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COMPANY

NUMBER: 00169606

The Horticultural Trades Association

(a company limited by guarantee)

Report and Financial Statements

Year Ended

31 December 2017

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The Horticultural Trades Association

Report and financial statements for the year ended 31 December 2017

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Directors

A Taylor
A Wigglesworth
R Hewitt
A Shepherd
A Vick
S Fraser
R Pyrah
M Bent

Registered office

Horticulture House, Chilton, Didcot, Oxfordshire, OX11 0RN

Company number

00169606

Auditors

BDO LLP, Level 12, Thames Tower, Station Road, Reading, Berkshire, RG1 1LX

Bankers

Barclays Bank plc, Leicester, LE87 2BB

Solicitors

Field Seymour Parkes, The Old Coroner's Court, No.1 London Street, Reading, Berkshire, RG1 4QW

Stockbrokers

JP Morgan International Bank Limited, 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium

Kleinwort Benson Private Bank, 14 St Georges Street, London, W1S 1FE

Smith & Williamson, 25 Moorgate, London, EC2R 6AY

Legal form

Private company limited by guarantee

The Horticultural Trades Association

President's review for the year ended 31 December 2017

Every year brings changes for the industry and this past year has been no exception. The full impact of Brexit is yet to be seen, but with such uncertainty it is more important than ever for your trade association to represent its members and ensure that the industry voice is heard through lobbying activity.

Plant health has been very high on the agenda for the past year and the HTA has been at the centre of industry-wide discussions about developing methods to protect our biodiversity and our industry. With the recognised threat that the disease *Xylella* poses we developed an HTA responsible sourcing statement that has been taken on by almost 200 businesses including 100% of the exhibitors at the HTA National Plant Show. We are currently engaged with members, other sector stakeholders, Defra and the Government to develop an industry-wide Plant Health standard that, although it is likely to become a mandatory requirement for public sector plant sourcing, we hope will also become a voluntary standard for the trade in plants for retail. Both Sir Nicholas Bacon, President of the RHS and Lord Gardiner, Parliamentary Under Secretary of State for Rural Affairs and Biosecurity, see the HTA as central to this initiative.

The HTA has been successful in securing a three-year EU marketing grant worth €100,000 per year to promote the environmental benefits of plants and horticulture. The grant is for marketing to policy makers, planners and built environment professionals, and is focussed on promoting the ecosystem services which plants provide in urban areas, including flood alleviation and air pollution absorption.

The National Garden Gifting schemes are the UK's longest running gardening promotion and continue to evolve rapidly. Over 2018 we have seen more and more members begin to sell as well as accept the National Garden Gift Card. In the first quarter of 2017 sales of gift cards accounted for 2% of members' garden gift sales; by June 2018 this had grown to around 25%. We have also started discussions with organisations whose members are keen gardeners such as English Heritage. These partnerships have the potential to expand use of gifting substantially, locking more footfall in to HTA members. Unsurprisingly, the 'Beast from the East' and surrounding weather adversely affected members' sales of vouchers and cards by an estimated £500k.

The HTA's strategy with its gifting schemes is to focus on member satisfaction, leading to greater in-store presence for the brand and increased sales. With this in mind, substantial work is going into improving point of sale (POS), training and support materials, and member involvement in the direction of the schemes. This includes a partnership with Greenfingers charity to use our POS to raise awareness of the charity among gardeners. Promotion of the gifting schemes to consumers is designed to support the HTA's wider aim of promoting gardening to the public. For instance, the gifting schemes' social media, POS and other marketing infrastructure were used to support National Children's Gardening Week, a new initiative that involved around 300 garden centres and reached around half a million consumers through social media with ideas for gardening projects with children.

We continue to help promote gardening to the public through the various channels. This year's industry exhibit at the RHS Chelsea Flower Show 'The Great Escape' brought together suppliers and retailers from across the country and achieved a bronze medal. In more recent weeks, we have had excellent dialogue with the Producers of BBC Gardeners' World ensuring that the industry voice is heard on topics such as plant health and plastics in horticulture.

Since moving to Horticulture House in October 2016 the venue continues to provide a great facility not only for the HTA, but also for members, the wider industry and local businesses to utilise. Alongside our longstanding tenant AIPH (International Association of Horticulture Producers) and the CIH (Chartered Institute of Horticulture) we have welcomed three other local businesses as tenants.

The Directors' report and financial statements for 2017 follow this review. As set out in previous years, the new UK Financial Reporting Standard, FRS102, which was effective from 1 January 2014, has had a major impact on our reported results. This is mainly because we are no longer permitted to recognise, at the time of sale, a credit for the extent to which National Garden Gift Vouchers are not expected to be redeemed (under FRS102 the credit can only be recognised on expiry of our financial liability). We have therefore had to report a deficit in excess of £1million for each of 2014, 2015 and 2016, which has substantially reduced net assets.

The Horticultural Trades Association

President's review for the year ended 31 December 2017 (continued)

The result for 2017 and future years is not affected in the same way. We still cannot anticipate in our 2017 result the credit relating to vouchers issued during 2017, but we can now recognise the credit relating to vouchers issued during 2014 as they all expired on 31 December 2017.

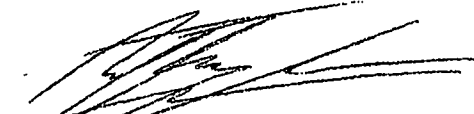
As a consequence of this, coupled with continuing strong sales of National Garden Gifting products, a good performance from our investment portfolio and careful control of operating costs, I am very pleased to report a net surplus for the year of £457,514, increasing net assets at the year end to £922,096. It should be noted that this positive result is after charging £272,562 for the one-off amnesty agreed by the Board early in 2017 for expired vouchers originally sold in 2013, and there has also been a higher than expected level of continuing redemptions of vouchers originally issued in 2012 and earlier years which should similarly not recur.

Your Board and the Executive have worked together to create a sustainable financial model for the future of the HTA.

Any trade association is at its strongest with healthy input from members, keeping it fit for purpose and evolving to reflect the continuing changing needs of the membership. For general membership matters, please contact your Council representatives to feedback your opinions and influence at their meetings with the Executive and Chairman of the Board. The Chairs of the specialist Groups and Committees are members just like you and are happy to represent any sector specific issues. Alternatively, you can contact any of the Executive team directly.

The HTA is here to work for you, so I encourage you to have your say and contribute wherever you can at meetings, conferences, events, and with your representatives.

Thank you for your continued support.



A Taylor
President

Date 5th SEPTEMBER '18

The Horticultural Trades Association

Directors' report for the year ended 31 December 2017

The Directors present their report together with the audited financial statements of the Company for the year ended 31 December 2017.

Principal activities

The Company is the principal trade association representing ornamental growers, garden retailers, landscapers and suppliers.

Result for the year, net assets and financing

The total comprehensive income for the financial year, after taxation, amounted to £457,514 (2016 – total comprehensive deficit of £1,204,261) on a turnover of £4,576,620 (2016 - £3,461,075). Net assets at 31 December 2017 were £922,096 (2016 - £464,582).

Gift voucher and card sales remained at a level consistent with the prior year. The launch of Member Gift Cards in 2017 has generated additional income.

The total of unrestricted cash balances and current asset investments at 31 December 2017 was £12.2m (2016 - £13.1m). The Company had net current liabilities at 31 December 2017 of £4.3m (2016 – £6.0m) after accounting for a liability estimated to be between £3m and £4m for National Garden Gift Vouchers which are not expected to be redeemed. Financial liabilities also include approximately £20m (2016 - £20m) of other National Garden Gift Vouchers and Garden Gift Cards, the liability for which will in practice be discharged over several years. Bearing in mind the timing of cash flows from the National Garden Gifting schemes the Directors have concluded that the Company continues to have adequate cash resources for its requirements for at least 12 months from the date of approval of these financial statements.

Directors

The Directors who served during the year and subsequently were:

A Taylor* (President)	
A Wigglesworth* (Past President)	
S Green (Past President)	(resigned 12 September 2017)
C Paris	(resigned 9 March 2017)
R Hewitt*	
A Shepherd	
G Caesar	(resigned 26 September 2017)
K White	(resigned 19 March 2018)
A Vick	
C Ramsden	(resigned 26 June 2018)
S Fraser	(appointed 12 September 2017)
R Pyrah	(appointed 26 June 2018)
M Bent	(appointed 26 June 2018)

* Member of the Audit Committee

Qualifying third party indemnity provisions

The Company has put in place qualifying third party indemnity provision for all of the Directors of The Horticultural Trades Association.

The Horticultural Trades Association

Directors' report for the year ended 31 December 2017 (continued)

Directors' responsibilities statement

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors 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 Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's Auditors for the purposes of their audit and to establish that the Auditors are aware of that information. The Directors are not aware of any relevant audit information of which the Auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as Auditors will be proposed at the annual general meeting.

In preparing this report, the Directors have taken advantage of the exemptions available to small companies under the Companies Act 2006.

On behalf of the Board



A Taylor
President

Date 5th SEPTEMBER '18

The Horticultural Trades Association

Independent Auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HORTICULTURAL TRADES ASSOCIATION

Opinion

We have audited the financial statements of The Horticultural Trades Association ("the Company") for the year ended 31 December 2017 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in members' funds, 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 Company's affairs as at 31 December 2017 and of its surplus 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.

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 Company 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 Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company'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.

The Horticultural Trades Association

Independent Auditor's report (*continued*)

Other information

The Directors 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, except to the extent otherwise explicitly stated in our report, 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

The Horticultural Trades Association

Independent Auditor's report (*continued*)

Responsibilities of Directors

As explained more fully in the Directors' report, the Directors 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 Directors 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 Directors are responsible for assessing the Company'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 Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our Auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members 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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Nick Gibb (*senior statutory auditor*)
For and on behalf of BDO LLP, statutory auditor
Reading
United Kingdom

Date: **5 September 2018**

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

The Horticultural Trades Association

Statement of comprehensive income for the year ended 31 December 2017

	Note	2017 £	2016 £
Sale of gift vouchers/cards		25,584,662	25,510,660
Turnover	3	4,576,620	3,461,075
Cost of sales		(441,586)	(463,786)
Gross profit		4,135,034	2,997,289
Other operating charges		(4,231,205)	(4,798,411)
Other operating income	4	87,842	83,267
Operating deficit	5	(8,329)	(1,717,855)
Income from current asset investments	8	40,173	88,137
Changes in fair value of current asset investments		(524,131)	775,986
Gain/loss on disposal of current asset investments		891,261	(493,964)
Interest receivable and similar income	9	8,471	41,365
Interest payable and similar charges	10	(3,347)	(19,806)
Surplus/(deficit) on ordinary activities before taxation		404,098	(1,326,137)
Taxation on surplus/(deficit) on ordinary activities	11	(10,334)	28,376
Surplus/(deficit) for the financial year		393,764	(1,297,761)
Other comprehensive income for the year			
Change in fair value of freehold land and buildings	13	63,750	93,500
Total comprehensive income/(deficit) for the year		457,514	(1,204,261)
Transitional impact in 2014, 2015 and 2016 of not recognising until expiry the benefit of cards and vouchers not expected to be redeemed			
Total comprehensive profit/(deficit) for the year, as stated above			(1,204,261)
Estimated benefit not recognisable until expiry			1,200,000
Adjusted total comprehensive surplus/(deficit) for the year			(4,261)

All amounts relate to continuing activities.

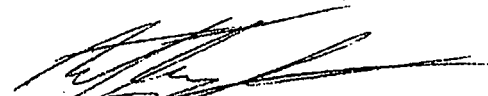
The notes on pages 11 to 24 form part of these financial statements.

The Horticultural Trades Association

Balance sheet at 31 December 2017

Company number 00169606	Note	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Intangible assets	12		74,617		95,000
Tangible assets	13		5,149,778		6,354,892
			<u>5,224,395</u>		<u>6,449,892</u>
Current assets					
Stocks	14	104,845		128,556	
Debtors	15	7,580,344		6,885,707	
Investments	16	11,065,554		10,969,452	
Cash at bank and in hand	17	2,658,194		3,838,240	
			<u>21,408,737</u>	<u>21,821,955</u>	
Creditors: amounts falling due within one year					
Financial instruments in circulation	18	(23,423,521)		(23,856,154)	
Other creditors	18	(2,271,250)		(3,932,211)	
			<u>(25,694,771)</u>	<u>(27,788,365)</u>	
Net current liabilities			<u>(4,286,034)</u>		<u>(5,966,410)</u>
			<u>938,361</u>		<u>483,282</u>
Provision for liabilities	20		<u>(16,265)</u>		<u>(18,700)</u>
Net assets			<u>922,096</u>		<u>464,582</u>
Members' funds					
Revaluation reserve			127,250		93,500
Profit and loss account			794,846		371,082
			<u>922,096</u>		<u>464,582</u>

The financial statements were approved by the Board of Directors and authorised for issue on 5th SEPTEMBER '18


A. Taylor
President

The notes on pages 11 to 24 form part of these financial statements.

The Horticultural Trades Association

Statement of changes in members' funds for the year ended 31 December 2017

	Revaluation reserve £	Profit and loss account £	Members' funds £
As at 1 January 2017	93,500	371,082	464,582
Comprehensive profit for the year:			
Profit for the year	-	393,764	393,764
Other comprehensive income:			
Change in fair value of freehold land and buildings	63,750	-	63,750
Realised on disposal of freehold land and buildings	(30,000)	30,000	-
Total comprehensive income for the year	33,750	423,764	393,764
As at 31 December 2017	127,250	794,846	922,096
	Revaluation reserve £	Profit and loss account £	Members' funds £
As at 1 January 2016	-	1,668,843	1,668,843
Comprehensive deficit for the year:			
Deficit for the year	-	(1,297,761)	(1,297,761)
Other comprehensive income:			
Change in fair value of freehold land and building	93,500	-	93,500
Total comprehensive income/(deficit) for the year	93,500	(1,297,761)	(1,204,261)
As at 31 December 2016	93,500	371,082	464,582

The notes on pages 11 to 24 form part of these financial statements.

The Horticultural Trades Association

Notes forming part of the financial statements for the year ended 31 December 2017

1 Accounting policies

The Horticultural Trades Association is a company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the Company's operations and its principal activities are set out in the Directors' report. The financial statements have been prepared in accordance with FRS 102, Section 1A Small Entities.

The preparation of financial statements in compliance with FRS 102, Section 1A Small Entities requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies as outlined in note 2.

The following principal accounting policies have been applied:

Going concern

The Directors have reviewed the Company's business plan and forecasts for a period of at least 12 months from the signing of these financial statements and have discussed and evaluated relationships with key suppliers and customers and the risks associated with the Company's investment portfolio.

The Company had net current liabilities at 31 December 2017 of £4.3m (2016 – £6.0m) after accounting for a liability estimated to be between £3m and £4m for National Garden Gift Vouchers which are not expected to be redeemed. Financial liabilities also include approximately £20m (2016 – £20m) of other National Garden Gift Vouchers and Garden Gift Cards, the liability for which will in practice be discharged over several years.

Bearing in mind the timing of cash flows from the National Garden Gifting schemes the Directors have concluded that the Company continues to have adequate cash resources for its requirements for at least 12 months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Turnover

Turnover represents the recognised value of goods and services provided and is stated net of trade discounts and VAT.

Membership subscriptions are recognised as turnover in the period to which they relate. Subscriptions in advance are treated as deferred income.

Commission on National Garden Gift Vouchers is substantially recognised on the date of sale when the Company has transferred the significant risks and rewards of ownership to the buyer and it is probable that the Company will receive the previously agreed upon payment. A small fixed percentage of the commission is deferred until the voucher is redeemed or the financial obligation has expired. Vouchers are sold and redeemed under contract within a closed community of members.

Commission on Garden Gift Cards is recognised at the point of sale. Garden Gift Cards are sold via an agency agreement with third parties and redeemed under contract within a closed community of members.

Any residual financial liability relating to National Garden Gift Vouchers and Garden Gift Cards is released to turnover on expiry of the relevant obligation.

The Horticultural Trades Association

Notes forming part of the financial statements for the year ended 31 December 2017

1 Accounting policies (*continued*)

Financial assets

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are held at amortised cost.

National Garden Gift Vouchers and Garden Gift Cards in circulation are held at the value of the financial obligation until that obligation has expired.

Investments

Investments in listed company shares, which have been classified as current asset investments, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of comprehensive income for the period.

Tangible fixed assets and depreciation

Freehold properties are stated at their fair value. Tangible fixed assets other than freehold properties are stated at historical cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold buildings	- 2.5% straight line
Freehold improvements	- 10% straight line
Motor vehicles	- 25% reducing balance
Fixtures and fittings	- 10% - 33% reducing balance

Freehold land is not depreciated.

A surplus or deficit on revaluation of freehold buildings is recognised in other comprehensive income in the Statement of Comprehensive Income, except to the extent that a deficit exceeds accumulated gains, in which case the excess is recognised in profit or loss.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other comprehensive income or losses' in the Statement of comprehensive income.

Intangible fixed assets

Intangible assets purchased are stated at historical cost less amortisation.

The right to host trade events is being amortised over its estimated useful life of 5 years.

The Horticultural Trades Association

Notes forming part of the financial statements for the year ended 31 December 2017 (*continued*)

1 Accounting policies (*continued*)

Stocks

Stocks consist of books, leaflets, deactivated gift cards and gift vouchers. These are stated at the lower of cost and net realisable value after making provisions for obsolete or slow moving items.

At each reporting date, stock is assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to sell. The impairment loss is recognised immediately in the surplus or deficit for the period.

Operating leases

Rentals under operating leases are charged to the surplus or deficit on a straight line basis over the lease term.

Pensions

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the scheme in respect of the year.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation. Timing differences include fair value changes in current asset investments.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

Members' funds

The Company's members' funds are made up of:

- Revaluation reserve representing gains made on the revaluation of fixed assets.
- Profit and loss account representing cumulative profits or losses for the period.

The Horticultural Trades Association

Notes forming part of the financial statements for the year ended 31 December 2017 (*continued*)

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the Directors have made the following judgements:

- Determination of whether there are indicators of impairment of the Company's tangible assets and intangible assets. Factors taken into consideration in reaching such a judgement include the economic viability and expected future financial performance of the asset.
- Determination of the appropriate amount of commission revenue to defer until a National Garden Gift Voucher is redeemed. Factors taken into consideration in reaching such a judgement include the estimated costs to the Company of providing the related administration service.

Other key sources of estimation uncertainty

- *Tangible fixed assets (see note 13)*

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. Certain assets are maintained at fair value as determined annually by a valuation of the property at hand.

- *Financial instruments in circulation*

Determination of the allowance required for vouchers issued prior to FRS102 transition date which are not expected to be redeemed.

The Horticultural Trades Association

Notes forming part of the financial statements
for the year ended 31 December 2017 (*continued*)

3 Turnover

Turnover and gross contribution are attributable to the following classes of business:

	Turnover 2017 £	Gross contribution 2017 £	Turnover 2016 £	Gross contribution 2016 £
Subscriptions	1,235,361	1,235,361	1,228,930	1,228,930
Sales to members	1,021,707	948,365	848,133	741,381
Income from voucher and card schemes	2,319,552	1,951,308	1,384,012	1,026,978
	<u>4,576,620</u>	<u>4,135,034</u>	<u>3,461,075</u>	<u>2,997,289</u>

All of the revenue is attributable to sales that have taken place within the UK and Channel Islands.

4 Other operating income

	2017 £	2016 £
Net rent receivable	<u>87,842</u>	<u>83,267</u>

5 Operating deficit

	2017 £	2016 £
The operating deficit is stated after charging:		
Depreciation of tangible fixed assets	286,250	257,804
Auditor's remuneration	25,300	22,100
Auditor's remuneration - non-audit	5,500	7,650
Operating lease rentals - plant and machinery	878	1,227
Loss on disposal of tangible fixed assets	2,925	13,285
Honouring vouchers sold in 2013 for a limited period after expiry	<u>272,562</u>	<u>-</u>

The Horticultural Trades Association

Notes forming part of the financial statements
for the year ended 31 December 2017 *(continued)*

6 Staff costs

	2017 £	2016 £
Staff costs consist of:		
Wages and salaries	1,560,695	1,670,027
Social security costs	174,444	166,666
Other pension costs	77,404	96,079
	<u>1,812,543</u>	<u>1,932,772</u>

7 Employee numbers

The average number of employees, including Directors, during the year was as follows:

2017 Number	2016 Number
47	48
<u>47</u>	<u>48</u>

8 Income from investments

	2017 £	2016 £
Income from current asset investments in listed shares	40,173	88,137
	<u>40,173</u>	<u>88,137</u>

The Horticultural Trades Association

Notes forming part of the financial statements
for the year ended 31 December 2017 (*continued*)

9 Interest receivable and similar income

	2017 £	2016 £
Other interest	7,700	20,986
Interest income on current asset investments	771	20,379
	<u>8,471</u>	<u>41,365</u>

10 Interest payable and similar charges

	2017 £	2016 £
Bank loans	3,347	19,806
	<u>3,347</u>	<u>19,806</u>

11 Taxation on surplus/(deficit) on ordinary activities

	2017 £	2016 £
<i>Current tax</i>		
UK corporation tax on surplus/(deficit) of the period	12,769	-
<i>Deferred tax</i>		
Movement in deferred tax liability (note 20)	(2,435)	(28,376)
	<u>10,334</u>	<u>(28,376)</u>
Taxation charge/(credit) on surplus/(deficit) on ordinary activities		

The Horticultural Trades Association

Notes forming part of the financial statements for the year ended 31 December 2017 (continued)

11 Taxation on surplus/(deficit) on ordinary activities (continued)

Factors affecting tax charge for the year

The tax assessed for both years is than the standard rate of corporation tax in the UK. The differences are explained below:

	2017 £	2016 £
Surplus/(deficit) on ordinary activities before tax	404,098	(1,326,137)
Surplus/(deficit) on ordinary activities at the standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	77,789	(265,227)
Effects of:		
Expenses not deductible for tax purposes	100,421	4,562
Depreciation for year in excess of capital allowances	45,621	48,731
Non-taxable income	(179,269)	(228,957)
Chargeable gains	(25,011)	198,600
Deferred tax not recognised on trading losses	-	276,801
Change of deferred tax rate	-	83,845
Deferred tax recognised on capital loss	-	(146,828)
Other differences	(9,217)	97
Tax charge/(credit) for year	10,334	(28,376)

Factors that may affect future tax charges

At 31 December 2017, the Company had accumulated UK tax trading losses available of approximately £5.9m (2016 – £6.8m) to offset against future trading profits. No deferred tax asset has been recognised on trading losses, as the Directors are not certain as to the likelihood of the asset being recoverable in the foreseeable future. Unrecognised deferred tax assets at the expected effective rate of corporation tax of 17% (2016 – 17%) total £1.0m (2016 – £1.2m).

The Horticultural Trades Association

Notes forming part of the financial statements
for the year ended 31 December 2017 (*continued*)

12 Intangible assets

	Other Intangibles £
<i>Cost or valuation</i>	
At 1 January 2017 and 31 December 2017	95,000
	<hr/>
<i>Amortisation</i>	
At 1 January 2017	-
Charge for the year	20,383
	<hr/>
At 31 December 2017	20,383
	<hr/>
<i>Net book value</i>	
At 31 December 2017	74,617
	<hr/>
At 31 December 2016	95,000
	<hr/>

The above cost, which includes £22,500 of deferred consideration, represents the Company's 50% interest in organising and staging The Garden Press Event in the UK, commencing in 2017.

The Directors consider that the future income generated from these events will benefit the Company over the next 5 years and accordingly the above cost will be amortised over this period.

The Horticultural Trades Association

Notes forming part of the financial statements for the year ended 31 December 2017 (continued)

13 Tangible assets

	Freehold land and buildings £	Freehold improvements £	Motor vehicles £	Fixtures and fittings £	Total £
<i>Cost or valuation</i>					
At 1 January 2017	5,547,833	376,345	194,971	725,470	6,844,619
Additions	-	13,103	85,304	55,689	154,096
Disposals	(1,200,000)	-	(106,161)	(21,248)	(1,327,409)
	<u>4,347,833</u>	<u>389,448</u>	<u>174,114</u>	<u>759,911</u>	<u>5,671,306</u>
At 31 December 2017					
<i>Depreciation</i>					
At 1 January 2017	90,000	-	131,677	268,250	489,927
Charge for the year	63,750	42,685	37,360	142,455	286,250
On disposals	(90,000)	-	(87,524)	(13,375)	(190,899)
Revaluation of freehold property	(63,750)	-	-	-	(63,750)
	<u>-</u>	<u>42,685</u>	<u>81,513</u>	<u>397,330</u>	<u>521,528</u>
At 31 December 2017					
<i>Net book value</i>					
At 31 December 2017	<u>4,347,833</u>	<u>346,763</u>	<u>92,601</u>	<u>362,581</u>	<u>5,149,778</u>
At 31 December 2016	<u>5,457,833</u>	<u>376,345</u>	<u>63,294</u>	<u>457,220</u>	<u>6,354,692</u>

The freehold property at 19 and 19A High Street, Theale, was included at its fair value at 31 December 2016 as assessed by the Directors. The valuation was at open market value and took into account the amount for which the property was subsequently sold.

As permitted by FRS 102, the Directors used the carrying value of the Theale property at 31 December 2013 (which was based on a valuation by Fairweathers, Chartered Surveyors, at 25 August 2011, less subsequent depreciation), as the deemed cost of the Theale property.

The freehold property Horticulture House, Chilton, is included at its fair value at 31 December 2017 as assessed by the Directors.

The amounts that would have been recognised under the historical cost model in relation to freehold property are £4,347,833 cost (2016 – £5,547,833) and £63,750 (2016 – £183,500) of accumulated depreciation with a net book value of £4,284,083 (2016 – £5,364,333).

The Horticultural Trades Association

Notes forming part of the financial statements
for the year ended 31 December 2017 (continued)

14 Stocks	2017 £	2016 £
Finished goods and goods for resale	104,645	128,556

15 Debtors	2017 £	2016 £
Trade debtors	6,109,605	6,208,126
Other debtors	178,669	6,435
Prepayments and accrued income	1,292,070	671,146
	7,580,344	6,885,707

All amounts shown under debtors fall due for payment within one year.

16 Current asset investments	2017 £	2016 £
Fair value of current asset investments	11,065,554	10,969,452

Current asset investments comprise shares and bonds in listed companies which are traded on a regular basis, together with deposit accounts. The income and expense recognised on these investments in the income statement for the period was £367,130 (2016 – £282,022) representing profits and losses on disposals and both realised and unrealised fair value re-measurements, and dividends received of £40,173 (2016 – £88,137).

17 Cash at bank and in hand	2017 £	2016 £
Cash at bank	1,102,210	2,112,916
Restricted cash	1,555,984	1,725,324
	2,658,194	3,838,240

Restricted cash is held in escrow and relates to the Garden Gift Card scheme.

The Horticultural Trades Association

Notes forming part of the financial statements for the year ended 31 December 2017 (*continued*)

18 Creditors: amounts falling due within one year

Financial instruments in circulation

The following comprise the financial instruments in circulation:

	2017 £	2016 £
Gift vouchers and cards	23,423,521	23,856,154

The financial instruments in circulation include both National Garden Gift Vouchers and Garden Gift Cards. The amount outstanding at the balance sheet date represents the financial obligation of the Company for all unexpired vouchers and cards. These financial instruments are not discounted as they are deemed to be payable on demand. Based on experience, the Directors estimate that at 31 December 2017 between £3m and £4m of vouchers in circulation are not expected to be redeemed.

In accordance with FRS 102, Section 1A Small Entities, these financial instruments will be derecognised only upon expiration of the liability or as account maintenance fees are applied in the case of certain gift cards.

Other creditors

The following comprise other creditors falling due within one year:

	2017 £	2016 £
Secured bank loan	-	1,500,473
Trade creditors	270,885	200,295
Taxation and social security	411,387	317,809
Corporation tax	12,769	-
Other creditors	290,790	177,059
Accruals	251,844	272,635
Deferred income	1,033,575	1,463,940
	2,271,250	3,932,211

The Horticultural Trades Association

Notes forming part of the financial statements for the year ended 31 December 2017 (*continued*)

19 Financial Instruments

The Company's financial instruments may be analysed as follows:

	2017 £	2016 £
Financial assets		
Financial assets measured at fair value through profit or loss	11,065,554	10,969,452
Financial assets that are debt instruments measured at amortised cost	7,482,819	6,841,465
Financial assets held as cash	2,658,194	3,838,240
	<hr/>	<hr/>
Financial liabilities		
Financial liabilities measured at amortised cost	24,237,040	26,006,616
	<hr/>	<hr/>

Financial assets measured at fair value through the Statement of comprehensive income comprise the current asset investments set out in note 16 above.

Financial assets measured at amortised cost comprise trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise bank loans, financial instruments in circulation (liabilities for the redemption of gift vouchers and cards), trade creditors, other creditors and accruals.

20 Provision for liabilities

Deferred taxation

	Financial instruments revaluations £	Capital losses £	Total £
At 1 January 2017	165,528	(146,828)	18,700
Charged / (credited) to profit or loss	(149,263)	146,828	(2,435)
	<hr/>	<hr/>	<hr/>
At 31 December 2017	16,265	-	16,265
	<hr/>	<hr/>	<hr/>

The amount of reversal of the deferred tax liability in the next year cannot be predicted with any accuracy as it depends on movements in financial markets.

21 Company status and ultimate controlling party

The Company is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1.05 towards the assets of the Company in the event of liquidation. There is no ultimate controlling party of The Horticultural Trades Association.

The Horticultural Trades Association

Notes forming part of the financial statements for the year ended 31 December 2017 (*continued*)

22 Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £77,404 (2016 - £96,079). Contributions totalling £13,705 (2016 - £Nil) were payable to the fund at the balance sheet date.

23 Commitments under operating leases

The Company had minimum lease payments under non-cancellable operating leases as set out below:

	2017 £	2016 £
Expiring in not more than 1 year	-	1,227
	<hr/>	<hr/>