



**BOTANICAL SOCIETY**  
OF SOUTH AFRICA

## Botanical Society of South Africa

### Treasurers Report in Respect of the Year Ended 31 March 2023

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This report covers the financial year ended 31 March 2023 for the Botanical Society of South Africa (BotSoc) and its various branches.

Membership renewals and visits to Botanical Gardens finally returned to pre-March 2020 levels in December 2022. This was augmented by a rush in BotSoc membership renewals to secure another year of free access to National Botanical Gardens before the changes to the SANBI/BotSoc Collaboration Agreement came into effect on 01 April 2023.

At the end of March 2023 BotSoc membership stood at 15,235 adult members; 4% higher than at the same point in 2022 which translated into a 21% increase in membership income. It was a strong finish to the year due to the flood of renewals in anticipation of the new terms of the SANBI/BotSoc Collaboration Agreement due to the impact of Covid-19 over the previous two years (and the related restrictions on overseas and local travel), coupled with significant government budget cuts (driven by other urgent government funding priorities). SANBI experienced a sharp decline in its self-generated revenue and the SANBI board have taken the business decision to find ways to increase their own revenue wherever possible.

Notwithstanding substantial direct financial support from BotSoc over more than 10 decades SANBI are of the opinion that their financial losses in gate fees over the past several years (and in the more distant past) as a result of BotSoc members far exceed the financial support they have received from BotSoc for the same period. BotSoc felt this is not the case and so there was a protracted negotiation process over a period of more than twelve months that included offering a substantial guaranteed increase in direct financial support but the SANBI board decided to end the free entry concession for their NBGs to all but Life Members and their guests with effect from 31 March 2023. It must be highlighted that this was an internal SANBI business decision and although BotSoc challenged their views, obtained independent legal advice and negotiated strongly, in the end, it was a privilege provided to BotSoc members that SANBI had every right to withdraw.

The Botanical Society of South Africa was forced to reinvent itself as it is expected that membership fee revenue is likely to plummet. Accordingly, BotSoc will now be focusing on fundraising as its primary source of income. A vigorous process including a Branch Pathfinder Convention in September 2022, the appointment of a fundraising committee, a dedicated professional fundraiser and a comprehensive fundraising plan, based on identified fund raising themes which are aligned to the BotSoc Conservation Strategy (driven by tangible, impactful conservation projects) was undertaken. The aggressive cost cutting strategy launched in the latter half of 2021 will continue and has resulted in a 13% overall reduction in fixed and operating expenses (excluding Kirstenbosch Branch) in 2022 and a further 12% in 2023 (in spite of inflation well over 7%). Systems and operations are also being streamlined and simplified. The reduction in costs has been augmented by changes to the investment strategy to increase investment income and to take advantage of rising interest rates.

#### **NATIONAL BOTANICAL SOCIETY**

Kirstenbosch National Botanical Garden,  
Rhodes Drive, Newlands, Cape Town  
Landline: 021 797 2090  
Email: [accounts@botanicalsociety.org.za](mailto:accounts@botanicalsociety.org.za)  
[info@botanicalsociety.org.za](mailto:info@botanicalsociety.org.za)

[www.botanicalsociety.org.za](http://www.botanicalsociety.org.za)  
Facebook: Botanical Society of SA  
Twitter: @BotSocSA  
Instagram: botsocsa



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Below are the essentials of our financial statements. The Botanical Society's activities are carried out by a combination of committed members at branches, fixed-term independent contractors and enthusiastic volunteers, all supported by a small National BotSoc team. Your membership contributions along with your donations, and the bequests of deceased members, enable the Society's activities to take place. The deficits from both operations and conservation commitments were covered by healthy reserve fund investments.

I am able to report that the Society remains in a sound financial position. We have adequate financial resources to continue as a going concern for the medium term providing enough of a runway for the fund raising strategy to mature. As previously outlined, the loss of the free access to the SANBI NBGs will likely cause membership fee revenue to plummet. This is a very sad reality that many members were only there to access the gardens at reduced rates. BotSoc has slashed the membership fees in order to attract as many people as possible who are truly passionate about the conservation of our precious flora. Backed by a strong fundraising team, we are hoping that these massive changes will actually leave BotSoc in a better position to drive plant conservation strategy and much bigger projects.

**Income and Expenditures**

The society received revenue to support its activities from membership subscriptions, donations, bequests, events, fundraising, and from the sale of books, as well as from interest and dividend income earned on its investments. This income totalled R10.5 million for 2023, an 18% increase over the R8.9 million for 2022.

	2023	2022	2021	2020	2019
Revenue	Rm	Rm	Rm	Rm	Rm
Donations & Bequests	1.5	1.6	1.1	1.8	2.3
Events & Fundraising	0.6	0.4	0.0	0.8	0.2
Membership Fees	5.6	4.6	4.1	4.6	5.0
Sale of Goods	3.9	2.5	1.2	3.6	3.0
Cost of Sales	(2.4)	(1.4)	(0.5)	(2.0)	(1.6)
<b>Gross Surplus</b>	<b>9.1</b>	<b>7.7</b>	<b>5.9</b>	<b>8.7</b>	<b>8.8</b>
Investment Revenue	1.2	1.0	0.7	1.4	1.7
Sundry Income	0.2	0.2	0.5	0.1	0.1
<b>Total Revenue</b>	<b>10.5</b>	<b>8.9</b>	<b>7.1</b>	<b>10.3</b>	<b>10.6</b>

(Note: Membership fees are shown net of R623,847 [10%] paid to SANBI for 2023)

Sales of Goods include the new shop that was opened by the Kogelberg Branch at the Harold Porter NBG. Although the Kirstenbosch Branch bookshop sales remain under pressure there was an improvement in the last four months of the financial year. Visitors to the Kirstenbosch NBG (in particular overseas tourists) returned to pre-March 2020 levels in December 2022.

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Interest and Dividend receipts increased by 20% during the 2023 financial year. Investment Income remains an important source of annuity income to fund both operations and projects, and the new investment strategy is largely responsible for the increases in this source of income in the second half of the year.

We are grateful for the support the society receives through donations small and large, especially for the substantial support received from various Trusts and bequests.

As summarised in the table below, the Society spent R12.2m during the 2023 financial year, of which R7.8m was spent on operational expenses (slightly down on the 7.9m spent in 2022).

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Operating Expenses</b>	<b>Rm</b>	<b>Rm</b>	<b>Rm</b>	<b>Rm</b>	<b>Rm</b>
Employee Costs	4.0	4.1	4.3	5.3	4.3
<b>Conservation Commitments</b>	<b>4.4</b>	<b>4.1</b>	<b>3.0</b>	<b>1.8</b>	<b>1.6</b>
Accounting & Consulting Fees	0.5	0.6	0.6	0.3	0.9
Veld & Flora	0.8	1.3	1.5	1.8	1.8
Auditors Remuneration	0.1	0.2	0.2	0.2	0.4
Webtickets Expenses	0.7	0.3	0.6	-	-
Other (combined)	1.7	1.7	1.1	3.1	1.4
<b>Total Expenses</b>	<b>12.2</b>	<b>12.3</b>	<b>11.3</b>	<b>12.5</b>	<b>10.4</b>
Income less Expenses	<b>(1.7)</b>	<b>(3.3)</b>	<b>(4.2)</b>	<b>(1.8)</b>	<b>0.1</b>
Investments Fair Value Adjust	0.5	2.2	4.7	(3.4)	(0.6)
Surplus/deficit for the year	<b>(1.2)</b>	<b>(1.1)</b>	<b>0.5</b>	<b>(5.2)</b>	<b>(0.5)</b>

(Note: Expenses exclude R623,847 paid to SANBI [10% of membership fees]. This amount was deducted from membership fee revenue)

An Important element of this expenditure is the R4.4m in conservation commitments, including SANBI projects supported by the Botanical Society such as CREW and the Gardens Youth Development Project. Conservation-linked project expenditures and direct support of conservation personnel in 2023 exceeded the record levels of 2022 by 7%. Due to the revenue uncertainties as a result of the changes to the BotSoc/SANBI Collaboration Agreement, the expenditure for conservation commitments will be significantly lower in the 2024 financial year.

Other material costs incurred include staff salaries of R4.0m, and the cost of preparing, printing, and distributing the *Veld & Flora* magazine to members which was reduced by a further 38% in 2023 to R0.8m for the year due to further reductions in the number of printed copies printed and delivered in the last quarter. Further savings have been proposed for the 2024 financial year which are awaiting AGM approval.

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Overall, the Botanical Society spent more than it received during the 2023 financial year, incurring an operating deficit of R1.7 million (a 48% improvement over 2022). Our investments appreciated in market value to the extent of R0.5 million, effectively reducing the overall deficit to R1.2 million. In addition, the SANBI/BotSoc Partnership Fund Committee approved transfers from the Partnership Fund reserves totalling R1.9 million to cover various SANBI National Botanical Gardens projects across the country. These transfers effectively cancelled out the operating deficit and resulted in a net increase in General Reserves of R413 495 for the year.

**Assets and Liabilities**

I would like to turn now to our Balance Sheet, or Statement of Financial Position as at 31 March 2023, set out on Page 6 of the annual financial statements and as summarised below.

Statement of Financial Position	2023	2022	2021	2020	2019
	Rm	Rm	Rm	Rm	Rm
<b>Non-Current Assets</b>					
Property, Plant & Equipment	0.37	0.41	0.50	0.50	0.20
Investments	27.04	29.12	29.50	28.70	33.10
	<b>27.41</b>	<b>29.53</b>	<b>30.00</b>	<b>29.20</b>	<b>33.30</b>
<b>Current Assets</b>					
Inventories	1.11	1.04	0.90	0.70	0.70
Trade & Other Receivables	0.80	0.09	0.30	0.60	0.10
Cash & Cash Equivalents	1.00	0.63	1.20	1.50	2.90
	<b>2.91</b>	<b>1.76</b>	<b>2.30</b>	<b>2.90</b>	<b>3.70</b>
<b>Total Assets</b>	<b>30.32</b>	<b>31.29</b>	<b>32.20</b>	<b>32.10</b>	<b>37.00</b>

Equities & Liabilities	2023	2022	2021	2020	2019
	Rm	Rm	Rm	Rm	Rm
<b>Equity</b>					
Designated Reserves	13.00	14.36	15.40	15.30	21.80
Accumulated Surplus	15.99	15.83	15.90	15.60	14.70
	<b>28.99</b>	<b>30.19</b>	<b>31.30</b>	<b>30.90</b>	<b>36.50</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Trade & Other Payables	1.33	1.10	0.90	1.20	0.50

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<b>Total Equity &amp; Liabilities</b>	<b>30.32</b>	<b>31.29</b>	<b>32.20</b>	<b>32.10</b>	<b>37.00</b>
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There are a few items that I would like to highlight:

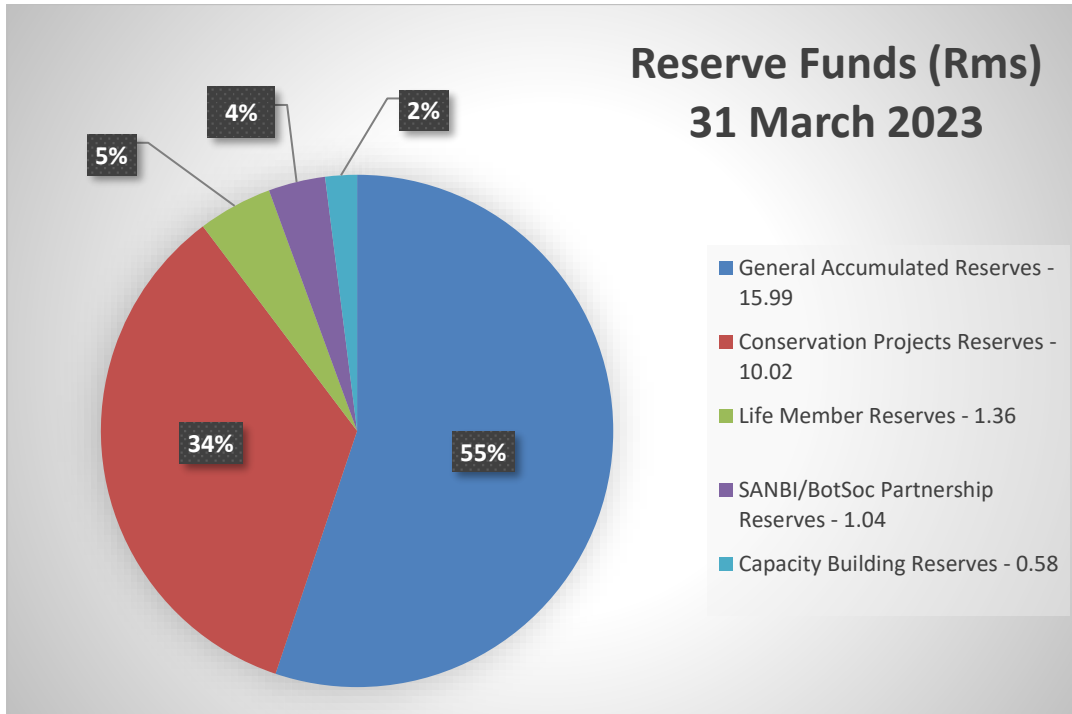
1. In addition to operational assets and liabilities, the Botanical Society holds investment sums and cash balances together valued at some R28.4 million at year end, slightly less than the R29.7 million held at the beginning of the year (as a result of the transfers from the SANBI/BotSoc Partnership Fund). This nest egg and comprises a portfolio of listed shares providing dividend income along with R8 million invested in a diversified income fund as a hedge against the volatility of the stock market providing stability, interest income, and liquidity to facilitate our spending on projects. This nest egg will have to be managed carefully in the coming years as it will need to provide the bridge funding required while sufficient donor and grant funding is sourced to replace the anticipated substantial drop in membership income as a result of the changes to the BotSoc/SANBI Collaboration Agreement that came into effect at 01 April 2023.
2. The Society also owns a diverse array of necessary operational assets comprising furniture, computers, other office equipment, and some chainsaws, currently valued at R371 876 which it utilises to pursue the functions and objectives of the Society.
3. The bookshops and the National Office hold a stock of books including wildflower guides with a minimum net realisable value of around R1.11m.
4. The Society owes various organisations and individuals' sums of money for services rendered and expects to receive certain sums from others. These aggregate to a net liability (amount owing) of R0.533m made up mainly of expenses incurred in the last weeks of the 2023 financial year that were only paid after the year had closed.

This means that at 31 March 2023, after offsetting the amounts we owe against the assets we own, and taking account of all the various sources of income received and expenditure incurred, the Society's aggregate reserves, or Equity, stood at R30.3 million. Of this total R13.0 million is held in reserves designated for specific purposes and R15.9 million is held as a general reserve.

### **Designated Reserves**

The Reserves of the Society, are set out on Page 17 of the financial statements and are summarised graphically below.

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#### Conclusions:

In closing, your Society remains in a solid financial position but will need to show resilience and creativity as we navigate the challenges that lie in the years ahead as a result of the changes to the SANBI/BotSoc Collaboration Agreement. BotSoc remains committed to supporting botanical gardens (and their curators) throughout South Africa as well as its mission to provide material support for the conservation, cultivation, study, enjoyment and wise use of the indigenous flora and vegetation of Southern Africa.

I would like to thank Antonia de Barros, Simone van Rooyen, and Bradley Bergh for their support this past year. My thanks also to Annelie Lucas, our independent auditor for her professional and helpful assistance.

I recommend the 2023 annual financial statements of the Botanical Society of South Africa to you for approval.

**Murray Barnetson**