	<b>2019</b>	2018
Discount rate	<b>2.5% pa</b>	2.5% pa
Inflation assumption	<b>3.3% pa</b>	3.4% pa
Rate of increase in salaries	<b>3.3% pa</b>	3.4% pa
Pension escalation in payment (Retail prices index – maximum 5%)	<b>3.1% pa</b>	3.2% pa

**b) Demographic assumptions**

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

	<b>As at 31.01.19</b>	As at 31.01.18
Retiring today		
Males	<b>22.2</b>	22.3
Females	<b>24.1</b>	24.2
Retiring in 20 years		
Males	<b>23.9</b>	24.0
Females	<b>25.9</b>	26.0

(ii) Pre retirement mortality rates

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

<b>Age</b>	<b>Males</b>	<b>Females</b>
30	0.0003	0.0002
40	0.0005	0.0003
50	0.0011	0.0009
60	0.0033	0.0024

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

	<b>2019</b>	2018	2017	2016	2015
	<b>£'000</b>	£'000	£'000	£'000	£'000
Defined benefit obligation	<b>35,175</b>	36,490	36,533	26,294	28,537
Plan assets	<b>29,197</b>	30,023	28,503	21,245	21,946
(Deficit)	<b>(5,978)</b>	(6,467)	(8,030)	(5,049)	(6,591)

During the year the Society made contributions totalling £917k (2018: £800k) into the defined contribution Scheme.

**30. Related Party Transactions**

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

Council members are not remunerated for their roles. They received complimentary show tickets for personal use for the RHS Chelsea Flower Show (President, Treasurer and Council 1), the RHS Chatsworth Flower Show (President and Treasurer 8, Council 4), the RHS Hampton Court Palace Flower Show (President and Treasurer 8, Council 4), and the RHS Flower Show Tatton Park (President and Treasurer 8, Council 4).

The Society requires members of Council, non-Council members of the Commercial Board, and key management personnel to declare any material interests that they, or a related party, may have in the activities of the Society and its trading companies. The President and Treasurer approve individual contracts between Trustees, and the Society and its trading companies, and these are reported to the Audit and Risk Committee. The total cost of these transactions to the RHS in the year is £547k. The RHS also received income of £584k from related parties. Details are as follows:

Mark Fane - Crocus.co.uk Ltd (of which Mark Fane is a Director) has a contract with RHS Enterprises Limited under which Crocus.co.uk Ltd supplies mail order plants under the RHS brands. Crocus.co.uk Ltd. has paid £470k in commission to RHS Enterprises Limited on sales of £2.5m in the year ended 31 January 2019. Crocus.co.uk also paid £90k for catalogues to be inserted into The Garden magazine. Crocus.co.uk Ltd was paid £8k for the provision of plants at the RHS Chelsea Flower Show 2018 and £2k for images of plants for marketing. Mark Fane is a Director of the Chatsworth House Trust which was paid a total of £226k by the RHS and as well as paying income to the RHS of £8k in relation to the RHS Chatsworth Flower Show 2018. He is also a shareholder in Nurture Landscapes that paid the RHS £2k in 2018/19 for fees in relation to a MHort qualification for an employee. As at 31 January 2019 the balance owed to Crocus.co.uk, Chatsworth House Trust, and Nurture Landscapes was nil. The balance owed from Crocus.co.uk was £218k.

James Alexander-Sinclair – has been paid £27k for the design and provision of gardens at the RHS Chatsworth Flower Show 2018, RHS Flower Show Tatton Park 2018 and RHS Orchid Show 2018. He was also paid £3k for presenting awards, and £2k for the provision of articles for The Garden magazine. As at 31 January 2019 the balance owed to James Alexander-Sinclair was nil.

Sarah Raven - has paid the RHS £5k for an exhibitor stand at the RHS Chelsea Flower Show 2018. As at 31 January 2019 the balance owed to Sarah Raven was nil.

Jon Wheatley – Stonebarn Landscapes Ltd (of which Jon Wheatley is a Director) has been paid £77k for the design and provision of a Community and Kitchen Garden at the RHS Hampton Court Palace Flower Show 2018, £2k for the supply of plants for the Living Lab feature at the RHS Chatsworth Flower Show 2018 and £1k for a Garden Talk at the RHS Chatsworth Flower Show. Jon is the Chairman of Britain in Bloom, South West, which was paid £27k for assessments in 2018. As at 31 January 2019 the balance owed to Stonebarn Landscapes Ltd and Britain in Bloom, South West was nil.

Sir Nicholas Bacon – Just Loos.Com Ltd (of which a related party owns 45% of the company) has been paid £62k for the provision of toilets at the RHS Chelsea Flower Show 2018 and £100k for the provision of toilets at the RHS Hampton Court Palace Flower Show 2018. A donation of £600 was also received for the repair of the Council Chamber clock. As at 31 January 2019 the balance owed to Just Loos.Com Ltd was nil.

Neil Lucas – Knoll Gardens Ltd (of which Neil Lucas is a Director) was paid £3k for the supply of plants to RHS Garden Wisley, £5k for the supply of plants to RHS Garden Hyde Hall and £212 for the supply of plants to RHS Garden Harlow Carr. As at 31 January 2019 the balance owed to Knoll Gardens Ltd was nil.

Mark Porter – The National Garden Scheme (of which Mark Porter is a Trustee) was paid £800 for advertising in regional booklets, and paid the RHS £6k for an exhibitor stand at the RHS Chelsea Flower Show 2018, £1k for an exhibitor stand at the RHS Chatsworth Flower Show 2018, and £531 for an exhibitor stand at the RHS Cardiff Flower Show 2018. As at 31

January 2019 the balance owed to the National Garden Scheme was nil. The balance owed from The National Garden Scheme was £531.

David Rae - Borde Hill (of which David Rae is a Committee member) was paid £338 by the RHS for a Fellows group visit. As at 31 January 2019 the balance owed to Borde Hill was nil.

Donations from Trustees and individuals who are classed as related parties to Trustees, in their individual capacity as either Donors or Fellows, amount to £41k in the year.

In 2018/19, the Society charged RHS Enterprises Ltd £10,708k (2017/18: £11,857k) for the provision of staff, the purchase of goods, and the rental of retail and event space. RHS Enterprises Ltd paid the Society £11,302k (2017/18: £12,210k) and gift aided £4,358k to the Society during the year. As at 31 January 2019 RHS Enterprises Ltd owed the Society £6,011k (2018: £5,722k). In 2018/19, the Society paid RHS Enterprises Ltd £105k for intercompany loan interest (2017/18: £29k). As at 31 January 2019 the Society owed RHS Enterprises Ltd £4,000k for an unsecured loan that is repayable on demand.

In 2018/19, the Society charged RHS Special Events Ltd £439k (2017/18: £384k) for the provision of staff and the purchase of goods. RHS Special Events Ltd paid the Society £433k (2017/18: £370k) and gift aided £702k to the Society during the year. As at 31 January 2019 RHS Special Events Ltd owed the Society £634k (2018: £714k). In 2018/19, the Society paid RHS Special Events Ltd £92k for intercompany loan interest (2017/18: £17k). As at 31 January 2019 the Society owed RHS Special Events Ltd £3,500k for an unsecured loan that is repayable on demand.

All payments are shown net of VAT.

The Royal Horticultural (1974) Pension Scheme is a related party to the RHS, being the former Defined Benefit Pension Scheme, which is closed to future accrual (see Note 29).

There are no further related party transactions requiring disclosure.

### 31. Comparative results by type of fund 2017/18 - Group

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2018 Total £'000
<b>INCOME AND ENDOWMENTS FROM:</b>				
Donations & Legacies	6,428	9,862	-	16,290
Grants	-	15	-	15
<b>CHARITABLE ACTIVITIES:</b>				
Members and Communication	21,764	-	-	21,764
Shows	22,652	-	-	22,652
RHS Gardens	7,211	-	-	7,211
Communities and Education	597	-	-	597
Horticulture	128	-	-	128
Science and Collections	136	-	-	136
<b>OTHER TRADING ACTIVITIES</b>				
Trading Income	23,404	-	-	23,404
Sponsorship Income	3,124	-	-	3,124
<b>INVESTMENTS</b>	347	-	18	365
<b>OTHER</b>	244	-	-	244
<b>Total</b>	<b>86,035</b>	<b>9,877</b>	<b>18</b>	<b>95,930</b>
<b>Expenditure on:</b>				
<b>RAISING FUNDS</b>				
Donations & Legacies	1,411	-	-	1,411
Trading Costs	15,559	-	-	15,559
Sponsorship	597	-	-	597
<b>CHARITABLE ACTIVITIES</b>				
Members and Communication	12,026	-	-	12,026
Shows	22,162	-	-	22,162
RHS Gardens	21,879	1,780	-	23,659
Communities and Education	3,375	140	-	3,515
Horticulture	1,212	132	-	1,344
Science and Collections	4,293	86	-	4,379
<b>OTHER</b>	234	-	-	234
<b>Total</b>	<b>82,748</b>	<b>2,138</b>	<b>-</b>	<b>84,886</b>
<b>NET INCOME BEFORE GAINS ON INVESTMENTS</b>				
	3,287	7,739	18	11,044
Gains on investment assets	2,113	-	207	2,320
<b>NET INCOME</b>	<b>5,400</b>	<b>7,739</b>	<b>225</b>	<b>13,364</b>
Transfers between funds	1,320	(1,193)	(127)	-
<b>Other recognised gains/(losses):</b>				
Actuarial gains on defined benefit pension scheme	983	-	-	983
<b>NET MOVEMENT IN FUNDS</b>	<b>7,703</b>	<b>6,546</b>	<b>98</b>	<b>14,347</b>
<b>RECONCILIATION OF FUNDS:</b>				
<b>Total funds brought forward</b>	<b>127,639</b>	<b>5,308</b>	<b>5,038</b>	<b>137,985</b>
<b>Net movement in funds</b>	<b>7,703</b>	<b>6,546</b>	<b>98</b>	<b>14,347</b>
<b>Total funds carried forward</b>	<b>135,342</b>	<b>11,854</b>	<b>5,136</b>	<b>152,332</b>

### 32. Endowment Funds – 2017/18

	Endowment £'000	Unapplied Total Return £'000	2018 Total £'000
<b>At beginning of reporting period:</b>			
Trust for investment / permanent endowment	2,636	-	2,636
Fixed Asset Endowments	350	-	350
Unapplied total return (Income)	-	2,052	2,052
<b>Total</b>	<b>2,986</b>	<b>2,052</b>	<b>5,038</b>
<b>Movements in reporting period:</b>			
Gift of endowment funds	-	-	-
Investment return: dividends and interest	-	18	18
Investment return: realised and unrealised gains and (losses)	-	207	207
<b>Total</b>	<b>-</b>	<b>225</b>	<b>225</b>
Unapplied total return allocated to income in the reporting period	-	(127)	(127)
<b>Net movements in reporting period</b>	<b>-</b>	<b>98</b>	<b>98</b>
<b>At end of the reporting period:</b>			
Trust for Investment / permanent endowment	2,986	-	2,986
Unapplied total return	-	2,150	2,150
<b>Total</b>	<b>2,986</b>	<b>2,150</b>	<b>5,136</b>

### 33. Analysis of net assets between funds – 2017/18

	Endowment Funds £'000	Restricted Funds £'000	Designated Funds £'000	General & Trading Funds £'000	Pension Reserve £'000	2018 Total Funds £'000
Tangible Fixed Assets	-	-	66,406	-	-	66,406
Investment Properties	-	-	11,125	-	-	11,125
Investments in Funds	5,136	11,854	54,810	27,324	-	99,124
Current Assets	-	-	-	15,493	-	15,493
Current Liabilities	-	-	-	(31,424)	-	(31,424)
Long Term Liabilities	-	-	-	(1,925)	-	(1,925)
Pension Scheme Liability	-	-	-	-	(6,467)	(6,467)
<b>Total Net Assets</b>	<b>5,136</b>	<b>11,854</b>	<b>132,341</b>	<b>9,468</b>	<b>(6,467)</b>	<b>152,332</b>

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

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

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

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Sir Nicholas Bacon  
Mr Alastair Muirhead  
Ms Tazim Essani (appointed January 2019)  
Ms Kate Lampard  
Mr Matthew Lindsey-Clark  
Mr Mark Porter  
Mr Philip Rego  
Mr John Ward  
Ms Janet Walker

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Mr Christopher Blundell  
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Ms Nicky Dulieu  
Mr Dennis Espley  
Mr Mark Fane  
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Mr Mark Fane  
Dame Mary Keegan  
Mr Matthew Lindsey-Clark  
Mr Alastair Muirhead  
Ms Lorna Parker

### **Horticulture Board**

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Mr James Alexander-Sinclair  
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Sir Nicholas Bacon  
Mr Alastair Muirhead  
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**Nominations, Appointments and Governance Committee**

Ms Lorna Parker (Chairman)  
Sir Nicholas Bacon  
Mr Alastair Muirhead  
Mr Michael Balston (retired June 2018)  
Ms Sarah Eberle (appointed June 2018)  
Mr Tim Edwards (appointed June 2018)  
Mr Dennis Espley  
Mr Neil Lucas  
Dr David Rae  
Mrs Juliet Roberts  
Ms Jo Thompson

**People and Remuneration Committee (previously the Pensions and Remuneration Committee)**

Mr Alastair Muirhead (Chairman) (appointed January 2019 – previously Chair of the Pensions and Remuneration Committee)  
Sir Nicholas Bacon (appointed January 2019 – previously member of the Pensions and Remuneration Committee)  
Mr Dennis Espley (appointed January 2019 – previously member of the Pensions and Remuneration Committee)  
Ms Kate Lampard (appointed January 2019)  
Mr Matthew Lindsey-Clark (appointed January 2019)  
Ms Lorna Parker (appointed January 2019 – previously member of the Pensions and Remuneration Committee)  
Mrs Katherine Thomas (retired January 2019)

## **Professional Advisors**

### **Auditors**

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