

Kew

ROYAL BOTANIC GARDENS

Royal Botanic Gardens, Kew

Annual Report and Accounts

for the year ended 31 March 2015



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ROYAL BOTANIC GARDENS

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Chairman's letter

As reported in the Director's foreword, this has been a very challenging year for RBG Kew and for all our staff and volunteers. While some of the changes which have been implemented have been painful, they have all been designed to increase the effectiveness and efficiency of the organisation: in many cases, they have been long overdue. RBG Kew has no option but to raise its game in justifying its licence to operate as a major scientific institution and visitor attraction, so I would like to start this letter by thanking on behalf of the Trustees all those at RBG Kew who have worked so hard to achieve many successes during this period of transformation.

In all of RBG Kew's 255 year history, scientific endeavours have been at the very heart of the organisation. This year marks a significant evolution in that position, with the creation of our first ever Science Strategy. Launched in February 2015, it was the result of the combined intellect of well over 200 scientists, led by Professor Kathy Willis.

The Science Strategy lays out our ambition for RBG Kew's science over the coming five years. Kew's scientific vision is to document and understand global plant and fungal diversity and its uses, bringing authoritative expertise to bear on the critical challenges facing humanity today.

Kew's strategic priorities for science are:

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

The success that we aim to achieve through implementing this strategy is diverse and significant.

We have launched a new Master of Science programme that aims to train the world's next generation of taxonomists. Our first intake will be in September 2015.

We have now seen the successful banking of 17% of the seeds of the world's bankable flowering plants. The target of achieving 25% by 2020 is now well within the sight of us and our partners around the world.

I am really impressed by the quality of our scientists and their output. This year, Professor Mark Chase was recognised as one of the world's most cited, and therefore influential, scientists. I commend him.

Our ability to communicate science to non-specialist audiences is hugely important too. From the very successful BBC Radio 4 series 'Roots to Riches', to our Spoonful of Science lectures as part of the Intoxication Festival at Kew Gardens, we are reaching an ever-increasing section of society with our science. Our 'Forgotten Home of Coffee' short film examined the

science and conservation behind sustaining the Ethiopian coffee economy also won a prestigious Wildscreen Award.

Our successes have not been limited to our scientific contribution though. We have started work on improving the Broadwalk in Kew Gardens. This historical feature is one of the most well-trodden routes in the Gardens, and we are in the process of turning it into what we believe will be the longest and most spectacular herbaceous border in the world.

Beyond our gardens, Grow Wild continues to deliver successes. We announced the English flagship site, a joint bid from Liverpool and Manchester. The site in Manchester will be enjoyed by around 100,000 passers-by every day. With our continuing partnerships, we will be able to reach ever-larger audiences.

Finally, I would like to thank the Trustees of RBG Kew for their wise counsel and commitment during the year and to welcome Val Gooding as a new Trustee.



Marcus Agius

Chairman of the Board of Trustees
Royal Botanic Gardens, Kew

Director's, foreword

I have characterised 2014/15 as one of building the foundations for future successes. In many ways this has been the most challenging year in RBG Kew's recent history, with upheaval, difficult change and financial stress. However, through those challenges, the organisation has become stronger and better positioned to prosper in coming years.

The four priorities I set for myself in 2014/15 were to:

- lead the Executive Board and management team at Kew during this period of transition;
- lead the Corporate Strategy process;
- ensure the financial health of Kew; and
- communicate effectively with all stakeholders, especially our people.

As we prepared our budgets for the financial year, we found a gap of over £5 million between our projected income and expenditure. This was caused by a greater than expected reduction in financial support from government, a reduction in unrestricted income from the Kew Foundation to a more sustainable level in accordance with its Reserves Policy and an inflation-related increase in costs. We planned to resolve this imbalance by reducing costs and increasing income.

We knew we needed to restructure our teams in order to increase operational effectiveness, streamline and simplify and create better career progression options for our staff, but we also had to reduce our staff costs. We planned for this to result in approximately 125 full-time equivalent post closures.

Through the restructure exercise, many valued colleagues departed from our organisation. This created intense public scrutiny and interest, not least from the House of Commons Science and Technology Select Committee. I would like to acknowledge the professionalism of all our colleagues in the face of this pressure.

We met our cost savings targets, using non-staff as well as staff reductions. At the end of the year, we reduced our staffing by almost 100 full time equivalent posts, and have thankfully only needed to use compulsory redundancies in a handful of cases.

Achieving financial security was not all about cost reductions. We increased income via a series of endeavours. We worked closely with government to secure additional funding within the year, and with a promise for continuing that into 2015/16 too. The Kew Foundation redoubled their efforts and have secured additional funds which have offset our costs. We have also innovated in terms of commercial and visitor-related income. Improvements in our finance and HR back office systems have also enabled closer monitoring of costs and budgets.

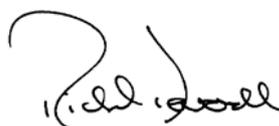
I was exceptionally pleased with our second year of Christmas at Kew and the introduction of a series of evening opening events during our annual Orchid Festival brought a new audience to Kew Gardens. We introduced a discount over the winter months for entry to Kew Gardens, again boosting visitor numbers and bringing more people into enjoy our gardens, with the number of day paying visitors at Kew Gardens increasing by 7% over the year. The magical Glow Wild Festival at Wakehurst sold out weeks in advance and demonstrated the imagination of our staff. Over the course of this year, I feel that our events and festivals have found a valuable niche in providing visitors with an engaging and educational experience, which in turn brings commercial success.

The introduction of a new charging model at Wakehurst was also very challenging. I would like to start by thanking our teams at Wakehurst for managing the often extreme responses from visitors with professionalism and calm. The results from the year are telling, while total visitor numbers were down considerably, our income was up by an equally considerable level. Our projections for the year were not met in full, but the results indicate that the decision made will pay off in the longer term and allow us to invest in continued improvements to the visitor offer at Wakehurst.

The transformation of horticulture at Kew has been clear for all to see; interesting, educational and vibrant displays have captured public imagination and the horticulture team and volunteers can be proud of what they have achieved. Of course, none of our horticultural, scientific or customer-facing work would be possible without the assistance of our back office teams who have worked diligently to support their colleagues throughout the period of upheaval.

I would like to finish with two specific thank-yous. Firstly, to Professor Kathy Willis and everyone in Science who delivered RBG Kew's first Science Strategy. I echo Marcus' comment that this is a hugely significant moment for RBG Kew, and points towards a massively successful future. Secondly, I would like to thank Monique Simmonds for her long and valuable service to the Executive Board. She continues to provide a hugely important contribution in her new role as Deputy Director of Science. She exemplifies the dedication all our staff, volunteers and Trustees provide; thank you to all of you.

This has been a challenging year, but we have put in place the foundations for future success.



Richard Deverell

Director (CEO)
Royal Botanic Gardens, Kew

Management commentary

Statutory Functions

Subject to the provisions of the National Heritage Act 1983 the general functions of the Board of Trustees of the Royal Botanic Gardens, Kew 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.

Management commentary continued

Performance targets and results 2014/15

KPI Number	Key Performance Indicator	Outcome 2013/14	Target 2014/15	Outcome 2014/15	% change in target vs last year actual	% outcome vs target*
1	Number of visitor admissions Kew and Wakehurst (m)	1.70m	1.59m	1.53m	- 7%	- 4%
2	Total number of Kew and Wakehurst members	76,453 Kew members 3,518 Wakehurst Place Total 79,971	76,559 Kew members 10,000 Wakehurst Place Total 86,559	77,800 Kew members 8,700 Wakehurst Place Total 86,500	Kew 0% Wakehurst Place + 184% Total + 8%	Kew + 2% Wakehurst Place - 13% Total 0% (Achieved)
3	Visitor satisfaction - % of all visitors who rated us as excellent or good for enjoyment	99%	90%	97%	- 9%	+ 8%
4	Number of school children booked on day visits to Kew and Wakehurst Place	77,187	82,000	85,000	+ 6%	+ 4%
5	Number of publications in high impact journals	138	125	126	- 9%	+ 1%
6	Use of online science resources (number of site visits to IPNI, World Checklist, the plant list, Herbcats and the Seed information database)	3.62m Estimate based on calendar year	4.38m	3.54m	+ 21%	- 19%
7	% of seed species (that are bankable) banked by the Millennium Seedbank Partnership	14%	17%	17%	+ 21%	0% (Achieved)
8	Total (£) self-generated income	£20.9m	£21.1m	£20.6m	+ 7%	- 2%
9	Total (£) non-Defra funded investment in infrastructure across the Kew and Wakehurst estates	£1.4m	£2.9m	£2.0m	+ 107%	- 31%
10	Operating expenditure (£) per square metre on maintaining the Kew and Wakehurst Place estates	£20 per sq m	£40 per sq m	£19 per sq m	+ 100%	- 52%
11	Total capital spend (£) required to maintain condition of Kew Gardens Estate	£2.3m	£8.0m	£1.7m	+ 248%	- 79%
12	Back office spend as % of total expenditure	**	5.4%	5.4%	NA	0% (Achieved)
13	Staff engagement index score	69%	70%	63%	+ 2%	- 10%

* Positive variances indicate over-achievement and negative variances denote under-achievement

** New KPI therefore no data

NA means not applicable

See commentary for further detail

Management commentary continued

Commentary on performance targets and results 2014/15

1. Number of visitor admissions Kew and Wakehurst

We targeted broadly flat visitor numbers to Kew Gardens compared to 2013/14 (1.35m) and a reduction in visitor numbers for Wakehurst (0.24m) as a result of the implementation of charging for car parking. Our end of year performance showed that we met our target for Kew Gardens, but performance was below target for Wakehurst (0.18m) due to a greater than predicted drop in visitors as a result of car parking charges.

2. Total number of Kew and Wakehurst members

Kew numbers are broadly in line with expectations. The Wakehurst target was aspirational with a completely new product being offered. There has been excellent growth from the previous year and this offers a solid basis for future growth.

3. Visitor satisfaction - % of all visitors who rated us as excellent or good for enjoyment

The measurement of enjoyment amongst visitors continues to be very encouraging with the vast majority rating their day as good or excellent. We saw a slight fall in those rating excellent in 2014/15 particularly in the winter, possibly linked to a discount promotion undertaken in winter which drew in large volumes but with a much lower dwell time than the summer when our ratings are very high. We will be changing the target to just measure the rating of those who said we were excellent in 2015/16 as we want to improve the proportion of people who have a fantastic time rather than simply a good time.

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

The daily numbers of school children visiting Kew has always been capped to prevent congestion in busy areas of the garden, in particular the great glasshouses. In 2014-15 this number was increased by 200, resulting in fewer groups being turned away during the busier times of the year (April to July) and Kew reaching full capacity.

5. Number of publications in high impact journals

On target, a great achievement considering the upheaval of restructuring in Science during 2014/15.

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 these selected science databases has stabilized at 13/14 levels. Development of these databases will be

the focus of the new biodiversity informatics science department.

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

On target to reach 25%.

8. Total (£) self-generated income

Self-generated income (excluding Defra funding and funding from the Kew Foundation) was £20.6m in 2014/15 compared to £21.1m target. This shortfall reflects performance at Wakehurst as a result of the introduction of car parking charges.

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

In 2014/15 £2m non Defra funded investment took place. The shortfall against target represents the timing of activity on the Temperate House renovation project with catch up expected in 2015/16.

10. Operating expenditure (£) per square metre on maintaining the Kew and Wakehurst Place estates

The level of funding required to achieve the target was not available for spend and this represents a risk to the organisation.

11. Total capital spend (£) required to maintain condition of Kew Gardens Estate

The level of funding required to achieve the target was not available for spend.

12. Back office spend as % of total expenditure

This was a new KPI developed in 2014/15 and back office expenditure is on target.

13. Staff engagement index score

The 2014 staff survey was undertaken against a backdrop of a major restructuring exercise in the organisation which was a very challenging time for staff and resulted in job losses in some areas. The staff engagement score was calculated using a set of questions based on those asked in the Civil Service People Survey. Although the overall index score is lower than last year pride in working for Kew continues to be high and the majority of staff have strong personal attachment to Kew.

Health and safety statement

RBG Kew recognises the importance of managing health and safety risks, both 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 2014 to March 2015, there were 7 RIDDOR¹ reportable incidents at RBG Kew; 4 involving staff and 3 involving a member of the public.

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

Diversity and equality statement

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

- re-accreditation of Disability Two Ticks and continuation of Diversity and Equality Training in Kew induction programme;
- provision of discounted entry to over 500 people through RBG Kew's Community Access Scheme;
- participation of over 900 people in Kew Gardens Discovery bus tours and walking tours aimed at visitors with limited mobility, or people who are unable to visit independently;
- special tours of the 'Inspiring Kew' exhibition in the Shirley Sherwood gallery for older people;
- a trial cycling event in summer 2014 for young people with special needs organised in partnership with Groundworks and Richmond Community Action;
- the inclusion of a wheelchair race through Kew, in September 2014, as part of the Richmond Running Festival launched by the Paralympic champion David Weir;

- two Dementia Friends information sessions held for volunteers and staff, contributing to the national target of 1 million Dementia Friends by March 2015;
- expansion of RBG Kew's external Access Forum that advises on access issues;
- the launch of British Sign Language Tours in March 2015 with trained volunteer interpreters to lead the tours;
- 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;
- provision of bursaries to schools with economic challenges for visits to Kew Gardens and Wakehurst. Running outdoor learning opportunities for Special Educational Needs' (SEN) schools. In 2014, over 300 children from SEN schools participated in activities run at Kew Gardens and Wakehurst; and
- a feature about the Plantasia festival (summer 2014) in June's edition of *Able Magazine* (the UK's flagship disability lifestyle magazine) and an acknowledgement of Kew in the *Evening Standard* (November 2014) as one of the top five London visitor attractions for disabled visitors.

Volunteering statement

As part of our commitment to supporting and promoting active citizenship, RBG Kew recognises the important contribution of volunteers to our work and community. We have a record of involving volunteers since 1992 and there are currently 612 volunteers supporting Kew's work in a wide range of settings; 137 at Wakehurst Place and 475 at Kew. Volunteers are a vital and integral part of the organisation and donate a range of diverse talents and skills including horticultural support, guiding, and support to our schools and families programmes and to the science department. Last financial year our volunteers donated in excess of 100,000 hours to our mission. Although this equates to a value of over £1.4 million that the organisation would have had to spend on an equivalent contribution of staff time, more important still is all the qualitative data and feedback that we receive concerning the way our volunteers enrich our community with their commitment, skills, enthusiasm and energy. In addition, last year Kew benefitted from the valuable contribution made by 75 Honorary Research Associates and 28 Research Fellows.

One of the key quantitative indicators of our volunteers' value to our organisation 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 £10 in return; a figure that has more than doubled the last 5 years. Kew retains more than four fifths of its volunteer task force year on year with a retention rate of 88% last year. Indeed 28 of our volunteers have regularly supported Kew with their precious gifts of time and talent for over 20 years.

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

Kew also promotes environmental volunteering by hosting 'Employee Volunteering Days' for the corporate sector. Last year 379 people undertook corporate volunteering within the horticultural teams over 22 days.

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

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 comprising pertinent stakeholders in the volunteer programme such as volunteers, their coordinators and the Kew trade unions. The group meets three times per year and helps steer the continued development of our volunteering programmes in a common, consistent, equitable and sustainable way.

Kew celebrates and thanks its volunteers for their sterling contribution to our mission and also the many Kew staff who support and develop them.

Management commentary continued

Board of Trustees

The membership of the Board of Trustees during the year 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.

Chairman

Marcus Agius ^{f, r, v}

George Loudon ^{f, r, s} Appointed by Her Majesty The Queen

Trustees

Professor Jonathan Drori CBE ^{f, r, v}

Dr Geoffrey Hawtin ^s

Sir Henry Keswick

Professor Nicola Spence ^s

Jennifer Ullman ^a

Sir Ralph Ferrers Vyvyan ^v

Professor Malcolm Press ^{s, a}

Ian Karet ^f (from 1st April 2014)

Sir Derek Myers ^a

Valerie Gooding ^v (from 1st October 2014)

^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 Kew to learn about the diverse areas of activity.

The Board of Trustees is responsible for agreeing the strategy of the organisation through approval of the Business Plan and the budgets. The development of the Business Plan includes submission to the Department for Environment, Food and Rural Affairs. 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:

Richard Keys ^a (until 31/3/15)

Tim Pennington ^f

John Botts ^f

Jonathan Doughty ^v

Daniel Green ^v

Johanna Waterous ^v

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

Board of Trustees – Attendance				
Trustee	12/6/14	18/9/14	10/12/14	18/3/15
Mr Marcus Agius	Yes	Yes	Yes	Yes
Professor Michael Crawley	Yes	-	-	-
Professor Jonathan Drori	No	Yes	Yes	Yes
Dr Geoffrey Hawtin	Yes	Yes	Yes	No
Mr George Loudon	Yes	Yes	Yes	Yes
Professor Nicola Spence	Yes	Yes	Yes	No
Ms Jennifer Ullman	Yes	Yes	Yes	Yes
Sir Ferrers Vyvyan	Yes	Yes	Yes	Yes
Sir Henry Keswick	Yes	Yes	Yes	No
Professor Malcolm Press	Yes	Yes	Yes	Yes
Sir Derek Myers	Yes	Yes	Yes	Yes
Mr Ian Karet	-	Yes	Yes	Yes
Ms Valerie Gooding	-	-	Yes	Yes

Audit and Risk Committee – Attendance				
Committee Member	28/5/14	3/9/14	5/12/14	31/3/15
Sir Derek Myers	Yes	No	Yes	Yes
Ms Jennifer Ullman	Yes	Yes	Yes	Telephone
Professor Malcolm Press	Yes	Yes	Yes	No
Mr Richard Keys *	No	Yes	Yes	Yes

* Independent Member

Finance Committee – Attendance				
Committee Member	14/5/14	31/7/14	18/11/14	26/2/15
Mr Marcus Agius	Yes	Yes	Yes	No
Professor Jonathan Drori	Yes	Yes	Yes	Yes
Mr George Loudon	Yes	Yes	Yes	Yes
Mr Tim Pennington *	No	No	No	No
Mr Ian Karet	-	-	Yes	Yes
Mr John Botts *	-	-	No	Yes

* Independent Members

Science Advisory Board – Attendance		
Committee Member	24/9/14	4/12/14
Professor Malcolm Press	Yes	Yes
Dr Geoffrey Hawtin	Via Skype	Yes
Mr George Loudon	Yes	Yes
Professor Nicola Spence	No	Yes

Visitor Experience Committee – Attendance				
Trustee	12/5/14	17/9/14	9/12/14	3/5/15
Professor Jonathan Drori	Yes	No	Yes	Yes
Mr Marcus Agius	Yes	Yes	Yes	No
Sir Ferrers Vyvyan	Yes	Yes	No	Yes
Ms Valerie Gooding	-	-	Yes	Yes
Mr Jonathan Doughty	-	-	Yes	Yes
Mr Daniel Green	-	-	Yes	Yes
Ms Johanna Waterous	-	-	No	Yes

* Independent Members

Remuneration and Nominations Committee – Attendance	
Committee Member	18/11/14
Mr Marcus Agius	Yes
Professor Jonathan Drori	Yes
Mr George Loudon	Yes

Management commentary continued

Statutory information

History of the body and statutory background

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 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. Kew is a Non-Departmental Public Body with exempt charitable status.

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 Treasury, under Schedule 1 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 incoming resources for the year were £57.2m (2013/14 £59.7m) of which £26.0m (£28.0m) was Grant-in-aid from the Department for Environment, Food and Rural Affairs. Total resources expended were £54.3m (£57.1m) leaving a surplus of £2.9m (surplus £2.6m).

The surplus of £2.9m consisted of a (£0.6m) deficit on the unrestricted general other reserve, offset by a surplus totalling £3.5m on the unrestricted capital and capital revaluation reserves, reflecting capital funds to be offset by future depreciation on assets purchased.

Total reserves increased to £155.1m (£141.7m). These include a revaluation reserve of £92.9m (£83.3m) to reflect the value of certain land and buildings to which the Trustees do not have title.

Land and buildings

The Board of Trustees do not hold title to the land and buildings used by the Royal Botanic Gardens, Kew, except for the Wellcome Trust Millennium Building and adjacent land at Wakehurst Place, 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 Place. 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 Code – Prompt.

During 2014/15 Kew settled its debts on average in 28 days (2013/14 27 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 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 2015 this fund stands at £3.4m (£4.0m in 2013) 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

The Royal Botanic Gardens, Kew is a world-leading organisation with almost 250 staff (at 31 March 2015) working on the scientific understanding and conservation of plants and fungi. This activity covers the full range of botanic and mycological science from molecular biology to horticulture and its aim is to guide all of its work so that it will produce outcomes in conservation and sustainability that benefit humanity.

Kew aims to maximise its impact through partnerships and collaboration with universities, botanic gardens, conservation organisations, industry and government. Kew holds a range of botanic and mycological collections and data that are of global importance and it 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 the Royal Botanic Gardens, 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 21. 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 charity registered with the Charity Commission, which means the Foundation is a distinct entity to RBG Kew and not under RBG Kew's control, and therefore the Foundation 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. This company carries out the following activities of Kew: retailing, concerts, events, licensing and venue hire. 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

Auditor

(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


Marcus Agius

Chairman of the Board of Trustees
Royal Botanic Gardens, Kew
9th June 2015

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 days sickness for staff in 2014/15 was 5.2 (5.3 in 2013/14).

Personal data related incidents

RBG Kew has not identified any personal data breaches during 2014/15 that would have required notification to the Information Commissioners Office.

Employee involvement

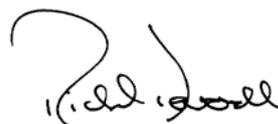
Consultations take place with employees' representatives so that the views of employees may be taken into account in making decisions which are likely to affect their interests.

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 2015/16 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 2014/15 (p18) and the section on Key Risks (p19) 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.


Richard Deverell

Director
Royal Botanic Gardens, Kew
9th June 2015

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 the 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

The Royal Botanic Gardens, Kew (RBG Kew) was founded as a Royal Garden in 1759. Under the National Heritage Act 1983 it became an Executive Non-Departmental Public Body (NDPB) and a corporate body with exempt charitable status operating under a Board of Trustees and a Director.

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 public funds (grant-in-aid, admissions and related income, etc.) are used appropriately and effectively. A new Framework Agreement between Defra and RBG Kew, has been under development and will replace these two documents.

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 the Trustees of the Kew Foundation, a separate and independent charity that exists in order to support RBG Kew.

The 12 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.

Collectively, the Trustees operate as the Board of the Non-Departmental Public Body and as charity Trustees, observing the legal and good practice expectations that cover both these roles.

In accordance with the Terms of Reference for the Board, the main responsibilities include:

- overseeing the delivery of planned results by monitoring performance against agreed strategic objectives and targets and by ensuring corrective action is taken where necessary;
- ensuring that funds raised independently are used appropriately in accordance with corporate/business plans;
- ensuring that, in reaching decisions, the Board has taken into account any guidance issued to the Board by the sponsor department; and
- determining and approving corporate/business plans and the Annual Reports and Accounts before their submission to the Secretary of State.

The standard agenda items include a regular report from the Director covering major strategic issues and reporting 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 2014/15, including:

- RBG Kew's overall mission and purpose, our strategy to 2020;
- the process of restructuring RBG Kew and cost reduction;
- the creation of the RBG Kew Science Strategy;
- pricing and opening hours of Kew Gardens;
- a review of the School of Horticulture;
- significant Health & Safety issues and risks;
- partnership arrangements with Historic Royal Palaces; and
- the 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 balanced mix of Trustees and independent members and are as follows:

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

The committees have written terms of reference and a code of conduct. Committee meeting minutes are provided to the Board of Trustees. Membership of the Board, each of its committees and attendance records are set out in the Annual Report on p11.

Kew Foundation

The 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.

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 met four times in 2014/15 and has three Trustees and one independent non-Trustee member. During the year, Sir Derek Myers assumed Chairmanship of the Committee from Jennifer Ullman. Richard Keys, the independent member, resigned from the Committee with effect from 31st March 2015.

Some of the areas considered by the Committee during 2014/15 include:

- internal and external audit activities;
- risk management;
- financial control and risk;
- insurance arrangements;
- project management;
- security; and
- health & safety.

At the March 2015 meeting, Committee members reviewed effectiveness against the five good practice principles contained within HM Treasury's *Audit and Risk Assurance Committee Handbook*. The results of this exercise indicated that the Committee had provided an appropriate level of challenge and oversight; also ensuring that sufficient and relevant assurance was provided to the Board and the Accounting Officer. Committee members considered that their skills and experience were appropriate to Kew's business; however it was recognised that the skills mix may need to be refreshed occasionally and that this will require effective succession planning.

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 two independent non-Trustee members.

The Finance Committee has also considered the following significant matters in 2014/15:

- RBG Kew's Annual Business Plan;
- cost reductions and control measures;
- delegated levels of financial authority;
- progress in the major Temperate House Precinct Project;
- the Defra Strategic Steer exercise for 2015/16; and
- RBG Kew's five year financial plan.

Science Advisory Board

The Science Advisory Board has prime responsibility to advise on the long-term strategy for science undertaken at RBG Kew. The new science strategy and consequent restructuring meant that terms of reference and membership of the Science and Conservation Committee were reviewed to ensure that the focus of the Committee remained relevant. This resulted in the Committee being renamed the Science Advisory Board with updated membership of four Trustees plus up to four independent members.

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.

Visitor Experience Committee

The Committee is responsible for providing strategic oversight of the visitor offer at Kew Gardens and Wakehurst Place. Its remit includes key points of focus on driving growth of RBG Kew's commercial offer. The Committee consists of five Trustees and met four times in 2014/15. The composition of this Committee and relative positioning within RBG Kew has been updated, to clarify responsibilities as distinct from the Kew Enterprises Board.

Highlights and Challenges

A selection of the key highlights and challenges faced in 2014/15 is provided below.

- The transition to a new business model for Wakehurst, including the introduction of car parking charges has made for a challenging 2014-15. However, whilst there has been an impact on Wakehurst visitor numbers, income from visitors has increased and annual membership has grown by almost 150%.
- The House of Commons Science and Technology Select Committee report published in 2014-15 recognised that Kew Science is 'world class' and noted that it was clear that Kew's funding needs to be less volatile and longer term. Funding has been an ever present concern throughout the year. The need to support 'world class' science whilst maintaining historically important buildings and estate in a world heritage site setting provides many challenges.
- Addressing Kew's financial difficulties has required the organisation to consider how it can deliver its mission in a more efficient and effective manner without diluting scientific and horticultural ambition or the visitor offer. In response to this challenge much work has been undertaken to produce and publish comprehensive strategies for Science, Horticulture and Public Programmes.
- Using the above strategies and other management plans and initiatives, a large scale restructuring exercise has been undertaken across Kew's operations and directorates. This has unfortunately resulted in a number of employees leaving the organisation but it has also provided an opportunity to focus on core activities and to refresh ways of working in order to increase income, drive down cost and improve business process.
- Proposals to restructure and rename the Kew Innovation Unit to maximise income from Intellectual Property and RBG Kew's science have made good progress.

Creation of a new Director of Strategy and External Affairs position on the RBG Kew Executive Board will improve the management and co-ordination RBG Kew's corporate strategy and create a coherent framework for implementation, reporting and review.

Plans for Future Periods

In 2015/16 the Executive Boards priorities are to secure the sustainable financial health of the organisation by:

- growing self-generated revenues;
- developing a fundraising plan;
- improving the quality and impact of science communication in the gardens;
- implementing and embedding the new science, horticulture and public programmes strategies;
- improving the public offer through initiatives such as Broadwalk Border, rejuvenated interpretation, enhanced events programmes etc; and
- producing a five year development plan for Wakehurst Place.

Executive Board

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

The Executive Board is responsible for:

- development of strategies for the Board of Trustees' consideration and agreement;
- implementation of those strategies;
- managing and developing RBG Kew's programmes, performance and business outputs;
- managing and developing RBG Kew's infrastructure and resource framework; and
- generating funding from grant-in-aid and other sources to enable RBG Kew's objectives to be met.

The Executive Board meets formally once a month. The Director also holds a shorter informal weekly 'keep in touch' update meeting, to share information and to keep abreast of new and developing issues.

Membership of the Executive Board in 2014/15 consisted of the following Directors:

- Director RBG, Kew (Chair), Richard Deverell;
- Director of Corporate Services, Jill McLaughlin;
- Director of Science, Kathy Willis;
- Director of Kew Innovation Unit, Monique Simmonds;
- Director of Public Programmes, Gay Coley;
- Director of Wakehurst Place, Andy Jackson;
- Director of Horticulture, Kew, Richard Barley; and
- Director of Strategy & External Affairs, David Cope.

The CEO, Kew Foundation, Michael Murphy, has a standing invitation to each formal meeting but enjoys no formal voting rights.

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. Monthly and quarterly reports provide the information required by Defra to provide the Defra Supervisory Board with information and assurance on the responsibilities and activities of RBG Kew.

At a working level, contact with Defra officials is frequent and relates to a varied number of activities.

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 consider management's response to these risks at each meeting. It also undertakes a full examination and evaluation of the strategic risk register at one meeting 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 and that they are applied throughout the organisation.

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.

An internal audit of risk management was undertaken in 2014 and this has resulted in a number of improvements in this area. The organisations risk appetite was considered during 2014/15 and a risk appetite statement was approved by the Executive Board in November 2014. The risk management policy was also redrafted to provide greater clarity on roles and responsibilities as well as defining the review mechanisms required to ensure that risk is managed effectively and consistently across the organisation.

A series of risk management workshops commenced during 2014/15 in order to introduce Kew's risk appetite and to provide an opportunity to refresh risk registers following the completion of organisational re-structuring. These workshops will continue during 2015/16.

The Audit and Risk Committee have noted the development and improvement of strategic risk management during 2014/15.

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 the need to introduce significant organisational change, including a reduction in employee headcount, 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 new Horticulture, Science and Public Programme strategies that are supported through initiatives such as Estates 2020; enhanced back office finance and HR systems; and improved in-house procurement capabilities.

Whilst good progress has been made in managing strategic risk during 2014/15, 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 2015, and 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 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.

The Head of Internal Audit reported that they believed that the direction of travel continues to be positive and that issues identified are being addressed. The majority of the recommendations made have been implemented

fully or in large part. There are some areas where work is still required due to the longer-term nature of the change needed, particularly around MSB Projects and Overseas Working.

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 p20 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. With the implementation of a new finance back office system during 2014/15, managers and staff now have much easier access to better financial information. A culture of good financial management has been enabled through the provision of this 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 2014/15 as well as receiving reports on offers of gifts and hospitality.

In 2014/15, Kew also took part in a Cabinet Office mandated 'Spend Recovery Audit' where 5 years of accounts payable data was analysed by Deloitte in an attempt to identify duplicate or fraudulent transactions. No potentially fraudulent transactions were noted.

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

There were no instances of fraud, bribery or corruption identified at Kew in 2014/15.

Performance management

The current performance management framework has been in place for two complete financial years, with quarterly discussions held at Executive level to track progress, identify issues and resolve barriers to delivery. Our organisational key performance indicators undergo a constant process of review and refinement and data on progress are published to all staff on a monthly basis.

Overall, the performance management framework still has opportunities for improvement in its operation. For example, during the past year, some quarterly Executive

level discussions were cancelled due to competing priorities, resulting in lost opportunities for engaging with performance issues and their resolution.

Staff performance management processes have been strengthened through the year. Through the restructuring process, every job description in the organisation has been reviewed, and in the majority of cases, updated. Greater clarity of responsibility has been included within job descriptions, with clear targets where appropriate. These individual-level objectives are directly linked to the organisational key performance indicators.

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 2014/15 it has evolved to provide for a more formal and structured approach to the approval, governance and oversight of large projects and programmes. A programme office has been formed to support the SPB, identify best practice and to standardise project management processes across Kew.

As a result, the skills of those responsible for project delivery can be better assessed and where necessary developed.

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 2014/15 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 through the Human Resources Department.

RBG Kew undertakes an annual self-assessment exercise against the government information risk maturity model. The assessment for 2014/15 shows a stable picture compared to the previous year. The Information Management Systems project completed a comprehensive Information Audit in 2014 and this will help inform the revision of Kew's information assurance and governance structures as they adapt to the recent institutional restructuring.

3. Significant Governance and Internal Control Issues

The 2014/15 Internal Audit Strategy and Plan was approved by the Audit and Risk Committee and our internal auditors have provided the Committee with regular updates on progress against that plan. Where changes were subsequently required, these were authorised by the Committee.

One of the changes requested by management was to widen the scope of a scheduled audit of scientific partnership agreements to include the management of projects in the Millennium Seed Bank (MSB). The subsequent red rated audit report identified a number of weaknesses at project, accounting and portfolio levels which, when taken together, represented a systemic weakness in the way this type of project was managed. A cross directorate working group was formed to implement improved processes, oversight and governance, not only at the MSB but across the Science Directorate. This work will complete in 2015/16 and will compliment improvements to project management and governance across Kew's structures.

Several actions from the 2013/14 internal audit of overseas working remain outstanding. This matter has been reported to the Audit and Risk Committee and the remaining control issues will be addressed in 2015/16.

A further issue to report relates to the petroleum store at Wakehurst Place which was subject to a review by West Sussex Trading Standards. Officers identified a number of lapses in the operation and management of the petroleum facility, principally relating to the verification of stockholdings. These matters were resolved and a range of measures taken to bring control up to the required standard. The Audit and Risk Committee and the Board of Trustees were advised of this matter.

Apart from the areas identified, RBG Kew's governance, risk management and internal control frameworks have proved adequate in respect of the year ended 31 March 2015.

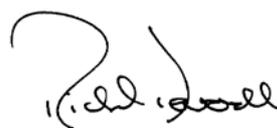


Marcus Agius

Chairman of the Board of Trustees
Royal Botanic Gardens, Kew
9th June 2015

4. Conclusion

RBG Kew's risk and internal control landscape continues to improve. However, we recognise the impact that our recent financial situation has had on the organisation and we are confident that progress will continue to be made in 2015/16.



Richard Deverell

Director
Royal Botanic Gardens, Kew
9th June 2015

Sustainability Report

Sustainability information is reported in accordance with the Government Financial Reporting Manual (FReM) and as part of the requirements of HM Treasury's Public Sector Annual Reports: Sustainability Reporting, Guidance for 2014/15 reporting.

The Greening Government Commitments (GGCs) which commenced on 1 April 2011 require the Royal Botanic Gardens, 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 are 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 statement 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 October 2014. Kew was the first World Heritage Site to achieve this international standard.

Summary of Performance

Area		2014/15 Performance		Change Against 2009/10 Baseline
CO ₂ Emissions	Total Emissions	Tonnes CO ₂	7,617	-14%
	Total Energy Expenditure	£	1,229,730	30%
Water	Total Water Consumption	M ³	144,766	-8%
	Water Supply Costs	£	227,440	-4%
Waste*	Total Waste	Tonnes	802	-65%
	Total Disposal Costs	£	96,500	20%

* Reported waste does not include compost produced for use within the gardens; in 2014/15 Kew produced approx. 4,000 tonnes of compost for its own use.

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.

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 district heating to generate a source of low carbon electricity for use across the site. The project is in the exploration phase and successful completion is expected to drive significant reductions in emissions against the 2009/10 baseline.

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.

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 14% reduction in carbon dioxide (CO₂) emissions whilst achieving a 9.9% increase in visitor numbers against a 2009/10 baseline.

Green House Gas Emissions		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Non financial indicators (tonnes CO ₂)	Scope 1: Direct emissions	4,640	4,818	4,296	5,186	4,406	4,240
	Scope 2: Indirect emissions	4,229	4,301	3,832	3,632	3,311	3,377
	Total emissions	8,869	9,119	8,128	8,848	7,717	7,617

Energy		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Energy consumption (kWh)	Total energy consumption	31,802,353	33,338,604	29,797,069	34,004,346	29,959,138	28,680,898
	Electricity: Brown	7,771,000	7,985,000	7,293,055	6,980,355	6,846,313	6,831,961
	Gas ³	21,674,585	22,602,402	20,192,047	24,207,932	20,689,031	19,537,956
	Oil	2,082,807	2,528,056	2,114,779	2,659,604	2,116,273	2,265,780
	LPG	273,961	223,146	197,188	156,455	307,521	45,201
	Other	-	-	-	-	-	-
Total Energy Expenditure (£)		945,000	932,000	1,035,765	1,083,025	1,292,528	1,229,730

Waste Management

RBG Kew is committed to producing zero waste to landfill by 2020. Good progress has been made against this target at Wakehurst Place and Kew and improvement has been made in improving reporting in line with the GGC target areas.

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.

The business is in the process of improving the information it receives on water by replacing existing meters.

Waste		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Non financial indicators (tonnes)	Total Waste	-	2,323	1,531	1,138	487	802
	Hazardous waste	-	1,124	4	10	22	68
	Reused, recycled, composted	-	105	123	206	125	373
	Incinerated with energy recovery	-	-	3	137	318	337
	Incinerated without energy recovery	-	-	-	-	-	0
	Landfill	-	1,094	1,401	785	22	24
Financial indicators (£)	Total Disposal Cost	-	80,300	94,316	93,004	64,078	96,500

Water			2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Non financial indicators (m3)	Water consumption	Total water Consumption	158,000	184,300	344,795*	231,165*	294,710*	144,591
		Supplied	158,000	177,000	159,045	133,297	226,710	133,766
		Abstracted (returned to ground)	-	7,300	185,750	97,868	68,000	10,825
Financial indicators (£)	Water Supply Costs		238,000	264,000	245,117	167,555	333,004	227,440

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

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. The percentage reduction in CO₂ emissions is a key performance indicator. Compliance with the requirements of the CRC Energy Efficiency scheme and Greening Government Commitments are part of RBG Kew's objectives. Kew's progress and compliance with these targets is reported to the Environmental Sustainability Steering Group on a quarterly basis as required by the corporate governance structure.

Remuneration Report

Remuneration Policy

The remuneration of the Director (CEO, previously both CEO and Chief Scientist) 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 Kew 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)		2014/15 Salary	2014/15 Benefits in kind	2014/15 Pension benefits to nearest (£1,000)	2014/15 Total to nearest (£1,000)		2013/14 Salary	2013/14 Benefits in kind	2013/14 Pension benefits to nearest (£1,000)	2013/14 Total to nearest (£1,000)
		£	£	£	£		£	£	£	£
Andy Jackson	Director, Wakehurst Place	76,773	-	13,000	90,000		76,013	-	34,000	110,000
Angela McFarlane ¹	Director, Public Engagement & Learning to 17/09/13	-	-	-	-		86,952	-	14,000	101,000
Dave Simpson ²	Acting Keeper, Herbarium, Library, Art and Archives from 12/11/12 to 04/11/13	-	-	-	-		50,008	-	91,000	141,000
David Cope ³	Director, Strategy and External Affairs from 01/01/15	17,750	-	5,000	23,000		-	-	-	-
Gay Coley ⁴	Director, Public Programmes from 11/11/13	130,000	-	48,000	178,000		50,555	3,501	21,000	75,000
Jill McLaughlin ⁵	Director, Corporate Services from 01/07/13	110,000	-	37,000	147,000		126,072	-	31,000	157,000
Kathy Willis ⁶	Director, Science from 01/11/13	119,444	-	-	119,000		48,975	-	-	49,000
Mark Chase ⁷	Keeper, Jodrell Laboratory to 04/11/13	-	-	-	-		50,266	-	(3,000)	47,000
Monique Simmonds	Director, Kew Innovation Unit	76,476	-	25,000	101,000		76,476	-	1,000	77,000
Richard Barley ⁸	Director, Horticulture, Kew from 05/08/13	85,000	-	32,000	117,000		55,658	4,747	21,000	81,000
Richard Deverell ⁹	Director (CEO)	141,400	-	53,000	194,000		141,400	9,479	53,000	204,000

- Salary to 17/09/13 – annual equivalent salary £89,000. Includes a payment for loss of office of £45,500.
- Board Member to 04/11/13. 2013/14 annual equivalent salary £84,161
- Salary from 01/01/15. Annual equivalent salary £71,000
- Salary from 11/11/13 – annual equivalent salary £130,000. Gay Coley also received a relocation allowance of £3,501 in 2013/14.
- Salary from 1/7/13 – annual equivalent salary £110,000. Jill McLaughlin was previously an interim contractor up to 30/06/13. £43,572 fees were paid to an agency in 2013/14 through which she was employed. Jill was paid through a service company.
- Salary from 1/11/13 – annual equivalent salary £117,540. Kathy Willis is on

- secondment from Oxford University and paid directly by Oxford University. The reported costs relate only to salary costs, and the university is separately reimbursed for other costs including National Insurance. Additional payment for fundraising services directly from Kew Foundation received of £15,000 in 2014/15 (2013/14 £6,173).
- Board Member to 4/11/13. Annual equivalent salary £84,161
- Salary from 5/08/13 – annual equivalent salary £85,000. £4,747 relocation costs paid in 2013/14.
- Additional payment for fundraising service directly from Kew Foundation of £30,000 in 2014/15 (2013/14 £30,000). £9,479 paid as relocation costs in 2013/14.

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.

Gender

As at 31 March 2015, the gender split of the Executive Board was 4 males and 4 females.

Median Salary Ratio

The Median Salary in the organisation in 2014/15 was £24,063 (£24,717 in 2013/14).

The ratio to the Director's remuneration of £141,400 in 2014/15 (£141,400 in 2013/14) was 5.9 (5.7 in 2013/14). Agency pay has been excluded from the Median Salary calculation since this pay arrangement would give rise to a distortion of the results.

Pension Benefits (Audited)	Accrued pension at age 60 as at 31/03/15 & related lump sum	Real increase in pension & related lump sum at age 60	CETV at 31/3/15	CETV at 31/3/14	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	£'000
Andy Jackson	98	3	423	393	8	N/A
Dave Simpson	-	-	-	641	-	N/A
David Cope	15	-	162	-	2	N/A
Gay Coley	4	3	58	16	30	N/A
Jill McLaughlin	22	2	316	271	24	N/A
Mark Chase	-	-	-	501	-	N/A
Monique Simmonds	127	5	663	642	22	N/A
Richard Barley	3	2	45	17	19	N/A
Richard Deverell	8	3	95	55	24	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 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.

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 between 1.5% and 6.85% of pensionable earnings for classic and 3.5% and 8.85% 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.

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 2015, for more than £220 per day and that last for more than six months (not audited):

No of existing engagements as of 31 March 2015	5
Of which at the time of reporting:	
No that have existed for less than one year	2
No that have existed for between one and two years	1
No that have existed between two and three years	0
No that have existed between three and four years	0
No that have existed more than four 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.



Marcus Agius

Chairman of the Board of Trustees
Royal Botanic Gardens, Kew
9th June 2015

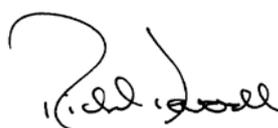
Table 2: For all new off-payroll engagements between 1 April 2014 and 31 March 2015, for more than £220 per day and that last longer than six months (not audited):

No of new engagements between 1 April 2014 and 31 March 2015 and which include contractual clauses giving the right to request assurance in relation to tax and National Insurance obligations	
No for whom assurance has been requested	5
Of which at the time of reporting:	
No for whom assurance has been received	4
No for whom assurance has not been received	1
No that have been terminated as a result of assurance not being received	0

Assurance has been sought in all cases but not yet received. The one new engagement for which assurance had not been received ended before 31 March 2015 and has now been reported to HMRC. Assurance will continue to be sought.

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.	9



Richard Deverell

Director
Royal Botanic Gardens, Kew
9th June 2015

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 2015 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 and Accounting Officer and auditor

As explained more fully in the Statement of Trustees and Accounting Officer'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 2015 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 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 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
National Audit Office
157 – 197 Buckingham Palace Road
Victoria
London SW1W 9SP

11 June 2015

Royal Botanic Gardens, Kew Statement 1

Consolidated Statement of Financial Activities for the year ended 31 March 2015

	Notes	Unrestricted	Restricted	Endowment Total	2014/15 Total	2013/14 Total
		£m	£m	£m	£m	£m
Incoming resources						
Incoming resources from generated funds – Grant in aid	3	14.8	11.2	-	26.0	28.0
Grants & donations	4	3.0	11.4	-	14.4	14.2
Activities for generating funds - trading	5/15	8.0	-	-	8.0	8.3
Investment income		0.1	-	-	0.1	0.1
Incoming resources from charitable activities	6	8.7	-	-	8.7	9.1
Total incoming resources		34.6	22.6	-	57.2	59.7
Costs of generating funds – trading	7/15	5.7	-	-	5.7	6.1
Charitable activities						
Research and conservation	7	22.7	16.3	-	39.0	40.7
Visitor activities	7	9.0	0.5	-	9.5	10.1
Governance costs	7	0.1	-	-	0.1	0.2
Total resources expended		37.5	16.8	-	54.3	57.1
Net (outgoing) /incoming resources		(2.9)	5.8	-	2.9	2.6
Revaluation of assets		10.5	-	-	10.5	8.8
Net movement in reserves	16	7.6	5.8	-	13.4	11.4
Reserves at 1 April	16	125.0	16.5	0.2	141.7	130.3
Reserves at 31 March	16	132.6	22.3	0.2	155.1	141.7

All activities arise from continuing operations.

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

The Notes on page 33 onwards form part of these accounts.

Royal Botanic Gardens, Kew Statement 2

Balance Sheets at 31 March 2015

	Notes	Royal Botanic Gardens, Kew		Consolidated	
		2015 £m	2014 £m	2015 £m	2014 £m
Fixed assets					
Intangible assets	10	5.1	3.6	5.1	3.6
Tangible assets	10	5.4	8.2	5.4	8.2
Heritage assets	11	140.4	124.9	140.4	124.9
Investments	12	0.6	0.6	0.3	0.3
		151.5	137.3	151.2	137.0
Current assets					
Stocks of goods for sale		-	-	0.4	0.5
Debtors	13	6.7	9.1	5.1	7.4
Cash at bank and in hand		6.7	4.2	8.9	7.2
		13.4	13.3	14.4	15.1
Creditors: amounts falling due within one year	14	(9.8)	(8.9)	(10.5)	(10.4)
Net current assets		3.6	4.4	3.9	4.7
Total assets less current liabilities		155.1	141.7	155.1	141.7
Reserves					
Unrestricted	16	132.6	125.0	132.6	125.0
Restricted	16	22.3	16.5	22.3	16.5
Endowment	16	0.2	0.2	0.2	0.2
		155.1	141.7	155.1	141.7

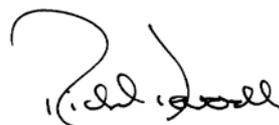
The Notes on page 33 onwards form part of these accounts.

The financial statements were approved by the Director and Board of Trustees on 9th June 2015 and signed on their behalf by:



Marcus Agius

Chairman of the Board of Trustees
Royal Botanic Gardens, Kew
9th June 2015



Richard Deverell

Director
Royal Botanic Gardens, Kew
9th June 2015

Royal Botanic Gardens, Kew Statement 3

Consolidated Cash Flow Statement for the year ended 31 March 2015

	Note	2014/15 £m	2013/14 £m
Net cash inflow from operating activities	a	9.5	1.6
Returns on investments – interest receivable		0.1	0.1
Capital expenditure and financial investment	b	(7.9)	(6.4)
(Increase)/decrease in cash at bank	c	1.7	(4.7)

a Reconciliation of net incoming resources to net cash inflow from operating activities

	2014/15 £m	2013/14 £m
Net (outgoing) / incoming resources	2.9	2.6
Depreciation	3.7	2.9
Loss on disposal of fixed assets	0.5	0.1
Decrease / (increase) in stock	0.1	-
(Increase) / decrease in debtors	2.3	(2.4)
Increase / (decrease) in creditors	0.1	(1.5)
Less investment income	(0.1)	(0.1)
Net cash inflow from operating activities	9.5	1.6

d Analysis of net funds

	1 April 2014 £m	Cash Flow £m	31 March 2015 £m
Cash at bank and in hand	7.2	1.7	8.9
	7.2	1.7	8.9

b Analysis of cash flows – capital expenditure and financial investment

	2014/15 £m	2013/14 £m
Payments to acquire fixed assets	(7.9)	(6.4)
Receipts from sale of fixed assets	-	-
	(7.9)	(6.4)

c Reconciliation of net cash flow to movement in net funds

	2014/15 £m	2013/14 £m
(Decrease) / increase in cash in period	1.7	(4.7)
Movement in net funds in the period	1.7	(4.7)
Net funds at 1 April	7.2	11.9
Net funds at 31 March	8.9	7.2

Notes to the accounts year ended 31 March 2015

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, and on a going concern basis. 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 Statement of Recommended Practice, Accounting and Reporting by Charities (SORP) 2005.

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 2015. 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.

Incoming resources

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. 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.

Resources Expended

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 Place. As required by the SORP 2005, 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 FRS30. 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). This change in accounting policy in 2013/14 had no material impact to the Accounts. Except in respect of other fixed assets, historical costs are not disclosed as required by the SORP 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.

Stock

Stock is stated at the lower of cost and net realisable value.

Pensions

Pension arrangements are described in Note 19 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.

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 £26.0m was received from Defra in 2014/15 (2013/14 £28.0m). Of this £11.2m is restricted to specific revenue and capital projects (2013/14 £13.6m).

4 Grants and donations

	Unrestricted	Restricted	2014/15	2013/14
	£m	£m	£m	£m
Income received from Kew Foundation	2.4	8.2	10.6	10.8
Other project income	0.6	2.4	3.0	2.7
EU project income	-	0.5	0.5	0.3
Grant for maintaining Wakehurst Place	-	0.1	0.1	0.1
Donations	-	0.2	0.2	0.3
	3.0	11.4	14.4	14.2

5 Activities for generating funds – trading

	2014/15	2013/14
	£m	£m
Retailing	2.8	3.3
Commercial development (i)	5.2	5.0
	8.0	8.3

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

6 Incoming resources from charitable activities

	2014/15	2013/14
	£m	£m
Admissions	5.8	5.5
Catering contracts	0.8	0.8
Education charges	0.4	0.3
Sale of fixed assets	-	-
Other income from third parties	1.7	2.5
	8.7	9.1

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 Resources expended

	Staff Costs	Dep'n	Direct Costs	Grant funding of Activity	Support Costs	2014/15 Total	2013/14 Total
	£m	£m	£m	£m	£m	£m	£m
Trading costs	1.6	-	4.1	-	-	5.7	6.1
Research and conservation	18.0	2.8	6.2	1.6	10.4	39.0	40.7
Visitor activities	4.2	0.9	2.3	-	2.1	9.5	10.1
Governance costs	0.1	-	-	-	-	0.1	0.2
Support costs	5.8	-	6.7	-	(12.5)	-	-
	29.7	3.7	19.3	1.6	-	54.3	57.1

Unrecovered VAT for the year of £0.4m has been charged against these accounts (2013/14 £0.4m). £58k (2013/14 £54k) was paid to the external auditors for audit fees. £43k (2013/14 £40k) was paid for the audit of RBG Kew, and £15k (2013/14 £14k) 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 2014/15	Total 2013/14
	£m	£m	£m	£m
Estates	0.9	5.4	6.3	8.6
IT	1.9	0.4	2.3	3.1
HR	0.8	0.3	1.1	1.0
Directorate	0.7	0.2	0.9	1.1
Finance	1.0	0.3	1.3	1.5
Other support	0.5	0.1	0.6	0.5
	5.8	6.7	12.5	15.8

9 Staff costs and trustees' emoluments

a Employees with earnings above £60,000

	2014/15	2013/14
£60,000 – 69,999	15	9
£70,000 – 79,999	2	4
£80,000 – 89,999	6	5
£90,000 – 99,999	1	-
£100,000 – 109,999	-	1
£110,000 – 119,999	1	-
£130,000 -139,999	1	-
£140,000 – 149,999	1	1
	27	20

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

b Staff salaries and social security

	2014/15	2013/14
	£m	£m
Salaries	21.3	21.6
Social security costs	1.6	1.7
Pension costs	3.7	3.5
Redundancy and severance costs	2.1	1.2
Total staff costs	28.7	28.0
Agency staff costs	1.8	2.9
Capitalised salary and related costs	(0.8)	(1.4)
Net employee costs	29.7	29.5

£0.6m salary and social security costs (2013/14: £1.0m) and £0.1m pension costs (2013/14: £0.1m) have been capitalised within Non-Current Assets. There are £0.1m (2013/14: £0.3m) of agency staff costs which have also been capitalised.

c Reporting of Compensation Schemes – Voluntary Exit Packages

	Total Number of Voluntary Exit Packages	
	2014/15	2013/14
Number of employees at:		
Less than £10,000	5	-
£10,000 to £25,000	18	9
£25,000 to £50,000	16	9
£50,000 to £100,000	12	9
£100,000 to £150,000	2	1
Total Number of Exit Packages	53	28
Total Resource Cost (£m)	2.0	1.2

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

	2014/15	2013/14
Number of employees at:		
Botanical science	245	268
Horticulture	180	186
Visitor services and marketing	87	86
Information services	92	102
Support services and Estates management	68	86
Directorate	14	11
RBG Kew Enterprises Ltd	60	51
	746	790

The number of employees includes 29 agency staff for 2014/15 (2013/14: 42). The costs of the equivalent of 24 full-time employees (2013/14: 43 employees) were capitalised within Non-Current Assets.

e Trustees' remuneration

Trustees do not receive any remuneration for their services. Travelling and subsistence expenses of two Trustees (2013/14: three) amounting to £1,460 (2013/14 – £4,029) 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
Valuation	£m	£m	£m	£m	£m	£m	£m	£m
At 1 April 2014	1.9	1.8	3.7	4.5	2.9	8.3	2.8	18.5
Additions	0.3	2.1	2.4	-	0.1	0.4	-	0.5
Disposals	-	-	-	(0.1)	(0.2)	(0.3)	-	(0.6)
Transfers	-	(0.2)	(0.2)	0.5	0.1	-	(2.8)	(2.2)
At 31 March 2015	2.2	3.7	5.9	4.9	2.9	8.4	-	16.2
Depreciation								
At 1 April 2014	0.1	-	0.1	2.5	1.9	5.9	-	10.3
Charge for the year	0.7	-	0.7	0.3	0.4	0.4	-	1.1
Disposals	-	-	-	(0.1)	(0.2)	(0.3)	-	(0.6)
At 31 March 2015	0.8	-	0.8	2.7	2.1	6.0	-	10.8
Net book value								
At 31 March 2015	1.4	3.7	5.1	2.2	0.8	2.4	-	5.4
At 31 March 2014	1.8	1.8	3.6	2.0	1.0	2.4	2.8	8.2

11 Heritage assets

	Land	Dwellings	Buildings	Collections	Assets under construction – Temperate House restoration	Assets under construction – other	Total
Valuation	£m	£m	£m	£m	£m	£m	£m
At 1 April 2014	39.6	13.6	100.1	0.3	-	-	153.6
Additions	-	-	-	-	3.4	1.6	5.0
Disposals	-	-	-	-	-	(0.5)	(0.5)
Transfers	-	-	1.9	-	-	0.5	2.4
Revaluation	3.2	1.2	8.6	-	-	-	13.0
At 31 March 2015	42.8	14.8	110.6	0.3	3.4	1.6	173.5
Depreciation							
At 1 April 2014	-	3.0	25.7	-	-	-	28.7
Charge for the year	-	0.2	1.7	-	-	-	1.9
Revaluation	-	0.3	2.2	-	-	-	2.5
At 31 March 2015	-	3.5	29.6	-	-	-	33.1
Net book value							
At 31 March 2015	42.8	11.3	81.0	0.3	3.4	1.6	140.4
At 31 March 2014	39.6	10.6	74.4	0.3	-	-	124.9

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 FRS30.

The Kew site of 132 hectares is a Grade I historic landscape and a World Heritage Site. The Wakehurst Place site of 202 hectares is in an Area of Outstanding Natural Beauty. Kew manages over 280 buildings on the Kew and Wakehurst Place sites. Five of these are Grade I listed – the Orangery, Pagoda, Palm House, Temperate House and Wakehurst Place 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 2014/15 £2.4m estates capital work in progress was transferred to heritage building assets and work in progress.

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 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.

	2010/11	2011/12	2012/13	2013/14	2014/15
	£m	£m	£m	£m	£m
Valuation					
At 1 April	122.7	127.7	139.5	142.8	153.3
Cost of additions funded by Government Grants	2.5	0.8	-	-	3.6
Cost of additions funded by other grants and donations	0.1	-	0.8	-	1.4
Disposals	-	(0.9)	-	-	1.9
Revaluations	2.4	11.9	2.5	10.5	13.0
At 31 March	127.7	139.5	142.8	153.3	173.2

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 Place.

5. Seed collections: all the living seeds collected as part of the project and stored in the Millennium Seed Bank building at Wakehurst Place, 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 Place 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:

	2011/12	2012/13	2013/14	2014/15
Herbarium collections	37,564	34,891	45,326	27,062
Economic Botany collections	533	5,500	35	885
Library, Art and Archives collections	16,679	18,879	13,154	11,714
Living collections	1,316	1,347	1,345	1,918
Seed collections	3,400	7,444	6,907	4,411
Microscope Slides collections	1,012	863	3,675	630

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 Investment

	Royal Botanic Gardens Kew		Consolidated	
	2015 £m	2014 £m	2015 £m	2014 £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	
	£m	£m	£m	£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	
	2015 £m	2014 £m	2015 £m	2014 £m
Trade debtors	0.9	0.8	1.3	1.1
Prepayments and accrued income	0.7	1.0	0.9	1.4
Owed by subsidiary	2.2	2.4	-	-
Owed by the Foundation	1.9	2.5	1.9	2.5
VAT (HMRC)	0.6	0.8	0.6	0.8
Other	0.4	1.6	0.4	1.6
Total Debtors	6.7	9.1	5.1	7.4

Intra Government Bodies:

Balances with Central Govt Bodies	1.0	2.3	1.0	2.3
Balances with Local Authorities	-	-	-	-
Balances with Public Corporations	-	-	-	-
Balances with Bodies External to Government	5.7	6.8	4.1	5.1
Total Debtors	6.7	9.1	5.1	7.4

	Royal Botanic Gardens Kew		Consolidated	
	2015 £m	2014 £m	2015 £m	2014 £m
Trade creditors	1.8	0.9	1.8	1.0
Accruals & Deferred Income	7.2	6.9	7.7	8.2
Provisions	0.0	0.1	0.0	0.1
Other	0.0	0.1	0.1	0.2
Tax & NI	0.4	0.5	0.5	0.5
Other (PCSPS)	0.4	0.4	0.4	0.4
Total Creditors	9.8	8.9	10.5	10.4
Intra Government Bodies:				
Balances with Central Govt Bodies	0.8	0.9	0.9	0.9
Balances with Local Authorities	-	-	-	-
Balances with Public Corporations	-	-	-	-
Balances with Bodies External to Government	9.0	8.0	9.6	9.5
Total Creditors	9.8	8.9	10.5	10.4

14 Creditors: Amounts falling due within one year

Provisions were for early retirement costs and outstanding small claims against the organisation and have been fully utilised. At 31 March 2015 other creditors include £0.03m for a loan for energy saving measures which is repayable as the savings are realised (2013/14 £0.1m).

15 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.

	2014/15 £m	2013/14 £m
Activities for generating funds – trading	8.0	8.3
Costs of generating funds – trading	(5.7)	(6.1)
Net surplus	2.3	2.2
Add back consolidation adjustments (intercompany expenditure)	(0.6)	(0.6)
Net surplus excluding adjustments	1.7	1.6
Gift Aid payable to Kew	(1.7)	(1.6)
Retained in the subsidiary	-	-
Balance sheet		
Current assets	3.2	4.4
Current liabilities	(2.9)	(4.1)
	0.3	0.3
Share capital and reserves	0.3	0.3

16 Statement of reserves Royal Botanic Gardens, Kew and Consolidated

	At 1 April 2014	Income	Expenditure	Revaluation	At 31 March 2015
	£m	£m	£m	£m	£m
Unrestricted					
General – other	4.0	34.4	(35.0)	-	3.4
General–capital	37.7	0.2	(1.6)	-	36.3
Capital Revaluation Reserve	83.3	-	(0.9)	10.5	92.9
Total Unrestricted	125.0	34.6	(37.5)	10.5	132.6
Restricted					
General–capital	15.7	7.7	(1.7)	-	21.7
Donations	0.8	0.2	(0.4)	-	0.6
Projects	-	14.7	(14.7)	-	-
Total Restricted	16.5	22.6	(16.8)	-	22.3
Endowment					
Scott-Marshall	0.2	-	-	-	0.2
Robin Spare Book Fund	-	-	-	-	-
Total Endowment	0.2	-	-	-	0.2
Total Reserves	141.7	57.2	(54.3)	10.5	155.1

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 12 different accounts within Donations (2013/14 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 Kew.

The income from the Robin Spare Book Fund is to be used to purchase books for the School of Horticulture library at Kew. The balance on this reserve at 31 March 2015 was £3k (2013/14 £3k).

There were no transfers between reserves.

17 Analysis of net assets between reserves

	Unrestricted	Restricted	Endowment	Total
	£m	£m	£m	£m
General – Other	3.4	0.6	0.1	4.1
General – Capital	36.3	21.7	-	58.0
Revaluation Reserve	92.9	-	0.1	93.0
	132.6	22.3	0.2	155.1

18 Analysis of reserves

	Unrestricted	Restricted	Endowment	Total
	£m	£m	£m	£m
Reserves balances at 31 March are represented by:				
Fixed Assets	129.2	21.7	-	150.9
Investments	-	0.1	0.2	0.3
Current Assets	10.9	3.5	-	14.4
Creditors	(7.5)	(3.0)	-	(10.5)
	132.6	22.3	0.2	155.1

19 Pension Costs

The staff of the Royal Botanic Gardens, 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 2015, employers' contributions were payable to the PCSPS at 1 of 4 rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands (2013/14:16.7% to 24.3%). 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 2015 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 £3.6m (2013/14:£3.4m).

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 (2013/14 £0.1m) to this scheme during the year. 55 staff were members of the defined contribution scheme at 31 March 2015 and the remaining staff were members of the PCSPS.

20 Commitments

At 31 March 2015 there were major financial commitments in relation to professional fees and construction costs associated with the Temperate House renovation project (£22.6m), other estates projects and maintenance expenditure (£5.0m), and software (£0.4m). Total financial commitments in 2013/14 were £2.1m.

The amount payable within one year is £15.0m (2013/14 £0.9m).

21 Connected Charities and other related party transactions

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 the Royal Botanic Gardens, Kew is to provide support for Kew and, as shown in Note 4, £10.6m was received in 2014/15 (2013/14 £10.8m). 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 12 of this report or from Kew Foundation Trustees Report and Financial Statement for the year ending 31 March 2015. Marcus Agius, Henry Keswick and George Loudon were Trustees of the Foundation and Friends throughout the year.

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. Two members of Kew staff are Trustees along with three external Trustees. The Trust makes annual grants, some of which are made to Kew and some 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 (2013/14 no transactions):

Dr Geoffrey Hawtin, Trustee, was a Senior Adviser at the Global Crop Diversity Trust. Kew received £782,312 income from this trust in 2014/15 (2013/14 £nil).

Valerie Gooding, Trustee, was also a Trustee at Historic Royal Palaces. Expenditure incurred with Historic Royal Palaces was £227,210 and income received was £438 in 2014/15. Valerie Gooding became a Trustee in 2014/15.

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

22 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.

23 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.

Annex

Royal Botanic Gardens, Kew five-year financial summary

Statement of Financial Activities

	2010/11	2011/12	2012/13	2013/14	2014/15
	£m	£m	£m	£m	£m
Incoming resources					
Grant-in-aid	24.6	28.5	32.5	28.0	26.0
Grants and donations	9.1	6.4	13.1	14.2	14.4
Income from activities	13.3	13.9	14.1	17.4	16.7
Investment income	0.1	0.1	0.1	0.1	0.1
Total incoming resources	47.1	48.9	59.8	59.7	57.2
Resources expended					
Charitable expenditure and governance costs	42.8	50.7	53.6	51.0	48.6
Cost of generating funds	4.2	4.7	4.9	6.1	5.7
Total resources expended	47.0	55.4	58.5	57.1	54.3
Net incoming resources	0.1	(6.5)	1.3	2.6	2.9
Revaluation of fixed assets	2.4	11.7	2.2	8.8	10.5
Net movement in reserves	2.5	5.2	3.5	11.4	13.4
Reserves at 1 April	119.1	121.6	126.8	130.3	141.7
Reserves at 31 March	121.6	126.8	130.3	141.7	155.1

Summary Balance Sheet

	2011	2012	2013	2014	2015
	£m	£m	£m	£m	£m
Fixed assets	115.9	122.1	124.8	137.0	151.2
Current assets	16.4	16.2	17.4	15.1	14.4
Creditors	(10.7)	(11.5)	(11.9)	(10.4)	(10.5)
Total assets less current liabilities	121.6	126.8	130.3	141.7	155.1
Unrestricted	110.0	115.3	118.0	125.0	132.6
Restricted	11.4	11.3	12.1	16.5	22.3
Endowment	0.2	0.2	0.2	0.2	0.2
Total reserves	121.6	126.8	130.3	141.7	155.1

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