

Company Registration No. 00169606 (England and Wales)

**THE HORTICULTURAL TRADES ASSOCIATION
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

THE HORTICULTURAL TRADES ASSOCIATION

COMPANY INFORMATION

Directors	W Armitage F Barnes T Barnes M Bent G Caesar J Crosland B Douglas-Davies A Down B Fraser N Grant V Nuttall A Taylor A Vick	(Appointed 22 March 2023)
Company number	00169606	
Registered office	Horticulture House Chilton Didcot Oxfordshire England OX11 0RN	
Auditor	Johnston Carmichael LLP 227 West George Street Glasgow G2 2ND	

THE HORTICULTURAL TRADES ASSOCIATION

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THE HORTICULTURAL TRADES ASSOCIATION

CHAIRMAN'S REVIEW

FOR THE YEAR ENDED 31 DECEMBER 2023

Chairman's review for the year ended 31 December 2023

Introduction

2023 should be remembered for two things. The instigation and publication of The House of Lords Committee on Horticulture report and the change of descriptor for our sector from Ornamental horticulture to Environmental horticulture announced at the EHG parliamentary reception in June. Both these events I hope underwrite the beginnings of a fundamental shift in the recognition of our sector within government and what its true contribution to society actually is.

These macro initiatives have been reinforced by our own internal publications "The Value of Plants" and the associated paper on how this underwrites at least half of the policy objectives in the UK's Environmental improvement Plan.

The ability to produce this insight and data combined with our survey data and additional people resources has allowed your Association to develop a far more proactive approach to policy and the legislative agenda and this has resulted in notable successes. Most notably with regard to the agenda on peat. This has also enabled us to deliver for you a broader range of events and webinars.

There will be a more detailed commentary on the year's achievements and outlook from our Chief Executive, Fran Barnes, in our Annual Review published at the end of the summer.

Financials

Our aim as a not-for-profit membership association is to maximise the benefits to all members, to match our income with our expenditure, and thus to breakeven or declare a small surplus each year at the operating profit level.

From a balance sheet perspective, the HTA Board takes a very conservative approach to matching our liabilities with our assets and to building our net assets in line with the growth of our business and to a level that gives us cover for a "rainy day". In particular, we consider the potential detriment of a market value reduction in investment values at year end.

With this in mind your Association built its net assets in prior years to a high of £3.4M in 2021.

In 2023, your Association's activities generated a loss before tax of (£213k). When considered within the context of a gift card breakage share impact of (£876k), the underlying result is a positive one and indeed we finished the year some way ahead of budget. As I mentioned in last year's report, gift card breakage up to June 2024 will be shared with the outgoing gift card partner according to an updated contract agreed in July 2022. This means that run-rate breakage for gift cards is temporarily suppressed.

I would like to explain the trading result in a little more detail. Our total revenue, the majority of which relates to gifting and annual subscriptions, increased £32k to £5,218k. Within this, membership subscriptions increased by £41k to £1,542k and other income decreased (£16k) to £855k. Other income includes a growing contribution from HTA Events that was offset by reductions in Learning and Development and Preferred Partner commissions.

Gifting income was in line with the prior year at £2.8m. It is the ongoing contribution received from gifting revenues, some 54% in 2023, that allows us to maintain and expand the range of activities that we carry out on behalf of our membership, and we have continued this into the current year.

Gifting income comprises two elements, a commission on sales less redemptions and breakage (that element of spend left on cards or vouchers post expiry). Top-line gifting sales increased by 4% to £32m, within which member sales are the largest channel and also delivered the largest year-on-year increase. This allowed income from commission to rise to £1.8m. In 2023, gift voucher breakage was 5.4%. This is slightly lower than the ten-year average of 6.0% and indicates that consumer engagement in the scheme remains high. In recent years, we have seen significant movements in the gift voucher breakage percentage, something that is directly linked to the strength of the spring trading season immediately following the year of voucher issue. Vouchers that expired in 2023 were originally issued in 2020. Redemptions remained strong throughout a period of ongoing pandemic-related restrictions. Gift card breakage is also increasing in relevance with the ongoing migration away from paper voucher sales. Given the above, total breakage income fell to £1m from £1.1m in 2022.

THE HORTICULTURAL TRADES ASSOCIATION

CHAIRMAN'S REVIEW (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Cost of sales at £895k is £137k higher than the prior year and relates mainly to the cost of running the gifting scheme, in particular increased gift card activation fees as part of the migration away from paper vouchers. Other direct expenses include production costs and merchandising.

Administrative expenses increased by £621k to £5,494k, or 12.8%. There were a number of key initiatives within this expansion, in particular related to headcount and the strengthening of the senior leadership team, including the hiring of our new Chief Executive Fran Barnes at the start of 2023.. The full year impact of these costs is the key driver behind this year's increase. Other notable variances include increased event costs in line with the growth in attendance and revenue, alongside business rates for Horticulture House. These were offset by reductions in consultancy and advertising costs. Other operating income decreased (£29k) to £74k. This is due to a small overall reduction in Horticulture House rental income.

This £5.5m expenditure is our investment in services to members and I hope that you will have all continued to see the profile and status of your Association grow and evolve. This has been particularly prevalent in success in lobbying government around the key issues of the transition away from peat and the introduction of border controls. Issues that impact all constituents.

There have of course been many other initiatives that we have been engaged in and these will be reported on in more detail in our Annual Review.

The net impact of interest income, investment income and capital gains in the year was positive at £883k. This compares to downside of (£515k) in 2022. The change is due to recovery of investment portfolio values as marked to market at the year end. The Association's investment strategy is designed to allow for temporary fluctuations of this nature. As portfolio assets are held to maturity, historic losses will not be realised and will naturally reverse over time.

Finally, I would like to refer to the change in tangible fixed asset values of (£170k) versus the prior year. Following a recent revaluation of Horticulture House, the outcome was a small overall reduction of (3.4%) in the value of the building since the previous valuation in 2020.

Net assets for 2023 have decreased by £84k to £2,590k and remain ahead of original plans.

I would, as always, draw your attention to the fact that a proportion of our gifting liabilities are likely never to materialise through natural breakage. This year this number is estimated at £5.9m and is a further underwrite to your Association's net assets and provide comfort that we can continue to invest in your future even with a diminution in net assets in the short term.

Outlook

We clearly remain in uncertain times. Geopolitics has never felt so dangerous. Although the macroeconomic data maybe looking a little brighter the cost of doing business remains high not assisted by government that continues to heap regulatory cost on our industry. More so than in any other year this century.

I certainly hope that the HTA can and will remain a beacon of stability and will continue to provide information and insight to help your businesses and to keep on highlighting to government of whatever hue how to influence and how to manage the unintended consequences of their legislative and regulatory agenda.

The HTA's Environmental Horticulture Manifesto published in January is timely and sets out our key asks of Government whatever hue that might be and provides you with an agenda for our forthcoming initiatives.

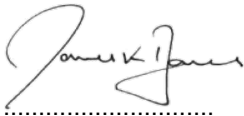
Resilience has always been a hallmark in our industry and now more than ever. Whether that be the economic environment, the regulatory regime we now face into, or just the weather, our members both small and large have an innate capacity to handle change.

We look forward to building on our past successes and hope to share some of this with you at our AGM in September.

THE HORTICULTURAL TRADES ASSOCIATION

CHAIRMAN'S REVIEW (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023



.....
T J K Barnes
Chairman

Date: 3 July 2024

THE HORTICULTURAL TRADES ASSOCIATION

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

The directors present their annual report and financial statements for the year ended 31 December 2023.

Principal activities

The principal activity of the company continued to be that of the principal trade association representing ornamental growers, garden retailers, landscapers and suppliers.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

W Armitage

F Barnes

(Appointed 22 March 2023)

T Barnes

M Bent

G Caesar

J Crosland

B Douglas-Davies

A Down

B Fraser

S Fraser

(Resigned 15 December 2023)

N Grant

V Nuttall

A Taylor

A Vick

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Auditor

In accordance with the company's articles, a resolution proposing that Johnston Carmichael LLP be reappointed as auditor of the company will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Small companies exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board



.....
A Down

Director

Date: 3 July 2024

THE HORTICULTURAL TRADES ASSOCIATION

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

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 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.

THE HORTICULTURAL TRADES ASSOCIATION

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 2023 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in members' funds and notes to the financial statements, including 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 2023 and of its loss 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 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 our 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.

THE HORTICULTURAL TRADES ASSOCIATION

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF THE HORTICULTURAL TRADES ASSOCIATION

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 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; 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' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 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 on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Extent to which the audit is considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations by considering their experience, past performance and support available.

All engagement team members were briefed on relevant identified laws and regulations and potential fraud risks at the planning stage of the audit. Engagement team members were reminded to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

THE HORTICULTURAL TRADES ASSOCIATION

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF THE HORTICULTURAL TRADES ASSOCIATION

Extent to which the audit is considered capable of detecting irregularities, including fraud (continued)

We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and the sector in which it operates, focusing on those provisions that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- Companies Act 2006;
- UK Corporation Tax legislation; and
- UK Generally Accepted Accounting Practice.

We gained an understanding of how the company is complying with these laws and regulations by making enquiries of management and those charged with governance. We corroborated these enquiries through our review of relevant correspondence with regulatory bodies and board meeting minutes.

We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. We identified a heightened fraud risk in relation to:

- Management override of controls
- Revenue recognition

In addition to the above, the following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing minutes of meetings of those charged with governance for reference to: breaches of laws and regulation or for any indication of any potential litigation and claims; and events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud;
- Reviewing the level of and reasoning behind the company's procurement of legal and professional services;
- Performing audit work procedures over revenue recognition, testing sales from source documentation to the accounting system and ensuring year-end sales cut-off has been appropriately applied;
- Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimates for potential management bias;
- Completion of appropriate checklists and use of our experience to assess the Company's compliance with the Companies Act 2006; and
- Agreement of the financial statement disclosures to supporting documentation.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

THE HORTICULTURAL TRADES ASSOCIATION

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF THE HORTICULTURAL TRADES ASSOCIATION

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.

J.B. Marjoribanks

Jeffrey Marjoribanks (Senior Statutory Auditor)
For and on behalf of Johnston Carmichael LLP

04 / 07 / 2024

Date:

Chartered Accountants
Statutory Auditor

227 West George Street
Glasgow
G2 2ND

THE HORTICULTURAL TRADES ASSOCIATION

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

		2023	2022
	Notes	£	£
Value of gift vouchers sold under the National Garden Gift Voucher Scheme		32,034,155	30,875,629
Turnover	3	5,217,716	5,185,589
Cost of sales		(894,799)	(757,897)
Gross profit		4,322,917	4,427,692
Administrative expenses		(5,494,011)	(4,873,277)
Other operating income		74,346	102,691
Operating loss	4	(1,096,748)	(342,894)
Interest receivable and similar income	6	411,615	352,690
Gain/(loss) on disposal of current asset investments	7	6,715	(217,770)
Changes in fair value of current asset investments	7	465,082	(649,578)
Loss before taxation		(213,336)	(857,552)
Tax on loss	8	170,305	11,498
Loss for the financial year		(43,031)	(846,054)
Other comprehensive income			
(Loss)/gain on revaluation of tangible fixed assets		(84,071)	85,929
Tax relating to other comprehensive income		42,500	-
Total comprehensive expense for the year		(84,602)	(760,125)

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

THE HORTICULTURAL TRADES ASSOCIATION

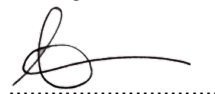
BALANCE SHEET

AS AT 31 DECEMBER 2023

	Notes	2023		2022	
		£	£	£	£
Fixed assets					
Intangible assets	9		264,616		323,099
Tangible assets	10		5,185,804		5,273,411
			<u>5,450,420</u>		<u>5,596,510</u>
Current assets					
Stocks	12	47,518		85,022	
Debtors	13	8,456,578		7,037,678	
Investments	14	12,300,844		11,003,357	
Cash at bank and in hand		5,696,700		9,335,652	
			<u>26,501,640</u>	<u>27,461,709</u>	
Creditors: amounts falling due within one year	15	(29,091,535)		(29,900,287)	
Net current liabilities			<u>(2,589,895)</u>		<u>(2,438,578)</u>
Total assets less current liabilities			<u>2,860,525</u>		<u>3,157,932</u>
Provisions for liabilities					
Deferred tax liability	16	270,632		483,437	
			<u>(270,632)</u>	<u>(483,437)</u>	
Net assets			<u><u>2,589,893</u></u>		<u><u>2,674,495</u></u>
Members' funds					
Revaluation reserve	19		936,842		978,413
Profit and loss reserves	19		1,653,051		1,696,082
			<u>2,589,893</u>		<u>2,674,495</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 3 July 2024 and are signed on its behalf by:



A Down
Director

Company Registration No. 00169606

THE HORTICULTURAL TRADES ASSOCIATION

STATEMENT OF CHANGES IN MEMBERS' FUNDS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Revaluation reserve	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2022	892,484	2,542,136	3,434,620
Year ended 31 December 2022			
Loss for the year	-	(846,054)	(846,054)
Other comprehensive income:			
(Loss)/gain on revaluation of tangible fixed assets	85,929	-	85,929
Total comprehensive expense for the year	85,929	(846,054)	(760,125)
Balance at 31 December 2022	978,413	1,696,082	2,674,495
Year ended 31 December 2023			
Loss for the year	-	(43,031)	(43,031)
Other comprehensive income:			
(Loss)/gain on revaluation of tangible fixed assets	(84,071)	-	(84,071)
Tax relating to other comprehensive income	42,500	-	42,500
Total comprehensive expense for the year	(41,571)	(43,031)	(84,602)
Balance at 31 December 2023	936,842	1,653,051	2,589,893

THE HORTICULTURAL TRADES ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

Company information

The Horticultural Trades Association is a company limited by guarantee 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.

1.1 Accounting convention

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 financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

The Directors have assessed the HTA's current and future solvency by means of a prudent forecasting exercise with detailed assumptions regarding future income generation, expenditure, and cash flows.

Income and expenditure are closely monitored in order to protect cash reserves whilst prioritising activities that maximise member value and engagement. The Directors are satisfied that the Association is well placed to manage its risks and has sufficient cash resources to fund ongoing operations for at least twelve months from the date of approval of these financial statements. The society has net current liabilities of £2.6m (2022 - £2.4m), however, this figure includes the total financial obligation of the Association for all unexpired gift vouchers and cards. These financial instruments are not discounted as they are deemed to be payable on demand, however, it is very unlikely that all amounts would be redeemed within one year. Based on experience, the directors estimate that at 31 December 2023, £5.9m (2022: £4.4m) of vouchers and cards in circulation are not expected to be redeemed.

In conclusion, the Directors have formed a judgment, at the time of approving the financial statements, that there is a reasonable expectation that the Association has adequate resources to meet its obligations as they fall due whilst maintaining member services at their current level. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

1.3 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 TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

1.4 Intangible fixed assets other than goodwill

Intangible assets purchased are stated at historical cost less amortisation.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Software	20% - 33% straight line
Patents & licences	10% straight line
Other intangibles	20% - straight line

Other intangible assets represent the Company's 50% interest in organising and staging The Garden Press Event in the UK, which commenced in 2017.

The Directors considered that the future income generated from these events would benefit the Company over a period of 5 years and accordingly the cost was amortised over this period.

1.5 Tangible fixed assets

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 or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	2.5% straight line
Freehold improvements	10% straight line
Fixtures and fittings	10% - 33% straight line

Land is not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Properties whose fair value can be measured reliably are held under the revaluation model and are carried at a revalued amount, being their fair value at the date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value of the land and buildings is usually considered to be their market value.

Revaluation gains and losses are recognised in other comprehensive income and accumulated in equity, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in profit or loss or a revaluation loss exceeds the accumulated revaluation gains recognised in equity; such gains and losses are recognised in profit or loss.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

THE HORTICULTURAL TRADES ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.7 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 profit or loss for the period.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

1.9 Financial instruments

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

Fair value measurement of financial instruments

The fair value of financial assets are determined by reference to quoted market prices. Fair value movements in respect of current asset investments are recognised in the profit or loss for the period.

Classification of financial liabilities

Financial liabilities and equity instruments 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.

1.10 Taxation

The tax expense for the period comprises current and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

THE HORTICULTURAL TRADES ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

THE HORTICULTURAL TRADES ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Carrying value of freehold property within tangible assets

The freehold property included in tangible fixed assets (as per note 10) is carried at fair value at the balance sheet date. The property was revalued by Savills (UK) Limited as at 31 December 2023 and it is the view of the directors that this valuation is appropriate and representative of the fair value of the property as at 31 December 2023.

3 Turnover and other revenue

	2023	2022
	£	£
Turnover analysed by class of business		
Subscriptions	1,541,887	1,500,981
Sales to members	854,727	871,050
Commission on the sale of vouchers or cards	2,821,102	2,813,558
	<u>5,217,716</u>	<u>5,185,589</u>
	2023	2022
	£	£
Other significant revenue		
Interest income on bank deposits	119,485	2,993
Rent receivable	74,346	102,691
Other operating income including furlough grants	-	1,174
Income from current asset investments	292,130	349,697
	<u>292,130</u>	<u>349,697</u>

4 Operating loss

	2023	2022
	£	£
Operating loss for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	42,000	42,500
Depreciation of owned tangible fixed assets	193,407	160,532
Loss on disposal of tangible fixed assets	629	6
Amortisation of intangible assets	160,692	140,807
	<u>160,692</u>	<u>140,807</u>

THE HORTICULTURAL TRADES ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

2023 Number	2022 Number
55	48

Their aggregate remuneration comprised:

	2023 £	2022 £
Wages and salaries	2,536,696	2,046,560
Social security costs	246,206	204,857
Pension costs	118,759	91,334
	<u>2,901,661</u>	<u>2,342,751</u>

6 Interest receivable and similar income

	2023 £	2022 £
Interest income		
Interest on bank deposits	119,485	2,993
Income from fixed asset investments		
Income from other fixed asset investments	292,130	349,697
Total income	<u>411,615</u>	<u>352,690</u>

7 Gains/(losses) on current asset investments

	2023 £	2022 £
Change in value of financial assets held at fair value through profit or loss	465,082	(649,578)
Gain/(loss) on disposal of current asset investments	6,715	(217,770)
	<u>471,797</u>	<u>(867,348)</u>

8 Taxation

	2023 £	2022 £
Current tax		
Adjustments in respect of prior periods	-	(32,483)
	<u>-</u>	<u>(32,483)</u>

THE HORTICULTURAL TRADES ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

8 Taxation	(Continued)	
	2023 £	2022 £
Deferred tax		
Origination and reversal of timing differences	(170,305)	21,120
Changes in tax rates	-	(135)
	<u> </u>	<u> </u>
Total deferred tax	(170,305)	20,985
	<u> </u>	<u> </u>
Total tax credit	(170,305)	(11,498)
	<u> </u>	<u> </u>

The actual credit for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2023 £	2022 £
Loss before taxation	(213,336)	(857,552)
	<u> </u>	<u> </u>
Expected tax credit based on the standard rate of corporation tax in the UK of 23.52% (2022: 19.00%)	(50,177)	(162,935)
Tax effect of income not taxable in determining taxable profit	(41,627)	(13,756)
Adjustments in respect of prior years	-	(32,483)
Deferred tax adjustments in respect of prior years	-	(135)
Fixed asset differences	20,657	7,750
Chargeable gains	49,618	25,592
Movement on deferred tax not recognised	(142,189)	150,819
Remeasurement of deferred tax to average rate	(1,664)	(31,128)
Exempt ABGH distributions	(15,310)	(15,150)
Expenses not deductible	8,272	59,928
Other differences	2,115	-
	<u> </u>	<u> </u>
Taxation credit for the year	(170,305)	(11,498)
	<u> </u>	<u> </u>

In addition to the amount credited to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2023 £	2022 £
Deferred tax arising on:		
Revaluation of property	(42,500)	-
	<u> </u>	<u> </u>

THE HORTICULTURAL TRADES ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

9 Intangible fixed assets

	Other intangibles	Software	Patents & licences	Total
	£	£	£	£
Cost				
At 1 January 2023	95,000	636,218	-	731,218
Additions	-	101,809	400	102,209
Disposals	-	(5,890)	-	(5,890)
	<u>95,000</u>	<u>732,137</u>	<u>400</u>	<u>827,537</u>
At 31 December 2023	95,000	732,137	400	827,537
Amortisation and impairment				
At 1 January 2023	95,000	313,119	-	408,119
Amortisation charged for the year	-	160,672	20	160,692
Disposals	-	(5,890)	-	(5,890)
	<u>95,000</u>	<u>467,901</u>	<u>20</u>	<u>562,921</u>
At 31 December 2023	95,000	467,901	20	562,921
Carrying amount				
At 31 December 2023	-	264,236	380	264,616
	<u>-</u>	<u>264,236</u>	<u>380</u>	<u>264,616</u>
At 31 December 2022	-	323,099	-	323,099
	<u>-</u>	<u>323,099</u>	<u>-</u>	<u>323,099</u>

The above other intangibles cost of £95,000 represents the Company's 50% interest in organising and staging The Garden Press Event in the UK, which commenced in 2017.

The above patent relates to the purchase of a trademark in connection with The Association of Professional Landscapers.

The Directors considered that the income generated from the Garden Press Event would benefit the Company over a period of 5 years and 10 years for the Association of Professional Landscapers. The above costs have been amortised over those periods.

THE HORTICULTURAL TRADES ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

10 Tangible fixed assets

	Freehold property £	Freehold improvements £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 January 2023	4,950,000	419,607	470,431	5,840,038
Additions	-	84,246	106,254	190,500
Disposals	-	-	(82,186)	(82,186)
Revaluation	(170,000)	-	-	(170,000)
At 31 December 2023	4,780,000	503,853	494,499	5,778,352
Depreciation and impairment				
At 1 January 2023	-	250,886	315,741	566,627
Depreciation charged in the year	85,929	48,250	59,228	193,407
Eliminated in respect of disposals	-	-	(81,557)	(81,557)
Revaluation	(85,929)	-	-	(85,929)
At 31 December 2023	-	299,136	293,412	592,548
Carrying amount				
At 31 December 2023	4,780,000	204,717	201,087	5,185,804
At 31 December 2022	4,950,000	168,721	154,690	5,273,411

The freehold property, Horticulture House, Chilton, is included at its fair value, as revalued by Savills (UK) Limited as at 31 December 2023. It is the view of the directors that this valuation is appropriate and representative of the fair value of the property as at 31 December 2023.

The freehold property is carried at its fair value. If the asset were measured using the cost model, the carrying amounts would be as follows:

	2023 £	2022 £
Cost	4,347,833	4,347,833
Accumulated depreciation	(552,500)	(481,625)
Carrying value	3,795,333	3,866,208

11 Financial instruments

	2023 £	2022 £
Carrying amount of financial assets		
Instruments measured at fair value through profit or loss	12,300,844	11,003,357

THE HORTICULTURAL TRADES ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

12 Stocks

	2023 £	2022 £
Finished goods and goods for resale	47,518	85,022

13 Debtors

	2023 £	2022 £
Amounts falling due within one year:		
Trade debtors	7,956,921	5,802,182
Corporation tax recoverable	32,482	32,482
Other debtors	191,140	934,231
Prepayments and accrued income	276,035	268,783
	<u>8,456,578</u>	<u>7,037,678</u>

14 Current asset investments

	2023 £	2022 £
Fair value of current asset investments	12,300,844	11,003,357

Current asset investments comprise shares and bonds in listed companies which are traded on a regular basis, together with deposit accounts. The profit recognised on these investments in the income statement for the period was £763,927 (2022: £517,651 loss) representing profits and losses on disposals and both realised and unrealised fair value re-measurements.

THE HORTICULTURAL TRADES ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

15 Creditors: amounts falling due within one year

	Notes	2023 £	2022 £
Trade creditors		456,102	541,381
Taxation and social security		467,807	435,237
Deferred income	17	1,796,966	1,792,757
Other creditors		25,871,733	26,682,713
Accruals and deferred income		498,927	448,199
		<u>29,091,535</u>	<u>29,900,287</u>

Other creditors contain financial instruments in circulation, being gift vouchers and gift cards with liabilities totalling £25,649,564 (2022 - £26,188,470).

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 2023, £5.9m (2022: £4.4m) of vouchers and cards 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.

16 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2023	Liabilities 2022
Balances:	£	£
Accelerated capital allowances	215,817	191,191
Tax losses	(247,671)	-
Investments	194,444	141,704
Deferred tax on property capital gain	108,042	150,542
	<u>270,632</u>	<u>483,437</u>
		2023
		£
Liability at 1 January 2021 (as restated)		483,437
Credit to profit or loss		(170,305)
Credit to other comprehensive income		(42,500)
		<u>270,632</u>

THE HORTICULTURAL TRADES ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

17 Deferred income

	2023 £	2022 £
Other deferred income	1,796,966	1,792,757

Other deferred income contains membership fee income to be released over the duration of the membership period.

18 Retirement benefit schemes

	2023 £	2022 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	118,759	91,334

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions totalling £20,618 (2022 - nil) were payable to the fund at the year end and are included in creditors.

19 Reserves

Revaluation reserve

The revaluation reserve represents gains made on the revaluation of fixed assets.

Profit and loss reserves

The profit and loss reserve represents cumulative profits or losses.

20 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.