

Royal Botanic Gardens, Kew

Annual Report and Accounts

for the year ended 31 March 2016



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Presented to Parliament
pursuant to Paragraphs 39(7) and 40(4)
of Schedule 1 of the National Heritage Act 1983

Ordered by the House of Commons to be
printed on
6th July 2016

HC233



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This publication is available at <https://www.gov.uk/government/publications>

Print ISBN: 9781474128438

Web ISBN: 9781474128445

ID: 130216 07/16

Printed on paper containing 75% recycled fibre content minimum

Printed in the UK by the Williams Lea Group on behalf of the Controller of Her Majesty's Stationery Office

Contents

4	Chairman's letter	
5	Director's (CEO) foreword	
6	Management commentary	
6	History and statutory functions	
6	Business aims and outcomes	
7	Performance targets and results	
8	Commentary on performance against targets	
9	Health and safety statement	
9	Diversity and equality statement	
9	Volunteering statement	
11	Board of Trustees	
12	Statutory information	
14	Statement of Trustees' and Accounting Officer's responsibilities	
15	Governance Statement	
20	Sustainability Report	
23	Remuneration Report	
26	Auditor's Certificate and Report	
27	Consolidated Statement of Financial Activities	
28	Balance Sheets	
29	Consolidated Cash Flow Statement	
30	Notes to the accounts	
	Annex	RBG Kew five year financial summary

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Chairman's letter

2015/16 has, I believe, marked a turning point in Kew's recent history.

The publication of our corporate strategy *Unlocking why plants and fungi matter* is a significant step in articulating why Kew matters and what role it needs to play in the critical challenges facing humanity. The strategy, which runs to 2020/21, is accompanied by an operational plan which translates strategic goals into tangible actions.

I am delighted to report that we have secured a positive four-year settlement from Defra. The funding represents a huge vote of confidence in Kew by the Government and will provide us with a period of stability, reassure stakeholders and staff, and allow us to plan ahead. We have demonstrated we can grow self-generated income and thus total resources should grow, allowing us to invest in strengthening RBG Kew's future sustainability. The settlement also provides valuable leveraging opportunities for the Kew Foundation in their fundraising efforts. The capital commitments will enable us to address decades of underinvestment in our infrastructure. I believe this settlement will be transformational for RBG Kew and will mark an enduring turning point in our financial health.

A year into our science strategy we are making excellent progress, enabled by a record level of funds raised for science projects.

The first cohort of students for the Master of Science programme joined in September 2015. The course, in partnership with Queen Mary University of London, aims to train the world's next generation of plant and fungal scientists and is recruiting a second intake for September 2016.

We published 141 articles in high impact science journals, a total that exceeds previous years and demonstrates the importance of our scientific research. Efforts continue to open up access to our unrivalled collections through digitisation, with an ambition to make 80% of our collections digitally available by 2020. In June the Plants of the World Online Portal (POWOP) was formally launched as a prototype portal, the first step in creating an online global resource for plant and fungal knowledge.

This year we recruited two new science Trustees, Liam Dolan, the Sherardian Professor of Botany at Oxford, and Professor Sue Hartley, Director of the York Environmental Sustainability Institute. We have also recruited Catherine Dugmore, a highly experienced chartered accountant who has held a number of non-executive roles, and Nick Baird who brings considerable experience in corporate affairs to the Board. We also welcomed Mike McDonagh, an experienced auditor, as an independent member to the Audit and Risk Committee.

2015/16 has also seen significant improvements in the standards of horticulture in the gardens in order to inspire and captivate our 1.6 million visitors. A major endeavour has been the preparation of the Great Broad Walk Borders which will open in summer 2016. The parallel herbaceous borders stretch more than 1,000 feet in length and illustrate the diversity of the plant kingdom.

Work on restoring the Temperate House, our largest capital project, continues with re-opening scheduled for summer 2018. In June this year I signed an agreement with Historic Royal Places for the restoration of the Pagoda which will see it restored to its former Georgian glory by spring 2018.

We also secured agreement to host The Hive, a wonderfully original and beautiful 17 metre high representation of a beehive. The award-winning installation explores the relationship between bees and plants and, through interpretation, explains the crucial role of bees as pollinators. Following its successful debut at the Milan Expo, it will open to the public in summer 2016.

At Wakehurst a new management team has been recruited and will bring forward plans for the Sussex site next year. The restoration of the wildflower meadow on Havelock Farm has been underway this year and will open in summer 2016.

Beyond the garden walls, our flagship outreach programme Grow Wild continues to build on its success having transformed 3.5 million square metres of urban space and enabled nearly two million more actions through online engagement as well as youth and community led projects.

None of this would be possible without the outstanding efforts of staff and volunteers whose dedication and commitment ensures that RBG Kew continues to go from strength to strength.

Finally, I would like to thank the Trustees of RBG Kew for their continued support during the year, in particular to Professor Jonathan Drori, Dr Geoffrey Hawtin, George Loudon and Sir Ralph Ferrers Vyvyan who stood down in 2015/16. Many thanks for their invaluable contributions.



Marcus Agius

Chairman of the Board of Trustees
Royal Botanic Gardens, Kew

Director's foreword

2015/16 has been an incredibly busy period during which we have made tremendous progress in many different areas. I had four personal priorities for 2015/16 and I would like to reflect on progress made:

Securing sustainable financial health

For the first time in many years RBG Kew has delivered an operating surplus (£0.3m surplus on the unrestricted general other reserve in 2015/16 as compared with £0.6m deficit in 2014/15). It is tangible evidence of improved financial health and demonstrates how our Finance team has got the basics right: a good budget, sound forecasting, reliable numbers and the prudent use of a contingency.

In terms of commercial activities, RBG Kew Enterprises Limited has reported a record profit of £2.0m; the figure is 18% up on last year. The biggest year-on-year growth came from commercial events with both Christmas at Kew (which sold 173,000 tickets) and Kew the Music both excelling. Retail at both Wakehurst and Kew Gardens also performed strongly with total sales exceeding £3m for the first time. Venue hire and the Kew Explorer also did very well, with both exceeding budget.

Looking further ahead, the Spending Review settlement represents a positive outcome for RBG Kew and provides stable and sustainable funding over the next four years. Fundamentally, this enables us to develop long-term plans to grow self-generated income from marketing the gardens and commercial events as well as leveraging philanthropic support for our horticultural and scientific programmes.

Settling new structures and establishing effective leadership

We found further opportunities to rationalise from December 2015 in order to strengthen our senior management and capabilities. Marketing and Commercial Enterprise directorate leads on the brand marketing, commercial activities and visitor offer at Kew Gardens. In order to consolidate daily operational activity and to improve co-ordination across the site, Kew Gardens Visitor Hosting, Security, Kew Explorer, and daily oversight of catering are now incorporated in one directorate together with horticulture and learning teams. A new management team is also now in place at Wakehurst headed by Tony Sweeney.

Developing our people

Enabling our people to perform to their full potential is another priority and to this end we have developed six corporate values that capture our most important beliefs that make us unique:

- we **care** about the future of the planet and its biodiversity
- we **cherish** the diversity of our plant collections and seek diversity on our staff and audiences
- we work in **collaboration** and build trusting relationships with each other and with our partners
- we have **confidence** and believe we can succeed
- we strive for **excellence** and try to improve continuously

- we have **ambition** and will be bold enough to innovate and inspire.

We have identified the behaviours expected from staff to reflect these values and have worked with all staff to embed both values and behaviours. In the spring we also ran a programme of leadership development for around 50 senior managers, aimed at raising the standard of leadership at RBG Kew, which has been extremely well received by those attending.

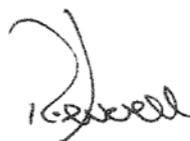
Developing and communicating the narrative for RBG Kew

I am very proud of our corporate strategy *Unlocking why plants and fungi matter*. Delivering this strategy will enable RBG Kew to achieve its mission to be the global resource for plant and fungal knowledge, building an understanding of the world's plants and fungi upon which all our lives depend.

The operational plan we have developed to accompany the strategy will hold Executive Board directors to account on their performance and is a rolling three year plan that we will refresh annually. The operational plan is underpinned by a financial plan that details the income and expenditure targets that we have to achieve over the next five years.

As I hope this foreword reflects, RBG Kew is in a different place compared with twelve months ago. To me, the theme that unifies all of this is 'ambition'. RBG Kew is raising its game and many people have played an important role in this. In particular I would like to thank Michael Murphy, former Chief Executive of the Foundation, who worked tirelessly to successfully deliver the Breathing Planet campaign. I would also like to thank the Chairman and Trustees for their continued support to me and the Executive Board. Can I also thank all staff, students and volunteers for their invaluable contribution to RBG Kew.

This has been a great year for RBG Kew and we now have the foundations in place to succeed in the future.



Richard Deverell
Director (CEO)
Royal Botanic Gardens, Kew

Management commentary

History and statutory functions

The Board of Trustees of the Royal Botanic Gardens, Kew was established under the National Heritage Act 1983 and came into existence on 8 August 1983. From 1 April 1984 responsibility for the Royal Botanic Gardens, Kew (RBG Kew) was transferred from the Minister of Agriculture, Fisheries and Food (now Secretary of State for Environment, Food and Rural Affairs) to the Board of Trustees.

RBG Kew is a Non-Departmental Public Body (NDPB) with exempt charitable status.

Subject to the provisions of the National Heritage Act 1983 the general functions of the Board of Trustees are to:

- carry out investigation and research into the science of plants and related subjects, and disseminate the results of the investigation and research;
- provide advice, instruction and education in relation to those aspects of the science of plants with which the Board is for the time being, in fact concerned;
- provide other services (including quarantine) in relation to plants;
- care for its collections of plants, preserved plant material, other objects relating to plants, books and records;
- keep the collections as national reference collections, ensure that they are available to persons for the purposes of study, and add to and adapt them as scientific needs and the Board's resources allow; and
- afford to members of the public opportunities to enter any land occupied or managed by the Board, for the purpose of gaining knowledge and enjoyment from the Board's collections.

Business aims and outcomes

RBG Kew's mission is to be the global resource for plant and fungal knowledge, building an understanding of the world's plants and fungi upon which all our lives depend. We have five strategic objectives:

1. Our collections are curated to excellent standards and are widely used for the benefit of humankind;
2. Our science makes a demonstrable contribution to solving the critical challenges facing humanity today;
3. We are the world's leading botanic gardens where our large and diverse audiences develop their understanding of why plants and fungi matter;
4. We are valued as the pre-eminent provider of public education on plant and fungal science, conservation and horticulture; and
5. We are a sustainable and dynamic organisation, making positive global impacts in partnership with others.

Performance in 2015/16 was monitored by means of the performance targets set out below. A new set of performance measures in support of the RBG Kew 2020 Corporate Strategy will be effective from 1 April 2016.

RBG Kew also contributes to Defra's recently published strategy "Creating a great place for living". The strategy sets out a shared vision and set of strategic objectives for the whole of Defra for the period up to 2020. It is intended to provide staff across the whole group of Defra organisations with a clear, shared framework. Actions to achieve the strategic objectives are described in more detail in Defra's Single Departmental Plan.

Management commentary continued

Performance targets and results 2015/16 - see commentary for further detail

KPI Number	Key Performance Indicator	Outcome 2014/15	Target 2015/16	Outcome 2015/16	% change in target vs last year actual	% outcome vs target
1	Number of visitor admissions Kew Gardens and Wakehurst (m)	1.50m*	1.59m	1.56m	+ 6%	- 2%
2	Total number of Kew Gardens and Wakehurst members	77,800 Kew members 8,700 Wakehurst members	80,856 Kew members 12,066 Wakehurst members	79,894 Kew members 11,807 Wakehurst members	Kew + 4% Wakehurst + 39%	Kew - 1% Wakehurst -2%
3	Visitor satisfaction - % of Kew Gardens visitors who rated their experience as excellent for enjoyment	69%	75%	67%	+ 9%	- 11%
4	Number of school children booked on day visits to Kew Gardens and Wakehurst	85,200	87,000	86,100	+ 2%	- 1%
5	Number of publications in high impact journals	126	140	141	+ 11%	+ 0%
6	Use of online science resources (number of site visits to IPNI†, World Checklist, the plant list, Herbcats and the Seed information database)	3.54m	3.50m	3.86m	- 1%	+ 10%
7	Total (£) self-generated income	£20.6m	£26.6m	£22.2m	+29%	- 17%
8	Total (£) non-Defra funded investment in infrastructure across the Kew Gardens and Wakehurst estates	£2m	£4.3m	£0.3m	+ 115%	- 93%
9	Operating expenditure (£) per square metre on maintaining the Kew Gardens and Wakehurst estates	£19 per sq m	£45 per sq m	£25 per sq m	+ 136%	- 45%
10	Total capital spend (£) required to maintain condition of Kew Gardens Estate	£1.7m	£8.0m	£3.6m	+ 370%	- 55%
11	Back office spend as % of total expenditure	5.4%	5%	5.3%	- 7.5%	- 6%
12	Staff engagement index score	63%	70%	63%	+ 11%	- 10%

* Previously reported figures have been revised to reflect corrections to visitor numbers (see commentary below)

† International Plant Names Index

Commentary on performance targets and results 2015/16

1. Number of visitor admissions to Kew Gardens and Wakehurst

Despite an increase in overall visitation (of 4%) and day-paying visitors (of 18%) compared to last year, overall visitation was just short of target by c. 40k. Review of admissions data during the year revealed that some visitor categories had been incorrectly recorded following the transition to a new ticketing and admissions system. This meant that the outturn for 2014/15 was overstated and as a result the target for 2015/16 was set on an inaccurate baseline. 2014/15 and 2015/16 outturn figures have been revised to reflect the correct position.

2. Total number of Kew and Wakehurst members

Membership for Kew Gardens was slightly below target for the year but we have met our target for new members. A challenging target (39% higher than 2014/15) was set for Wakehurst which was almost achieved on the back of excellent growth from 2014/15.

3. Visitor satisfaction - % of all visitors to Kew Gardens who rated their experience as excellent for enjoyment

The target was changed in 2015/16 to just measure the rating of respondents rating their experience as excellent. Whilst we have continued to exceed the previous target (with over 90% of respondents rating satisfaction as excellent or good) outturn against the new target remains broadly in line with last year at 67% against the target of 75%.

4. Number of school children booked on day visits to Kew Gardens and Wakehurst

The numbers of school children visiting Kew Gardens and Wakehurst has been steadily increasing over the past several years and in 2015/16 the number reached 86,100 against a target of 87,000. The shortfall was due to visits being deferred following curriculum changes so we expect numbers to increase next year.

5. Number of publications in high impact journals

This year we targeted an increase of over 10% in the number of publications and have managed to exceed the target with a total of 141 high impact journals published which represents a significant increase on last year.

6. Use of online science resources (number of site visits to IPNI, World Checklist, the Plant List, Herbat and the Seed information Database)

Use of online science databases has stabilized in recent years. Site visits totalled 3.8m against target of 3.5m.

7. Total self-generated income (£m)

Self-generated income (excluding Defra funding and funding from the Kew Foundation) was £22.2m in 2015/16 compared to £26.6m budget due to lower income generated for estates infrastructure than targeted. Excluding the infrastructure target, self-generated income was in line with target and up £1.6m against 2014/15 showing strong year on year growth in admissions income, trading activities and project income.

8. Total non-Defra funded investment in infrastructure across the Kew Gardens and Wakehurst estates (£m)

In 2015/16 £0.3m non-Defra funded investment took place. This was significantly less than planned due to limited availability of capital funding for investment in the estate.

9. Operating expenditure per square metre (£ per sq m) on maintaining the Kew Gardens and Wakehurst estates

Operating expenditure at £25 per sq m was significantly less than planned (targeted at £45 per sq m) due to a lack of available funding.

10. Total capital spend required to maintain the condition of the Kew Gardens estate (£m)

Capital spend on the Kew Gardens estate totalled £3.6m which was significantly less than planned due to a shortfall in funding in 2015/16.

11. Back office spend as % of total expenditure

The outturn was 5.3% against the target of 5%.

12. Staff engagement index score

The staff engagement score was calculated using a set of questions based on those asked in the RBG Kew People Survey. The overall index score at 63% was in line with last year (although below target) and demonstrates that the majority of staff continue to have a strong personal attachment to RBG Kew.

Supplementary note:

% of seed species (that are bankable) banked by the Millennium Seed Bank Partnership (MSBP)

No target was set for this performance indicator in 2015/16 in order to update mechanisms for recording MSBP seed collections. A Collections' Strategy is being developed to secure achievement of the 25% target.

Management commentary continued

Health and safety statement

RBG Kew recognises the importance of managing health and safety risks, on its sites at Kew Gardens and Wakehurst and as part of the work carried out by its employees wherever that may be.

RBG Kew's Health and Safety Statement of Intent makes clear the commitment of the Trustees to ensure a safe workplace for their employees and visitors, and any other person who may be affected by their undertaking.

RBG Kew's Health and Safety Committee meets four times a year. This Committee reviews current health and safety arrangements and sets direction for the organisation. The meeting is chaired by the Director of Kew and includes representatives of the three recognised trades unions, a representative from the Departmental Health and Safety Co-ordinators as well as the corporate health and safety management team.

To support this, RBG Kew also has Corporate Health and Safety Objectives, Corporate Health and Safety KPIs and a Corporate Health and Safety Risk Register.

In the reporting year April 2015 to March 2016, there were 8 RIDDOR¹ reportable incidents at RBG Kew; 6 involving staff and 2 involving members of the public. All incidents were investigated and remedial action taken as appropriate.

No enforcement notices have been served on RBG Kew, nor were there any convictions for health and safety offences.

Diversity and equality statement

RBG Kew respects and celebrates the diversity and equality of all staff and visitors, recognising that this provides a strong foundation for creating a cohesive, confident, and world class institution. Kew Gardens remains one of the top London visitor attractions for disabled visitors.

During the year the Executive Board and RBG Kew staff identified six core values. These include one that demonstrates how we cherish the diversity of our plant collections and how we seek diversity in our workforce and audiences:

"We seek to conserve the natural plant and fungal diversity of our planet. We value diversity among all our people and audiences as we respect and encourage different views and perspectives."

RBG Kew continues to promote and develop a range of programmes that promote equality of opportunity for staff and visitors. Highlights from this year include:

- we have identified the type of behaviours that we expect to see which bring the diversity value to life; and are using them in our competency and behaviour

framework as part of the performance management system so that we truly live our values;

- continued application of Disability Two Ticks in recruitment and continuation of Diversity and Equality Training as part of the RBG Kew induction programme;
- provision of discounted entry to 202 groups through RBG Kew's Community Access Scheme;
- participation of 1,217 people in Kew Gardens Discovery bus and walking tours aimed at visitors with limited mobility, or people who are unable to visit independently;
- assisted volunteering placements for people who may have an additional need or disability. Last year these placements accounted for over 10% of Kew's horticultural volunteer placements;
- continued provision of sponsored bursaries to schools with economic challenges with 507 pupils visiting Kew Gardens and 251 visits to Wakehurst; and
- organising outdoor learning opportunities for Special Educational Needs' (SEN) schools with 882 children participating at Kew Gardens and 174 children at Wakehurst.

Volunteering statement

RBG Kew recognises the vital and integral role played by volunteers in our work and the value they contribute to the RBG Kew community. Last year our 607 volunteers donated a range of diverse skills and in excess of 85,000 hours to Kew's mission. This equates to a value of around £1.2 million that the organisation would have had to spend on an equivalent contribution of staff time. More important still is the qualitative data and feedback that we receive concerning the value that our volunteer task force brings in terms of their commitment, knowledge, enthusiasm, and energy. One of the key quantitative indicators of this is the 'Volunteer Investment and Value Audit' (VIVA Ratio), which demonstrates that for every £1 the organisation invests in our volunteering programme, we receive over £11.50 in return.

RBG Kew has a record of working with volunteers since 1992 with a consistent volunteer retention rate of over 85% year on year and 89% this financial year. Our traditional volunteer roles include horticultural support, guiding and support to our schools, families and science programmes. We also promote environmental volunteering by hosting 'Employee Volunteering Days' for the corporate sector. Last year 332 volunteers took part in corporate volunteering activities over 19 days.

¹ RIDDOR: Reporting of Incidents, Diseases and Dangerous Occurrences Regulations

Management commentary continued

RBG Kew is committed to promoting active citizenship and enabling as diverse a section of the local community as possible to become involved in varied forms of voluntary activity at RBG Kew and to offering them any necessary support. We work with our 'third sector' colleagues to provide assisted volunteering placements for those volunteers who may have some sort of additional need or disability and last year such placements accounted for over 10% of our horticultural volunteers placements.

RBG Kew's Volunteer Strategy aims to align our volunteering programmes to support the objectives of the organisation and to develop and promote good practice in the involvement and support of volunteers. This includes the involvement of a Volunteer Steering Group consisting of pertinent stakeholders in the volunteer programme such as volunteers, their coordinators and the RBG Kew Trade unions who help steer the continued development of our volunteering programmes in a common, consistent, equitable and sustainable way.

Kew volunteers give us the two most valuable gifts they can, their time and their talent, and for that we celebrate and thank them for their sterling support.

Management commentary continued

Board of Trustees

The current membership of the Board of Trustees is as follows. One Trustee is appointed by the Queen; the Chairman and other Trustees are appointed by the Secretary of State for Environment, Food and Rural Affairs.

Trustees

Marcus Agius f, r, v (Chairman)

Sir Henry Keswick Appointed by Her Majesty The Queen (wef 1/10/15)

Nick Baird f, r (wef 1/11/15)

Catherine Dugmore a (wef 1/6/15)

Valerie Gooding v

Professor Sue Hartley s (wef 1/3/16)

Ian Karet f

Professor Liam Dolan s (wef 1/3/16)

Sir Derek Myers a

Professor Malcolm Press s

Professor Nicola Spence s

Jennifer Ullman a

a Audit and Risk Committee

f Finance Committee

r Remuneration and Nominations Committee

s Science Advisory Board

v Visitor Experience Committee

On appointment Trustees are briefed by Defra and offered induction by RBG Kew to learn about the diverse areas of activity.

The Board of Trustees is responsible for agreeing the strategy of the organisation. The Director is responsible for developing and implementing the strategy and for the day to day operation of the organisation in conjunction with the Executive Board.

A number of committees also include independent members. These are:

Mike McDonagh a (wef 20/7/15)

John Botts f

Jonathan Doughty v

George Loudon s (ex-officio member wef 1/10/15)

Johanna Waterous v

The following tables show the attendance records for the Board of Trustees and its committees during the year.

Board of Trustees - Attendance				
Trustee	9/6/15	1/10/15	10/12/15	17/3/16
Mr Marcus Agius (Chair)	Yes	Yes	Yes	Yes
Mr Nick Baird	*	*	Yes	Yes
Prof Liam Dolan	*	*	*	Yes
Prof Jonathan Drori	Yes	*	*	*
Mrs Catherine Dugmore	Yes	Yes	No	Yes
Ms Valerie Gooding	Yes	Yes	Yes	Yes
Prof Sue Hartley	*	*	*	Yes
Dr Geoffrey Hawtin	Yes	No	*	*
Mr Ian Karet	Yes	Yes	Yes	Yes
Sir Henry Keswick	Yes	Yes	Yes	No
Mr George Loudon	Yes	Yes	*	*
Sir Derek Myers	Yes	Yes	Yes	Yes
Prof Malcolm Press	Yes	Yes	Yes	Yes
Prof Nicola Spence	Yes	Yes	Yes	No
Ms Jennifer Ullman	Yes	Yes	Yes	Yes

Audit and Risk Committee - Attendance				
Trustee	29/5/15	17/9/15	24/11/15	7/4/16
Mrs Catherine Dugmore	*	Yes	Yes	Yes
Mr Mike McDonagh	*	Yes	Yes	Yes
Sir Derek Myers (Chair)	Yes	Yes	Yes	Yes
Prof Malcolm Press	Yes	*	*	*
Ms Jennifer Ullman	Yes	No	No	Yes

Finance Committee - Attendance			
Trustee	30/7/15	30/11/15	3/3/16
Mr Marcus Agius	Yes	Yes	Yes
Mr Nick Baird	*	*	Yes
Mr John Botts	Yes	No	No
Prof Jonathan Drori	Yes	*	*
Mr Ian Karet (Chair)	Yes	Yes	Yes
Mr George Loudon	No	*	*

Science Advisory Board - Attendance		
Trustee	26/11/15	10/3/16
Prof Liam Dolan	*	*
Prof Sue Hartley	*	*
Mr George Loudon	Yes	*
Prof Malcolm Press (Chair)	Yes	Yes
Prof Nicola Spence	Yes	Yes

Visitor Experience Committee - Attendance				
Trustee	14/5/15	9/9/15	12/11/15	25/2/16
Mr Marcus Agius	Yes	Yes	No	Yes
Mr Jonathan Doughty	Yes	Yes	No	No
Prof Jonathan Drori	Yes	*	*	*
Ms Valerie Gooding (Chair)	Yes	Yes	Yes	Yes
Ms Jennifer Ullman	Yes	Yes	Yes	Yes
Ms Johanna Waterous	Yes	Yes	Yes	Yes

Remunerations and Nominations Committee - Attendance	
Trustee	27/7/15
Mr Marcus Agius (Chair)	Yes
Mr Nick Baird	*
Prof Jonathan Drori	Yes
Mr George Loudon	No

* Denotes not holding Office at time of meeting

Management commentary continued

Statutory information

Results

The accounts have been prepared in a form directed by the Secretary of State for Environment, Food and Rural Affairs, with the approval of HM Treasury, under Schedule I Part IV subsection 39(4) of the National Heritage Act 1983 and on the basis of the accounting policies set out in Note 2.

Total income for the year was £65.6m (2014/15 £57.2m) of which £26.2m (£26.0m) was Grant-in-aid from the Department for Environment, Food and Rural Affairs. Total expenditure was £57.0m (£54.3m) leaving a surplus of £8.6m (surplus £2.9m).

The surplus of £8.6m consisted of a £0.3m surplus on the unrestricted general other reserve, £0.2m increase in the restricted donations reserve, plus a surplus totalling £8.1m on the unrestricted capital and capital revaluation reserves, reflecting capital funds to be offset by future depreciation on assets purchased.

Total funds increased to £179.1m (£155.1m). These include a revaluation fund of £107.4m (£92.9m) to reflect the value of certain land and buildings to which the Trustees do not have title and the capital reserves of £67.0m (£58.0m) to be used to offset future depreciation.

Land and buildings

The Board of Trustees do not hold title to the land and buildings used by RBG Kew, except for the Wellcome Trust Millennium Building and adjacent land at Wakehurst, including Havelock Farm, 35 acres of land purchased by RBG Kew in 2012, located in the centre of the existing Wakehurst estate; the National Trust owns the freehold of the remaining land at Wakehurst. The land and buildings at the Kew Gardens site are owned by the Crown. The Board exercises the management and maintenance functions on behalf of the Minister in relation to the properties used. Information on land and buildings can be seen in Note 11.

Other fixed assets

Significant changes in other fixed assets are shown in Notes 10 and 11.

Investments

Investments are detailed in Note 12 and are held in accordance with the Trustees' powers. Due to the limited investment funds available the Accounting Officer and Trustees consider the Charities Official Investment Fund provides an adequate balance between risk and reward.

Payment to creditors

It is Kew's policy to settle all invoices with its creditors within 30 days unless otherwise specified in the contract, and to observe the principles of CBI Prompt Payment Code. During 2015/16 Kew settled its debts on average in 30 days (2014/15 28 days).

Reserves

The Reserves of the organisation are explained in Note 2 of the Accounts. The Board has agreed that the unrestricted part of the General Reserves (Unrestricted General Reserve – other) should not fall below a minimum of £3.0m to give the organisation the flexibility to cope with fluctuations in income streams and unforeseen expenditure. The Reserves Policy is reviewed on an annual basis. At 31 March 2016 this fund stands at £3.7m (£3.4m in 2014) and may be used to partly fund any short term shortfall in income and to meet major capital needs in the future.

Research and development

RBG Kew, is a global resource for plant and fungal knowledge and has one of the largest and most diverse collections of plant and fungal specimens (living and preserved) in the world. RBG Kew's unique combination of extensive collections, databases, scientific and horticultural expertise and global partnerships gives it a leading role in facilitating access to fundamental plant and fungal information. The core purpose of RBG Kew's science and horticulture stems from a simple but often overlooked truth: all our lives depend on plants.

RBG Kew's scientific impact follows three strategic priorities:

- i) to document and conduct research into global plant and fungal diversity and its uses for humanity;
- ii) to curate and provide data-rich evidence from RBG Kew's unrivalled collections as a global asset for scientific research; and
- iii) to disseminate our scientific knowledge of plants and fungi, maximising its impact in science, education, conservation policy and management.

RBG Kew aims to maximise its impact through partnerships and collaboration with universities, botanic gardens, conservation organisations, industry and government. RBG Kew aims to enhance digital access to these resources so that they can be used more effectively and rapidly at the point of need.

Foundation and Friends of the Royal Botanic Gardens, Kew

The Foundation and Friends of RBG Kew is a registered charity (registration no. 803428) which is independently administered. Its purpose is to provide support for RBG Kew by the raising of funds for RBG Kew's activities. It does this by attracting sponsorship for projects and through an active and growing membership, committed volunteers and by enhancing awareness of RBG Kew's work. There are common Trustees on the Foundation and RBG Kew's Board – see Note 22. The Board of the Foundation includes 12 Trustees that are not related to RBG Kew Trustees. The Foundation is a company limited by guarantee and a registered charity. It is a distinct entity to RBG Kew and is not consolidated into the RBG group accounts.

RBG Kew Enterprises Limited

RBG Kew owns 100% of the issued share capital of RBG Kew Enterprises Limited. Its results have been fully consolidated into the accounts of RBG Kew.

Management commentary continued

Statutory information continued

Director

From 17 September 2012, Richard Deverell was the Director of RBG Kew.

Internal audit

The Board has appointed internal auditors who report to an Audit and Risk Committee, constituted from members of the Board of Trustees, together with an independent non-Trustee member, and to the Director as Accounting Officer.

The internal auditors review RBG Kew's systems of internal control and risk management and make recommendations for improvements through detailed reports on areas covered and an annual report summarising their work.

Advisors**Bankers**

The Royal Bank of Scotland
26a The Quadrant Richmond
Surrey TW9 1DF

External Auditor

(RBG Kew and RBG Kew Enterprises Ltd)
Comptroller and Auditor General,
National Audit Office
157–197 Buckingham Palace Road,
London SW1W 9SP

Solicitors

Burges Salmon LLP
Narrow Quay House
Narrow Quay
Bristol BS1 4AH

Disabled persons

RBG Kew supports the employment of disabled people wherever possible, by recruitment, by retaining all those who become disabled during their employment, and generally through training, career development and promotion.

Sickness absence

The average number of day's sickness for staff in 2015/16 was 4.8 days (5.2 in 2014/15).

Personal data related incidents

RBG Kew has not identified any personal data breaches during 2015/16 that would have required notification to the Information Commissioners Office.

Employee involvement

Consultations take place with employees' representatives so that the views of employees may be taken into account in making decisions which are likely to affect their interests.

Going concern

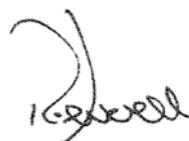
The Trustees have considered the factors that may influence the organisation in the next 12 months, in particular the agreed Grant-in-aid from Defra for 2016/17 and believe that it is appropriate to prepare the accounts on a going concern basis. For further detail see the section on the highlights and challenges faced in 2015/16 (p19) and the section on Key Risks (p20) within the Governance Statement

The Accounting Officer and Board of Trustees confirm:

- there is no relevant audit information of which the auditor is unaware; and
- they have taken all the steps they ought to ensure the auditor is aware of all relevant audit information.


Marcus Agius

Chairman of the Board of Trustees
Royal Botanic Gardens, Kew
16 June 2016


Richard Deverell

Director
Royal Botanic Gardens, Kew
16 June 2016

Statement of Trustees' and Accounting Officer's responsibilities

Under Schedule 1 Part IV subsection 39(2) National Heritage Act 1983 the Board of Trustees of the Royal Botanic Gardens, Kew is required to prepare a statement of accounts for each financial year in the form and on the basis determined by the Secretary of State for Environment, Food and Rural Affairs, with the consent of HM Treasury. The accounts are prepared on an accruals basis and must give a true and fair view of the Royal Botanic Gardens, Kew's and the group's state of affairs at the year end and of the group's incoming resources, application of resources and cash flows for the financial year.

In preparing the accounts the Trustees and Accounting Officer are required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Secretary of State for Environment, Food and Rural Affairs including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis.

The Accounting Officer for the Department for Environment, Food and Rural Affairs has designated the Director of the Royal Botanic Gardens, Kew as the Accounting Officer for the Royal Botanic Gardens, Kew. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Royal Botanic Gardens, Kew's assets, are set out in *Managing Public Money* published by HM Treasury.

Governance Statement

Overview

As an Executive NDPB, RBG Kew operates at 'arm's length' from its sponsor department, the Department for Environment, Food and Rural Affairs (Defra). Defra's role is a strategic one, and a Defra Management Statement and Financial Memorandum has been agreed between Defra and the RBG Kew Board of Trustees, to provide for the proper management of RBG Kew and to ensure that all public funds received are used appropriately and effectively. RBG Kew operates to a Corporate Governance Framework that is based on the seven core principles ('the Nolan Principles') of good governance for public services. Through this Framework, RBG Kew complies with the Cabinet Office 'Corporate Governance in Central Government Departments: Code of Good Practice' and the 'Principles of Good Governance in Executive NDPBs' as they apply to RBG Kew.

1. Governance Arrangements

The Board of Trustees

The Board of Trustees is responsible for determining the strategy of the organisation and ensuring that RBG Kew has appropriate policies and procedures to fulfil its statutory and administrative obligations with regard to the use of public funds. The Board meets four times a year, and additionally when necessary, to consider all matters relating to the overall control, business performance and strategy of RBG Kew. A joint strategic away-day is also held once a year, along with Kew Foundation Trustees.

The twelve Trustees of RBG Kew have been selected to provide an appropriate balance of skills, experience, independence and knowledge to discharge their duties effectively. Eleven have been appointed by the Secretary of State, Defra, and one by HM The Queen. The recruitment of Trustees is regulated by the Office of the Commissioner for Public Appointments (OCPA) and conducted through fair and open competition. In addition there are independent members who sit on the Committees.

Collectively, the Trustees operate as the Board of the NDPB and as charity Trustees, observing the legal and good practice expectations that cover both these roles.

Standard agenda items include a regular report from the Director covering major strategic issues and reports on progress against corporate strategies, the approval of minutes from committee meetings and any declarations of interest.

The Board considered a range of significant matters in 2015/16, including:

- RBG Kew's corporate strategy and five year financial plan;
- preparation for, and outcome of, the 2015 Spending Review;
- progress towards implementation and funding of major programmes including Great Broad Walk Borders, Children's Garden and The Hive;
- future plans for the Millennium Seed Bank;
- service agreements between RBG Kew & Kew Foundation;

- the Foundation's strategic intent; and
- RBG Kew staff survey results.

Board Committees

The Board of Trustees is supported by five Committees which are responsible to the Board for key functions. The Committees comprise a mix of Trustees and some have independent members and are as follows:

- Audit and Risk;
- Finance;
- Remuneration and Nomination;
- Science Advisory Board; and
- Visitor Experience.

The committees have written terms of reference. Committee meeting minutes are provided to the Board of Trustees. Membership of the Board, each of its committees and attendance records are provided on page 11.

Audit and Risk Committee

The Committee's role is to advise the Board and the Director of RBG Kew (the Accounting Officer) on the external auditor's report and the scope and effectiveness of the internal auditor's work. It advises the Board on the appointment of the internal auditor while also monitoring the work of the external auditor (who is appointed by Statute). It is also responsible for reviewing the financial statements and annual report and for reviewing procedures for the detection of fraud and handling of allegations from whistle-blowers. Finally, it is responsible for monitoring the adequacy and efficacy of RBG Kew's approach to corporate risk management.

The Committee has three Trustees and one independent member. Richard Keys, the independent member, resigned from the Committee with effect from 31st March 2015 and was replaced by Mike McDonagh in July 2015.

Some of the areas considered by the Committee during the meetings in 2015/16 include:

- internal and external audit activities;
- corporate risk management;
- financial control and risk;
- management of major projects;
- audit and regulatory responsibilities; and
- health & safety.

At the November 2015 meeting, Committee members reviewed effectiveness. Feedback indicated that the Committee worked well, with good dynamics and complementary skill sets as well as providing satisfactory challenges to the management of important tasks, issues and risks. The following recommendations for improvement were suggested:

Governance Statement continued

- there should be better balance on looking back and looking forward and that more was needed on forward planning and associated risks;
- there should be better connections with Defra risk management systems; and
- there should be better connections with other organisations who had similar risks and business profiles.

Finance Committee

The main responsibility of the Finance Committee is to review significant financial matters on behalf of the Board and make recommendations to the full Board for further consideration.

The Finance Committee comprises three Trustees and one independent member.

The Finance Committee considered the following significant matters in 2015/16:

- 2015 Spending Review preparations;
- RBG Kew's 2020/21 corporate strategy;
- 2016/17 operating budget;
- RBG Kew's five year financial plan; and
- updates on capital projects.

Remuneration and Nominations Committee

The Committee is responsible for advising the Board on all matters pertaining to the Director's and other senior executives' remuneration and major changes affecting remuneration across RBG Kew.

Each year, within an agreed framework, the Committee approves the objectives for the year ahead, evaluates the Director's performance and determines the remuneration of the Director. The Committee also ensures that the composition, skills and experience of the Board of Trustees, and the senior executive, is reviewed regularly in the context of contemporaneous and future challenges and opportunities facing the organisation. The Committee meets once per year and comprises the Board Chairman and members of the Finance Committee.

Science Advisory Board

The Science Advisory Board has prime responsibility to advise on the long-term strategy for science at RBG Kew. The new science strategy and consequent restructuring meant that terms of reference and membership of the former Science and Conservation Committee were reviewed to ensure that the focus of the Committee remained relevant. As a result, and due to the need to appoint a new science Trustee, the newly created Board met twice during 2015/16. The Board comprises two Trustees and one independent member. Two new Trustees were recruited during the year and will attend future meetings in 2016/17.

Matters considered by the Board during the year included:

- science funding and current projects;
- status of Science Strategy Strategic Outputs;

- the development of a collections' strategy;
- new science web pages;
- State of the World's Plants report and symposium; and
- RBG Kew Science Festival 2016.

Visitor Experience Committee

The Committee is responsible for providing strategic oversight of the visitor offer at Kew Gardens and Wakehurst. Its remit includes key points of focus on driving growth of RBG Kew's commercial offer. The Committee consists of three Trustees and three independent members and met three times in 2015/16.

Matters considered by the Committee included:

- Public Programmes Strategy;
- proposal for extended opening hours and 'lates';
- Interpretation Strategy; and
- Hospitality Strategy and catering contract renewal.

Executive Board

The Executive Board is a corporate decision-making Board, chaired by the Director. It agrees issues pertaining to the management of RBG Kew, in relation to the authority delegated by the Board of Trustees and supports the Director in his role as Accounting Officer.

Executive Board meetings changed from a monthly to a weekly schedule in 2015 to provide greater management and governance capacity. Regular all day meetings are also held throughout the year. Membership of the Executive Board in 2015/16 consisted of the following Directors:

- Director RBG, Kew (Chair), Richard Deverell;
- Director of Corporate Services, Jill McLaughlin;
- Director of Science, Kathy Willis;
- Director of Public Programmes, Gay Coley (until 30/9/15) replaced by Tina Houlton, Interim Director of Marketing and Commercial Enterprises (until 29/2/16) and Sandra Botterell, Director of Marketing and Commercial Enterprises (wef 1/3/16);
- Director of Wakehurst, Catharine Pusey Interim (until 30/10/15) and Tony Sweeney (wef 2/11/15);
- Director of Horticulture, Kew, Richard Barley (Director of Horticulture, Learning & Operations wef 7/12/15); and
- Director of Strategy & External Affairs, David Cope.

The CEO, Kew Foundation, Michael Murphy (until 30/9/15), and Ollie Shiell (wef 21/9/15) has a standing invitation to each formal meeting but has no formal voting rights.

Kew Foundation

Kew Foundation is a company limited by guarantee and a charity registered with the Charity Commission. The independence of the Foundation is critical to maintaining its charitable status, and the Foundation is governed by a separate Board of Trustees. The RBG Kew Board of Trustees appoints three of its members to the Board of the Foundation.

Governance Statement continued

Kew Enterprises Ltd

RBG Kew Enterprises Limited is wholly owned by Royal Botanic Gardens, Kew. The company carries out commercial activity to generate income for RBG Kew including retail, concerts, licensing and venue hire. It is governed by a Board of Directors appointed by the Kew Board of Trustees. The Kew Enterprises Board is accountable to the Kew Board of Trustees via the Finance Committee.

Highlights and Challenges

A selection of the key highlights and challenges faced in 2015/16 is provided below.

- Securing a good settlement from the spending round has been a major focus for 2015/16 and the settlement from Defra represents a hugely encouraging vote of confidence in RBG Kew. It will provide a period of stability and reassurance for staff. RBG Kew has demonstrated that it can grow self-generated income, and in so doing will be able to invest for the future. The settlement also provides valuable leveraging opportunities for Kew Foundation in their fundraising efforts. The capital will enable us to make a very material step towards addressing decades of underinvestment in our estates, and to an extent, our IT infrastructure too.
- Developing a corporate strategy has enabled us to articulate a new set of priorities for the organisation that will help deliver our revised mission *'to be the global resource for plant and fungal knowledge, building an understanding of the world's plants and fungi upon which all our lives depend'*. A detailed three year operational plan has been developed to act as an action plan to realise the ambition of the strategy.
- This year we have made significant progress on developing our visitor offer for future years including the Temperate House restoration, Great Broad Walk Borders, the agreement to host The Hive (the critically acclaimed UK Pavilion from the 2015 Milan Expo) and developing proposals for Wakehurst, Family Landscape area and Children's Garden, as well as new and replacement facilities to enhance the visitor offer and public education.
- Restructuring has taken place within the year to better align the organisation of responsibilities with delivery priorities. A new Director of Marketing and Commercial Enterprises on the RBG Kew Executive Board now leads on the brand marketing, commercial activities and visitor offer at Kew Gardens. Visitor operations and learning teams were incorporated into one directorate with Horticulture. A new management team is now in place at Wakehurst.

- In addition, following consultation, a decision was taken to substantially reduce the staffing of the Kew Innovation Unit as the level of commercial activity did not justify the resources allocated to it.

Plans for Future Periods

For 2016/17 through to 2020/21 the Executive Board's priorities are to deliver on the ambition set out in the corporate strategy and action the three year operational plan through the following ten initiatives:

- delivering the Science Strategy;
- maximising the potential of the gardens;
- improving the contribution from paid for events;
- creating an outstanding outreach proposition;
- creating an inspirational education programme;
- engaging stakeholders and partners in RBG Kew's importance and impact;
- growing philanthropic support and membership income;
- growing other commercial income;
- achieving success through our people; and
- improving the built and technological infrastructure.

Defra

Formal quarterly meetings take place between Defra officials and RBG Kew management. There are twice-yearly meetings between the sponsor Minister, Chairman of the Trustees and the Director, RBG Kew. Quarterly reports provide the information required by Defra to provide the Defra Board with information and assurance on the responsibilities and activities of RBG Kew.

At a working level, contact with Defra officials is frequent and covers a variety of strategic and financial matters.

Risk Management

Overall responsibility for the effective management of strategic risk rests with the Director and the Executive Board.

The Audit and Risk Committee examine areas of risk and considers management's response to these risks at each meeting. The Executive Board also undertakes a full examination and evaluation of the strategic risk register at least once per year. The structure of the Audit and Risk Committee agenda has changed during the year to allow Committee members' an opportunity to review risk management activities within individual Directorates. This rolling programme will ensure that each Director attends the Committee at least once every two years and will provide the Accounting Officer and the Committee with assurance that risk management activities are effective.

Governance Statement continued

The risk management system is based on a hierarchical structure of risk registers flowing from departmental, through directorate and up to strategic or corporate levels. This structure allows and promotes the escalation of risks that cannot be controlled at the lower levels or which may have an impact on other departments, directorates, or the organisation as a whole.

A fundamental review of the corporate risk register was undertaken in 2015/16 which resulted in a number of changes to ensure that risk is managed effectively and consistently across the organisation.

The Audit and Risk Committee noted the continued development and improvement of strategic risk management during 2015/16.

Key Risks

Maintaining a viable and attractive visitor proposition whilst at the same time meeting our obligations as a world class scientific and horticultural institution has introduced many and varied challenges. Volatility of government funding; financial pressures on donors and sponsors; and the need to drive commercial income have all placed stress on the organisation and introduced risk. These risks and challenges were compounded by a backlog in infrastructure investment and continued organisational change, development of additional commercial income streams and reorganisation to promote efficiency and cost savings.

The majority of RBG Kew's strategic risks relate to our ability to secure sufficient income so that we can safeguard our collections; ensure that we continue to meet our obligations as a World Heritage Site; and to deliver world class science.

These risks are being addressed by re-focussing the strategic direction of the organisation which is being enabled by a new 5 year corporate strategy that sets out 10 initiatives to achieve RBG Kew's strategic aims.

Whilst good progress has been made in managing strategic risk during 2015/16, it is recognised that significant strategic, operational and project risk remains and that this will require the continued attention of management and oversight by the Board of Trustees.

2. Internal Control Framework

The Trustees and the Director, RBG Kew, have joint responsibility for maintaining a sound system of internal control that supports the achievement of RBG Kew's policies, aims and objectives, and safeguards public funds and assets. The Director's responsibilities as Accounting Officer are assigned to him as prescribed in *Managing Public Money*.

The Director, RBG Kew, is accountable to the Principal Accounting Officer of Defra to enable her to discharge her overall responsibility for ensuring that RBG Kew, as a Defra Non-Departmental Public Body, has adequate internal control systems and procedures in place.

The system of internal control has been in place in RBG Kew for the year ended 31 March 2016, up to the date of the

approval of the Annual Report and Accounts, and accords with HM Treasury guidance.

As Accounting Officer, RBG Kew's Director has responsibility for reviewing the effectiveness of the system of internal control and this is informed by the work of the internal auditors and the senior managers responsible for the development and maintenance of the internal control framework.

The Internal Audit Strategy and Plan are approved by the Audit and Risk Committee and our internal auditors provide the Committee with regular updates on progress against that plan. Where changes were subsequently required, these were authorised by the Committee.

RBG Kew does not own any business critical models. Quality assurance with regards to the management of major projects consisting of those projects with a total budget of more than £0.5m or that are of significant importance or risk to RBG Kew, is enabled through the governance of the Strategic Programme Board (see section on Project Management for further details).

Financial management and control

Financial management is supported through monthly management accounts, quarterly financial reporting to the Executive Board and summary reporting to the Finance Committee and Trustees.

Financial information is available to all budget holders so that they are able to monitor their performance against budgets at any time. A culture of good financial management has been enabled through the provision of improved information and this will provide for more detailed cost analysis.

Fraud risk management

RBG Kew has a zero tolerance towards fraud, bribery and corruption and all staff are required to undertake mandatory 'Responsible for Information' training which includes content relating to fraud, bribery and corruption.

The Audit and Risk Committee have reviewed the Anti-Fraud, Bribery and Corruption Policy and the Whistleblowing Policy during 2015/16 as well as receiving reports on offers of gifts and hospitality.

RBG Kew contributes to HM Government counter fraud initiatives and activities through attendance at the Defra Fraud and Error Board where best practice is shared between Defra departments and other arm's length bodies.

Two minor incidents of fraud were detected during the year details of which are provided in section 3 below. There were no reports of whistleblowing in the period.

Performance management

The current performance management framework has been in place for three complete financial years, with quarterly discussions held at Executive level to track progress, identify issues and resolve barriers to delivery. Our organisational performance measures have been reviewed in line with the corporate strategy and a new set of measures have been introduced effective from 1 April 2016.

Staff performance management and development processes were the subject of Internal Audit review during the year. The audit concluded that staff performance management activities

Governance Statement continued

and controls were suitably designed to achieve the risk management objectives required by management. The report identified some areas for improvement in processes which will be followed up in 2016/17.

Project management

The Strategic Programme Board (SPB) operates as a sub-committee to the Executive Board, providing oversight of large, complex or strategically important projects.

During 2015/16 it has provided a more formal and structured approach to the approval, governance and oversight of large projects and programmes. The programme office established in 2014/15 has also provided support to the SPB, promulgating best practice and helping to standardise project management processes across Kew.

The governance arrangements for management and oversight of the portfolio of major projects were reviewed during the year. As a result a revised governance structure has been proposed to provide separation between executive and management functions and clearer oversight and reporting through the Executive Board and Committee structure.

Both the Finance Committee and the Audit and Risk Committee receive regular reports on major projects.

Information management

RBG Kew takes the management of the information it holds very seriously and is not aware of any personal data losses in 2015/16 that would require notification to the Information Commissioners Office.

All employees are mandated to undertake the Civil Service Learning 'Protecting Information' course and compliance with this requirement is monitored by the Human Resources Department.

RBG Kew undertakes an annual self-assessment exercise against the government information risk maturity model. The assessment for 2015/16 shows a gradually improving picture compared to the previous year. A SharePoint solution has been developed that will provide the tools to make a step change improvement in corporate file management in 2016/17. A Digital Asset Management system has also been created to provide a central online repository for all RBG Kew's digital images.

During 2015/16 RBG Kew participated in the Defra Open Data Programme, develop an open data policy and started to plan for implementation.

3. Governance and Internal Control Issues

The Internal Audit annual report for this year gave an overall 'amber' assurance in respect of corporate governance, risk management and internal control. This means that, whilst risk management and other activities were, overall, suitably designed and operating with sufficient effectiveness, the design and operation of key controls in some areas needed improvement.

During 2015/16 reviews of Contractor management, Finance and HR systems, the Living Collections, Performance

Management and Cash Handling were undertaken. All were given an amber assurance rating and a timetable for implementing recommended actions agreed.

Follow-up action was also taken in respect of a number of recommendations outstanding from prior years including implementation of actions relating to Overseas Working, Funding and Governance of projects in the Millennium Seed Bank, and the Strategic Programme Board.

At the end of March 2016 there were a total of 13 audit recommendations outstanding of which 5 were assessed as overdue. Action plans for those outstanding are in place where further work is needed due to the longer-term nature of the change involved, including Cash Collection and Banking, Corporate Governance and Overseas Working. The Audit and Risk Committee has received regular progress reports during the year.

During the year the Internal Audit contract was re-tendered and awarded to Mazars LLP who demonstrated best value for money.

Two incidents of fraud were detected, both of which were reported to RBG Kew's Director, to Defra and to the Chair of the Audit and Risk Committee. The first related to cash handling to the value of c. £900. In order to seek assurance on the incident and its handling, RBG Kew's internal auditors carried out a cash handling review early in 2016. The report concluded that cash collection and banking activities and controls at Kew are suitably designed to achieve the risk management objectives required by management, and recommended procedural improvements to be made. These recommendations will be followed up in 2016/17.

A second incident in March 2016 related to an allegation of ticket re-selling, to a known value of c£460. A review of ticket issue and recording methods will be carried out in 2016/17.

RBG Kew's governance, risk management and internal control frameworks have proved adequate in respect of the year ended 31 March 2016.

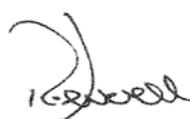
Conclusion

RBG Kew's risk and internal control landscape continues to evolve and improve. We recognise the impact that our recent financial situation has had on the organisation but are confident that with more stable funding arrangements now in place progress will continue in 2016/17.



Marcus Agius

Chairman of the Board of Trustees
Royal Botanic Gardens, Kew
16 June 2016



Richard Deverell

Director
Royal Botanic Gardens, Kew
16 June 2016

Sustainability Report

Sustainability information is reported in accordance with the Government Financial Reporting Manual (FRM) and as part of the requirements of HM Treasury's Public Sector Annual Reports: Sustainability Reporting, Guidance for 2015/16 reporting.

The Greening Government Commitments (GGCs) which commenced on 1 April 2011 require RBG Kew to report information to Defra on a quarterly basis. The GGCs aimed to reduce the impact the government has on the environment using a 2009/10 baseline. The following targets were set for achievement by the end of 2015/16 following an extension to the GGCs scheme:

- reduce greenhouse gas emissions by 25% from the whole estate and business-related transport;
- reduce the amount of waste generated by 25%;
- reduce water consumption and report on office water use against best practice benchmarks; and
- ensure government buys more sustainable and efficient products and engages with its suppliers to understand and reduce the impacts of its supply chain.

As an 'arm's length body' the scope of this report is aligned to RBG Kew's requirements under the Greening Government Commitments and the information included forms part of Defra's sustainability report.

While the environmental data and associated financial costs presented are consistent with the requirements, the information contained within this report has not been subject to external audit and does not form part of the auditors' opinion on the accounts.

About our data

The data gathering process is currently aligned with the Greening Government Commitments Guidance on Measurement and Reporting and the CRC Energy Efficiency Scheme; consumption figures are based on billed amounts and may therefore be subject to adjustments in subsequent periods.

Scope 3 emissions have been excluded from this report including RBG Kew's business related travel emissions which are discounted under the 'de-minimus' criteria. RBG Kew aims to improve the quality of its information in this area in future.

Our commitment to sustainability

RBG Kew's mission "to be the global resource for plant and fungal knowledge, building an understanding of the world's plants and fungi upon which all our lives depend" demonstrates its commitment to sustainability, biodiversity and conservation. This is exemplified by best practice management throughout its gardens, projects and partnerships. As such, RBG Kew believes that its operations should be undertaken with minimal adverse impact on both the local and global environment. RBG Kew uses an ISO14001 compliant Environmental Management System (EMS) to manage its operations and achieved recertification in September 2015. RBG Kew was the first World Heritage Site to achieve this international standard.

Summary of Performance

Area		2015/16 Performance		2009/10 Baseline	Change Against 2009/10 Baseline	GGC Target
CO₂ Emissions (see note 1)	Total Emissions	Tonnes CO ₂	7,828	9,433	-17%	7,075
	Total Energy Expenditure	£	1,509,953	945,000	62%	N/A
Water (see note 2)	Total Water Consumption	M ³	275,072	158,000	74%	< 158,000
	Water Supply Costs	£	214,858	238,000	-10%	N/A
Waste (see note 3)	Total Waste	Tonnes	516	1,233	-58%	925
	Total Disposal Costs	£	102,841	80,416	28%	N/A

N/A means no target set

1. In 2015/16 a meter configuration error was identified, affecting electricity consumption data back to the baseline year 2009/10. Emissions and energy consumption data have been amended to correct for this error. The overall reduction in greenhouse gas emissions was less than the target but the strategy in place for reducing CO₂ emissions is expected to enable us to achieve the 25% target in the longer term.

2. The level of supplied water consumed (140,021m³) was within the baseline target of 158,000 cubic metres but almost as much water is abstracted in order to maintain RBG Kew's dried Herbarium collections.

3. Reported waste does not include compost produced for use within the gardens.

Please refer to text below for further information on performance

Summary of Future Strategy

RBG Kew's policy is to establish and maintain effective environmental management based on the requirements of ISO14001. In line with its policy, RBG Kew aims to meet environmental targets and to continually improve its performance in key areas.

RBG Kew has made commitments to:

- assess annually its operational environment impacts;
- set annual objectives and targets to ensure continual improvement of its environmental performance; and
- comply with all relevant environmental legislation.

RBG Kew's work is focused on addressing the major environmental challenges faced today including habitat destruction and degradation, biodiversity loss and climate change on a local and global level.

As an organisation, RBG Kew recognises the link between greenhouse gas emissions from its operations and climate change. As a response, the organisation has a strategy for carbon reduction with long term emission reduction targets aligned to government policy; delivered through a strategic mix of renewable energy and conservation measures.

Green House Gas Emissions

RBG Kew is committed to reducing emissions from energy consumption and meeting Government targets. The business faces a specific set of challenges in reducing energy consumption whilst maintaining heat supply to listed Victorian glasshouses. This is particularly apparent in the winter periods.

RBG Kew has established a long term strategy for reducing CO₂ emissions, utilising a range of renewable energy and efficient heat production technologies to generate sources of low carbon electricity and heat for use across the organisation.

Installation of a biomass boiler is also planned to provide heating to the Temperate House as part of a five-year refurbishment project which commenced in 2014.

In 2015/16 a project was undertaken to reseal the Princess of Wales Conservatory. Work was completed on the project in early April 2016 and it is anticipated that this will give rise to energy and emissions savings going forward.

Kew continues to actively monitor its energy consumption and to improve its processes for identifying and responding to the inefficient use of energy through its automatic monitoring and targeting system.

Ongoing measures have contributed to a 17% reduction in carbon dioxide (CO₂) emissions.

Green House Gas Emissions		2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Non-financial indicators (tonnes CO ₂)	Scope 1: Direct emissions	4,818	4,296	5,186	4,406	4,240	4,027
	Scope 2: Indirect emissions	4,615	4,642	4,658	4,638	4,609	3,801
	Total emissions	9,433	8,938	9,844	9,044	8,849	7,828

Energy		2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	Total energy consumption	33,988,554	30,523,724	35,187,258	31,401,943	30,273,397	29,607,759
	Electricity (See note 1)	8,634,950	8,019,710	7,659,194	7,482,540	7,468,354	7,597,193
	Electricity: onsite CHP	-	-	498,049	764,795	907,151	995,040
	Electricity: onsite solar PV	-	-	6,024	41,783	48,955	44,183
	Gas (see note 2)	22,602,402	20,192,047	24,207,932	20,689,031	19,537,956	19,019,793
	Oil	2,528,056	2,114,779	2,659,604	2,116,273	2,265,780	1,867,134
	LPG	223,146	197,188	156,455	307,521	45,201	84,416
	Other	-	-	-	-	-	-
Total Energy Expenditure (£)	932,000	1,035,765	1,083,025	1,292,528	1,229,730	1,509,953	

1. Electricity contracts in 2010/11, 2011/12 and 2012/13 were for Brown Energy. In 2014/15 and 2015/16 green energy was procured. Electricity consumption figures have been updated from previous reports figures have been updated following identification of a meter configuration error in 2015/16.

2. Gas consumption reported is inclusive of gas utilised by the Combined Heat & Power unit to generate electricity and heat onsite.

Sustainability Report continued

Waste Management

RBG Kew is committed to producing zero waste to landfill by 2020. Good progress has been made against this target at Wakehurst and Kew Gardens, with waste to landfill reduced by 97% in 2015/16 compared to the baseline period and overall waste generated reduced by 58%.

In addition, RBG Kew produces around 4,000 tonnes of compost per annum for use on site. RBG Kew holds an Environment Agency permit for both sites to ensure that compost production complies with all relevant legislation.

Water Consumption

RBG Kew has committed to increasing the effective use of

potable and grey water. RBG Kew has a statutory duty to preserve the living collection which contains numerous rare or endangered species and a high proportion of Kew's water usage is used for irrigation of the living collections. This accounts for the volatility of water consumption.

RBG Kew utilises automatic metering to assist in identifying inefficient water use, including leaks. RBG Kew intend to install additional sub-metering to identify which areas consume greater proportions of RBG Kew's supplied water.

RBG Kew also abstracts ground water for the purposes of operating a ground source heat pump system which provides heating and cooling to the Herbarium which houses many of RBG Kew's dried collections. Abstracted ground water is returned to ground following use.

Waste		2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Non-financial indicators (tonnes)	Total Waste	2,323	1,531	1,138	487	802	516
	Hazardous waste	1,124	4	10	22	68	22
	Reused, recycled, composted	105	123	206	125	373	119
	Incinerated with energy recovery	-	3	137	318	337	340
	Incinerated without energy recovery	-	-	-	-	0	0
	Landfill	1,094	1,401	785	22	24	35
Financial indicators (£)	Total Disposal Cost	80,300	94,316	93,004	64,078	96,500	102,841

Water			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Non-financial indicators (m3)	Water consumption	Total water Consumption	184,300	344,795*	231,165*	294,710*	144,591	275,072
		Supplied	177,000	159,045	133,297	226,710	133,766	140,021
		Abstracted (returned to ground)	7,300	185,750	97,868	68,000	10,825**	135,051
Financial indicators (£)	Water Supply Costs		264,000	245,117	167,555	333,004	227,440	214,858

* indicates figure adjusted from previous annual reports and now includes volumes of abstracted water

** low annual abstraction level due to Ground Source Heat Pump system refurbishments during which no water was abstracted

Sustainable Procurement

RBG Kew is committed to Sustainable Procurement through its ISO14001 management system. This will be achieved through adherence to its 'Sustainable Purchasing Guidelines' which require improved management of its supply chain and integration of full life costing for goods and services.

Environmental Management System

RBG Kew's corporate policy requires that Kew maintains an effective environmental management system, EMS, based on the requirements of BS EN ISO 14001:2004. This system will continue to be an integral tool to manage RBG Kew's

environmental impacts and to provide a mechanism to monitor report and deliver against emissions reduction targets, sustainability objectives and the Treasury's FReM Sustainability Reporting requirements.

Governance

RBG Kew's environmental policy is signed by the Director. Compliance with the requirements of the CRC Energy Efficiency scheme and Greening Government Commitments are part of RBG Kew's objectives. RBG Kew's progress and compliance with these targets is reported to the Environmental Sustainability Steering Group on a quarterly basis.

Remuneration Report

Remuneration Policy

The remuneration of the Director (CEO) is set by the Remuneration and Nominations Committee, a sub-committee of the Board of Trustees. The members are identified on page 11.

The salary of the Director is reviewed on an annual basis and, in reaching its recommendations; the Committee has regard to performance, based on objectives set by the Board of Trustees, affordability and government pay policy.

The Remuneration and Nominations Committee reviews the Director's recommendations on the remuneration packages of Executive Board members and other employees on individual contracts on an annual basis. The Trustees do not receive any remuneration for their services to Kew. Note 9 details their expenses.

Service Contracts

Kew appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointments to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the current Executive Board.

The Remuneration and Nominations Committee sets performance objectives and awards bonuses based on performance against agreed objectives.

The value of pension benefits during the year is calculated as the real increase in pension multiplied by 20, less the contributions made by the individual. This may be a negative value in the year.

Remuneration (Audited)		2015/16 Salary	2015/16 Pension benefits to nearest (£1,000)	2015/16 Total to nearest (£1,000)		2014/15 Salary	2014/15 Pension benefits to nearest (£1,000)	2014/15 Total to nearest (£1,000)
		£	£	£		£	£	£
Andy Jackson ¹	Director, Wakehurst to 30/04/15	6,398	1,000	7,000		76,773	13,000	90,000
Catharine Pusey ²	Interim Director, Wakehurst from 30/04/15 to 1/11/15	60,632	-	61,000		-	-	-
David Cope	Director, Strategy and External Affairs from 01/01/15	71,000	60,000	131,000		17,750	5,000	23,000
Gay Coley ³	Director, Public Programmes to 31/12/15	109,184	39,000	148,000		130,000	48,000	178,000
Jill McLaughlin	Director, Corporate Services	107,767	44,000	152,000		110,000	37,000	147,000
Kathy Willis ⁴	Director, Science	97,315	15,000	112,000		94,159	15,065	109,000
Monique Simmonds	Director, Kew Innovation Unit to 16/03/15	-	-	-		76,476	25,000	101,000
Richard Barley	Director, Horticulture, Learning and Operations	96,915	38,000	135,000		85,000	32,000	117,000
Richard Deverell ⁵	Director (CEO)	143,521	56,000	200,000		141,400	53,000	194,000
Sandra Botterell ⁶	Director, Marketing and Commercial Enterprise from 1/3/16	9,583	-	10,000		-	-	-
Tina Houlton ⁷	Interim Director, Marketing and Commercial Enterprise from 1/11/15 to 29/2/16	28,667	30,000	59,000		-	-	-
Tony Sweeney ⁸	Director, Wakehurst from 2/11/15	40,147	16,000	56,000		-	-	-

- Salary to 30/04/15 plus additional voluntary exit payment £212,000. Annual equivalent salary £76,773
- Board Member from 30/04/15 to 1/11/15. Catharine was an interim contractor paid via fees of £60,632 to an agency through which she was employed. Annual equivalent salary £121,266
- Salary to 31/12/15 – annual equivalent salary £131,300
- Kathy Willis is on secondment from Oxford University (80% of her time) and is paid directly by Oxford University. The reported costs relate only to salary and pension

costs which Kew incurs. Additional payment for fundraising services directly from Kew Foundation received of £15,000 in 2015/16 (2014/15 £15,000)

- Salary includes backdated pay award. Additional payment for fundraising service directly from Kew Foundation of £30,000 in 2015/16 (2014/15 £30,000)
- Salary from 1/3/16. Annual equivalent salary £115,000. Employed by RBG Kew Enterprises
- Salary from 1/11/15 to 29/2/16. Annual equivalent salary £86,000
- Salary from 2/11/15. Annual equivalent salary £97,000

Remuneration Report continued

Salary

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by the Royal Botanic Gardens, Kew and thus recorded in these accounts.

Benefits in kind

Post holders do not receive any benefits provided by the employer and treated by HM Revenue & Customs as a taxable emolument. For certain post holders on site accommodation is provided for the proper performance of the duties of the employment, or where it is customary for employees in that role to be provided with on-site living accommodation for the better performance of the duties of the employment. This is not treated as a taxable emolument.

Pension Benefits (Audited)	Accrued pension at age 60 as at 31/03/16 & related lump sum	Real increase in pension & related lump sum at age 60	CETV at 31/03/16	CETV at 31/03/15	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	£'000
Andy Jackson	98	-	432	423	1	N/A
David Cope	25	3	213	162	28	N/A
Gay Coley	-	-	-	58	-	N/A
Jill McLaughlin	32	3	377	316	29	N/A
Monique Simmonds	-	-	-	663	-	N/A
Richard Barley	6	2	80	45	23	N/A
Richard Deverell	12	3	142	95	25	N/A
Sandra Botterell	-	-	-	-	-	N/A
Tina Houlton	-	-	-	-	-	N/A
Tony Sweeney	1	1	14	-	11	N/A

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to

Gender

As at 31 March 2016, the gender split of the Executive Board was 4 males and 3 females.

Median Salary Ratio

The Median Salary in the organisation in 2015/16 was £24,717 (£24,063 in 2014/15).

The ratio to the Director's remuneration of £143,521 in 2015/16 (£141,400 in 2014/15) was 5.8 (5.9 in 2014/15). Agency pay has been excluded from the Median Salary calculation since this pay arrangement would give rise to a distortion of the results.

the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Remuneration Report continued

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a final salary scheme (classic, premium or classic plus); or a whole career scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range from a minimum of 3.8% of pensionable earnings for classic and 4.6% and 8.05% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is updated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos.



Marcus Agius
Chairman of the Board of Trustees
Royal Botanic Gardens, Kew
16 June 2016

Further details about the Civil Service pension arrangements can be found at the website www.civilservice.gov.uk/my-civil-service/pensions

Tax arrangements of public appointees

RBG Kew has a number of staff employed under contract and not through payroll. In line with guidance from HM Treasury, RBG Kew is required to publish information about its controls to ensure the regularity of the tax arrangements of its non-payroll appointees. The scope includes any individual who is engaged to carry out a role in the organisation, including office holders, who is earning the equivalent of £58,200 per annum or more and who is self-employed, supplied by an agency or other company or working through a personal service company, as follows:

Table 1: For all off-payroll engagements as of 31 March 2016, for more than £220 per day and that last for more than six months (not audited):

No of existing engagements as of 31 March 2016	5
Of which at the time of reporting:	
No that have existed for less than one year	3
No that have existed for between one and two years	2

All existing off-payroll engagements, outlined above, have at some point been subject to a risk based assessment as to whether assurance is required that the individual is paying the right amount of tax and, where necessary assurance has been sought.

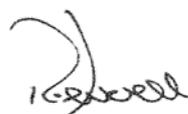
Table 2: For all new off-payroll engagements between 1 April 2015 and 31 March 2016, for more than £220 per day and that last longer than six months (not audited):

No of new engagements between 1 April 2015 and 31 March 2016 and which include contractual clauses giving the right to request assurance in relation to tax and National Insurance obligations	6
No for whom assurance has been requested	6
Of which at the time of reporting:	
No for whom assurance has been received	6

Assurance has been received in all cases.

Table 3: Off payroll engagements of Board members with significant financial responsibility (not audited):

Number of off-payroll engagements at board level and/or senior officials with significant financial responsibility	0
Total number of individuals that are board members and/or senior officials with significant financial responsibility. This figure includes both off-payroll and on-payroll engagements.	8



Richard Deverell
Director
Royal Botanic Gardens, Kew
16 June 2016

Auditor's Certificate and Report

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

I certify that I have audited the financial statements of the Royal Botanic Gardens, Kew for the year ended 31 March 2016 under the National Heritage Act 1983. The financial statements comprise: the Consolidated Statement of Financial Activities, the Consolidated and Parent Balance Sheets, the Consolidated Cash Flow Statement and related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Trustees/Board, Accounting Officer and auditor

As explained more fully in the Statement of Trustees and Accounting Office's Responsibilities, the Trustees and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the National Heritage Act 1983. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the group's and of the Royal Botanic Gardens Kew's affairs as at 31 March 2016 and of its incoming resources and application of resources for the year then ended; and
- the financial statements have been properly prepared in accordance with the National Heritage Act 1983 and Secretary of State directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions made under the National Heritage Act 1983; and
- the information given in the Management Commentary and Sustainability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration and Staff Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse
Comptroller and Auditor General

29 June 2016

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Royal Botanic Gardens, Kew Statement 1

Consolidated Statement of Financial Activities for the year ended 31 March 2016

Income from:	Notes	Unrestricted		Restricted		Endowment		2015/16		Unrestricted (Restated)		Restricted (Restated)		Endowment		2014/15 Total (Restated)	
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Grant in aid	3	17.4	8.8	-	-	26.2	14.8	11.2	-	26.0	-	-	-	-	-	-	-
Grants and donations	4	3.4	17.4	-	-	20.8	3.1	10.3	-	13.4	-	-	-	-	-	-	-
Charitable activities	6	9.7	0.1	-	-	9.8	9.6	0.1	-	9.7	-	-	-	-	-	-	-
Other trading activities	5/15	8.7	-	-	-	8.7	8.0	-	-	8.0	-	-	-	-	-	-	-
Investments		0.1	-	-	-	0.1	0.1	-	-	0.1	-	-	-	-	-	-	-
Total income		39.3	26.3	-	-	65.6	35.6	21.6	-	57.2	-	-	-	-	-	-	-
Expenditure on:																	
Raising funds – trading	7/15	6.2	-	-	-	6.2	5.7	-	-	5.7	-	-	-	-	-	-	-
Charitable activities																	
Research and conservation	7	24.7	15.6	-	-	40.3	23.8	15.3	-	39.1	-	-	-	-	-	-	-
Visitor activities	7	10.4	0.1	-	-	10.5	9.0	0.5	-	9.5	-	-	-	-	-	-	-
Total expenditure		41.3	15.7	-	-	57.0	38.5	15.8	-	54.3	-	-	-	-	-	-	-
Net income/ (expenditure)		(2.0)	10.6	-	-	8.6	(2.9)	5.8	-	2.9	-	-	-	-	-	-	-
Revaluation of assets		15.4	-	-	-	15.4	10.5	-	-	10.5	-	-	-	-	-	-	-
Net movement in funds	17	13.4	10.6	-	-	24.0	7.6	5.8	-	13.4	-	-	-	-	-	-	-
Total funds at 1 April	17	132.6	22.3	0.2	0.2	155.1	125.0	16.5	0.2	141.7	16.5	0.2	0.2	141.7	16.5	0.2	141.7
Total funds at 31 March	17	146.0	32.9	0.2	0.2	179.1	132.6	22.3	0.2	155.1	22.3	0.2	0.2	155.1	22.3	0.2	155.1

All activities arise from continuing operations.

All recognised gains and losses have been included in the Statement of Financial Activities.

The Notes on pages 30 to 38 form part of these accounts.

2014/15 income and expenditure was restated to reclassify £1m restricted grant income and associated restricted expenditure within charitable activities as unrestricted other income within charitable activities and unrestricted expenditure within charitable activities.

Royal Botanic Gardens, Kew Statement 2

Balance Sheets at 31 March 2016

	Royal Botanic Gardens, Kew			Consolidated	
	Note	2016 £m	2015 £m	2016 £m	2015 £m
Fixed assets					
Intangible assets	10	4.9	5.1	4.9	5.1
Tangible assets	10	4.7	5.4	4.7	5.4
Heritage assets	11	165.1	140.4	165.1	140.4
Investments	12	0.6	0.6	0.3	0.3
		175.3	151.5	175.0	151.2
Current assets					
Stocks of goods for sale		0.1	-	0.6	0.4
Debtors	13	8.1	6.7	5.6	5.1
Cash at bank and in hand		4.1	6.7	7.3	8.9
		12.3	13.4	13.5	14.4
Liabilities					
Creditors: amounts falling due within one year	14	(8.0)	(9.8)	(8.9)	(10.5)
Net current assets		4.3	3.6	4.6	3.9
Total assets less current liabilities		179.6	155.1	179.6	155.1
Creditors: amounts falling due after more than one year	15	(0.5)	-	(0.5)	-
Net assets		179.1	155.1	179.1	155.1
Funds					
Unrestricted general	17	38.6	39.7	38.6	39.7
Unrestricted revaluation	17	107.4	92.9	107.4	92.9
Restricted	17	32.9	22.3	32.9	22.3
Endowment	17	0.2	0.2	0.2	0.2
		179.1	155.1	179.1	155.1

The Notes on pages 30 to 38 form part of these accounts.

The financial statements were approved by the Director and Board of Trustees on 16 June 2016 and signed on their behalf by:



Marcus Agius

Chairman of the Board of Trustees
Royal Botanic Gardens, Kew
16 June 2016



Richard Deverell

Director
Royal Botanic Gardens, Kew
16 June 2016

Royal Botanic Gardens, Kew Statement 3

Consolidated Cash Flow Statement for the year ended 31 March 2016

	Note	2015/16 £m	2014/15 £m
Cash flows from operating activities			
Net cash provided by operating activities		10.1	9.5
Cash flow from investing activities			
Interest receivable		0.1	0.1
Purchase of property, plant and equipment		(12.3)	(7.9)
Cash flow from financing activities			
Cash inflows from new borrowing		0.5	-
Change in cash and cash equivalents in the reporting period		(1.6)	1.7
Cash and cash equivalents at 1 April 2015	b	8.9	7.2
Cash and cash equivalents at 31 March 2016		7.3	8.9

a) Reconciliation of net income to net cash flow from operating activities

	2015/16 £m	2014/15 £m
Net income for the reporting period	8.6	2.9
Depreciation charges	3.9	3.7
Loss on disposal of fixed assets	-	0.5
Decrease / (increase) in stock	(0.2)	0.1
(Increase) / decrease in debtors	(0.5)	2.3
Increase / (decrease) in creditors	(1.6)	0.1
Interest receivable	(0.1)	(0.1)
Net cash provided by operating activities	10.1	9.5

b) Analysis of cash and cash equivalents

	2015/16 £m	2014/15 £m
Cash at bank and in hand	7.3	8.9
Total cash and cash equivalents	7.3	8.9

Notes to the accounts year ended 31 March 2016

1 Form of accounts

As stated in the Statutory Information, these accounts have been prepared in the form directed by the Department for Environment, Food and Rural Affairs, on a going concern basis and in accordance with FRS102. Without limiting the information given, the accounts meet the accounting and disclosure requirements of applicable accounting standards so far as those requirements are appropriate, and comply with the Financial Reporting Manual to the extent that they are not in conflict with the FRS102 Statement of Recommended Practice, Accounting and Reporting by Charities (SORP). Royal Botanic Gardens, Kew is a public benefit entity.

2 Accounting policies

Accounting convention

The accounts are prepared under the modified historical cost convention and fixed assets and investments are shown at their value to the business by reference to current costs.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the Royal Botanic Gardens, Kew and its subsidiary RBG Kew Enterprises Limited for the year ended 31 March 2016. Consolidation has been carried out on a line-by-line basis.

The Foundation and Friends of the Royal Botanic Gardens, Kew and the Bentham-Moxon Trust have not been consolidated as, in the opinion of the Trustees, Kew does not have the ability to exercise control over these organisations.

Income

Government grants

Grant-in-aid including capital grant is credited to income in the year for which it is received.

Income from activities and generated funds

Income is accounted for on a receivable basis, net of VAT. Grant income received is deferred where the activity being funded has not taken place by 31 March in any year and the performance conditions are not yet met. Income is allocated to Restricted Income when it is given by the donor or grant maker for specific purposes.

Gifts in kind

Gifts in kind are valued at the estimated value to Kew of the service or goods received, based on the market price of an equivalent service or goods.

Investment income

Investment income comprises interest receivable from cash at bank and short term deposits, and income from investments held in the Charities Official Investment Fund.

Expenditure

Expenditure is accounted for on an accruals basis and is classified under the relevant activity within the Statement of Financial Activities.

Expense allocation

Costs are allocated to Research and Conservation and Visitor Activities in line with the objectives of Kew as set out in the Management Commentary.

Indirect costs have been allocated to the headings in the Statement of Financial Activities on the basis of headcount

except for IT costs which have been allocated on the basis of computer numbers. Governance costs include the costs of strategic planning, the Annual Report and Accounts, the external audit fee and Trustees' expenses.

Heritage assets

The land and buildings and collections used by Kew are Heritage Assets as defined by Financial Reporting Standard 30 (FRS30) and are accounted for in accordance with this as set out below.

Land and buildings

The Board of Trustees does not hold title to the land and buildings used by the Royal Botanic Gardens, Kew, except for the Welcome Trust Millennium Building and the land it is situated on, and the adjacent Havelock Farm, which was acquired in 2012/13. The remaining land and buildings are owned by the Crown at Kew and by the National Trust at Wakehurst. As required by FRS102, existing buildings and their associated land used for fundraising, administration or accommodation purposes plus the Welcome Trust Millennium Building were valued and capitalised on the Balance Sheet at 31 March 2001 (Note 11). Subsequent additions are included initially at cost.

Land and buildings are revalued every five years by external professionally qualified valuers, on the basis of either open market value for existing use or depreciated replacement cost. Professional revaluations were carried out during 2001/02, 2006/07 and 2011/12. In between professional revaluations, values are updated using indices provided by the professional valuers. With the exception of those buildings used for fundraising, administration or accommodation purposes, Kew has not capitalised heritage buildings acquired before 2001/02. Under FRS30 this is allowable where it is considered that the cost of obtaining valuations for other existing buildings would be onerous compared to the benefit to the readers of the Accounts. Expenditure on new buildings over £0.25m is capitalised.

Collections

The Board of Trustees has reviewed the costs of valuing the heritage assets by collection including, in particular, the staff time involved and consider that the cost of obtaining valuations for all existing collections would be onerous, because of the time it would take, compared to the benefit to the readers of the Accounts. Therefore no values have been placed on these as allowed by section 34 FRS102. New items to the collections costing more than £2,000 and acquired after 2001, are capitalised.

Collections are unlikely to depreciate and are expected to have a life in excess of 50 years so no depreciation is provided against them. Impairment reviews of these collections are undertaken on a five year basis and when changes in circumstances dictate.

Other fixed assets

Other fixed assets are stated at their value to the business by reference to cost less depreciation (previously at current costs). Except in respect of other fixed assets, historical costs are not disclosed as required by the FRS102 as, in the view of the Accounting Officer and the Board of Trustees, this adds no information of value to the Accounts.

Depreciation

Capital items costing more than £2,000 are capitalised as fixed assets. Depreciation is provided on all fixed assets, except land and collections, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Buildings: between 20 and 80 years

Gardens equipment: between 5 and 20 years

Scientific and laboratory equipment: over 10 years

Computer and photographic equipment: between 3 and 10 years

Office equipment and motor vehicles: over 5 years

A full month (year in the case of buildings) of depreciation is charged in the month of disposal and none in the month of acquisition. The carrying value of tangible fixed assets is reviewed for impairment when events and or changes in circumstances indicate the carrying value may not be recoverable.

Construction in progress

Internally generated assets are recognised as construction in progress, and not depreciated until the completed asset is brought into service.

Research and Development

Expenditure on research activities is written off as incurred, due to the inherent uncertainty surrounding the economic benefit resulting from the asset. Capitalisation of development costs is contingent on fulfilment of the criteria noted in IAS 38 (Intangible Assets).

Intangible fixed assets

When fully operational in the business, internally generated software is stated at fair value, which is depreciated replacement cost. Values are updated annually using appropriate indices. Assets in construction are not amortised until brought into use. IT software assets are amortised over a 3 year period.

Current assets

Stock is stated at the lower of cost and net realisable value. Debtors are measured at their recoverable amounts and creditors at their settlement amounts when these can be measured or estimated reliably.

Pensions

Pension arrangements are described in Note 20 to the accounts. Pension contributions payable by Kew are expensed as incurred.

Investments

Investments are stated at current market value at the balance sheet date. Valuations are kept up-to-date such that when investments are sold there is no gain or loss arising. As a result the Statement of Financial Activities only includes unrealised gains and losses arising from the revaluation of the investment portfolio throughout the year. As explained in the fixed asset accounting policy note, historical cost disclosures have not been provided.

Net liquid resources

Liquid resources comprise short term cash deposits. All cash is held in commercial banks and none with the Government Banking Service.

Reserves

Reserves are analysed under the headings Unrestricted, Restricted and Endowment Funds.

General reserves

The Board of Trustees, with the approval of the Secretary of State for Environment, Food and Rural Affairs, may undertake

certain activities the proceeds from which, together with donations and funds from other sources, including those profits of RBG Kew Enterprises Limited which have been covenanted to Kew, but excluding Grant-in-aid, are taken to the General Reserves. These funds may be used at the Board's discretion within the terms of section 24 of the National Heritage Act 1983.

Restricted funds

These are funds which have been given to Kew for specific purposes by donors.

Endowment funds

These are capital funds where Trustees have no power to convert the capital to income. However, the income generated by these funds can be used for the purposes for which the endowment was given.

Revaluation reserve

This represents the cumulative difference between historic and current costs of fixed assets. Where this relates to unrestricted assets, it forms part of the unrestricted reserve, where this relates to restricted assets, it forms part of the restricted reserve.

Taxation

The Royal Botanic Gardens, Kew is an exempt charity as a consequence of Schedule 5 subsection 4 of the National Heritage Act 1983. RBG Kew Enterprises Limited covenants most of its profits to the Royal Botanic Gardens, Kew and consequently only a small amount of taxation may be payable, mainly due to timing differences. The Royal Botanic Gardens, Kew and RBG Kew Enterprises Limited are group registered for VAT purposes and are able to recover part of their input VAT, and all VAT balances are processed through RBG Kew.

Leases

Royal Botanic Gardens Kew has no finance leases. Rentals under operating leases are charged on a straight-line basis over the lease term, even if payments are not made on such a basis.

3 Grant-in-aid

Grant-in-aid of £26.2m was received from Defra in 2015/16 (2014/15 £26.0m). Of this £8.8m is restricted to specific revenue and capital projects (2014/15 £11.2m).

4 Grants and donations

	Unrestricted	Restricted	2015/16	2014/15
	£m	£m	£m	(restated) £m
Income received from Kew Foundation	2.9	14.3	17.2	10.6
Other project income	0.5	2.3	2.8	2.0
EU project income	-	0.5	0.5	0.5
Grant for maintaining Wakehurst Place	-	0.1	0.1	0.1
Donations	-	0.2	0.2	0.2
	3.4	17.4	20.8	13.4

5 Other trading activities

	2015/16	2014/15
	£m	£m
Retailing	3.3	2.8
Commercial development (i)	5.4	5.2
	8.7	8.0

(i) Commercial development consists of concerts, events, licensing and venue hire.

6 Income from charitable activities

	2015/16	2014/15 (restated)
	£m	£m
Admissions	6.4	5.8
Catering contracts	0.8	0.8
Education charges	0.4	0.4
Other income from third parties	2.2	2.7
	9.8	9.7

Other income from third parties consists of supplies made of goods and services from, amongst other things, consultancies, provision of photographs, reproduction fees and identification services and rents receivable.

7 Expenditure

	Staff Costs	Dep'n	Direct Costs	Grant Funding of Activity	Support Costs	2015/16 Total	2014/15 Total
	£m	£m	£m	£m	£m	£m	£m
Raising funds - trading	1.9	-	4.3	-	-	6.2	5.7
Research and conservation	17.6	2.9	5.9	2.2	11.7	40.3	39.1
Visitor activities	3.8	1.0	3.2	-	2.5	10.5	9.5
Support costs	5.6	-	8.6	-	(14.2)	-	-
	28.9	3.9	22.0	2.2	-	57.0	54.3

Unrecovered VAT for the year of £0.4m has been charged against these accounts (2014/15 £0.4m). £56k (2014/15 £58k) was paid to the external auditors for audit fees. £41k (2014/15 £43k) was paid for the audit of RBG Kew, and £15k (2014/15 £15k) for the audit of RBG Kew Enterprises. No other fees were paid to the external auditors. Grant funding of activity are grants to institutions for botanic research and conservation projects.

8 Support costs

	Staff Costs	Other Direct Costs	Total 2015/16	Total 2014/15
	£m	£m	£m	£m
Estates	1.1	6.3	7.4	6.3
IT	1.7	0.9	2.6	2.3
HR	0.6	0.4	1.0	1.1
Directorate	0.6	0.2	0.8	0.9
Finance	0.9	0.2	1.1	1.3
Strategy and external affairs	0.4	0.4	0.8	-
Governance	0.1	0.1	0.2	0.1
Other support	0.2	0.1	0.3	0.6
	5.6	8.6	14.2	12.6

9 Staff costs and trustees' emoluments

a) Employees with earnings above £60,000

	2015/16	2014/15
£60,000 – 69,999	15	15
£70,000 – 79,999	3	2
£80,000 – 89,999	5	6
£90,000 – 99,999	1	1
£100,000 – 109,999	2	-
£110,000 – 119,999	-	1
£130,000 - 139,999	-	1
£140,000 – 149,999	1	1
	27	27

Details of senior staff remuneration can be found in the Remuneration Report.

b) Staff salaries and social security

	2015/16	2014/15
	£m	£m
Salaries	21.8	21.3
Social security costs	1.6	1.6
Pension costs	4.0	3.7
Redundancy and severance costs	0.3	2.1
Total staff costs	27.7	28.7
Agency staff costs	1.8	1.8
Capitalised salary and related costs	(0.6)	(0.8)
Net employee costs	28.9	29.7

£0.3m salary and social security costs (2014/15: £0.6m) and £0.1m pension costs (2014/15: £0.1m) have been capitalised within Non-Current Assets. There are £0.2m (2014/15: £0.1m) of agency staff costs which have also been capitalised.

c) Reporting of Compensation Schemes – Voluntary Exit Packages

	Total Number of Voluntary Exit Packages	
	2015/16	2014/15
Number of employees at:		
Less than £10,000	16	5
£10,000 to £25,000	5	18
£25,000 to £50,000	-	16
£50,000 to £100,000	1	12
£100,000 to £150,000	-	2
£200,000 to £250,000	1	-
Total Number of Exit Packages	23	53
Total Resource Cost (£m)	0.3	2.0

d) The average monthly number of employees during the year, full-time equivalents, analysed by function

	2015/16	2014/15
Number of employees at:		
Botanical	235	245
Horticulture	189	180
Visitor services and marketing	92	87
Information services	77	92
Support services and Estates management	67	68
Directorate	14	14
RBG Kew Enterprises Ltd	55	60
	729	746

The number of employees includes 26 agency staff for 2015/16 (2014/15: 29). The costs of the equivalent of 13 full-time employees (2014/15: 24 employees) were capitalised within Non-Current Assets.

e) Trustees' remuneration

Trustees do not receive any remuneration for their services. Travel and subsistence expenses of two Trustees (2014/15: two) amounting to £2,279 (2014/15 – £1,460) have been charged at cost as part of other direct costs.

10 Intangible and tangible assets Royal Botanic Gardens, Kew and Consolidated

	Software	IT Work in Progress	Total Intangible Assets	Gardens Equipment	IT Equipment	Other Equipment	Work in Progress	Total Tangible Assets
	£m	£m	£m	£m	£m	£m	£m	£m
Valuation								
At 1 April 2015	2.2	3.7	5.9	4.9	2.9	8.4	-	16.2
Additions	0.3	0.3	0.6	0.1	-	0.1	-	0.2
Disposals	-	-	-	-	-	(0.1)	-	(0.1)
Transfers	2.9	(2.9)	-	-	-	-	-	-
At 31 March 2016	5.4	1.1	6.5	5.0	2.9	8.4	-	16.3
Depreciation								
At 1 April 2015	0.8	-	0.8	2.7	2.1	6.0	-	10.8
Charge for the year	0.8	-	0.8	0.3	0.3	0.3	-	0.9
Disposals	-	-	-	-	-	(0.1)	-	(0.1)
At 31 March 2016	1.6	-	1.6	3.0	2.4	6.2	-	11.6
Net book value								
At 31 March 2016	3.8	1.1	4.9	2.0	0.5	2.2	-	4.7
At 31 March 2015	1.4	3.7	5.1	2.2	0.8	2.4	-	5.4

11 Heritage assets

	Land	Dwellings	Buildings	Collections	Assets under construction – Temperate House restoration	Assets under construction – other	Total
	£m	£m	£m	£m	£m	£m	£m
Valuation							
At 1 April 2015	42.8	14.8	110.6	0.3	3.4	1.6	173.5
Additions	-	-	-	-	8.7	2.8	11.5
Disposals	-	-	-	-	-	-	-
Transfers	-	-	1.3	-	-	(1.3)	-
Revaluation	5.2	1.7	11.3	-	-	-	18.2
At 31 March 2016	48.0	16.5	123.2	0.3	12.1	3.1	203.2
Depreciation							
At 1 April 2015	-	3.5	29.6	-	-	-	33.1
Charge for the year	-	0.3	1.9	-	-	-	2.2
Revaluation	-	0.4	2.4	-	-	-	2.8
At 31 March 2016	-	4.2	33.9	-	-	-	38.1
Net book value							
At 31 March 2016	48.0	12.3	89.3	0.3	12.1	3.1	165.1
At 31 March 2015	42.8	11.3	81.0	0.3	3.4	1.6	140.4

The valuations of the land and buildings were carried out by Powis Hughes & Associates, Chartered Surveyors, and Fanshawe, Chartered Quantity Surveyors. The most recent valuations were made on an existing use basis at 31 March 2012 and were prepared in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual. The land was valued at £36.1m and the buildings at £76.6m. All heritage asset categories have been revalued with the exception of Collections.

11 Heritage assets continued

As explained in Note 2 existing buildings at 31 March 2001 that are not used for fundraising, administration or accommodation purposes have not been capitalised and Kew's collections have not been capitalised, as allowed by section 34 FRS102.

The Kew site of 132 hectares is a Grade I historic landscape and a World Heritage Site. The Wakehurst site of 202 hectares is in an Area of Outstanding Natural Beauty. Kew manages over 280 buildings on the Kew and Wakehurst sites. Five of these are Grade I listed – the Orangery, Pagoda, Palm House, Temperate House and Wakehurst Mansion – and there are 37 Grade II listed buildings. The age of the buildings ranges from the 19th century through to the 21st century. RBG Kew occupies Crown land and buildings and does not currently have express obligations to undertake and hence provide for ongoing or accumulated maintenance for that land and buildings. Maintenance is undertaken and paid for in cooperation with Defra. RBG Kew has a five year Forward Maintenance and Replacement Programme for its estate. Funds available for maintenance are prioritised by the Executive Board to the most urgent needs. In 2015/16 £1.3m estates capital work in progress was transferred to heritage building assets and work in progress (2014/15 £2.4m).

A project to restore the Temperate House is underway, supported by a grant from the Heritage Lottery Fund and further funding from Defra (underwriting) and the Foundation. Costs to 31 March 2014 (primarily relating to design) were expensed. Planning permission and funding for the project has now been confirmed and costs incurred in 2014/15 and 2015/16 have been capitalised as assets under construction.

All new land and buildings above the capitalisation threshold have been included in the balance sheet since April 2001 and transactions over the last five years are summarised below.

	2011/12	2012/13	2013/14	2014/15	2015/16
	£m	£m	£m	£m	£m
Valuation					
At 1 April	127.7	139.5	142.8	153.3	173.2
Cost of additions funded by Government Grants	0.8	-	-	3.6	5.1
Cost of additions funded by other grants and donations	-	0.8	-	1.4	6.4
Disposals	(0.9)	-	-	1.9	-
Revaluations	11.9	2.5	10.5	13.0	18.2
At 31 March	139.5	142.8	153.3	173.2	202.9

Kew manages its collections as national reference collections as required by the National Heritage Act 1984. There are 19 separate collections recognised, but they combine into six main areas as follows:

1. Herbarium collections: these consist of herbarium specimens (dried pressed specimens), spirit preserved specimens and mycological specimens.
2. Economic Botany collections: items and artefacts that demonstrate the use of plants.
3. Library, Art and Archives collections: these include books, periodicals, pamphlets, prints and drawings, objects d'art, handwritten material and photographs relating to the history of Kew.
4. Living collections: all plants cultivated at Kew and Wakehurst.
5. Seed collections: all the living seeds collected as part of the project and stored in the Millennium Seed Bank building at Wakehurst, and the reference seed collections.

6. Microscope Slides collections: these relate to plant anatomy, palynology, cytogenetics and mycology.

There is extensive information about Kew's collections available on the internet at

<http://www.kew.org/science-conservation/collections> and a brief summary for each of the main areas follows:

The Herbarium collections total approximately 8.3 million specimens. They are actively managed by the scientists at Kew and are added to each year from collecting expeditions by Kew staff and other institutions.

The Economic Botany collections are fully catalogued and consist of approximately 91,500 items added to annually with items from all around the world. All the collections are available for inspection and there is also a permanent display of items for the general public in Museum No.1 in the Gardens.

The Library, Art and Archives collections consist of over 8 million items, of which 7 million are archive sheets, and together they represent one of the most important botanical reference sources in the world. The Library Reading Room is open to the public and parts of the art collection are on show to the public in changing displays in the Shirley Sherwood Gallery of Botanical Art and the permanent display in the Marianne North Gallery.

The Herbarium, Economic Botany and Library and Archives collections are being made available via ongoing digitisation projects to wider audiences and are accessible through the internet.

The Living collections are fully catalogued and managed by the horticulturists at Kew and Wakehurst. They provide a reference source for all botanical and horticultural science within Kew, with approximately 69,000 accessions representing 28,000 taxa.

Kew's Millennium Seed Bank at Wakehurst is the result of one of Kew's most successful projects and holds Kew's Seed collection of approximately 57,000 samples representing 342 families and 30,000 species, made up of 1.6 billion seeds.

The Microscope Slide collections total about 200,000 items and continue to be prepared by Kew's scientists as part of their research leading to publications and as part of their identification work, including advisory work for UK Customs.

All of Kew's collections are actively managed and used for research purposes. The numbers of additions in the last four years are as follows:

	2012/13	2013/14	2014/15	2015/16
Herbarium collections	34,891	45,326	27,062	31,724
Economic Botany collections	5,500	35	885	795
Library, Art and Archives collections	18,879	13,154	11,714	20,138
Living collections	1,347	1,345	1,918	2,425
Seed collections	7,444	6,907	4,411	3,690
Microscope Slides collections	863	3,675	630	1,700

The majority of Kew's collections are held indefinitely and cared for to maintain their quality and to make them available for research and to the public as appropriate. In relation to the Living Collections, Kew's disposal procedures detail the factors to be considered including the conservation rating of the plant and if it is in cultivation in other Botanic Gardens.

12 Investments

	Royal Botanic Gardens Kew		Consolidated	
	2016 £m	2015 £m	2016 £m	2015 £m
Valuation at 1 April	0.6	0.6	0.3	0.3
Revaluation	-	-	-	-
	0.6	0.6	0.3	0.3

Investments at 31 March are analysed as follows:

	Royal Botanic Gardens Kew		Consolidated	
	2016 £m	2015 £m	2016 £m	2015 £m
RBG Kew Enterprises Ltd	0.3	0.3	-	-
Charities Official Investment Fund	0.3	0.3	0.3	0.3
	0.6	0.6	0.3	0.3

13 Debtors

	Royal Botanic Gardens Kew		Consolidated	
	2016 £m	2015 £m	2016 £m	2015 £m
Trade debtors	1.0	0.9	1.5	1.3
Prepayments and accrued income	0.6	0.7	0.8	0.9
Owed by subsidiary	3.2	2.2	-	-
Owed by the Foundation	2.3	1.9	2.3	1.9
VAT (HMRC)	0.6	0.6	0.6	0.6
Other	0.4	0.4	0.4	0.4
Total Debtors	8.1	6.7	5.6	5.1

Intra Government Bodies:

Balances with Central Govt Bodies	0.9	1.0	0.9	1.0
Balances with Local Authorities	-	-	-	-
Balances with Public Corporations	-	-	-	-
Balances with Bodies External to Government	7.2	5.7	4.7	4.1
Total Debtors	8.1	6.7	5.6	5.1

14 Creditors: Amounts falling due within one year

	Royal Botanic Gardens Kew		Consolidated	
	2016 £m	2015 £m	2016 £m	2015 £m
Trade creditors	0.6	1.8	0.8	1.8
Accruals & Deferred Income	6.5	7.2	7.1	7.7
Other	0.1	0.0	0.1	0.1
Tax & NI	0.4	0.4	0.5	0.5
Other (PCSPS)	0.4	0.4	0.4	0.4
Total Creditors	8.0	9.8	8.9	10.5
Intra Government Bodies:				
Balances with Central Govt Bodies	0.9	0.8	0.9	0.9
Balances with Local Authorities	-	-	-	-
Balances with Public Corporations	-	-	-	-
Balances with Bodies External to Government	7.1	9.0	8.0	9.6
Total Creditors	8.0	9.8	8.9	10.5

Deferred income relates to income where the activity being funded has not taken place by 31 March in any year and the performance conditions are not yet met. At 31 March 2015 deferred income was £2.3m. During 2015/16 £8m was deferred in the year and £8.4m released. At 31 March 2016 deferred income was £1.9m.

At 31 March 2016 other creditors include £0.03m for a loan for energy saving measures which is repayable as the savings are realised (2014/15 £0.03m).

15 Creditors: Amounts falling due after more than one year

	Royal Botanic Gardens Kew		Consolidated	
	2016 £m	2015 £m	2016 £m	2015 £m
Loan	0.5	-	0.5	-

Intra Government Bodies:

Balances with Central Govt. Bodies	0.5	-	0.5	-
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In 2015/16 RBG Kew borrowed £0.5m from Defra as part of the government voted loan scheme to refurbish two of its residential properties for commercial letting. The interest rate is the National Loans Fund interest rate and was fixed at 1.78%. The loan will be repaid over 12 years from the rental income generated.

16 Trading subsidiary

The subsidiary undertaking is as follows:

Name RBG Kew Enterprises Limited

Registered in England & Wales Company Number 2798886

Registered address Royal Botanic Gardens, Kew, Richmond, Surrey, TW9 3AB

Activity Retailing and commercial development

Proportion of shares held Ordinary and Redeemable shares 100%

A summary of the results of the subsidiary is shown below. All values are at historic costs.

	2015/16 £m	2014/15 £m
Activities for generating funds – trading	8.7	8.0
Costs of generating funds – trading	(6.2)	(5.7)
Net surplus	2.5	2.3
Add back consolidation adjustments (intercompany expenditure)	(0.5)	(0.6)
Net surplus excluding adjustments	2.0	1.7
Gift Aid payable to Kew	(2.0)	(1.7)
Retained in the subsidiary	-	-
Balance sheet		
Current assets	4.4	3.2
Current liabilities	(4.1)	(2.9)
	0.3	0.3
Share capital and reserves	0.3	0.3

17 Statement of funds: Royal Botanic Gardens, Kew and Consolidated

	At 1 April 2015	Income	Expenditure	Revaluation	At 31 March 2016
	£m	£m	£m	£m	£m
Unrestricted					
General – other	3.4	39.0	38.7		3.7
General–capital	36.3	0.3	1.7	-	34.9
Capital Revaluation Reserve	92.9	-	0.9	15.4	107.4
Total Unrestricted	132.6	39.3	41.3	15.4	146.0
Restricted					
General–capital	21.7	11.8	1.4	-	32.1
Donations	0.6	0.2	-	-	0.8
Projects	-	14.3	14.3	-	-
Total Restricted	22.3	26.3	15.7	-	32.9
Endowment					
Scott-Marshall	0.2	-	-	-	0.2
Robin Spare Book Fund	-	-	-	-	-
Total Endowment	0.2	-	-	-	0.2
Total Reserves	155.1	65.6	57.0	15.4	179.1

The Donations fund represents money given mainly by members of the public for specific purposes ranging from the purchase of books for the Library to money to support different parts of the Gardens. There are 4 different accounts within Donations (2014/15 12).

Projects are where RBG Kew receives money from third parties to fund various activities such as specific areas of research, developments in the gardens, restoration of buildings etc., much of this money coming via the Foundation. There were over 100 such projects this year.

The addition to capital funds reflects grants received during the year for capital expenditure, while the expenditure reflects the depreciation of those assets and any loss on disposal for the year.

The income from the Scott-Marshall endowment is to be used to provide travel scholarships for horticultural staff at RBG Kew.

The income from the Robin Spare Book Fund is to be used to purchase books for the School of Horticulture library at RBG Kew. The balance on this reserve at 31 March 2016 was £3k (2014/15 £3k).

There were no transfers between funds

18 Analysis of net assets between funds

	Unrestricted	Restricted	Endowment	Total
	£m	£m	£m	£m
General – Other	3.7	0.8	0.1	4.6
General – Capital	34.9	32.1	-	67.0
Revaluation Reserve	107.4	-	0.1	107.5
	146.0	32.9	0.2	179.1

19 Analysis of funds

	Unrestricted	Restricted	Endowment	Total
	£m	£m	£m	£m
Reserves balances at 31 March are represented by:				
Fixed Assets	142.3	32.4	-	174.7
Investments	-	0.1	0.2	0.3
Current Assets	9.8	3.7	-	13.5
Creditors	(6.1)	(3.3)	-	(9.4)
	146.0	32.9	0.2	179.1

20 Pension Costs

The staff of RBG Kew are members of the Principal Civil Service Pension Scheme (PCSPS). As the PCSPS is an unfunded multi-employer defined benefit scheme, Kew is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2012. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice.gov.uk/my-civil-service/pensions).

For the year ended 31 March 2016, employers' contributions were payable to the PCSPS at 1 of 4 rates in the range 20.0% to 24.3% of pensionable pay, based on salary bands (2014/15:16.7% to 24.5%). The Scheme Actuary reviews employer contributions usually every 4 years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during the year ended 31 March 2016 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Total employer contributions to the PCSPS were £3.8m (2014/15 £3.5m).

In addition RBG Kew operates a PCSPS defined contribution (partnership) scheme. It made £0.1m (2014/15 £0.1m) contributions to this scheme during the year. At 31 March 2016 25 staff were members.

RBG Kew Enterprises Ltd operates a Group Personal Pension Plan for its employees, which is a defined contribution scheme.

It made pension contributions of £0.1m (2014/15 £0.1m) to this scheme during the year. 57 staff were members of the defined contribution scheme at 31 March 2016 and the remaining staff were members of the PCSPS.

21 Commitments

At 31 March 2016 there were major financial commitments in relation to professional fees and construction costs associated with the Temperate House renovation project (£14.1m), other estates projects and maintenance expenditure (£5.5m), and software (£0.2m). Total financial commitments in 2014/15 were £28.0m (Temperate House renovation (£22.6m), estates and maintenance expenditure (£5.0m) and software (£0.4m)).

The amount payable within one year is £14.2m (2014/15 £15.0m).

22 Connected Charities and other related party transactions

RBG Kew has dealings with the Department for Environment, Food and Rural Affairs and its sponsored bodies, and other Government Departments and their sponsored bodies, and receives Grant-in-aid from Defra.

Connected Charities

As stated in the Statutory Information the purpose of the Foundation and Friends of RBG Kew is to provide support for RBG Kew and, as shown in Note 4, £17.2m was received in 2015/16 (2014/15 £10.6m). RBG Kew provides services and facilities to the Foundation and Friends which are made

on an arm's length basis. The Foundation and Friends runs a membership scheme which provides a range of services to its members and Kew allows its members free access to Kew Gardens and Wakehurst Place. Further information about the Foundation and Friends can be found on page 11 of this report or from Kew Foundation Trustees Report and Financial Statement for the year ending 31 March 2016. Marcus Agius, Sir Henry Keswick and George Loudon were Trustees of the Foundation and Friends throughout the year. Ian Karet became a Trustee of the Foundation and Friends on 3 November 2015.

The Bentham-Moxon Trust is a separate registered charity (registration no. 305966) which provides financial support for botanical collections and research and publications that further the work of Kew. Three members of Kew staff are Trustees along with three external Trustees. The Trust makes annual grants to Kew and can make grants to non-related parties and organisations.

Other Related Party Transactions

During the year RBG Kew had the following transactions in which there was a related interest:

Valerie Gooding, Trustee, was also a Trustee at Historic Royal Palaces. In 2015/16 expenditure incurred with Historic Royal Palaces was £183,000 (2014/15 £227,210) and income received was £143.41 (2014/15 £438).

Enquiries about the Trustees' Register of Interests should be sent to the Head of Legal, Royal Botanic Gardens, Kew, Richmond, Surrey, TW9 3AE.

23 Financial instruments

As the cash requirements of Kew are met largely through Grant-in-aid received from Defra, financial instruments play a more limited role in creating risk than would apply to a non-public sector body of a similar size. Kew has no complex financial instruments and the risk of exposure to credit, liquidity or market risk is minimal.

24 Post balance sheet events

These financial statements were authorised by the Accounting Officer for issue on the same date as they were certified by the Comptroller and Auditor General.

A referendum on the UK's membership of the European Union will be held on 23 June 2016. Either result will be a non-adjusting event and a reasonable estimate of the financial effect of this event cannot be made at this stage. RBG Kew will continue to assess the position over coming months.

25 Reconciliation between SORP 2005 and SORP 2015

FRS102 was applied from 1 April 2015. In order to apply the new accounting standards under SORP 2015 a full review of the impact to the balance sheets at 1 April 2014 and at 31 March 2015, and the Statement of Financial Activities for the year ended 2014/15 and appropriate accounting policies was undertaken and no differences identified.

Annex

Royal Botanic Gardens, Kew five-year financial summary

Statement of Financial Activities

	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 (restated) £m	2015/16 £m
Income					
Grant-in-aid	28.5	32.5	28.0	26.0	26.2
Grants and donations	6.4	13.1	14.2	13.4	20.8
Income from activities	13.9	14.1	17.4	17.7	18.5
Investment income	0.1	0.1	0.1	0.1	0.1
Total income	48.9	59.8	59.7	57.2	65.6
Expenditure					
Charitable expenditure	50.7	53.6	51.0	48.6	50.8
Raising funds – trading	4.7	4.9	6.1	5.7	6.2
Total expenditure	55.4	58.5	57.1	54.3	57.0
Net income	(6.5)	1.3	2.6	2.9	8.6
Revaluation of fixed assets	11.7	2.2	8.8	10.5	15.4
Net movement in funds	5.2	3.5	11.4	13.4	24.0
Funds at 1 April	121.6	126.8	130.3	141.7	155.1
Funds at 31 March	126.8	130.3	141.7	155.1	179.1

Summary Balance Sheet

	2012 £m	2013 £m	2014 £m	2015 £m	2016 £m
Fixed assets	122.1	124.8	137.0	151.2	175.0
Current assets	16.2	17.4	15.1	14.4	13.5
Creditors	(11.5)	(11.9)	(10.4)	(10.5)	(9.4)
Total assets less liabilities	126.8	130.3	141.7	155.1	179.1
Unrestricted	115.3	118.0	125.0	132.6	146.0
Restricted	11.3	12.1	16.5	22.3	32.9
Endowment	0.2	0.2	0.2	0.2	0.2
Total funds	126.8	130.3	141.7	155.1	179.1

ISBN 978-1-4741-2843-8



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