

**THE NATIONAL GARDEN SCHEME
(A COMPANY LIMITED BY GUARANTEE)**

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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**THE NATIONAL GARDEN SCHEME
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016**

The Trustees submit their Annual Report and Financial Statements for the year ended 31st December 2016.

1. Objectives

The primary objective of the charity is to raise money for nursing and health charities by organising the opening of gardens of quality to the public.

In 2016 the Trustees approved a new five-year Strategic Plan 2016-20 that was prepared by the Chief Executive (*see section 7.*) The Strategic Plan is supported by a five-year marketing and communications plan. Together these plans will further and develop the charity's objectives so as to increase the sums raised at the gardens and donated to the beneficiaries.

At the same time as remaining true to the charity's long-established objectives and operating principles, this new plan takes account of specific findings from research carried out in 2015. It also responds to the new challenges and demands of the times – especially with regard to communications and marketing.

2. Activities

The National Garden Scheme (NGS) is organised on a voluntary basis in the counties of England and Wales. County Organisers and their team members are responsible for organising and supporting garden openings within their counties. The funds raised by the owners of gardens that open to visitors are collected by members of the NGS county teams.

The funds are forwarded to the head office which co-ordinates the NGS's activities and produces the annual guidebook. This provides all relevant details of gardens opening on a county by county basis. It promotes the NGS nationally and is the traditional medium for advertising garden openings. Promotion of gardens is greatly expanded by the county booklets (containing the individual county sections from the annual guide) which are distributed free in their particular areas. In today's digital age the NGS website and social media channels are becoming increasingly important (*see section 10*) together with the NGS app.

In addition to the income that comes from the gardens, there are further revenues from sponsorship, advertising and donations including legacies. These revenues contribute substantially to the operating costs of the charity and so increase the proportion of funds raised at gardens that is donated to the beneficiaries (as set out in *Achievements and Performance in section 4*).

The Trustees decide on key policy, management and financial matters at Board or Executive Committee meetings which are held regularly throughout the year. Activities at head office are managed by the Chief Executive and include financial organisation, support for county teams, book production, marketing and distribution, national publicity, sponsorship, and insurance. The Chief Executive, assisted by the Executive Committee, reports to the Board and is also responsible for the AGM, national and regional conferences, and NGS's participation in external events.

Volunteers

The NGS is a charity that is predominantly dependent upon the contribution of volunteers. All the people who open their gardens annually (currently nearly 4,000) do so voluntarily. In addition the necessary work to support the charity throughout England and Wales is carried out by some 370 people, divided into a series of teams, one in each county. All the volunteers provide invaluable work for the charity and the Trustees are enduringly grateful for their contribution. In particular they would like to acknowledge the generosity of garden owners and the hard work involved in opening their gardens, and the dedication and commitment of the members of county teams. Without all of their contributions none of the NGS's fundraising and charitable donations would be possible.

Each volunteer team is led by a County Organiser who is responsible for the NGS's activity in each county. Advice and support are available from the Chief Executive and head office staff (who total 11), as well as other county teams. The volunteers are represented by six regional chairmen, who are ex officio Trustees and are each active members of a county team.

Each region holds an AGM towards the start of the garden opening season, in late February or March. The AGMs are attended by county volunteers from the six regions and by the Chief Executive and relevant members of staff. The NGS holds a biennial Conference for all volunteers, generously hosted by the core sponsor, Investec Wealth and Investment. The next Conference will be held in October 2017.

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In December 2016 a conference was held for all County Organisers and it is planned that this will become a biennial event, alternating with the main conference for all county volunteers.

The key activities of the County Teams are:

- Promoting garden openings
- Finding new gardens
- Maintaining contact with existing garden owners so as to assist with continuity of opening from one year to the next
- Assisting with collecting funds raised by opening gardens and accounting to Head Office
- Recognition and rewards
- Producing and distributing county booklets and securing advertising within these booklets

3. Financial Results

The format of the 2016 accounts has been revised to comply with a new reporting standard (this is explained further in the notes to the accounts) Garden Income now includes amounts raised by individual gardens and donated to local charities as agreed with the NGS (up to a maximum of 20% of their admission fees and usually much less). In 2016 this amounted to £99k (2015: £91k).

Garden Income of £3.72m (2015:£3.49m) is the charity's principle source of income. Other Income, made up of county income, sponsorship, advertising, royalties, donations and other gifts, totalled £508k (2015:£522K) including £36k (2015:£47K) legacy income which has been transferred to the NGS Legacy Fund – *see section 11*). Total Income was £4.18m (2015:£4.01m) and total costs of operating the garden scheme were held at £1.11m (2015: £1.16m) producing Net Income of £3.07m (2015: £2.85m).

Total operating costs of just over £1.11m (2015:£1.16m) decreased by £50k. This is the third consecutive year of stable costs which makes a substantial contribution to increasing the total available for distribution to beneficiaries (see below).

Net Unrestricted Income for 2016 was £3.07m (2015: £2.85m), an increase of 7.6%. The ratio of Net Unrestricted Income to Garden Income (which is collected from our garden visitors) was 82.6% (2015: 81.7%) exceeding the level of 80% that we aim for.

4. Achievements and Performance

2016 proved to be another record year for the NGS with the highest ever total of Garden Income at £3.72m (2015: £3.49m) which represents growth of 6.5% over the previous year and 15.8% growth through the last three years.

The new Strategic Plan clearly identifies increasing visitor numbers to gardens as a key priority for the charity's growth. So it is significant that the 2016 results show a 5% increase in visitors from 644,000 in 2015 to 676,000. These figures show actual visits rather than individual people, with many people making more than one visit. They are also dependent on reports from individual gardens and so inevitably contain some estimates.

5. Financial Review

Distribution to Beneficiaries

The Trustees have decided to make a total distribution from funds raised in 2016 of £3m. The Trustees consider that the achievement of donating £3m in a single year is a significant milestone and a worthy manner in which to celebrate the charity's 90th anniversary.

The full list of beneficiaries and individual donations is set out in Section 15 on page 8.

As part of their annual distribution policy, the Trustees continue to encourage the beneficiaries to provide reciprocal benefits to the NGS which will bring mutual rewards in the future; in particular by generating greater public awareness of the NGS through their substantial networks. This brings increased numbers of visitors to our gardens and thereby generates more funds for us to be able to distribute to them. During 2016 we carried out joint marketing activities with all beneficiary charities acting together in support of the NGS. In the two years this policy has been active it has proved a significant addition to the charity's marketing and communications impact.

**THE NATIONAL GARDEN SCHEME
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Additional Donations by Garden Owners to other Charities

As stated earlier, the 2016 accounts include in the Garden Income the amounts donated to a local charity of the garden owners' choice. This amount totalled £99k (2015:£91k)

In addition, a further £267k (2015:£281k) was raised on NGS open days by the sale of teas and plants organised by other charities which retained the proceeds of those sales. This compares to the amounts retained by the NGS of £608k (2015:£577k) from sales of teas and plants at other garden openings. Both these amounts are included in the Garden Income total and the sale of teas and plants have been identified in the new five-year plan as areas of potential income growth.

Risk Management

The NGS operates within an annual budget agreed by the Board. In any one year, the funds available for distribution to beneficiaries is determined by the funds raised by garden openings and the resulting net income.

The Trustees have identified the major risks to the charity's operations and financial security, in particular:

- Prolonged bad weather through a garden opening season
- Accidental loss of IT and communications systems

An agreed management process and the charity's financial reserves policy (*see below*) are in place to minimise the impact of these unlikely risks.

All funds collected from garden owners are swept out of the current accounts on a weekly basis and invested by Royal London Asset Management in a variety of short-term instruments for maximum security. These funds are held until the annual charitable distributions are made, normally in April and July of the following year. The payments may be made earlier in exceptional circumstances, at the discretion of the Trustees.

Towards the end of 2016 the Chief Executive initiated a thorough review of the charity's risk analysis which will be presented to the Board in 2017 for discussion and approval.

6. Distribution and Reserves Policy

The National Garden Scheme is a charity that survives on the annual performance of its fundraising activities. The charity's ethos is founded on the financial principle that funds raised in one year are distributed (net of costs) to the charity's beneficiaries within a twelve-month period. Underpinning the financial performance from one year to the next is the reserves policy that the Trustees monitor. This policy requires that the cash reserves do not fall below 25% of the current gross cost. Trustees make an annual judgement at the time of distributions to beneficiary charities, to ensure that the reserves are sufficient to allow the charity to continue in operation in the light of the risks to which it is exposed, but not retaining excessive amounts of cash.

As set out earlier, in 2016 the Trustees have decided to distribute £3m (2015:£2.7m) to beneficiaries which includes a transfer of £25k from reserves. At the year end the unrestricted reserves stood at £399k representing 36.0% (2015: 36.5%) of annual operating cash.

Since 2015 the NGS Legacy Fund has added to the funds the charity is holding in reserve. As explained in Section 10 below, the NGS Legacy Fund has been established to enhance the charity's performance by making funds available for specific projects, and to increase the charity's financial security, independent of funds received from garden openings.

7. Plans for the Future: Strategic Plan 2016-20

In 2016 the Trustees approved a new five-year Strategic Plan which sets out ambitious objectives for the charity's growth in all areas. The new plan takes into account the findings of research that the Trustees commissioned which was carried out in 2015. The Plan is comprised of two sections, each of which has four strategic objectives:

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ONE GOAL

To maximise the amount of funds donated each year to inspirational nursing and caring charities through the opening of gardens across the UK.

Four Strategic Objectives

1. Increase the number of **visitors** to our gardens each year.
2. Increase the levels of **supporter engagement** with the NGS.
3. **Position** the NGS as a lead protagonist of the health benefits of gardens.
4. Increase and expand our **core fundraising** and **additional fundraising channels**.

ONE NGS

Underpinning our strategy is a determination to become one NGS, a more effective, efficient and collaborative organisation speaking with one voice to raise awareness of who we are and what we do.

Four strategic objectives

1. Create an organisation united behind a **common goal**
2. Maintain and improve the **strength of our county teams**
3. Develop our **systems** to improve knowledge sharing and communications
4. Implement ongoing **research** to provide evidence for continuous improvement

With the completion of the Strategic Plan's first year, 2016, further annual milestones and operational details will be developed during 2017.

Some further details are given in sections 8 (Strategy) and 12 (Gardens and Health) below.

8. Strategy

The NGS's strategy focuses on growing its core activity of increasing funds raised by garden opening events. Key to future growth of the charity is the need to reach a wider audience, to make the general public more aware of the varied attractions and rewards of visiting private gardens. Increasing levels of public awareness of the charity and of our gardens is vital in order for us to achieve growing numbers of visitors, year on year.

As part of the campaign to achieve this, we launched the NGS Festival Weekend in 2013 which has provided an annual focus for national publicity and the NGS's ongoing campaign to raise awareness. In 2017 the Festival Weekend is being renamed the Anniversary Weekend and it will take place over the Whitsun Bank Holiday which will be the exact anniversary of the charity's first garden openings in 1927.

Our overall strategy and a growing priority for NGS marketing is to combine the best possible promotion of our gardens to the audience of visitors and potential visitors, with raising awareness of the NGS's role as a major charity and funder of nursing and caring in the UK. Raising awareness so as to increase the number of visitors and supporters through all appropriate channels will continue to be a primary objective of NGS marketing.

Research carried out in 2015 identified the charity's existing branding as a likely barrier to raising awareness. To address this, in 2016 the Trustees agreed with the Chief Executive to carry out a review of the branding and update it as appropriate (*see section 9*).

A new element of the strategy has been to identify the NGS as a leader in the promotion of the benefits of gardens and gardening for public and individual health and well-being. The Trustees believe that this is an area of growing importance and relevance and one to which the NGS, with its long-established experience in both areas, is uniquely positioned to contribute. (*see section 12.*)

9. Rebranding

Having agreed with the Chief Executive to carry out a review of the charity's branding, the Trustees determined that an appropriate sum would be made available from the NGS Legacy Fund to cover the costs of the review and update. Accordingly, no funds raised by garden openings have been used in this review or its implementation. A steering group led by the Chief Executive was formed and a brief prepared for specialist agencies, from whom the agency Big Fish was chosen.

Big Fish presented their new brand design to the Trustees at the September Board meeting where it gained approval. The design was also presented and discussed at the County Organisers' conference in December. At the year-end, production of all publicity material with the new branding, including the annual guide to gardens open (renamed *The Garden Visitor's Handbook* for 2017), the county booklets, posters etc, was in progress in order to launch the new branding for the 2017 garden opening season.

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The new brand retains the colour yellow that has become synonymous with the charity. It introduces a new logo incorporating the charity's full name, rather than the acronym NGS in the old logo. It has adopted a more approachable, friendly tone of voice. The Trustees are confident that it will make a substantial contribution to raising awareness of the charity and improving its public profile.

10. NGS Website and Social Media Channels

As part of the rebranding exercise, a comprehensive review and upgrade of the NGS website was initiated in 2016. This work was also put out to tender and awarded to Big Fish who have a specialist web development department. At the year end the work was well under way and on schedule for launch at the same time as the general rebrand, in early 2017.

The five-year marketing and communications plan clearly identifies the NGS website and social media channels in particular, as well as other digital activity and the NGS app, as being of increasing importance in the overall strategy. They offer new and unique opportunities to engage with and develop our audience of visitors and potential visitors and they are being developed in order to maximise these opportunities.

Website usage saw substantial increase during 2016 and it is expected that once the upgraded and rebranded site is launched in early 2017 this trend will become even more evident:

Website	2015	2016	% Increase
Sessions ('000)	997	1,082	8.5%

The three main Social Media channels used by the National Garden Scheme are Facebook, Twitter, and Instagram. 2016 saw large growth for these accounts:

Channel	Followers 1 January 2016	Followers 31 December 2016	% Increase
Facebook	7,000	11,800	68%
Twitter	6,700	9,800	45%
Instagram	7,400	10,400	40%

A Social Media Strategy for 2017 has been written, to provide clarity and context to our social media communications across the year. Running in conjunction with the Marketing & Communications plan for the year, the strategy outlines that social media will be campaign-based, with focus on the long-term benefits of clear and consistent branding and messaging across both national and regional channels. When trialled at the end of 2016 on the national twitter account it was found that campaign-based digital marketing led to engagement levels increasing by 300%. Social Media Officers across the counties will be provided with regular updates on campaigns, and will be supplied with all the relevant assets for the various channels. This will create a more frequent dialogue between Head Office and the regional teams, and ensure that our social media presence is as well structured as it can be.

11. Legacies

As confirmed in the 2015 Trustees' Report, at the end of 2015 the NGS Legacy Fund was formally established as a portfolio of investments managed for the NGS by Investec Wealth & Investment. The investments are managed as part of their Master Portfolio Service, and the portfolio is classified as medium-high risk, growth. Since then the charity has received a further legacy of £36,085 from the estate of the late Gordon Brian Pascoe, for which we are most grateful.

In 2016 the Trustees agreed to the costs of the following special projects to be covered by the NGS Legacy Fund:

- The King's Fund Report (see *section 12*)
- Establishment of a fundraising strategy to develop legacies as an income stream for the NGS, with advice from Legacy Partnership
- Review and updating of the charity's brand

A large proportion of the costs of these special projects were covered by the growth in the investments in the Fund during 2016. Full details of the NGS Legacy Fund's income and expenditure for the year are shown in the accounts under Designated Funds.

**THE NATIONAL GARDEN SCHEME
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The Trustees reiterate their gratitude for the generosity of individuals who have decided to support the charity with legacy funds and they look forward to developing this support in the future.

12. Gardens and Health

In 2014 the Board of Trustees approved a new long term strategy for the National Garden Scheme to develop a leadership role in the promotion of the benefits of gardens and gardening for individual and public health and wellbeing. The initiative will be closely linked to the NGS's core activity of opening gardens and encouraging the public to visit. At the same time it will strengthen and enhance the NGS's charitable profile and activities.

In May 2016 the report commissioned by the National Garden Scheme, *Gardens and Health: Implications for Policy and Practice*, was published by The King's Fund, the UK's most prestigious healthcare think tank. The launch event at The King's Fund was attended by the Minister of State for Public Health, Jane Ellison MP, amongst an audience of senior healthcare professionals and policy makers.

The King's Fund report received extensive coverage in the national and specialist healthcare media and is now established as the benchmark for the growing interest in gardens and health which the National Garden Scheme is continuing to take a lead in promoting with new events and initiatives being planned for 2017 and beyond.

13. Constitution, Governance, Structure and Management

The National Garden Scheme is a company limited by guarantee.

Organisation

The aim of the NGS is to raise money for a group of national nursing and health charities by opening gardens of quality, character and interest to the public.

The Directors of the Company are also Charity Trustees for the purpose of charity law under the Company's Articles. The governing body of the NGS is the Board of Trustees. They are appointed for a period of three years which is renewable by mutual agreement for a possible two further periods, meaning that a Trustee can serve a maximum of nine years in a term of office.

Thereafter they must stand down for at least one year before they can be considered for re-election.

There are two different processes for Trustee selection. Regional Chairmen are nominated by their fellow county team volunteers in their region. Nominations are considered by the Board and the appointment of the most suitable candidate is made following an interview with the Chairman or Deputy Chairman and the Chief Executive. Independent Trustees are approached individually by either the Chairman or Chief Executive to join the Board on the basis of particular relevant skills and experience that they bring to the Board and the charity.

There is a maximum 15 Trustees. In addition to the Chairman, Deputy Chairman and Hon Treasurer there are six Regional Chairmen who all have to be active members of a county volunteer team. The other Board positions are filled by independent Trustees who bring specific skills and experience to the Board.

Trustees have the duty to plan and agree policy and to direct the affairs of the NGS. They are responsible for good management, setting policy, agreeing the annual report and accounts, maintaining contact with beneficiary charities and agreeing the basis and amount of donations.

The Board elects a Chairman for a term of three years who, as well as chairing the Board, represents NGS and maintains contact with counties, beneficiaries and associated organisations. A Deputy Chairman is similarly elected and supports the Chairman, acting as Chairman in his/her absence. Both positions are renewable for a further three years with the agreement of the Board.

**THE NATIONAL GARDEN SCHEME
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An Executive Committee (made up of Chairman, Deputy Chairman, Hon Treasurer, Chief Executive and one Regional Chairman in rotation) oversees the execution of the Board decisions and deals with matters delegated to it by the Board. This group monitors the NGS's business plan and budget and the running of NGS's operations.

The Audit Committee, chaired by the Hon Treasurer, oversees the financial operation of the Charity on behalf of the Board of Trustees and is responsible for reviewing and updating the risk management framework.

The Chief Executive is employed by the Board to carry out policy, and to devise and execute the charity's operational strategy. He leads the Head Office staff who provide the central governance, finance and marketing functions which assist and support the work of volunteers in County Teams with information, advice, supplies and other support. Most communication with garden owners is through the County Organisers and other team members.

The rules for the governance of NGS are laid down in the Memorandum and Articles, which were adopted in October 2009. Within this framework, day-to-day aspects including responsibilities and duties of individuals and committees, together with procedures for elections to the Board and similar matters, are defined in Standing Orders. Copies of these documents are available on request.

Trustees who have served during the period and since the period-end are set out on page 10. Trustees are provided with guidelines when appointed and most find it helpful to visit the office at Hatchlands Park, Surrey either just before or just after taking up their role. The office assists them by providing support and personal contact. The office also arranges induction and refresher days for new and existing volunteers which Trustees are able to attend.

Risk management

As confirmed in Section 5 under Financial Risk Management, the Trustees have examined the major strategic, business and operational risks which the charity faces and confirm that systems have been established to mitigate those risks. The corporate risk management for the organisation last received a detailed review in 2013 and in late 2016 the Chief Executive, with the Hon Treasurer, initiated a new review which will be presented for approval to the Board in 2017.

14. Public Benefit

The Trustees have paid due regard to the Charity Commission's guidance on public benefit in their direction of the charity's activities. The NGS's principle activity, the organisation of garden opening, is expressly designed to be available to all.

This activity is also the NGS's chief source of fundraising and, on an annual basis from funds raised by opening gardens, the NGS continues to make donations to beneficiary charities whose principle objective is public benefit in the form of nursing, caring or other support for individuals. A list of beneficiary charities is set out in section 15.

As the NGS develops its programme of promoting the benefits of gardens and gardening for public and individual health and wellbeing, the Trustees are confident that the potential for long term public benefit is substantial. The programme intends to demonstrate a combination of specific health benefits for the public as well as potential benefits to the costs of supporting public health.

15. Beneficiary Policy and Distributions

Money raised by garden openings is donated each year to beneficiary charities approved by the Board. Donations are governed by the Board's Beneficiary Policy which was last approved in September 2015 and is reviewed every three years. The policy continues to focus on nursing and caring charities and is explained further below.

The charity operates a programme of regular contact and review with beneficiary charities to ensure that NGS understands their needs and that money is put to best use.

**THE NATIONAL GARDEN SCHEME
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FOR THE YEAR ENDED 31 DECEMBER 2016**

The annual donations that the National Garden Scheme makes to its group of main beneficiaries and the number of years that the donations have been in place mean that it is the largest single charitable funder of all of them except Parkinson's UK which was only added to the group in 2016. In some cases such as Queen's Nursing Institute and Hospice UK, the NGS donations make up a substantial proportion of those charities' annual fundraising. The benefits to the circumstances of the various beneficiaries made in 2016 include co-funding with Macmillan Cancer Care a new cancer support unit in Chesterfield, Derbyshire and the donation given to Marie Curie is the equivalent of the cost of 25,000 hours for Marie Curie nurses.

The distribution of funds raised in 2016 is as follows:

Beneficiary Charity	£'000
Macmillan Cancer Support	500
Marie Curie	500
Hospice UK	500
Carers Trust	400
Queen's Nursing Institute	375
Perennial	130
Parkinson's UK	150
MS Society (Guest Charity)*	130
National Autistic Society (Gardens & Health)**	130
ABF The Soldiers' Charity	80
WRAGS (Work and Retrain as a Gardener Scheme)	65
National Botanic Garden of Wales Trainee	20
Professional Gardeners' Trust	10
Garden Museum Trainee	10
Donations to local charities as agreed with individual garden owners	99

*The Beneficiary Policy allows for a guest charity from time to time. Guest charities are appointed for a minimum of two years and, following review of the partnership, a possible third year. Guest charities are recommended by the NGS's county volunteers and criteria for selection include:

- A focus on nursing and caring is preferred but wider terms of reference could be considered for guest charities, subject to them demonstrating that they deliver value to local communities.
- Charities involved in research may be considered as guest charities, provided they can guarantee that their work brings benefits to local communities.
- Organisations which provide social benefit and which are involved in nursing and caring could be considered even if they are not charities. However, they should be constituted in some legal form as a 'social enterprise' (e.g. Community Interest Company).

** In the 2015 review of the Beneficiary Policy there was agreement to make an annual donation to a charity that is clearly working towards demonstrating the health benefits of gardens in its nursing activities. The Trustees stipulated that any charity nominated in the garden and health category must also fulfil the broader nursing and caring requirements of the beneficiary policy. The donation this year is being made to the National Autistic Society to fund a series of garden projects at autism centres and schools around the country.

The donations above to ABF the Soldiers' Charity, WRAGS, National Botanic Gardens of Wales and Professional Gardeners' Trust, follow a change in the Beneficiary Policy regarding the funding of apprentices and trainee gardeners, as discussed during the review of the policy in 2015. The Trustees confirmed that the support of a set group of nursing charities would continue to be the primary focus of the charity's donations policy, and should account for the great majority of the donations made annually. However, it was agreed to continue limited support of garden trainees and apprentices, in recognition of the fact that the charity's funds are raised from gardens.

In previous years, the charity has supported training schemes with the National Trust, and for a three-year project (2014-16) with the Royal Horticultural Society. The change in policy means that this funding will now be focused on a wider variety of – often smaller – charities who offer support and training schemes for gardeners.

**THE NATIONAL GARDEN SCHEME
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16. Funds held by the NGS as Custodian Trustee on behalf of others

The Elsie Wagg Fund is an endowment made to the National Garden Scheme, as part of the Queen's Nursing Institute before it was incorporated as a separate charity. Under the terms of the endowment, although the capital rests within the NGS, the income on capital is paid each year to the Queen's Nursing Institute. The investments are managed as part of the Investec Wealth & Investment's Master Portfolio Service and the portfolio is classified as medium-high risk, growth.

In addition, the NGS Elspeth Thompson Bursary Fund (established by the Board in 2011 and held as cash in a designated fund) allows for a series of annual bursaries to be selected in conjunction with the Royal Horticultural Society. These bursaries are given to support specific community gardening projects all over England and Wales and since its establishment the Bursary Fund has proved of considerable value to different local communities.

As confirmed in various sections of the Trustees Report, designated funds also include the NGS Legacy Fund.

17. Statement of Trustees' Responsibilities

Company law requires the Trustees to prepare Financial Statements for each financial period which give a true and fair view of the state of affairs of the company's activities during the period and of its financial position at the end of the period. In preparing those Financial Statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether the policies are in accordance with applicable accounting standards.
- Prepare the financial statements on the going concern basis unless it is not appropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charitable Company and to enable them to ensure that the Financial Statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Trustees confirm that there is no information relevant to the audit of which the auditors are unaware and that the Trustees have taken the necessary steps to ensure they are aware of all relevant audit information and made sure the auditors are aware of it.



A. Martin McMillan OBE
Chairman of the Board of Trustees
24 March 2017

**THE NATIONAL GARDEN SCHEME
TRUSTEES' ANNUAL REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2016**

Reference and Administrative Information

Patron: His Royal Highness The Prince of Wales

President: Mary Berry CBE

Vice-Presidents:

Elizabeth Anton; Angela Azis; Ann Budden; Fred Carr; Daphne Foulsham MBE;
Penny Snell CBE; Michael Toynbee DL.

Ambassadors:

Emma Bridgewater CBE; Alan Gray; Joe Swift

The Board of Trustees

Chairman: A. Martin McMillan OBE

Deputy Chairman: Heather Skinner*

Hon Treasurer: Andrew Ratcliffe FCA *

Miranda Allhusen*, Peter Clay, Susan Copeland*, Rosamund Davies*, Bridget Marshall *,
Colin Olle*, Sue Phipps *, Patrick Ramsay, Sir Richard Thompson KCVO, Rupert Tyler

*(*member of an NGS county team)*

All Trustees were in office for the whole of the year.

Chief Executive: George Plumptre

Head Office

Hatchlands, East Clandon, Guildford, Surrey GU4 7RT

Auditor

Gilbert Allen & Co, Churchdown Chambers, Borden, Tonbridge, Kent TN9 1NR

Bankers

The Co-operative Bank, 9 Prescott Street, London. E1 8AZ

Investment Advisers

Royal London Asset Management Limited, 55 Gracechurch Street, London EC3V 0RL
Investec Wealth & Investment Limited, 30 Gresham Street, London EC2V 7QN

Charity Number 1112664 Company Number 5631421 limited by guarantee
NGS Enterprises Limited Company Number 3862405 limited by guarantee

**REPORT OF THE INDEPENDENT AUDITOR TO THE TRUSTEES OF
THE NATIONAL GARDEN SCHEME
(A COMPANY LIMITED BY GUARANTEE)**

We have audited the financial statements of The National Garden Scheme for the year ended 31 December 2016 (which comprise the Statement of Financial Activities, the Statement of Financial Position and the Statement of Cash Flows) and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of Trustees' and Auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 9 the Trustees' (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 December 2016 and of its 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 Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Trustees' Annual Report (including the Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITOR TO THE TRUSTEES OF
THE NATIONAL GARDEN SCHEME
(A COMPANY LIMITED BY GUARANTEE)**

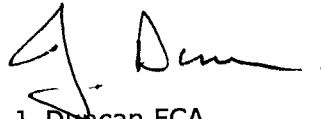
Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us;
- The financial statements are not in agreement with the accounting records and returns;
- Certain disclosures of Trustees' remuneration specified by law are not made;
- We have not received all the information and explanations we require for our audit; or
- The Trustees were not entitled to prepare the financial statements in accordance with the small companies regime.

Churchdown Chambers
Bordyke
Tonbridge
Kent TN9 1NR

30 March 2017



J. Duncan FCA
Senior Statutory Auditor
for and on behalf of
GILBERT ALLEN & CO.
Registered Auditor
Chartered Accountants

THE NATIONAL GARDEN SCHEME
STATEMENT OF FINANCIAL ACTIVITIES (SOFA)
FOR THE YEAR ENDED 31 DECEMBER 2016

Total Year to 31.12.2015 £		Notes	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total Year to 31.12.2016 £
	Income from:					
3,491,714	Garden income		3,720,290	-	-	3,720,290
331,269	Other fundraising activities	(2)	311,520	-	-	311,520
176,340	Donations and legacies	(3)	140,567	36,085	-	176,652
14,417	Investment income	(4)	10,435	7,696	1,747	19,878
4,013,740	Total income		4,182,812	43,781	1,747	4,228,340
	Expenditure on:					
2,805,047	Charitable activities	(5)	3,099,002	15,408	1,747	3,116,157
914,856	Fundraising activities	(6)	887,984	91,700	-	979,684
245,850	Management and administration		224,016	2,768	-	226,784
3,965,753	Total expenditure		4,211,002	109,876	1,747	4,322,625
47,987	Net income / (expenditure)		(28,190)	(66,095)	-	(94,285)
802	Profit on revaluation of investment assets		3,058	48,851	4,494	56,403
48,789	Net movement in funds		(25,132)	(17,244)	4,494	(37,882)
845,179	Funds brought forward at 1 January 2016		424,087	398,134	71,747	893,968
893,968	Funds carried forward at 31 December 2016		398,955	380,890	76,241	856,086

THE NATIONAL GARDEN SCHEME
Company number 5631421
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

31.12.2015				Unrestricted	Designated	Restricted	31.12.2016
Total			Notes	Funds	Funds	Funds	Total
£				£	£	£	£
560	Fixed assets	Tangible assets	(10)	8,831	-	-	8,831
-		Intangible assets	(10)	53,462	-	-	53,462
254,526	Financial assets	Investments	(11)	-	349,204	76,241	425,445
<u>255,086</u>				<u>62,293</u>	<u>349,204</u>	<u>76,241</u>	<u>487,738</u>
	Current assets						
33,174		Trade and other receivables	(12)	50,836	-	-	50,836
3,464,176		Cash and cash equivalents	(13)	3,468,483	56,178	-	3,524,661
<u>3,497,350</u>				<u>3,519,319</u>	<u>56,178</u>	<u>-</u>	<u>3,575,497</u>
	Less:						
	Creditors: amounts falling due within one year						
2,700,000		Funds not yet distributed	(5)	3,000,000	-	-	3,000,000
158,468		Trade and other payables	(14)	182,657	24,492	-	207,149
<u>2,858,468</u>				<u>3,182,657</u>	<u>24,492</u>	<u>-</u>	<u>3,207,149</u>
638,882	Net current assets			336,662	31,686	-	368,348
<u>893,968</u>	Net assets			<u>398,955</u>	<u>380,890</u>	<u>76,241</u>	<u>856,086</u>
	Represented by:						
424,087	Unrestricted funds			398,955	-	-	398,955
398,134	Designated funds		(8)	-	380,890	-	380,890
71,747	Restricted funds		(9)	-	-	76,241	76,241
<u>893,968</u>				<u>398,955</u>	<u>380,890</u>	<u>76,241</u>	<u>856,086</u>

Approved by the trustees on 24 March 2017

A. Martin McMillan
Chairman of the Board of Trustees



THE NATIONAL GARDEN SCHEME
STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

2015		2016
£		£
	Operating activities	
2,725,759	Net movement in funds before charitable activities	3,021,872
2,042	Add back depreciation charge	4,975
802	Profit on revaluation of investment assets	56,403
4,611	Decrease (increase) in debtors	(17,662)
72,401	(Decrease) increase in creditors	48,681
2,805,615	Cash generated by operating activities	3,114,269
(2,637,000)	Payments to beneficiaries	(2,799,002)
(27,008)	Designated and restricted payments	(17,155)
141,607	Net cash generated by operating activities	298,112
	Investing activities	
(839)	Purchase of fixed assets (net)	(66,708)
(135,343)	Investment purchases (net)	(170,919)
(136,182)		(237,627)
5,425	Increase in cash and cash equivalents in the year	60,485
3,458,751	Cash at bank at 1 January 2016	3,464,176
3,464,176	Cash at bank at 31 December 2016	3,524,661

**THE NATIONAL GARDEN SCHEME
NOTES ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. Principal accounting policies

(a) Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and reporting by charities (SORP 2015), and in accordance with Financial Reporting Standard 102 (FRS 102). NGS is a public benefit entity and has applied the relevant public benefit provisions of FRS 102. NGS is preparing its financial statements in accordance with FRS 102 for the first time and consequently has applied the first time adoption requirements. An explanation of how this transition has affected these financial statements is provided in note 17. The Board of the NGS is satisfied that NGS has adequate resources to continue in operation for the foreseeable future and, accordingly, these financial statements have been prepared on the basis that NGS is a going concern.

(b) Group financial statements

NGS has a single wholly owned subsidiary, NGS Enterprises Limited, but consolidated financial statements have not been prepared as these would not be materially different from the financial statements of NGS.

(c) Income recognition

Garden income, comprising admission charges and the sale of refreshments, plants and other items at a garden opening, is recognised as income when received from the garden owner. Visiting guides revenue, comprising the sale of Gardens to Visit and County booklets, is recognised as income at the point of sale. Advertising revenue is recognised as income in the year of the publication in which the relevant advertising appears. Sponsorship, donations and legacies are recognised as income when NGS is entitled to the relevant funds.

(d) Employment benefits

Short term employment benefits, such as salaries, are recognised as an expense in the year in which the employee renders services to NGS other than for compensated absences for which any such accrual would not be material. Membership of People's Pension, a defined contribution retirement benefit scheme, is offered to all employees of NGS and contributions to that scheme are recognised as an expense in the year to which they relate.

(e) Fixed assets

Fixed assets are stated at cost less accumulated depreciation. Leasehold improvements, equipment and computer software costing less than £1,000 are recognised as expenditure in the year of acquisition. Expenditure on all other such fixed assets is capitalised at cost and depreciation is provided on a straight line basis over their expected useful lives as follows:

- Leasehold improvements over the period of the lease
- Equipment and software expenditure over 3 years.

(f) Financial assets

Financial assets, which comprise quoted investments, are stated at fair value.

(g) Cash and cash equivalents

Cash includes cash in hand and deposits. Cash equivalents are short term, highly liquid investments (deposits of three months or less) that are readily convertible to known amounts of cash with insignificant risk of change in value.

**THE NATIONAL GARDEN SCHEME
NOTES ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. Other fundraising activities income	2015	2016
	£	£
Visiting guides	103,732	88,821
Advertising	203,631	193,997
Other income	23,906	28,702
	<u>331,269</u>	<u>311,520</u>

3. Donations and legacies	2015	2016
	£	£
Sponsorship	105,000	105,000
Donations	55,410	35,567
Legacies	15,930	36,085
	<u>176,340</u>	<u>176,652</u>

4. Investment income	2015	2016
	£	£
Bank interest received	14,417	12,182
Income from quoted investments	-	7,696
	<u>14,417</u>	<u>19,878</u>

5. Unrestricted Charitable activities expenditure	Due at 31.12.2015 £	Paid in year £	Distribution £	Due at 31.12.2016 £
Nursing Beneficiaries				
The Queen's Nursing Institute	250,000	(250,000)	375,000	375,000
Macmillan Cancer Support	500,000	(500,000)	500,000	500,000
Marie Curie	500,000	(500,000)	500,000	500,000
Hospice UK	500,000	(500,000)	500,000	500,000
Carers Trust	375,000	(375,000)	400,000	400,000
Perennial	130,000	(130,000)	130,000	130,000
Parkinson's UK	100,000	(100,000)	150,000	150,000
MS Society	100,000	(100,000)	130,000	130,000
Horatio's Garden	130,000	(130,000)	-	-
National Autistic Society (Gardens & Health Beneficiary)	-	-	130,000	130,000
ABF The Soldiers' Charity	-	-	80,000	80,000
WRAGS (Work & Retrain as a Gardener Scheme)	-	-	65,000	65,000
National Botanic Garden Wales	-	-	20,000	20,000
Professional Gardeners' Trust	-	-	10,000	10,000
Other Beneficiaries				
The National Trust Gardening Careership Scheme	30,000	(30,000)	-	-
Garden History Museum	10,000	(10,000)	10,000	10,000
Royal Horticultural Society	75,000	(75,000)	-	-
Local charities nominated by garden owners	-	(99,002)	99,002	-
Total Funds for Distribution	<u>2,700,000</u>	<u>(2,799,002)</u>	<u>3,099,002</u>	<u>3,000,000</u>

**THE NATIONAL GARDEN SCHEME
NOTES ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

6. Fundraising activities expenditure	2015	2016
	£	£
Garden opening	507,293	498,910
Marketing and publicity	407,563	480,774
	<u>914,856</u>	<u>979,684</u>

7. Staff costs, trustees remuneration and interests

Key management personnel

Key management personnel are those persons having authority for planning, directing and controlling the activities of NGS. These comprise members of the Board and the Chief Executive. The total remuneration of the NGS's key management personnel was £88,400 (2015: £84,287) for the year.

Board members

NGS board members are the Trustees of NGS for charitable law purposes. Trustees received no remuneration and waived no remuneration during the year (2015: £nil). Expenses relating to travel and subsistence of £11,976 (2015: £9,538) were reimbursed to 13 (2015:13) Trustees. Of this amount, an equivalent donation of £10,259 (2015 £7,974) was received with gift aid. NGS maintains indemnity insurance for its Trustees, officers and employees at a cost of £1,390 (2015: £1,259).

Staff costs:	2015	2016
	£	£
Salaries	351,701	334,039
Social security and pension costs	64,999	60,036
	<u>416,700</u>	<u>394,075</u>

The average weekly number of employees during the period was:	<u>11</u>	<u>11</u>
---------------------------------------------------------------	-----------	-----------

8. Designated funds

Designated funds comprise those funds which the Trustees have set aside for specific future purposes.

	31.12.2015	Incoming Resources	Outgoing Resources	Revaluation surplus	31.12.2016
	£	£	£	£	£
The NGS Elspeth Thompson Bursary Fund	67,011	-	(15,408)	-	51,603
The NGS Legacy Fund	331,123	43,781	(94,468)	48,851	329,287
	<u>398,134</u>	<u>43,781</u>	<u>(109,876)</u>	<u>48,851</u>	<u>380,890</u>

For details of Designated and Restricted funds see also section 16 of the Trustees Annual report.

9. Restricted funds

Restricted funds are funds which have been given for a particular purpose.

	31.12.2015	Incoming Resources	Outgoing Resources	Revaluation surplus	31.12.2016
	£	£	£	£	£
Elsie Wagg Gardens Scheme Fund	<u>71,747</u>	<u>1,747</u>	<u>(1,747)</u>	<u>4,494</u>	<u>76,241</u>

**THE NATIONAL GARDEN SCHEME
NOTES ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

10. Fixed assets	Tangible Equipment £	Intangible Software £	Leasehold improvements £	Total £
Cost at 1 January 2016	108,479	-	1	108,480
Additions in year	13,247	53,462	-	66,709
Elimination of fully depreciated assets	<u>(100,086)</u>	<u>-</u>	<u>(1)</u>	<u>(100,087)</u>
Cost at 31 December 2016	<u>21,640</u>	<u>53,462</u>	<u>-</u>	<u>75,102</u>
Depreciation at 1 January 2016	107,920	-	-	107,920
Charge in year	4,975	-	-	4,975
Elimination of fully depreciated assets	<u>(100,086)</u>	<u>-</u>	<u>-</u>	<u>(100,086)</u>
Depreciation at 31 December 2016	<u>12,809</u>	<u>-</u>	<u>-</u>	<u>12,809</u>
Net book value at 31 December 2016	<u>8,831</u>	<u>53,462</u>	<u>-</u>	<u>62,293</u>
Net book value at 31 December 2015	<u>559</u>	<u>-</u>	<u>1</u>	<u>560</u>
11. Financial assets			2015	2016
			£	£
Fair value at 1 January 2016			70,945	254,526
Additions in the year			182,779	114,516
Increase (Decrease) in value in the year			802	56,403
Fair value at 31 December 2016			<u>254,526</u>	<u>425,445</u>
Investments at fair value comprised:				
Fixed interest			50,834	39,244
UK equities			126,259	146,971
Overseas equities			52,817	188,516
Alternative assets			6,271	31,922
Property			<u>18,345</u>	<u>18,792</u>
			<u>254,526</u>	<u>425,445</u>
12. Trade and other receivables			2015	2016
			£	£
Trade debtors			12,159	2,557
Prepayments			21,014	23,786
Other debtor			-	24,492
NGS Enterprises Limited			<u>1</u>	<u>1</u>
			<u>33,174</u>	<u>50,836</u>
13. Cash and cash equivalents			2015	2016
			£	£
Co-Operative Bank			635	217,028
Royal London Cash Management			3,346,320	3,303,058
Investec			117,221	4,575
			<u>3,464,176</u>	<u>3,524,661</u>
14. Trade and other payables			2015	2016
			£	£
Trade creditors			37,238	20,204
Accruals			5,200	59,617
HMRC - VAT			55,221	64,032
Deferred income			36,891	35,153
Other creditors			<u>23,918</u>	<u>28,143</u>
			<u>158,468</u>	<u>207,149</u>

**THE NATIONAL GARDEN SCHEME
NOTES ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

16. Lease obligations

At 31 December 2016 the Charitable Company had an annual commitment under a non-cancellable operating lease (property rental) as set out below:

	2015	2016
	£	£
Operating lease which expires:		
Within one year	21,000	21,000
Within two to five years	42,000	14,000
	<u>63,000</u>	<u>35,000</u>

17. Change in accounting policies for transition to FRS 102

These are the first financial statements prepared by NGS in accordance with FRS 102. The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2016, the comparative information for the year ended 31 December 2015 and the opening balance sheet as at 1 January 2015. In doing this certain amounts reported in previous financial statements prepared in accordance with the previous accounting policies have been adjusted to comply with the current accounting policies. The effect of these adjustments is set out in the tables below.

There is no effect on the statement of cash flows. The adjustment in respect of advertising revenue arises on the change from recognising such revenue on receipt to recognising it in the year of the publication in which the relevant advertising appears.

Financial position	1 January 2015	31 December 2015
	£	£
Total funds as originally reported	883,870	936,815
Advertising revenue	(34,882)	(36,891)
Other items	(3,809)	(5,956)
Total funds as restated	<u>845,179</u>	<u>893,968</u>

Financial activities	Year ended 31 December 2015
	£
Net movement in funds as originally reported	52,945
Advertising revenue	(2,009)
Other items	(2,147)
Net movement of funds as restated	<u>48,789</u>