

Kew

Royal Botanic Gardens

Annual Report and Accounts

for the year ended 31 March 2018



Royal Botanic Gardens, Kew

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Contents

4 Foreword	14 Internal control framework
5 Management commentary	15 Governance and internal control issues
5 Unlocking why plants and fungi matter	16 Sustainability report
5 Highlights and challenges	19 Statement of Trustees and Accounting Officer responsibilities
5 Plans for future periods	19 Statutory information
6 Performance measures and outcomes	22 Remuneration report
8 Customer care statement	25 Auditor's certificate and report
8 Health and safety statement	27 Consolidated statement of financial activities
8 Diversity and equality statement	28 Balance sheets
9 Volunteering statement	29 Consolidated cash flow statement
9 Third party engagement	30 Notes to the accounts
9 Safeguarding	Annex RBG Kew five- year financial summary
10 Governance statement	
10 Overview	
10 Governance arrangements	

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Foreword

2017/18 has been another very busy year for the Royal Botanic Gardens, Kew (RBG Kew).

Our collections are our most important asset and the foundation of much of our scientific and conservation work, and of our visitor offer. It is for this reason that the publication of our first ever Collections Strategy in March, which sets out clear policies and aims for our scientific collections, was so significant. It will be followed by a similar document covering our living collections. In May the science team published its second State of the World's Plants report, a horizon-scanning document which involved 128 scientists from 12 countries in its production. The symposium organised in conjunction with the publication of the report brought together scientists and policy makers from around the world and secured substantial media coverage. We were also delighted to win a Gold Medal at the Chelsea Flower Show for our associated exhibit, which brought State of the World's Plants to new audiences.

We are heartened to have delivered an operating surplus of £0.6m this year. The improvement in our financial health provides reassurance to our partners, funders and friends and has brought us closer to our reserves target of £6.5m. Despite a damp summer and no new major visitor offers, 2017/18 was another record breaking year for paying visitors, although the total number of visitors was slightly lower than last year. Commercial performance was also very strong, and we ended the year 23% ahead of budget. Christmas at Kew achieved 245,000 ticket sales, with a 15% increase in net profit compared to 2016 against an increasing number of seasonal attractions in the marketplace. Our Christmas festival of lights at Wakehurst Glow Wild sold out 8 weeks in advance and has grown ten-fold over the past 4 years.

We have worked on strengthening RBG Kew for the future. Much of the activities of The Foundation and Friends of The Royal Botanic Gardens, Kew (the separate legal entity which raises funds for the purposes of RBG Kew) were integrated into RBG Kew, primarily through our trading subsidiary RBG Kew Enterprises Ltd ('Enterprises'). This important step, intended to enhance our fundraising capabilities, went live on 1 July and has built shared ownership and common purpose. We made new Executive Board appointments in key areas of fundraising and capital development and strengthened science leadership by recruiting a new Deputy Director in Genomics. Rebuilding our IT capabilities started in earnest and visible improvements were made in both digital media and interpretation. Importantly, we formalised a comprehensive safeguarding policy, secured removal of the 1% Government pay cap for RBG Kew staff, put in place arrangements to comply with General Data Protection Regulations (GDPR), and reported for the first time on our gender pay gap for RBG Kew staff.

Our capital development programme has remained a priority. Delivering a world-class estate is one of the biggest opportunities and biggest risks facing RBG Kew in the next 5 years. We made excellent progress with our most important project the Temperate House renovation (which opened on time in May 2018), commenced work on the Children's Garden and replacement of the Arboretum Nursery. We also simplified and improved the processes for capital projects. Across our projects, however, we continue to err on the side of optimism when scheduling works which has led to delays; we need to take better account of the complexities of renovating a World Heritage Site and Wakehurst, both of which have suffered from decades of underinvestment.

Professor Kathy Willis played a key role as part of the Natural Capital Committee which helped to shape the UK Government's 25 Year Environment Plan which launched in January. During the year we welcomed visits from His Royal Highness Prince Charles (our Patron), the Secretary of State for Environment Food and Rural Affairs, the Mayor of London and the President of Madagascar. In November we presented the Kew International Medal to President Santos of Colombia in recognition of his efforts to protect millions of hectares of land and preserve Colombia's unique ecosystems.

Sir Henry Keswick's nine years of service as a Trustee came to an end in October. It is exceptional to serve for three full terms, and we are grateful for the wise and supportive counsel which Sir Henry has provided during his tenure. We were delighted that Val Gooding was confirmed as Queen's Trustee in February which recognises her excellent contribution to the Board. We also welcomed Michael Lear and Jantiene Klein Roseboom van der Veer as new Trustees. Each brings valuable expertise in horticulture and landscape architecture.

The Secretary of State has extended the Chairman's tenure to autumn 2019, which is the maximum ten years permitted by statute. This allows leadership continuity in a period of high ambition and enables time for succession planning.

We continue to rely heavily on our staff, Trustees, volunteers and supporters and so would like to end by extending our sincere thanks to all of them.



Marcus Agius
Chairman, Board of Trustees



Richard Deverell
Director

Management commentary

Unlocking why plants and fungi matter

The National Heritage Act 1983 (“the Act”) sets out the statutory functions and powers of RBG Kew. The General Functions of RBG Kew (s.24 of the Act) 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 are for the time being in fact concerned;
- provide other services (including quarantine) in relation to plants;
- care for their collections of plants, preserved plant material other objects relating to plants, books and records;
- keep the collections as national reference collections, secure 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.

Our mission is ‘to be the global resource for plant and fungal knowledge, building an understanding of the world’s plants and fungi upon which all our lives depend’. Our strategic objectives are as follows:

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

Highlights and challenges

- The Collections Strategy was a landmark, and the 2017 State of the World’s Plants report brought together current knowledge on plants numbers, their importance and resilience. The Gold medal at the Chelsea Flower Show demonstrated our horticultural expertise in bringing these global issues to life. The summer saw the first ever Science Festival at Wakehurst as well as at Kew Gardens, with nearly 35,000 visitors across both sites.
- The Colombia Bio partnership between Kew and Colombia (the second most biodiverse country in the world) has been a highlight of the year. Research involves joint field expeditions to discover, identify and name plants and fungi, as well as exploring their potential for sustainable use to benefit local livelihoods and the economy. A new plant species from Colombia was discovered by a Kew botanist and named *Espeletia praesidentis*, in honour of efforts made by President Santos to build peace.
- At Kew Gardens total visitation was down by 2% over the year, but that slight decline masks an increase in

daytime paid entry of 1%. Christmas at Kew sold to 94% capacity (244,862 tickets) with its longest ever 34-night run, an increase in ticket sales of 7% from last year. A new pricing structure was introduced from 1 February, with some increases and some new concessions. A new entry tracking system for Friends was also introduced and this may account for the apparent slight drop in visits.

- At Wakehurst, total visitation was the highest since 2012. 38,400 people attended Glow Wild over the pre-Christmas period, with 97% of visitors saying they would recommend it to a friend. The 10-year development plan was finalised, the Winter Garden planted, and essential critical works carried out. Wakehurst had extensive media coverage around the 30th anniversary of the Great Storm of 1987 and embedded our new partnership with the Climate Coalition through half-term visitor programming that was positively received.
- A global ten-year deal with Procter and Gamble to develop Kew trademark licensed haircare, skincare and personal care products has been a commercial highlight. We also secured a second grant from the Big Lottery Fund for our outreach programme Grow Wild, through which Kew connects people with nature in the UK.
- Our ambitious capital development programme and the parlous state of our estate have continued to pose challenges. We occupy a complex heritage site where unforeseen issues continue to risk delivery, and as a result we have re-scheduled the timings of several major projects. We have also learned lessons from the project to convert Museum No 1 into The Botanical restaurant. The Temperate House and the Arboretum Nursery projects have remained on track. In recognition of the leadership needs of our estate, we appointed a Director of Estates and Capital Development in October. In addition, the engagement of a major works contracting partner has meant that construction has proceeded smoothly once projects have commenced.
- Good financial planning, solid fundraising and strong commercial performance has contributed to an operating surplus of £0.6m. In July we integrated much of the fundraising activities of the separate charity The Foundation and Friends of the Royal Botanic Gardens, Kew (Kew Foundation) into RBG Kew. At the same time, we established a Foundation Council to support RBG Kew’s fundraising efforts; initial members are former Trustees of Kew Foundation. A re-structure of the newly created Foundation directorate has also taken place to optimise revenue-raising in fundraising and membership. Kew Foundation remains a separate legal entity with responsibility for legacy income and investments, and from 1 July 2017, has been serviced by staff within Enterprises and RBG Kew at full cost recovery.

Plans for future periods

Our operational priorities for 2018/19 to 2020/21 are:

- Delivering the RBG Kew Science Strategy and curating the collections;
- Maximising the potential of the gardens;
- Growing commercial income;
- Creating outstanding learning and outreach propositions;
- Engaging the public and stakeholders in RBG Kew’s importance and impact;
- Growing philanthropic support and Friends’ income;
- Achieving success through our people; and
- Improving the built and technological infrastructure.

Performance measures and outcomes

The table below shows outturn against target for each of our 17 performance measures; an explanatory note is provided overleaf.

Number	Performance measure	Baseline 2016/17	Target 2017/18	Outturn 2017/18	% change in target vs baseline	% outturn vs target
1	Number of new plant, fungal and seed accessions to the RBG Kew Science collections	38,323	40,460	34,947	6%	86%
2	Number of visits to RBG Kew digital collections database resources	3.9m	4m	4.5m	3%	113%
3	Total number of scientific publications	372	380	354	2%	93%
4	Number of citations to RBG Kew scientific publications	26,856	27,500	28,043	2%	102%
5	Number of IUCN† threatened species in: (i) Living collections (ii) Seed bank collections	(i) 833 (ii) 613	(i) 888 (ii) 643	(i) 880 (ii) 646	(i) 7 (ii) 5	(i) 99% (ii) 100%
6	Science research supported by external income sources	£9.7m	£10.1m	£9.3m	4%	92%
7	Net brand alignment score	<i>see note 7 overleaf</i>		33	<i>n/a</i>	<i>n/a</i>
8	Total visits to Kew Gardens and Wakehurst	2,133,367	2,176,937	2,131,162	2%	98%
9	Total number of Friends of Kew Gardens and Wakehurst	96,814	108,920	111,798	13%	103%
10	Percentage of day-time visitors who feel they have learnt something about why plants and fungi matter as a result of their visit to RBG Kew	82%	83%	84%	1%	101%
11	Number of school pupil visits to Kew Gardens and Wakehurst	99,861	100,000	101,433	1%	101%
12	Number of apprentices, diploma and masters students who move onto further education and employment in a relevant discipline	23	29	32	26%	110%
13	Self-generated income	£24.8m	£26.5m	£28.5m	7%	108%
14	Foundation income	£9.7m	£7.1m	£9.4m	<i>see notes</i>	133%
15	Staff engagement index score	70%	71%	70%	1%	99%
16	Quality of the built estate	<i>see note 16 overleaf</i>				
17	Greenhouse gas emissions (tonnes CO ₂)	6,960	6,492	6,266	7%	104%

† International Union for Conservation of Nature

n/a = not applicable

Note on performance

1. Number of new plant, fungal and seed accessions to RBG Kew Science collections

This measure records the number of new specimens added to the plant, fungal and seed collections. During 2017/18 34,947 new accessions were recorded, which was less than the total expected due to unexpected vacancies in our curation teams which have now been filled.

2. Number of visits to RBG Kew digital collections database resources

This measure records the level of usage of RBG Kew's databases. Almost 4.5m visits to the digital collections were made during 2017/18, exceeding our target of 4m.

3. Total number of scientific publications

The overall number of scientific publications during 2017/18 was 354, which was just short of our target for the year.

4. Number of citations to RBG Kew scientific publications

This measure records the number of instances RBG Kew publications have been cited. During 2017/18 there were 28,043 citations of Kew scientific publications, compared to our target of 27,500 for the year. This reflects the positive impact of our scientific publications.

5. Number of IUCN threatened species in the collections

This measure shows the representation of species in our scientific and living collections that are recorded on the IUCN global red list¹. At the end of March 2018 there were 880 in the living collections and 646 in the seed bank collections.

6. Science research supported by external income sources

The target set for 2017/18 was £10.1m. The total amount of income utilised during the year was £9.3m reflecting slightly lower than anticipated expenditure on existing projects. £3.8m was raised in new grant income from non-Foundation sources which will result in higher expenditure in subsequent years.

7. Net brand alignment score

This indicator measures whether perceptions of RBG Kew align with our brand positioning and ethos amongst key groups of customers, Friends and prospective customers or Friends. A figure above zero is positive, the maximum score is 100 and the minimum score is -100. Scores above 50 are considered 'excellent/best in class', a score of 33 is considered 'good'.

8. Total visits to Kew Gardens and Wakehurst

This measure records the overall number of admissions to both sites. The total number of visits achieved was 2,131,162, which is just below the figure from 2016/17 (which we have restated as a higher figure than reported last year) and our target for 2017/18. We have seen strong growth in some visitor categories during 2017/18, offset by reductions elsewhere.

9. Total number of Friends of Kew Gardens and Wakehurst
The total number of members at the end of the year was 111,798 an increase of 15% in the last year.

10. Percentage of day-time visitors who feel they have learnt something as a result of their visit

For the 12 months to end March 2018 84% of visitors surveyed agreed that they had learnt something as a result of their visit. For 2018/19, a new survey will be introduced and will be extended to cover Wakehurst

11. Number of school pupil visits to Kew Gardens and Wakehurst

The number of school children visiting Kew Gardens and Wakehurst has been steadily increasing in recent years and 2017/18 rose to 101,433. This was the first year that visits have exceeded 100,000.

12. Number of apprentices, diploma and masters students who move onto further education and employment in a relevant discipline

This measure aims to show the effectiveness of RBG Kew's professional training programmes. In 2017/18 32 horticulture students and Science Masters' students moved onto further education or employment in a relevant discipline.

13. Self-generated income

This measure tracks the income generated from trading activities and commercial enterprises as well as project funding from philanthropic sources following integration of Kew Foundation activities into RBG Kew in 2017. Total income generated for the year was £28.5m, an increase of 15%.

14. Foundation income

This measure represents income received from Kew Foundation, comprising income raised for specific projects. A total of £9.4m was raised during the year. Due to the integration of many Kew Foundation activities into RBG Kew during 2017/18, this measure does not reflect total fundraising success in the year and shows a lower income than 2016/17 as it excludes unrestricted grant.

15. Staff engagement index score

The staff engagement score is calculated using a set of questions taken from the people survey. The overall index score achieved of 70% matched last year demonstrating that the majority of staff continue to have strong engagement with RBG Kew.

16. Quality of the built estate

This indicator is intended to measure the improvements in the built estate arising from the critical and major works to be delivered under the capital development programme. A methodology for this measure will be agreed and baselined in 2018/19.

17. Greenhouse gas emissions

CO2 emissions totalled 6,266 tonnes, a reduction of 694 tonnes (7%) compared to 2016/17 which means that we are on course to exceed our target to reduce CO2 emissions by 32% by 2020 (compared to the 2009/10 baseline). 2016/17 emissions have been adjusted following changes to previously reported data.

¹ Tracked against the following categories: Extinct in the Wild, Critically Endangered, Endangered & Vulnerable

Customer care statement

We operate in a competitive marketplace for visitors and we are attuned to the needs of our existing and potential future customers.

As public servants, we have a duty to serve the public well, and as a leading visitor attraction with sites at Kew Gardens and Wakehurst, we must also meet the needs of an increasingly demanding leisure market.

We track customer feedback through:

- a customer comment form which is available at all gates and at the visitor information desk; a specific catering feedback form is available in the catering outlets;
- our information email address which invites comments or via our website through comments or posts; and
- an external market research company which tracks key aspects of our visitor experience year-round, as well as tracking key aspects of our service against other competitors.

The latest independent market research showed that, when benchmarked against other attractions, 90% of people surveyed rated their experience excellent or good value for money. 96% of people also rated their experience as excellent or good for enjoyment overall and 99% said that they were likely to recommend Kew Gardens following their visit. We incorporate this tracking into our internal feedback and training to ensure that we maintain our customer care standards.

Health and safety statement

We recognise the importance of managing health and safety risks, on our sites at Kew Gardens and Wakehurst and as part of the work carried out by our staff off-site. Our Health and Safety Statement of Intent makes clear the commitment of the Trustees to ensure a safe workplace for staff and visitors, and any other person who may be affected by their undertaking.

Our Health and Safety Committee meets four times a year. The committee reviews current health and safety arrangements and sets direction for the organisation. The meeting is chaired by the Director of RBG 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. We have put in place corporate health and safety objectives, performance indicators and a corporate health and safety risk register, all of which are reviewed on a regular basis.

In the reporting year April 2017 to March 2018, there were five RIDDOR¹ reportable incidents at RBG Kew; four involving staff and one involving a member of the public. All incidents were investigated, and remedial action taken as appropriate. During 2017/18 no enforcement notices were served on RBG Kew, nor were there any convictions for health and safety offences.

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

Diversity and equality statement

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

We support the employment of disabled people wherever possible, by recruitment, by retaining all those who become disabled during their employment, and also through training, career development and promotion.

Our core values include diversity:

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

We continue to promote and develop a range of programmes that promote equality of opportunity for staff and visitors:

- embedding the principles of equality and inclusion into recruitment practices and people management policies;
- provision of discounted entry to 7,264 individuals with additional needs from 268 groups through RBG Kew’s Community Access Membership Scheme;
- participation of 3,279 people in Kew Gardens Discovery programme which includes bus and walking tours, and participatory activities aimed at visitors with additional needs (including people with limited mobility, sensory loss, British Sign Language users, mental health conditions and dementia);
- 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;
- sponsored bursaries to schools with a high Pupil Premium with 935 pupils (up from 410 pupils in 2016/17) visiting Kew Gardens and 248 visits to Wakehurst; and
- organising outdoor learning opportunities for Special Educational Needs’ schools with 1,309 children participating at Kew Gardens and 52 children at Wakehurst.

In addition, we have established new programmes and activities through the Temperate House Activity Plan, including:

- a Youth Programme, training 27 young people from schools with high Pupil Premium in knowledge and skills to become Youth Explainers;
- an Early Years programme for parents, guardians and children linked to Children’s Centres in four local boroughs – Richmond, Hounslow, Ealing and Hammersmith & Fulham; and
- Community allotments (at Lion Gate) to teach horticultural skills to groups, including those with mental health issues and additional needs.

Volunteering statement

RBG Kew recognises the vital and integral role played by volunteers in our work and the value they contribute to the Kew community. We have a record of working with volunteers since 1992 and currently enjoy the invaluable support of 756 volunteers and a team of volunteers associated with our Grow Wild project which takes our volunteer numbers to over 800. We also benefit from the support of 80 Honorary Researchers.

Last year Kew volunteers donated a range of diverse skills and more than 120,000 hours to Kew's mission. This equates to a value of £1.9 million that the organisation would have had to spend on an equivalent contribution of staff time. More important still is the qualitative data and feedback that we receive concerning the value that our volunteer task force brings to Kew through their commitment, knowledge, enthusiasm, and energy. The 2,825 'volunteer led guided tours' last year were a testimony to the added value our volunteers bring to the visitor experience at Kew Gardens and Wakehurst.

With an average volunteer donation of 4.4 working weeks a year, our volunteer roles support every aspect of our work, including science, horticulture, our schools, families and visitor programmes. New volunteer programmes introduced this year include Galleries and Exhibition Stewards and a Youth Explainer Volunteer Programme for young people aged 14 to 17 years aligned to a Duke of Edinburgh Award or CREST Award. We also hosted our first 'Visiteering' day in our Digital Collections Unit as part of WeDigBio (Worldwide Engagement for Digitizing Biocollections) where volunteers spent a day learning about our work and transcribing Herbarium specimen labels online. We also promote environmental volunteering by hosting 'Employee Volunteering Days' for the corporate sector. Last year 180 volunteers took part in corporate volunteering activities over 10 days.

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 £12 in return. In 2017/18 we enjoyed volunteer retention rate of 92% excluding fixed term volunteering appointments and 89% including finite volunteering appointments.

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 last year 10% of our horticultural volunteers classed themselves as having an additional need or disability.

We have a devolved structure for the management of volunteering across the organisation which includes the involvement of a Volunteer Steering Group consisting of pertinent stakeholders such as volunteers, their coordinators and the Kew Trade unions, who help steer the continued development of our programmes in a common, consistent, equitable and sustainable way.

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

Third party engagement

RBG Kew is committed to ethical responsibility both as an institution and on the part of individual members of staff, volunteers and students. We will be active in considering ethical issues as they arise and in developing appropriate policy, processes and capacities.

As an organisation largely funded by charitable donations and public funds, RBG Kew aims to achieve value for money, and deliver the greatest possible positive impact for our beneficiaries and the public.

We work with a range of third parties in pursuance of our objectives. In negotiating relationships, we seek to further the aims of RBG Kew, as described in our mission, and protect our reputation and brand. In doing so we undertake to use appropriate due diligence in developing third party relationships and to use a least harm and maximum benefit approach in assessing potential partners.

Safeguarding

Kew recognises its legal obligation to safeguard the welfare of children and adults at risk who we come into contact with, on and off site nationally and internationally and online. Following sign off by the Board of Trustees, a new safeguarding policy and procedures were published on Kew's intranet in January 2018. Two safeguarding leads have been appointed and a Safeguarding Oversight Committee constituted. Safeguarding champions have also been enlisted across Kew and Wakehurst and they are currently rolling out awareness training to all staff, volunteers and contractors. In addition, staff eligible for DBS checks have, or are undergoing, necessary checks.

Governance statement

Overview

RBG Kew was founded as a Royal Garden in 1759. Under the National Heritage Act 1983 (“the Act”) 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 exempt charity and an NDPB, we aspire to a high standard of corporate governance. This Statement sets out the arrangements RBG Kew has in place and reports on the effectiveness of the arrangements and the key activities and issues which have arisen since the last report.

Our internal governance rules are set out in *Governance at RBG Kew*, agreed by Trustees in March 2017, which sets out our operating rules for RBG Kew and what it means to be an arms’ length public body and an exempt charity. The document also helps staff to navigate rules relating to making decisions, delegated authorities and internal control mechanisms.

As an executive NDPB, we operate at arm’s length from our sponsor department, Defra. Defra’s role is a strategic one, and in 2017/18 oversight was exercised through a Management Statement and Financial Memorandum, setting out the arrangements for ensuring effective management of public funds. A new Framework Document was agreed with Defra in summer 2018.

1. Governance arrangements

The Board of Trustees

The Board of Trustees was established under the Act and came into existence on 8 August 1983. It is collectively responsible and has non-delegable responsibility for RBG Kew. It determines the strategy of the organisation and ensures that it has appropriate policies and procedures to fulfil its statutory and administrative obligations with regard to the use of public funds. Collectively, the Trustees operate as the Board, observing the legal and good practice expectations included in their responsibilities.

The Board meets four times a year, and additionally when necessary, to consider matters relating to the overall control, business performance and strategy of the organisation. A joint strategy day is also held once a year, and since July 2017, it is held jointly with Foundation Council members and other independent members.

The twelve Trustees 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 for Environment, Food and Rural Affairs and one by HM The Queen. The recruitment of Trustees is regulated by the Office of the Commissioner for Public Appointments and conducted through fair and open competition. In addition, we use the expertise of a number of independent members who sit on different Committees. On appointment Trustees are briefed by Defra and inducted into RBG Kew’s operations.

Membership of the Board during 2017/18 was as follows:

Marcus Agius (Chairman)
Sir Henry Keswick (Queen’s Trustee - stood down 31 October 2017)
Nick Baird
Professor Liam Dolan
Catherine Dugmore
Sarah Flannigan
Valerie Gooding (Queen’s Trustee from 14 February 2018)
Professor Sue Hartley
Ian Karet
Jantiene Klein Roseboom van der Veer (appointed 1 November 2017)
Michael Lear (appointed 1 April 2017)
Sir Derek Myers
Professor Malcolm Press

Standard Board agenda items include a regular report from the Director covering major strategic issues, financial updates, reports from Committees and any declarations of interest.

The Board considered a range of significant matters during the year including:

- science collections strategy;
- priorities for capital development in the medium to longer term;
- business cases for the Arboretum Nursery, a major exhibition, Family Landscape and Pavilion restaurant projects;
- contract awards for Proctor and Gamble (for Kew-licensed products) and for Grow Wild (national outreach initiative);
- pricing strategy for Kew Gardens and Wakehurst;
- approval of key policies including safeguarding, delegated financial authorities and reserves; and
- approval of the Annual Report & Accounts 2016/17, budget for 2018/19 and three-year operational plan.

Committees

During 2017/18, there were some changes to the Committees which underpin the main Board of Trustees, arising from the integration of Kew Foundation activity into RBG Kew and from the refresh of our internal governance set out in *Governance at RBG Kew*. In particular, from 1 July 2017, Trustees of RBG Kew took on overall responsibility and accountability for fundraising activity which transferred in from Kew Foundation, and this has been reflected in the Board’s Terms of Reference. Changes at Committee level included:

- the establishment of a new Committee, the Foundation Council, to support RBG Kew’s fundraising activity;
- setting up two divisions (Commercial and Foundation) within RBG Kew Enterprises Ltd and re-focussing the content of meetings of the wholly-owned subsidiary onto corporate accountabilities, performance and reporting;
- adding an assurance remit to Audit and Risk Committee’s Terms of Reference through which the Committee scrutinises RBG Kew’s approach to fundraising on behalf of the main Board of Trustees, and ensures the approach is followed in practice and reflects RBG Kew’s values; and
- re-naming and re-purposing the Visitor and Commercial Advisory Committee (formerly Visitor Experience Committee) to include commercial discussions previously undertaken in Enterprises.

Other changes have included:

- Remuneration and Nominations Committee taking on a more formal role in managing appointments of Trustees and independent members to Committees, and in succession-planning; and
- Capital Development Advisory and Stakeholder Committee being re-named the Capital Development Committee with redefined Terms of Reference to clarify its responsibilities.

The Committees comprise a minimum of 2 Trustees and some additionally have independent members. Each committee has written terms of reference which are updated annually. A synopsis of Committee meetings is provided to each meeting of the Board of Trustees, with an opportunity for Committee Chairs to raise concerns. Forward work plans are prepared for the Board of Trustees, Audit & Risk and Finance Committees. A record of membership and attendance is on page 12.

Audit and Risk Committee

The Committee advises the Director of RBG Kew (the Accounting Officer) and assists the Board of Trustees in monitoring the integrity of financial reporting and the effectiveness of internal control, governance and risk management systems. It also advises the Board on the scope and effectiveness of the internal audit service and monitors the work of the external auditor. It reviews the financial statements and annual report and reviews procedures for the detection of fraud and handling of allegations from whistleblowers.

A key aspect of the Committee's work was to review our strategic risk register as well as directorate registers. Topics debated in 2017/18 included risks associated with the capital development programme, safeguarding, fundraising, the persistent 'red' rated IT risk register, GDPR readiness, progress in developing business continuity plans and timeliness by RBG Kew teams in completing internal audit recommendations.

Jantiene Klein Roseboom van der Veer joined the Committee from 1 November 2017, which took membership to three Trustees plus an independent member.

Capital Development Committee

The Capital Development Committee enables the success of RBG Kew's Capital Development Programme by providing the Board of Trustees with effective oversight and enabling robust decision-making. The Committee met 4 times during the year and considered programme performance, finances and risks as well as strengthened governance arrangements. Membership of the Committee comprises four Trustees, an independent member of Foundation Council and an independent member. Executive leadership transferred to the (then interim) Director of Estates & Capital Development in June 2017 and changes in non-executive membership are reflected in the attendance table below.

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 decision. The Finance Committee comprises three Trustees and two independent members (a second independent member joined in March 2018).

Scrutiny of business cases for major capital projects was a key focus in 2017/18 including the Arboretum Nursery, Family Landscape, and Pavilion Restaurant projects. In addition, the Committee reviewed RBG Kew's reserves, cash management and investment policies, capital funding, science grant income and funding sources and pay and reward. The Committee also reviewed the 2018/19 operational plan and budget.

Foundation Council

The first Council meeting took place in November 2017. Membership comprises former Trustees of Kew Foundation (including 2 RBG Kew Trustees), and additional independent members will be recruited over time. Topics at the first two meetings included an update on membership strategy, Wakehurst development plan, tour of Temperate House, perception shift (looking at how perceptions of RBG Kew can be changed), science collections' strategy and corporate partnerships.

Remuneration and Nominations Committee

The Committee met twice in the year and is chaired by the Chairman of RBG Kew and comprises two additional Trustees.

The Committee reviewed the Director's and other senior executives' remuneration and major changes affecting remuneration across RBG Kew. On nominations, the Committee also formalised independent appointments, reviewed Trustee succession-planning including how to take forward recruitment of a new Chair of the Board of Trustees. Regarding the latter, it was agreed that the current Chairman will stand aside from these discussions.

Science Advisory Committee

The Science Advisory Committee advises on the long-term strategy for science at RBG Kew. The Committee comprises three Trustees and one independent member. The Committee met twice during the year and matters considered included:

- State of the World's Plants and RBG Kew stand at the Chelsea Flower Show;
- Digitisation of the Herbarium; and
- RBG Kew Science Collections' Strategy.

Visitor and Commercial Advisory Committee

The Visitor and Commercial Advisory Committee provides strategic oversight of the visitor offer at Kew Gardens and Wakehurst, and on driving growth of RBG Kew's commercial offer. The Committee consists of four Trustees and, by the end of the year, one independent member. It met three times in 2017/18. The Committee discussed topics including perception shift, performance, visitor-facing capital development, catering, the Proctor and Gamble contract and licensing deals. The Committee also reviewed proposals for the visitor offer and public programming during the year.

Board of Trustee and Committee attendance in 2017/18

Board & Committee	Main Board	Audit & Risk	Capital Development	Finance †	Remunerations & Nominations	Science Advisory	Visitor & Commercial Advisory	Foundation Council
RBG Kew Trustees								
Marcus Agius ±	4 / 4*		3 / 4	2 / 4	2 / 2*		2 / 3	2 / 2
Sir Henry Keswick ± (to Oct 2017)	1 / 2							1 / 2
Nick Baird	3 / 4			3 / 4	2 / 2			
Professor Liam Dolan	3 / 4					2 / 2		
Catherine Dugmore	4 / 4	4 / 4	3 / 4*		2 / 2			
Sarah Flannigan	4 / 4						2 / 3	
Valerie Gooding	3 / 4						3 / 3*	
Professor Sue Hartley	4 / 4					1 / 2		
Ian Karet ±	3 / 4			4 / 4*				0 / 2
Jantiene Klein Roseboom van der Veer (from Nov 2017)	2 / 2	2 / 2	2 / 2					
Michael Lear (from April 2017)	4 / 4		3 / 4				0 / 3	
Professor Malcolm Press	3 / 4					1 / 2*		
Sir Derek Myers	4 / 4	4 / 4*						
Independent Members								
John Botts				2 / 4				
Dr Edwin Davies (from July 2017)								1 / 2
Barbara Davis (from July 2017)								1 / 2
Jonathan Doughty (to Sept 17)							1 / 2	
Daniel Green (to Sept 2017)							1 / 2	
Kara Gnodde (from July) 2017)								2 / 2
Richard Gnodde (from July 2017)								0 / 2
Anish Lalvani (from July 2017)								0 / 2
Tasha Lalvani (from July 2017)								0 / 2
Kenneth Khaw (from July 2017)								0 / 2
Jonathan Lane			2 / 4					
George Loudon						1 / 2		1 / 2
Hélène Marie Shafran (from July 2017)								1 / 2
Mike McDonagh		3 / 4						
Jan Pethick (from July 2017)			2 / 3					1 / 2
Jane Reeves (from March 2018)				1 / 1				
Charles Sherwood (from July 2017)								2 / 2
John Taysom (from Nov 2017)								2 / 2
Joanna Waterous							2 / 3	
Ruth Yeoh (from July 2017)								0 / 2

Nb Where the number of meetings shown against a Trustee is less than total number of meetings held this indicates that the individual did not hold office at the time of the meeting

*Denotes chair

† Includes extraordinary meeting

± Also Trustees of Kew Foundation. Sir Henry Keswick stood down from Kew Foundation Board in July 2017.

Director of RBG Kew and Accounting Officer

The Director is accountable to the Board for the running of RBG Kew and is appointed by the Board, subject to approval of the Secretary of State. The Director is also the Accounting Officer for RBG Kew and is responsible for:

- State the public funds and the stewardship of assets for which they have charge;
- ensuring propriety, regularity, value for money and feasibility in the handling of public funds; and
- ensuring that RBG Kew as a whole is run in accordance with the standards set out in HMT's Managing Public Money.

The Accounting Officer is accountable to Parliament and Defra's Principal Accounting Officer for the use of Grant-in-Aid and also advises the Defra Minister.

Executive Board

The Executive Board is a decision-making forum and acts under delegated authority from the Director and is chaired by the Director. The Board's primary purpose is to support the Director in delivering our corporate strategy. The Executive Board meets on a weekly basis. Membership in 2017/18 was as follows:

- Director RBG, Kew (Chair), Richard Deverell;
- Chief Information Officer, Ian McKetty;
- Director of Corporate Services, Jill McLaughlin (to September 2017)
- Director of Estates & Capital Development, Andrew Williams (interim from June, permanent from October 2017);
- Director of Foundation, Meredith Pierce Hunter (from May 2017);
- Director of Horticulture, Learning & Operations, Richard Barley;
- Director of Marketing & Commercial Enterprise, Sandra Botterell;
- Director of Resources, Fern Stoner (from June 2017, Finance Director until June 2017);
- Director of Science, Professor Kathy Willis;
- Director of Strategy & External Affairs, David Cope; and
- Director of Wakehurst, Tony Sweeney.

This was the second year of the performance framework against which Directors are required to report progress against quarterly deliverables. Lessons learnt from the year, about levels of ambition, prioritising and impacts that deliverables can have on other parts of the organisation, were fed into the 2018/19 planning round.

The Foundation and Friends of The Royal Botanic Gardens, Kew

Established as an independent charity in 1990, The Foundation and Friends of The Royal Botanic Gardens, Kew (Kew Foundation) exists to raise funds for the purposes of RBG Kew. On 1 July 2017 the majority of Kew Foundation's fundraising activity transferred into RBG Kew Enterprises Ltd, the trading subsidiary of RBG Kew. Kew Foundation continues to exist as a separate legal entity with responsibility for legacy fundraising and managing investment income to support the work of RBG Kew. From 1 July it is serviced by Enterprises and RBG Kew staff. It has five Trustees, two of which are RBG Kew appointments. Previous Kew Foundation Trustees were also invited to join Foundation Council, RBG Kew's fundraising committee. Integration has gone smoothly, and the Board of Kew Foundation met twice in 2017/18 in its current form.

Following the changes in governance outlined above, the Foundation is now deemed to have an associate relationship with RBG Kew from an accounting perspective, based on the number of trustees who are appointed by RBG Kew. As such, in accordance with accounting standards, a share of the Foundation's net assets are consolidated into the accounts for the first time this financial year (see note 17 of the Financial Statements) reflecting the proportion of Trustees appointed by Kew, which was 40% at 31 March 2018. RBG Kew does not have the ability to exercise control over the net assets recognised, which remain subject to decision-making by the Foundation's independent Board of Trustees, and these assets are therefore shown as restricted assets in Kew's financial statements.

During the period from 1 July 2017 to 13 March 2018 the Foundation was a subsidiary of RBG Kew based on the number of Kew trustees and directors of RBG Kew Enterprises on the Foundation Board. However, due to the gain of and loss of control in the year and given that the payments between the two would eliminate upon consolidation, the Foundation has not been consolidated into the Kew accounts as a subsidiary undertaking for this period on the grounds of materiality.

Bentham-Moxon Trust

The Bentham-Moxon Trust is a separate registered charity which provides financial support for botanical collections, research and publications that further the work of Kew. The Trust makes annual grants to Kew and can make grants to non-related parties and organisations.

In light of changes in the Foundation's governance, a review of the relationship with the Bentham-Moxon Trust was also undertaken, and an associate relationship has been deemed to exist, based on the number of Kew staff who are members of the Trust's Board of Trustees. As such, a share of the net assets of Bentham-Moxon Trust is also recognised in the accounts reflecting the proportion of Trustees who are Kew staff, which was 50% at 31 March 2018. The associate relationship with Bentham-Moxon Trust is deemed to have existed in prior accounting periods and comparatives have been restated accordingly. RBG Kew does not have the ability to exercise control over the net assets recognised, which remain subject to decision-making by the Trust's independent Board of Trustees, and these assets are therefore shown as restricted assets in Kew's financial statements.

RBG Kew Enterprises Ltd

Enterprises is the wholly-owned trading subsidiary of RBG Kew, and its accounts are consolidated into the accounts of RBG Kew. It is governed by a Board of Directors appointed by and accountable to the Board of Trustees of RBG Kew. From 1 July 2017, following integration of Kew Foundation activities, Enterprises was structured internally as two divisions, Foundation and Commercial. The Board maintains general responsibility and accountability for Enterprises as a whole, reviews performance and approves strategy and budget, remuneration policies and standard corporate matters such as the Annual Report and Accounts. The Director of RBG Kew is an ex-officio member, the other Directors are Trustees, executive staff and an independent. The Board met three times in 2017/18.

Defra

We support delivery of the Defra strategy and wider UK government objectives. The Defra strategy '*Creating a great place for living*' sets out a shared vision and set of strategic objectives for the Defra group for the period up to 2020. Kew supports Defra's strategic approach as a member of Defra's Environment Committee and Natural Environment and Rural outcome system; and RBG Kew's activities are highlighted in the Defra Single Departmental Plan. Professor Kathy Willis has been a key member of the Natural Capital Committee, an independent advisory committee which provides advice to Government.

Regular meetings take place between Defra officials and RBG Kew management. There are meetings between the sponsor Minister, Chairman of the Trustees and the Director, RBG Kew every six months.

At a working level, contact with Defra officials is frequent and covers a variety of strategic and financial matters. A Defra representative attends RBG Kew's Audit and Risk Committee meetings and the Capital Development Committee. In summer 2018 we agreed a Framework Document, which sets out RBG Kew's relationship with Defra.

Risk Management

The Board of Trustees, and the Audit & Risk Committee on behalf of the Board, has overall responsibility for overseeing risk management activities at RBG Kew. Day to day management of risk is the responsibility of the Director and Executive Board.

We have a comprehensive risk management system, which is centred around a hierarchical structure of risk registers flowing from departmental, through directorate and up to strategic or corporate levels. This structure 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. Quarterly reviews of the strategic risk register are undertaken throughout the year as part of the Executive Board operational performance review process.

The Audit and Risk Committee ensures oversight of risk management by reviewing relevant activities and outputs, including the strategic risk register and audit activity, on a quarterly basis. It requests an Executive Director to attend each meeting and describe the risk environment within their directorate.

This provides members with an opportunity to review operational risk registers.

Directors of the following areas attended in 2017/18:

- May 2017 – Strategy & External Affairs
- September 2017 – Chief Information Officer
- November 2017 – Science and Capital Development programme
- March 2018 – Foundation

A rolling programme of attendance continues into 2018/19.

Key risks

The majority of our 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 deliver world class science. Additionally, there is a significant risk around maintaining our Estates infrastructure.

As of March 2018, two risks carried a red risk rating. These related to the ability of IT to deliver effective support to the organisation and the organisation's ability to process personal data in compliance with relevant legislation including the forthcoming GDPR. Appropriate controls and mitigation are in place to address both risks.

2. Internal control framework

The Trustees and the Director as Accounting Officer, are responsible 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 Accounting Officer of 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 an NDPB of Defra, has adequate internal control systems and procedures in place.

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

The Internal Audit Strategy and Plan for the year were approved by the Audit and Risk Committee in May 2017. The plan was based on:

- an assessment of RBG Kew's strategic risk register and audit universe;
- discussions with key stakeholders and Executive Board; and
- an assessment of, and follow-up on, previous internal audit reviews.

The Head of the Internal Audit service provided the Committee with regular updates on progress against the audit plan at its quarterly meetings. No changes were made to the plan.

The Committee also considered progress against the recommendations for improvement in internal control made by RBG Kew's external auditors.

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 to the Board of Trustees. Financial information is available to all budget holders so that they are able to monitor their performance against budgets at any time. The financial delegations' policy is approved by the Board of Trustees annually.

Fraud risk management

We have a zero tolerance towards fraud, bribery and corruption and all staff are required to undertake annual mandatory 'Responsible for Information' training which includes content relating to fraud, bribery and corruption. All internal audits consider the risk and likelihood of fraud within the scope of their remits. The Audit and Risk Committee have reviewed the anti-fraud, bribery and corruption policy and the whistleblowing policy during 2017/18 as well as receiving a report on gifts and hospitality offered during the year.

We contribute to HM Government counter fraud initiatives and activities through collaboration with the Defra Fraud and Error Board where best practice is shared between Defra departments and other arm's length bodies.

One incident of alleged fraud was investigated internally. The allegation resulted in no fraudulent loss and the investigation found no evidence of wrongdoing by Kew staff or contractors. There were no reports of whistleblowing in the period.

Performance management

2017/18 was the second year of our performance management framework which focuses on the major initiatives and deliverables that will deliver our corporate strategy. The Executive Board meets quarterly to review progress collectively, identify and resolve issues and resolve barriers to delivery.

Project and programme management

Our governance of major projects and programmes (with a budget of more than £0.5m or of significant importance or risk to RBG Kew) provides separation between staff who manage particular major projects or programmes and the assurance function which ensures that processes are followed, and controls are appropriately in place. Quality assurance is achieved through a checkpoint process and project toolkit, with compliance overseen by a Strategic Portfolio Office set up to enhance the quality and success of project management at RBG Kew.

In recognition of the scale and risk of the capital development programme, there has been further refinement of its governance arrangements with a focus on improving clarity as to project and programme level responsibilities, accountabilities and transparency across all projects from small to major undertakings.

Information management

GDPR sets clear requirements for management and control of personal information. In 2017/18 a project was established to take forward work on GDPR to ensure RBG Kew's readiness for the new legislation implemented on 25 May 2018. Challenges have included initial difficulty in gaining consistent levels of engagement across the organisation, inconsistencies in data processing procedures and working practices and the disparate nature of many of Kew's IT systems and the number of systems supported. We have created a compliance roadmap and identified where we hold personal data and ownership across the organisation, as well as complying with consent requirements and completing data

protection impact assessments. Further work is underway on raising awareness across the organisation, establishing protocols and an overall governance framework for managing information at RBG Kew. Whilst there is more to do in this important area we are confident that the arrangements that we have, and are putting in place, will be fully compliant with the data protection principles of the new regulations.

3. Governance and internal control issues

Of the nine internal audits completed by Mazars in 17/18, all were rated 'adequate' for assurance, except for one which was rated 'limited'. The works recommended to improve security were scheduled within the year. At the end of the financial year 22 audit recommendations were completed in the year, 10 recommendations were outstanding beyond their original timescale and 2 were outstanding within their original timescale. Action on these recommendations will be taken in 2018/19. The Audit and Risk Committee has received regular progress reports on progress in implementing recommendations throughout the year.

In recognition of the difficulties in converting Museum No 1, a project review was completed in May 2017 by Mott MacDonald, our construction professional services contractor. Lessons learned related to scope and change management, time management, commercial and contract management, project resources and risk management. Learning has been reflected in revised governance arrangements for capital development.

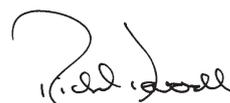
The Internal Audit annual report for 2017/18 concluded that RBG Kew's governance, risk management and internal control arrangements were generally adequate and effective.

Conclusion

Our risk and internal control framework is generally sound and has proved adequate in terms of meeting the organisation's obligations, mitigating risks and safeguarding its assets. However, it will need to continue to evolve to meet the challenges outlined above.



Marcus Agius
Chairman of the Board of Trustees
Royal Botanic Gardens, Kew
21 June 2018



Richard Deverell
Director
Royal Botanic Gardens, Kew
21 June 2018

Sustainability Report

Our commitment to sustainability

Our mission ‘to be the global resource for plant and fungal knowledge, building an understanding of the world’s plants and fungi upon which all our lives depend’ demonstrates our commitment to sustainability, biodiversity and conservation. This is exemplified by best practice management throughout our gardens, projects and partnerships. As such, we believe that our operations should be undertaken with minimal adverse impact on both the local and global environment. We use an ISO14001 compliant Environmental Management System (EMS) to manage our operations and achieved recertification against the new 2015 standards in September 2017. RBG Kew was the first World Heritage Site to achieve this international standard.

About our data

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 2015/16.

The Greening Government Commitments (GGC) which commenced on 1 April 2011 are aimed at reducing the impact that government has on the environment and require us to report information to Defra on a quarterly basis.

The following targets were set during 2016/17 for achievement by March 2020 following an extension to the GGC scheme:

- reduce greenhouse gas emissions by at least 32% from a 2009/10 baseline;
- improve waste management by reducing the amount of waste to landfill to less than 10%;
- further reduce water consumption; and
- continue to buy more sustainable and efficient products and services with the aim of achieving the best long-term, overall value for money for society.

As an arm’s length body, the scope of this report is limited to our GGC and the information included forms part of Defra’s sustainability report. 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.

The data gathering process is currently aligned with the GGC Guidance on Measurement and Reporting and the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme; consumption figures are based on billed amounts and may therefore be subject to adjustments in subsequent periods.

Any business-related travel or third-party emissions have been excluded since we do not have currently reliable data and they have been discounted under the ‘de-minimus’ criteria. We are looking into how we can capture this data accurately to enable future reporting of emissions in this area.

Summary of Performance

Area		2017/18 Performance		2009/10 Baseline	Change Against 2009/10 Baseline	GGC 2020 Target
CO_{2e} Emissions (see note 1)	Total Emissions	Tonnes CO _{2e}	6,226	8,869	(29)%	6,033
	Total Energy Expenditure	£	£1,111,918	£945,000	17%	N/A
Water (see note 2)	Total Water Consumption	m ³	202,346	158,000	28%	< 158,000
	Water Supply Costs	£	£242,841	£238,000	2%	N/A
Waste (see note 3)	Total Waste	Tonnes	1,318	1,233	19%	N/A
	% to Landfill	%	14%	N/A	N/A	< 10%
	Total Disposal Costs	£	£264,446	£80,416	228%	N/A

N/A means no target set

1. The Greening Government Commitments published in 2016 call for a reduction in greenhouse gas emissions of at least 32% by 31 March 2020; for RBG Kew this represents a further reduction of 1,042 tonnes above the original 25% target (7,075 tonnes)

2. The level of water consumed exceeded the baseline target of 158,000 m³ but includes a significant amount of abstracted water (103,750 m³) used to maintain RBG Kew’s collections.

3. No baseline data for 2009/10 available for Waste to Landfill. Total waste does not include compost produced for use within the gardens.

4. Please note that figures for 2016/17 have been updated to reflect corrections to previously reported values.

Please refer to text below for further information on performance

Summary of future strategy

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

RBG Kew has made commitments to:

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

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

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

Greenhouse 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 months.

RBG Kew has established a long-term strategy for reducing CO₂ emissions in line with the commitments set out in the Greening Government targets for sustainable development under which we are required to reduce greenhouse gas emissions by 32% by 2020 compared to the 2009/10 baseline.

To achieve this, we are utilising a range of renewable energy and efficient heat production technologies as well as implementing a range of policies to raise awareness of, and improve, energy efficiency across the organisation. A recent example of this is the installation of a biomass boiler providing heating to the Temperate House as part of a five-year refurbishment project.

RBG Kew continues to actively monitor its energy consumption through use of automatic monitoring and targeting systems. Ongoing measures have contributed to a 29% reduction in CO₂ emissions compared to the 2009/10 baseline.

Greenhouse Gas Emissions	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Direct emissions	5,186	4,406	4,240	4,027	3,773*	3,630
Indirect emissions	4,658	4,638	4,609	3,801	3,188*	2,636
Total emissions (Tonnes CO_{2e})	9,844	9,044	8,849	7,828	6,960*	6,266

* indicates adjustment to previously reported figures

Energy (kWh)	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Total	35,187,258	31,401,943	30,273,397	29,607,759	28,279,891*	23,690,827
Electricity	7,659,194	7,482,540	7,468,354	7,597,193	7,735,885*	7,497,601
Electricity (CHP)	498,049	764,795	907,151	995,040	1,011,346*	1,003,563
Electricity (solar PV)	6,024	41,783	48,955	44,183	45,225*	45,826
Gas (see note 1)	24,207,932	20,689,031	19,537,956	19,019,793	17,237,287*	15,120,121
Oil	2,659,604	2,116,273	2,265,780	1,867,134	2,218,916*	3,149,241
LPG (Propane)	156,455	307,521	45,201	84,416	31,232*	23,717
LPG (Propane)	1,083,025	1,292,528	1,229,730	1,509,953	1,563,956	1,111,918

* indicates adjustment to previously reported figures

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

Waste management

We are committed to eliminating waste to landfill by 2020. Good progress has been made against this target at Wakehurst and Kew Gardens, with waste to landfill reduced by over 75% over the past 5 years. We produce around 4,000 tonnes of compost per annum for use on site. RBG Kew holds an Environment Agency permit for both sites to ensure that compost production complies with all relevant legislation.

The overall volume of waste generated has increased in line with the uplift in visitation, but the volume of waste recycled or from which energy is recovered have increased considerably over the last several years. Waste disposal spend increased considerably in 2017/18, due to costs associated with the removal of waste soil and hazardous waste from site.

Waste	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Total Waste (tonnes)	1,138	487	802	516	1,501	1,318
Reused, recycled, composted	206	125	373	119	985	511
Incinerated with energy recovery	137	318	337	340	479	619
Incinerated without energy recovery	-	-	0	0	0	0
Landfill waste (of which waste deemed hazardous)	795 (10)	44 (22)	92 (68)	57 (22)	37 (17)	188 (180)
Total Disposal Cost (£)	93,004	64,078	96,500	102,841	110,941	264,446

Water (m ³)	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Total water Consumption	231,165*	294,710*	144,591	275,072	322,358	306,096
Supplied	133,297	226,710	133,766	140,021	189,180	202,346
Abstracted	97,868	68,000	10,825**	135,051	133,178	103,750
Water Supply Costs	167,555	333,004	227,440	214,858	245,839	242,841

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

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

Sustainable procurement

RBG Kew is committed to sustainable procurement through adherence to Government Buying Standards and our 'Sustainable Purchasing Guidelines' which consider the whole life costs of goods and services and effective supply chain management. Our catering contractor has committed to eliminate single use plastic by February 2019 and we are working closely with other suppliers to do likewise.

Sustainable construction

RBG Kew is committed to ensuring that all development on its site is sustainable and enhances the built environment using natural resources where practicable. As such all contractors are required to confirm how they manage the environmental impact of their activities.

Water consumption

We have committed to increasing the effective use of potable and grey water. RBG Kew has a statutory duty to preserve the living collections which contain numerous rare or endangered species. A high proportion of water supplied is used for this purpose and being climate dependent accounts for the volatility of water consumption. We therefore use a range of methods to irrigate the living collections as efficiently as possible and utilise automatic metering to assist in identifying inefficient water use, including leaks. We are installing additional sub-metering to identify which areas consume greater proportions of our supplied water. We also abstract ground water for the purposes of operating a ground source heat pump system which provides heating and cooling to the Herbarium which houses many of our collections. Abstracted ground water is returned to ground following use.

Environmental management system

RBG Kew's environmental management system, is based on the requirements of BS EN ISO 14001:2015. 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 complies with the requirements of the CRC Energy Efficiency scheme and GGC. RBG Kew's progress and compliance with these targets is reported quarterly to our Environmental Sustainability Steering Group.

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 RBG Kew is required to prepare a statement of accounts for each financial year in the form and on the basis determined by the Secretary of State for Environment, Food and Rural Affairs, with the consent of HM Treasury. The accounts are prepared on an accruals' basis and must give a true and fair view of RBG 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 Director of RBG Kew has been appointed as the Accounting Officer for RBG Kew, by Defra's Principal Accounting Officer. 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 RBG Kew's assets, are set out in Managing Public Money published by HM Treasury.

The Accounting Officer and Board of Trustees confirm that:

- the annual report and accounts as a whole is fair, balanced and understandable and they take personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable;
- 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.

Statutory Information

Results

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

The results for 2016/17 have been restated in these financial statements to reflect the recognition of the Bentham-Moxon Trust as an associate of RBG Kew (see page

13). The net reserves of RBG Kew as at 31 March 2017 have been increased by £2.5m, representing the associate share of the net assets of the Bentham-Moxon Trust (of which Kew has no control or access). Comparatives referenced in this section reflect the restated amounts for 2016/17.

Total income for the year was £111.7m (£78.6m in 2016/17 as restated) of which £40.8m (£33.0m in 2016/17) was Grant-in-Aid from Defra. Total expenditure was £81.4m (£66.6m in 2016/17) and there was a gain on investments £0.2m (£1.2m in 2016/17) and revaluation of assets of £7.8m leaving a surplus of £38.3m (£18.6m surplus in 2016/17), after revaluation of assets.

The surplus of £38.3m consisted of a £0.6m surplus on the unrestricted general other reserve generated by operating performance, £0.5m expenditure drawn down from capital and projects designated fund, a £1.5m unrestricted grant from the Kew Foundation, a £2.2m increase in the donations and project reserves, a £11.0m gain from the inclusion of a share of the Foundation's net assets (of which Kew has no control or access) for the first time in 2017/18, and £0.2m being a share of the results of the Bentham-Moxon Trust, plus a surplus totalling £23.3m on the capital and capital revaluation reserves, reflecting capital and project funds to be offset by future depreciation on assets purchased or future capital or project expenditure.

Total funds increased to £237.8m (£199.5m in 2016/17). These include a revaluation fund of £120.3m (£113.0m in 2016/17) to reflect the value of certain land and buildings to which the Trustees do not have title, as outlined below, and the capital reserves of £92.4m (£76.4m in 2016/17) which consist of restricted grants and unrestricted income for capital expenditure and to be used to offset future depreciation of assets already purchased. The share of net assets of associates represents £13.7m (£2.5m in 2016/17) of restricted reserves.

Land and buildings

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

Other fixed assets

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

Investments

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

Investments include a share of the net assets of associates (the Foundation and Bentham-Moxon Trust) determined by the proportion of the voting rights held by RBG Kew of each charity. Each associate sets and monitors its own investment policies.

Payment to creditors

Our policy is to settle all invoices with our creditors within 30 days unless otherwise specified in the contract, and to observe the principles of CBI Prompt Payment Code. During 2017/18 Kew settled its debts on average in 36 days (32 days in 2016/17).

Reserves

The reserves of the organisation are explained in Note 2 of the Accounts. The Board has agreed that the unrestricted part of the General Reserves (Unrestricted General Reserve – other) should not fall below a minimum of £3.0m to give the organisation the flexibility to cope with fluctuations in income streams and unforeseen expenditure. The reserves policy is reviewed on an annual basis. At 31 March 2018, this fund stands at £6.0m (£4.4m in 2016/17) and may be used to partly fund any short-term shortfall in income and to meet major capital needs in the future.

Foundation and Friends of the Royal Botanic Gardens, Kew

The Foundation and Friends of RBG Kew is a registered charity (registration no. 803428) as well as a company limited by guarantee. It is a distinct entity to RBG Kew whose purpose is to provide grant funding to support RBG Kew's activities. It is consolidated into these accounts as an associate.

Bentham-Moxon Trust

The Bentham-Moxon Trust is a separate registered charity (registration no. 305966). It is a distinct entity to RBG Kew whose purpose is to provide financial support for botanical collections, research and publications that further the work of research organisations, including Kew. It is consolidated into these accounts as an associate.

RBG Kew Enterprises Limited

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

Director

Richard Deverell has been the Director of RBG Kew since 17 September 2012.

Internal audit

The Board has appointed Mazars as internal auditors who report on a quarterly basis to the Audit and Risk Committee. Mazars undertook a second year as RBG Kew's internal auditors and in November 2017 it was agreed to renew their contract for a further second term.

Bankers

Lloyds Banking Group
4th Floor
25 Gresham Street
London
EC2V 7HN

External Auditor

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

Solicitors

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

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.

Gender Pay Gap

RBG Kew published its first gender pay gap report in March 2018. The relevant gender pay gap averages for RBG Kew as at March 2018 were 11.5% (mean average) and 10.1% (median average). The bonus pay gap, including non-consolidated payments paid to staff, was 18.5% (mean average) and 11.6% (median average). The proportion of men and women receiving a bonus, including non-consolidated payments, was 28.5 and 27.3% respectively. The hourly pay quartiles are shown in the table below:

Quartile	Female	Male
Lower quartile	58.3%	41.7%
Lower middle quartile	67.8%	32.1%
Upper middle quartile	58.6%	41.4%
Upper quartile	42.3%	57.7%

Trade Union Facility Time

In accordance with the Trade Union (Facility Time Publication Requirements) Regulations 2017, relevant data in relation to the usage and expenditure on trade union facility time is as follows:

1. There was a total of 9 employees (FTE 9) who were relevant union officials during the relevant period;
2. All 9 employees spent between 1 and 50% of their working hours on facility time
3. The percentage of the pay bill spent on facility time was:

Cost of facility time	£2,005
Total pay bill	£26,737,000
% of total pay bill spent on facility time	0.0075%

4. The time spent on paid trade union activities as a percentage of total paid facility time was 20%.

Freedom of Information

Between 1 April 2017 and 31 March 2018 RBG Kew received 30 Freedom of Information requests of which 28 (93%) were dealt with in line with the statutory timeframe.

Going concern

The Trustees have considered the factors that may influence the organisation in the next 12 months, in particular the current level of unrestricted reserves, cash held, the agreed Grant-in-Aid from Defra for 2018/19 and 2019/20 and the self-generated income assumptions for 2018/19 and believe that it is appropriate to prepare the accounts on a going concern basis.

Insurance

Kew has a range of commercial insurance policies which include public liability, professional indemnity, motor vehicle and other relevant products. However, commercial insurance has not been taken in a number of other areas, notably heritage buildings without commercial use in line with the HM Treasury guidance 'Managing Public Money'.

Personal data related incidents

RBG Kew has not identified any personal data breaches during 2017/18 that would have required notification to the Information Commissioners Office.

Sickness absence

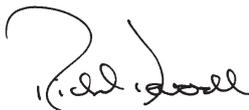
The average number of day's sickness for staff in 2017/18 was 5.2 days (3.4 in 2016/17).



Marcus Agius

Chairman of the Board of Trustees
Royal Botanic Gardens, Kew

21 June 2018



Richard Deverell

Director,
Royal Botanic Gardens, Kew

21 June 2018

Remuneration Report

Remuneration Policy

The remuneration of the Director is set by the Remuneration and Nominations Committee, a sub-committee of the Board of Trustees. The members are identified on page 12. 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 RBG Kew. Note 9 details their expenses.

Service Contracts

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

Salary and pension entitlements

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

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

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

Remuneration (Audited)		2017/18 Salary	2017/18 Pension benefits to nearest (£1,000)	2017/18 Total to nearest (£1,000)	2016/17 Salary	2016/17 Pension benefits to nearest (£1,000)	2016/17 Total to nearest (£1,000)
		£	£	£	£	£	£
Richard Deverell ¹	Director	175,576	10,000	186,000	149,982	58,000	208,000
Richard Barley ²	Director, Horticulture, Learning and Operations	107,361	39,000	146,000	100,226	39,000	139,000
Sandra Botterell ³	Director, Marketing and Commercial Enterprise	130,149	9,000	139,000	129,340	9,000	138,000
David Cope	Director, Strategy and External Affairs	77,700	28,000	106,000	76,134	48,000	124,000
Ian McKetty ⁴	Chief Information Officer from 06/02/17	110,275	43,000	153,000	16,696	7,000	24,000
Jill McLaughlin	Director, Corporate Services until 20/9/17	54,583	20,000	75,000	116,599	46,000	163,000
Meredith Pierce-Hunter ⁵	Director, Kew Foundation from 02/05/17	93,750	6,000	100,000	-	-	-
Fern Stoner ⁶	Director, Resources from 26/6/17	95,222	37,000	132,000	67,619	27,000	95,000
Tony Sweeney	Director, Wakehurst	98,948	39,000	138,000	97,727	38,000	136,000
Andrew Williams ⁷	Director, Estates and Capital Development from 02/10/17	101,734	21,000	123,000	-	-	-
Kathy Willis ⁸	Director, Science	117,236	18,000	135,000	99,533	18,000	118,000

1. Salary includes annual salary from RBG Kew of £149,326 (2016/17 £149,982), and £26,250 (2016/17 £nil) for fundraising services from RBG Kew Enterprises in 2017/18. In addition to his salary payment Richard received £8,750 (2016/17 £32,500) for fundraising services from Kew Foundation.

2. Salary includes annual salary from RBG Kew of £99,861 (2016/17 £100,226) and £7,500 (2016/17 £nil) for fundraising services from RBG Kew Enterprises in 2017/18. In addition to his salary payment Richard received £2,500 (2016/17 £5,000) for fundraising services from Kew Foundation.

3. Employed by RBG Kew Enterprises. Includes bonus payment of £11,672 (2016/17 £11,670).

4. Board member from 6 February 2017.

5. Board member from 2 May 2017. Annual equivalent salary £125,000. Employed by RBG Kew Enterprises.

6. Board Member from 1 July 2016 and Director of Resources from 26 June 2017.

7. Board member from 2 October 2017. Annual equivalent salary £110,000.

8. Kathy Willis is on secondment from Oxford University (80% of her time) and is paid directly by Oxford University. The reported costs relate to salary and pension costs which Kew incurs. Salary includes annual salary of £102,326 (2016/17 £99,533) and £15,000 (2016/17 £nil) for fundraising services from RBG Kew Enterprises in 2017/18. In addition to her salary payment Kathy received £5,000 (2016/17 £17,500) for fundraising services from Kew Foundation.

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 RBG 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 2018, the gender split of the Executive Board was 6 males and 4 females.

Median Salary Ratio

The Median Salary in the organisation in 2017/18 was £26,373 (£26,128 in 2016/17).

The ratio to the Director's remuneration of £175,576 in 2017/18 (£149,982 in 2016/17) was 6.7 (5.7 in 2016/17), with the increase reflecting fundraising services now paid within Kew group. Including payments for fundraising services received from Kew Foundation, the ratio to the Director's remuneration of £184,326 in 2017/18 (£182,482 in 2016/17) was 7.0 (7.0 in 2016/17). 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 31/03/18 & related lump sum	Real increase in pension & related lump sum at age 60	CETV at 31/03/18	CETV at 31/03/17	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	£'000
Director						
Richard Deverell	16	1	191	184	5	N/A
Richard Barley	10	2	155	116	27	N/A
Sandra Botterell	-	-	-	-	-	9
David Cope	24	2	276	248	9	N/A
Ian McKetty	3	3	34	4	22	N/A
Jill McLaughlin	30	1	472	437	14	N/A
Meredith Pierce-Hunter	-	-	-	-	-	6
Fern Stoner	10	2	98	73	15	N/A
Tony Sweeney	6	2	88	50	29	N/A
Andrew Williams	10	1	113	95	10	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 from a minimum of 3.8% of pensionable earnings for classic and 4.6% and 8.05% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is updated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

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

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



Marcus Agius
Chairman of the Board of Trustees
Royal Botanic Gardens, Kew
21 June 2018

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 more than £245 per day and who is self-employed, supplied by an agency or other company or working through a personal service company:

Table 1: For all off-payroll engagements as of 31 March 2018, for more than £245 per day and that last for more than six months (not audited):

Number of existing engagements as of 31 March 2018	5
Of which at the time of reporting:	
Number that have existed for less than one year	1
Number that have existed for between one and two years	4

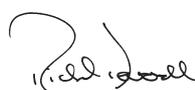
All existing off-payroll engagements, outlined above, have at some point been subject to a risk-based assessment as to whether assurance is required that the individual is paying the right amount of tax and, where necessary, assurance has been sought.

Table 2: For all new off-payroll engagements between 1 April 2017 and 31 March 2018 for more than £245 per day and that last longer than six months (not audited):

Number of new engagements, or those that reached six months in duration, between 1 April 2017 and 31 March 2018	5
Number assessed as caught by IR35	0
Number assessed as not caught by IR35	5
Number engaged directly (via a Personal Services Company) and are on the payroll	0
Number of engagements reassessed for consistency/assurance purposes during the year	0
Number of engagements that saw a change to IR35 status following a consistency review	0

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.	10



Richard Deverell
Director,
Royal Botanic Gardens, Kew
21 June 2018

Auditor's Certificate and Report

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

Opinion on financial statements

I certify that I have audited the financial statements of the Royal Botanic Gardens, Kew charity and group for the year ended 31 March 2018 under the National Heritage Act 1983. The financial statements comprise: the Consolidated Statement of Financial Activities, the charity and group Balance Sheets, the Consolidated Cash Flow Statement and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the government's Financial Reporting Manual (FRoM). I have also audited the information in the Remuneration Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the Royal Botanic Gardens, Kew charity and group's affairs as at 31 March 2018 and of its income and expenditure 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 regularity

In my opinion, in all material respects the income and expenditure 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.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Royal Botanic Gardens, Kew charity and group in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Trustees and Accounting Officer

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.

Auditor's responsibilities for the audit of the financial statements

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.

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. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Royal Botanic Gardens, Kew charity and group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Royal Botanic Gardens, Kew charity and group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

Other information

The Trustees and Accounting Officer are responsible for the other information. The other information comprises information included in the Annual report, other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the Annual Report has been properly prepared in accordance with Secretary of State directions made under the National Heritage Act 1983;
- in the light of the knowledge and understanding of the Royal Botanical Gardens, Kew charity and group and its environment obtained in the course of the audit, I have not identified any material misstatements in the Annual Report; and
- the information given in the Annual Report which we provide a positive consistency opinion on 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 Annual Report 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

Date 3 July 2018

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

Royal Botanic Gardens, Kew

Consolidated Statement of Financial Activities for the year ended 31 March 2018

	Notes	Unrestricted	Restricted	Endowment	2017/18 Total	Unrestricted	Restricted (as restated)	Endowment	2016/17 Total (as restated)
		£m	£m	£m	£m	£m	£m	£m	£m
Income from:									
Grant in aid	3	18.3	22.5	-	40.8	19.5	13.5	-	33.0
Grants and donations – RBG Kew	4	4.5	26.7	-	31.2	3.7	19.5	-	23.2
Grants and donations – gain from increased share of net assets of associates	4	-	11.0	-	11.0	-	0.5	-	0.5
Charitable activities	6	16.1	-	-	16.1	11.0	-	-	11.0
Other trading activities	5/16	12.3	-	-	12.3	10.7	-	-	10.7
Investments		0.1	-	-	0.1	0.0	0.0	-	0.0
Share of associates' results	17	-	0.2	-	0.2	-	0.2	-	0.2
Total income		51.3	60.4	-	111.7	44.9	33.7	-	78.6
Expenditure on:									
Raising funds – trading	7/16	7.7	-	-	7.7	7.0	-	-	7.0
Raising funds – fundraising	7/16	3.2	-	-	3.2	-	-	-	-
Charitable activities									
Research and conservation	7	27.6	26.3	-	53.9	25.9	21.6	-	47.5
Visitor activities	7	13.4	3.2	-	16.6	11.0	1.1	-	12.1
Total expenditure		51.9	29.5	-	81.4	43.9	22.7	-	66.6
Net gains / (losses) on investments		0.2	-	-	0.2	1.2	-	-	1.2
Net income/ (expenditure)		(0.4)	30.9	-	30.5	2.2	11.0	-	13.2
Revaluation of assets		7.8	-	-	7.8	5.4	-	-	5.4
Net movement in funds	18	7.4	30.9	-	38.3	7.6	11.0	-	18.6
Reconciliation of funds:									
Total funds at 1 April	18	153.6	45.7	0.2	199.5	146.0	34.7	0.2	180.9
Total funds at 31 March	18	161.0	76.6	0.2	237.8	153.6	45.7	0.2	199.5

All activities arise from continuing operations.

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

The Notes on pages 30 to 41 form part of these accounts.

Royal Botanic Gardens, Kew

Balance Sheets at 31 March 2018

	Notes	Royal Botanic Gardens, Kew		Consolidated	
		2018	2017	2018	2017 (as restated)
		£m	£m	£m	£m
Fixed assets					
Intangible assets	10	1.6	3.1	1.6	3.1
Tangible assets	10	5.4	5.2	5.4	5.2
Heritage assets	11	202.3	178.0	202.3	178.0
Investments	12	4.3	4.1	17.7	6.3
		213.6	190.4	227.0	192.6
Current assets					
Stocks of goods for sale		0.2	0.2	1.0	0.8
Debtors	13	13.9	10.8	9.8	6.8
Cash at bank and in hand		16.5	8.0	18.5	12.9
		30.6	19.0	29.3	20.5
Liabilities					
Creditors: amounts falling due within one year	14	(19.7)	(11.9)	(18.1)	(13.1)
Net current assets		10.9	7.1	11.2	7.4
Total assets less current liabilities		224.5	197.5	238.2	200.0
Creditors: amounts falling due after more than one year	15	(0.4)	(0.5)	(0.4)	(0.5)
Net assets		224.1	197.0	237.8	199.5
Funds					
Unrestricted general	18	40.7	40.6	40.7	40.6
Unrestricted revaluation	18	120.3	113.0	120.3	113.0
Restricted	18	62.9	43.2	76.6	45.7
Endowment	18	0.2	0.2	0.2	0.2
		224.1	197.0	237.8	199.5

The Notes on pages 30 to 41 form part of these accounts.

The financial statements were approved by the Director and Board of Trustees on 14 June 2018 and signed on their behalf by:



Marcus Agius

Chairman of the Board of Trustees
Royal Botanic Gardens, Kew
21 June 2018



Richard Deverell

Director
Royal Botanic Gardens, Kew
21 June 2018

Royal Botanic Gardens, Kew

Consolidated Cash Flow Statement for the year ended 31 March 2018

	Note	2017/18	2016/17 (as restated)
		£m	£m
Cash flows from operating activities			
Net cash provided by operating activities	(a)	25.1	19.7
Cash flow from investing activities			
Dividends, interest and rents receivable		0.1	0.1
Purchase of property, plant and equipment		(19.6)	(14.2)
Cash flow from financing activities			
Cash inflows from new borrowing		-	-
Change in cash and cash equivalents in the reporting period		5.6	5.6
Cash and cash equivalents at 1 April 2017	(b)	12.9	7.3
Cash and cash equivalents at 31 March 2018		18.5	12.9

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

	2017/18	2016/17 (as restated)
	£m	£m
Net income for the reporting period	30.5	13.2
Depreciation charges	4.3	5.6
(Gains)/losses on investments	(11.4)	(1.9)
Loss on disposal of fixed assets	0.1	0.1
Decrease / (increase) in stock	(0.2)	(0.2)
(Increase) / decrease in debtors	(3.0)	(1.2)
Increase / (decrease) in creditors	4.9	4.2
Dividends, interest and rents receivable	(0.1)	(0.1)
Net cash provided by operating activities	25.1	19.7

b) Analysis of cash and cash equivalents

	2017/18	2016/17
	£m	£m
Cash at bank and in hand	18.5	12.9
Total cash and cash equivalents	18.5	12.9

Notes to the accounts year ended 31 March 2018

1. Form of accounts

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

2. Accounting policies

Accounting convention

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

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the Royal Botanic Gardens, Kew and its subsidiary RBG Kew Enterprises Limited for the year ended 31 March 2018. Consolidation has been carried out on a line-by-line basis.

The Foundation and Friends of the Royal Botanic Gardens, Kew (Foundation) and the Bentham-Moxon Trust are consolidated in the accounts as associate undertakings as Kew has more than 20%, but not more than 50%, of voting power, based on the number of trustees on the boards of these charities who are appointed by Kew or who are employed by Kew. A share of the net assets of these charities based on the voting power percentage of Kew staff or trustees is included as Investments and as Restricted reserves in the consolidated accounts. In the opinion of the Trustees, Kew does not have the ability to exercise control over these organisations or the net assets recognised, and the net assets could only be realised following the approval of these charities' independent Boards of Trustees and not Kew's Board of Trustees.

The associate status of the Foundation was actualised in the year ended 31 March 2018. An associate relationship with Bentham-Moxon Trust is deemed to have existed in prior accounting periods and comparatives have been restated accordingly.

During the period from 1 July 2017 to 13 March 2018 the Foundation was a subsidiary of RBG Kew based on the number of Kew trustees on the Foundation Board. However, due to the gain of and loss of control in the year, and that the payments between the two would eliminate upon consolidation, the Foundation has not been consolidated into the Kew accounts as a subsidiary undertaking for this period on the grounds of materiality.

Income

Government grants

Grant-in-aid including capital grant is credited to income in the year for which it is received. Grant-in-aid received for a specific purpose is treated as restricted income (capital or revenue).

Income from activities and generated funds

Income is accounted for on a receivable basis, net of VAT. Grant income is recognised when RBG Kew has met any performance or other deliverable criteria for its recognition. Where the grant is received in advance of performance its recognition is deferred and included in creditors, where entitlement occurs before the grant is received it is accrued to debtors. Member subscriptions, season tickets, corporate memberships and Patron membership are accounted for in the period when received and are not refundable if membership is cancelled.

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.

Donated services

Kew also engages with unpaid volunteers to support our activities over the course of the year. Due to the absence of a reliable measurement basis, the contributions of volunteers are not included as income in the accounts. The details of the roles played by these volunteers and the nature of their contributions can be found in the section 'Volunteering statement'.

Investment income

Investment income comprises interest receivable from cash at bank and short-term deposits, income from investments held in the Churches, Charities and Local Authorities Investment Fund and income relating to investment properties.

Expenditure

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

Expense allocation

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

Indirect costs have been allocated to the headings in the Statement of Financial Activities on the basis of headcount except for IT costs which have been allocated on the basis of computer numbers. Governance costs include the costs of strategic planning, the Annual Report and Accounts, the external audit fee and Trustees' expenses.

Grants payable are recognised when the criteria for a constructive obligation are met, payment is probable, values can be measured reliably, and there are no conditions attached to its payment that limit its recognition.

Heritage assets

The land and buildings and collections used by Kew are Heritage Assets as defined by Financial Reporting Standard 102 (section 34) and are accounted for in accordance with this as set out below.

Land and buildings

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

Land and buildings are revalued every five years by external professionally qualified valuers, on the basis of either open market value for existing use or depreciated replacement cost. Professional revaluations were carried out during 2001/02, 2006/07, 2011/12 and 2016/17. In between professional revaluations, values are updated using indices provided by the professional valuers. With the exception of those buildings used for fundraising, administration or accommodation purposes, Kew has not capitalised heritage buildings acquired before 2001/02. Under FRS30 this is allowable where it is considered that the cost of obtaining valuations for other existing buildings would be onerous compared to the benefit to the readers of the Accounts. Expenditure on new buildings over £0.25m is capitalised.

Collections

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

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

Other fixed assets

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

Depreciation

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

Buildings: between 20 and 80 years

Gardens equipment: between 5 and 20 years

Scientific and laboratory equipment: over 10 years

Computer and photographic equipment: between 3 and 10 years

Office equipment and motor vehicles: over 5 years

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

Construction in progress

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

Research and Development

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

Intangible fixed assets

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

Current assets and liabilities

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

Pensions

Pension arrangements are described in Note 21 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. Within Investments, Kew recognises a share of the net assets of the Foundation and the Bentham-Moxon Trust as associates. Kew's interest in the associate is determined by the proportion of the voting rights held by Kew of each of the charities. On recognition (and because there was no consideration involved), the interest in the associate is accounted for as a gift and recognised as a share of the associate net assets on the Statement of Financial Activities. In subsequent years the carrying amount is adjusted to reflect Kew's share of the net assets and the results of the associates.

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, Unrestricted – Designated, 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.

Designated funds

These are unrestricted funds which have been set aside by the Trustees for particular purposes. The aim and use of each material fund is set out in the notes to the accounts

Restricted funds

These are funds which have been given to Kew for specific purposes by donors. The aim and use of each material restricted fund is set out in the notes to the accounts. Kew recognises a share of the net assets of the Foundation and the Bentham-Moxon Trust as associates in line with the relevant accounting standards. These are restricted funds for which Kew has no control or ability to utilise.

Endowment funds

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

Revaluation reserve

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

Taxation

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

Leases

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

3. Grant-in-aid

Grant-in-aid of £40.8m was received from Defra in 2017/18 to carry out its statutory functions as outlined in the Management Commentary (2016/17 £33.0m). Of this £22.5m is restricted to specific revenue and capital projects (2016/17 £13.5m).

4. Grants and donations

	Unrestricted	Restricted	2017/18	2016/17
	£m	£m	£m	£m
Income received from Kew Foundation	3.4	20.3	23.7	20.1
Fundraising	1.1	3.3	4.4	-
Other project income	-	2.6	2.6	2.3
EU project income	-	0.4	0.4	0.5
Grant for maintaining Wakehurst	-	0.1	0.1	0.1
Donations	-	-	-	0.2
	4.5	26.7	31.2	23.2
Gain from increased share of net assets of associates	-	11.0	11.0	0.5

Grants and donations income includes Big Lottery Fund Grant income of £1.1m towards Grow Wild activity and £0.4m from the Players of People's Postcode Lottery towards research and conservation projects.

Gains from an increased share of net assets of associates in 2017/18 of £11.0m reflect the actualisation of the associate relationship with the Foundation in the year and equates to 40% of net assets of the Foundation. The gain of £0.5m in 2016/17 reflects an increase in the percentage of net assets of the Bentham-Moxon Trust recognised, from 40% at 31 March 2016 to 50% at 31 March 2017, due to an increased proportion of trustees of the Trust who were Kew staff or appointed by Kew (see note 17).

5. Other trading activities

	2017/18	2016/17
	£m	£m
Retailing	5.0	4.3
Commercial development (i)	7.1	6.4
Corporate membership and sponsorship (ii)	0.2	-
	12.3	10.7

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

(ii) On 1 July 2017, the majority of fundraising activities carried out by the Foundation transferred to Kew including corporate membership.

6. Income from charitable activities

	2017/18	2016/17
	£m	£m
Admissions	8.4	7.6
Memberships	3.4	-
Catering contracts	1.5	0.7
Education charges	0.5	0.5
Other income from third parties	2.3	2.2
	16.1	11.0

On 1 July 2017, the majority of fundraising activities carried out by the Foundation transferred to Kew including the membership scheme.

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

7. Expenditure

	Staff Costs	Dep'n	Direct Costs	Grant Funding of Activity	Support Costs	2017/18 Total	2016/17 Total
	£m	£m	£m	£m	£m	£m	£m
Raising funds – trading	2.3	-	5.4	-	-	7.7	7.0
Raising funds - fundraising	2.0	-	1.2	-	-	3.2	-
Research and conservation	19.8	3.5	14.7	1.9	14.0	53.9	47.5
Visitor activities	5.1	0.8	7.1	-	3.6	16.6	12.1
Support costs	7.2	-	10.4	-	(17.6)	-	-
	36.4	4.3	38.8	1.9	-	81.4	66.6

Unrecovered VAT for the year of £0.8m has been charged against these accounts (2016/17 £0.5m). £68k (2016/17 £60k) was paid to the external auditors for audit fees. £48k (2016/17 £43k) was paid for the audit of RBG Kew, and £20k (2016/17 £17k) 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 2017/18	Total 2016/17
	£m	£m	£m	£m
Estates and Capital Development	1.1	7.6	8.7	9.9
IT	2.5	1.3	3.8	3.1
HR	0.8	0.6	1.4	1.0
Directorate	0.8	0.4	1.2	0.7
Finance	1.1	0.0	1.1	1.1
Strategy and external affairs	0.6	0.2	0.8	0.8
Governance	0.1	0.1	0.2	0.2
Other support	0.2	0.2	0.4	0.5
	7.2	10.4	17.6	17.3

9. Staff costs and trustee's emoluments

a) Employees with earnings above £60,000

	2017/18	2016/17
£60,000 – 69,999	20	15
£70,000 – 79,999	3	2
£80,000 – 89,999	2	3
£90,000 – 99,999	4	2
£100,000 – 109,999	1	1
£110,000 – 119,999	1	2
£130,000 - 139,999	1	-
£140,000 – 149,999	1	1
	33	26

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

b) Staff salaries and social security

	2017/18	2016/17
	£m	£m
Salaries	26.7	23.3
Social security costs	2.6	2.3
Pension costs	4.7	4.3
Redundancy and severance costs	0.5	0.6
Total staff costs	34.5	30.5
Agency staff costs	2.1	1.5
Capitalised salary and related costs	(0.2)	(0.3)
Net employee costs	36.4	31.7

£0.2m salary and social security costs (2016/17: £0.2m) and £0m pension costs (2016/17: £0.1m) have been capitalised within Non-Current Assets. There are £0.0m (2016/17: £0.0m) of agency staff costs which have also been capitalised.

c) Reporting of Compensation Schemes – Voluntary Exit Packages

	Total Number of Voluntary Exit Packages	
Number of employees at:	2017/18	2016/17
Less than £10,000	-	3
£10,000 to £25,000	2	1
£25,000 to £50,000	1	-
£50,000 to £100,000	1	-
£100,000 to £150,000	-	-
£200,000 to £250,000	-	-
Total Number of Exit Packages	4	4
Total Resource Cost (£m)	0.2	0.0

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

	Average monthly FTE	
Function	2017/18	2016/17
Research and conservation	486	457
Visitor activities	125	104
Support services and Estates management	118	108
RBG Kew Enterprises Ltd – Commercial	65	54
RBG Kew Enterprises Ltd – Fundraising	41	-
Total (FTE)	835	723

On 1 July the majority of fundraising activities carried out by the Foundation transferred to Kew, including all of the Foundation's staff.

The number of employees includes 11 agency staff for 2017/18 (2016/17: 13). The costs of the equivalent of 5 full-time employees (2016/17: 5 employees) were capitalised within Non-Current Assets.

e) Trustees' remuneration

Trustees do not receive any remuneration for their services. Travel and subsistence expenses of four Trustees (four in 2016/17) amounting to £4,083 (£2,664 in 2016/17) have been charged at cost as part of other direct costs.

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

	Software	Total Intangible Assets	Gardens Equipment	IT Equipment	Other	Total Tangible Assets
Valuation	£m	£m	£m	£m	£m	£m
At 1 April 2017	6.5	6.5	5.2	2.1	9.1	16.4
Additions	-	-	0.2	0.4	1.0	1.6
Disposals	-	-	(0.1)	-	(0.3)	(0.4)
Revaluations	-	-	(0.7)	0.4	(1.8)	(2.1)
At 31 March 2018	6.5	6.5	4.6	2.9	8.0	15.5
Depreciation						
At 1 April 2017	3.4	3.4	3.3	1.6	6.3	11.2
Charge for the year	1.5	1.5	0.2	0.2	0.2	0.6
Disposals	-	-	(0.1)	-	(0.2)	(0.3)
Revaluations	-	-	(0.4)	0.4	(1.4)	(1.4)
At 31 March 2018	4.9	4.9	3.0	2.2	4.9	10.1
Net book value						
At 31 March 2018	1.6	1.6	1.6	0.7	3.1	5.4
At 31 March 2017	3.1	3.1	1.9	0.5	2.8	5.2

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 2017	43.9	17.6	92.4	0.3	22.4	1.6	178.2
Additions	-	-	-	-	12.2	5.8	18.0
Transfers	-	-	2.2	-	-	(2.2)	-
Revaluation	2.3	0.9	5.3	-	-	-	8.5
At 31 March 2018	46.2	18.5	99.9	0.3	34.6	5.2	204.7
Depreciation							
At 1 April 2017	-	-	0.2	-	-	-	0.2
Charge for the year	-	0.3	1.9	-	-	-	2.2
Revaluation	-	-	0.0	-	-	-	0.0
At 31 March 2018	-	0.3	2.1	-	-	-	2.4
Net book value							
At 31 March 2018	46.2	18.2	97.8	0.3	34.6	5.2	202.3
At 31 March 2017	43.9	17.6	92.2	0.3	22.4	1.6	178.0

The valuations of the land and buildings were carried out by Montagu Evans in March 2017. The valuations were made on an existing use basis at 31 March 2017 and were prepared in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual. The land was valued at £43.9m and the buildings at £109.8m. Subsequent valuations are performed using indices All heritage asset categories have been revalued with the exception of Collections.

As explained in Note 2 existing buildings at 31 March 2001 that are not used for fundraising, administration or accommodation purposes have not been capitalised, and Kew's collections have not been capitalised, as allowed by section 34 FRS102. The Kew site of 132 hectares is a Grade I historic landscape and a World Heritage Site. The Wakehurst site of 202 hectares is in an Area of Outstanding

Natural Beauty. Kew manages over 280 buildings on the Kew and Wakehurst sites. Five of these are Grade I listed – the Orangery, Pagoda, Palm House, Temperate House and Wakehurst Mansion – and there are 37 Grade II listed buildings. The age of the buildings ranges from the 19th century through to the 21st century.

11. Heritage assets (continued)

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 2017/18 £2.2m estates capital work in progress was transferred to heritage building assets (2016/17 £3.6m). 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 was confirmed and costs incurred subsequently have been capitalised as assets under construction. The project will complete in May 2018 and costs capitalised and depreciated.

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.

	2013/14	2014/15	2015/16	2016/17	2017/18
Valuation	£m	£m	£m	£m	£m
At 1 April	142.8	153.3	173.2	202.9	177.9
Cost of additions funded by Government Grants	-	3.6	5.1	4.9	6.1
Cost of additions funded by other sources	-	1.4	6.4	7.6	11.9
Disposals transfers	-	1.9	-	-	-
Revaluations	10.5	13.0	18.2	(34.6)	8.5
Transfers	-	-	-	(2.9)	-
At 31 March	153.3	173.2	202.9	177.9	204.4

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

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

There is extensive information about Kew's collections available on the internet at <http://www.kew.org/science-conservation/collections> and a brief summary for each of the main areas follows:

The Herbarium collections total approximately 7 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 100,000 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 68,000 accessions representing 22,000 taxa.

Kew's Millennium Seed Bank at Wakehurst is the result of one of Kew's most successful projects and holds Kew's Seed collection of approximately 85,800 samples representing 365 families and 38,500 species, made up of 2.2 billion seeds.

The Microscope Slide collections total about 150,000 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:

	2014/15	2015/16	2016/17	2017/18
Herbarium collections	27,062	31,724	30,942	25,541
Economic Botany collections	885	795	394	411
Library, Art and Archives collections	11,714	20,138	9,079	18,408
Living collections	1,918	2,425	2,392	153
Seed collections	4,411	3,690	4,021	4,654
Microscope Slides collections	630	1,700	1,265	2,092

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

12. Investments

	Royal Botanic Gardens Kew		Consolidated	
	2018	2017	2018	2017
	£m	£m	£m	£m
Valuation at 1 April	0.7	0.6	0.4	0.3
Revaluation	0.0	0.1	0.0	0.1
Investment properties	3.4	2.2	3.4	2.2
Revaluation of investment properties	0.2	1.2	0.2	1.2
Share of net assets of associate – Bentham-Moxon Trust	-	-	2.7	2.5
Share of net assets of associate – Foundation	-	-	11.0	-
	4.3	4.1	17.7	6.3

Investments includes three properties that are now being commercially let. These were heritage assets and reclassified to investment properties with a NBV of £2.2m and were subsequently revalued at 31st March 2017 with a gain of £1.2m. The valuation was carried out by Montagu Evans in March 2017. Kew is not able to sell these properties.

Investments at 31 March are analysed as follows:

	Royal Botanic Gardens Kew		Consolidated	
	2018	2017	2018	2017
	£m	£m	£m	£m
RBG Kew Enterprises Ltd	0.3	0.3	-	-
CCLA Investment Fund	0.4	0.4	0.4	0.4
Investment properties	3.6	3.4	3.6	3.4
Share of net assets of associates	-	-	13.7	2.5
	4.3	4.1	17.7	6.3

13. Debtors

	Royal Botanic Gardens Kew		Consolidated	
	2018	2017	2018	2017
	£m	£m	£m	£m
Trade debtors	0.9	1.3	1.4	1.5
Prepayments and accrued income	2.4	0.9	2.8	1.3
Owed by subsidiary	5.0	4.6	-	-
Owed by the Foundation	3.3	2.9	3.3	2.9
VAT (HMRC)	1.4	0.7	1.4	0.7
Other	0.9	0.4	0.9	0.4
Total Debtors	13.9	10.8	9.8	6.8

Intra Government Bodies:

Balances with Central Govt. Bodies	2.3	1.1	2.3	1.1
Balances with Local Authorities	0.0	-	0.0	-
Balances with Public Corporations	-	-	-	-
Balances with Bodies External to Government	11.6	9.7	7.5	5.7
Total Debtors	13.9	10.8	9.8	6.8

14. Creditors: Amounts falling due within one year

	Royal Botanic Gardens, Kew		Consolidated	
	2018	2017	2018	2017
	£m	£m	£m	£m
Trade creditors	0.4	0.8	0.4	0.9
Accruals & Deferred Income	14.5	9.4	15.6	10.4
Owed by subsidiary	2.9	-	-	-
Other	0.8	0.7	0.9	0.7
Tax & NI	0.6	0.5	0.7	0.6
Pension	0.5	0.5	0.5	0.5
Total Creditors	19.7	11.9	18.1	13.1
Intra Government Bodies:				
Balances with Central Govt. Bodies	1.8	1.0	1.9	1.1
Balances with Local Authorities	-	-	-	-
Balances with Public Corporations	-	-	-	-
Balances with Bodies External to Government	17.9	10.9	16.2	12.0
Total Creditors	19.7	11.9	18.1	13.1

Deferred income relates to income where the activity being funded has not taken place by 31 March in any year and the performance conditions are not yet met. At 31 March 2017 deferred income was £2.1m. During 2017/18 £7.3m was deferred in the year and £6.2m released. At 31 March 2018 deferred income was £3.2m.

15. Creditors: Amounts falling due after more than one year

	Royal Botanic Gardens Kew		Consolidated	
	2018	2017	2018	2017
	£m	£m	£m	£m
Loan	0.4	0.5	0.4	0.5
Intra Government Bodies:				
Balances with Central Govt. Bodies	0.4	0.5	0.4	0.5

In 2015/16 RBG Kew borrowed £0.5m from Defra as part of the government voted loan scheme to refurbish two of its residential properties for commercial letting. The interest rate is the National Loans Fund interest rate and was fixed at 1.78%. The loan will be repaid over 12 years from the rental income generated with instalments repaid in April 2016 and April 2017.

16. Trading subsidiary

The subsidiary undertaking is as follows:

Name RBG Kew Enterprises Limited

Registered in England & Wales Company Number 2798886

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

Activity Retailing, commercial development and providing fundraising services to RBG Kew and the Foundation and Friends of the Royal Botanic Gardens, Kew.

Proportion of shares held Ordinary and Redeemable shares 100%

	2017/18 £m	2016/17 £m
Activities for generating funds – trading	12.1	10.7
Activities for generating funds – fundraising	0.2	-
Costs of generating funds – trading	(7.7)	(7.0)
Costs of generating funds – fundraising	(3.2)	-
Net surplus	1.4	3.7
Add back consolidation adjustments (intercompany expenditure / income)	2.2	(0.6)
Net surplus excluding adjustments	3.6	3.1
Gift Aid payable to Kew	(3.6)	(3.1)
Retained in the subsidiary	-	-
Balance sheet		
Current assets	6.6	6.1
Current liabilities	(6.3)	(5.8)
	0.3	0.3
Share capital and reserves	0.3	0.3

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

17. Share of associates

	Bentham-Moxon Trust	Foundation	2017/18 Total £m	Bentham-Moxon Trust	Foundation	2016/17 Total £m (restated)
At 1 April	2.5	-	2.5	1.8	-	1.8
Gain from change in share of net assets of associate	-	11.0	11.0	0.5	-	0.5
Share of associates' results	0.2	-	0.2	0.2	-	0.2
At 31 March	2.7	11.0	13.7	2.5	-	2.5

Kew recognises a share of the net assets of Bentham-Moxon Trust and the Foundation based on the percentage of voting rights of these charities' Boards of Trustees held by Kew trustees or Kew staff. For the Bentham-Moxon Trust the percentage at the year-ended 31 March 2018 was 50% (2017: 50%). For the Foundation the percentage at the year-ended 31 March 2018 was 40% (2017: less than 20%, no associate relationship). The Foundation has a year end of 31 March and net assets are included as at 31 March 2018. The Bentham-Moxon Trust has a year end of 31 December, and a share of net assets as at 31 December 2016 and 31 December 2017 are consolidated in these accounts, the difference to 31 March 2017 and 31 March 2018 being considered immaterial.

Kew does not have control of these entities or the net assets recognised, and the net assets could only be realised following the approval of the independent Boards of Trustees and not Kew's Board of Trustees.

RBG Kew's share of the income and expenditure of each associate based on the above percentages is as follows:

Bentham-Moxon Trust	2017/18 £m	2016/17 £m
Investment income	0.1	0.1
Botanical grants and research expenses	(0.1)	(0.1)
Net gains on investments	0.2	0.2
Net income	0.2	0.2

As the Foundation became an associate of RBG Kew late in the year, the share of the income and expenditure of the Foundation after associate recognition is rounded to £nil in these accounts.

18. Statement of funds: Royal Botanic Gardens, Kew and Consolidated

	At 1 April 2017 (as restated)	Income	Expenditure	Revaluation	Transfers	At 31 March 2018
	£m	£m	£m	£m	£m	£m
Unrestricted						
General – other	4.4	51.2	(49.1)	-	(0.5)	6.0
General – capital	34.2	0.1	(1.6)	-	-	32.7
Capital Revaluation Reserve	110.0	-	(0.7)	7.8	-	117.1
Investment properties	3.0	-	-	0.2	-	3.2
Unrestricted – Designated						
Future capital and projects	2.0	-	(0.5)	-	0.5	2.0
Total Unrestricted	153.6	51.3	(51.9)	8.0	-	161.0
Restricted						
General-capital	42.2	19.5	(2.0)	-	-	59.7
Donations	1.0	0.1	-	-	-	1.1
Big Lottery Fund Grant	-	1.1	(0.4)	-	-	0.7
Projects	-	28.5	(27.1)	-	-	1.4
Share of associates	2.5	11.2	-	-	-	13.7
Total Restricted	45.7	60.4	(29.5)	-	-	76.6
Endowment						
Scott-Marshall	0.2	-	-	-	-	0.2
Robin Spare Book Fund	0.0	-	-	-	-	0.0
Total Endowment	0.2	-	-	-	-	0.2
Total Reserves	199.5	111.7	(81.4)	8.0	-	237.8

Unrestricted Funds – General Capital/ Investment properties

The addition to unrestricted capital funds reflect unrestricted funds used for capital expenditure. Expenditure reflects the depreciation of those assets and any loss on disposal for the year.

Investment properties includes three properties that have been transferred from Heritage assets following a reclassification of their purpose. The reserve includes the revaluation of these properties.

Unrestricted – Designated Funds – future capital and projects

This consists of funds designated for future expenditure on capital and other projects as approved by the Board of Trustees.

Restricted Funds

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

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 7 different accounts within Donations (2016/17 4).

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 150 such projects this year.

A Big Lottery Fund Grant was received towards Grow Wild activity.

The share of net assets of the associates, Bentham-Moxon Trust and Foundation are disclosed in note 17 and are based on the proportion of voting power which Kew has in each charity. Kew does not have control of these entities or the net assets recognised, and the net assets could only be realised following the approval of the independent Boards of Trustees and not Kew's Board of Trustees.

Endowment Funds

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

19. Analysis of net assets between funds

	Unrestricted	Restricted	Endowment	Total
	£m	£m	£m	£m
General – Other	8.0	3.2	0.1	11.3
General – Capital	32.7	59.7	-	92.4
Revaluation Reserve	120.3	0.0	0.1	120.4
Share of net assets of associates	-	13.7	-	13.7
	161.0	76.6	0.2	237.8

20. Analysis of funds

	Unrestricted	Restricted	Endowment	Total
	£m	£m	£m	£m
Reserves balances at 31 March are represented by:				
Fixed Assets	146.9	62.4	-	209.3
Investments	3.7	13.8	0.2	17.7
Current Assets	24.4	4.9	-	29.3
Creditors	(14.0)	(4.5)	-	(18.5)
	161.0	76.6	0.2	237.8

21. Pension Costs

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

For the year ended 31 March 2018, employers' contributions were payable to the PCSPS at 1 of 4 rates in the range 20.0% to 24.5% of pensionable pay, based on salary bands (20.0% to 24.3% in 2016/17). 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 2018 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 £4.4m (£4.1m in 2016/17).

In addition RBG Kew operates a PCSPS defined contribution (partnership) scheme. It made £0.1m (£0.1m in 2016/17) contributions to this scheme during the year. At 31 March 2018 44 staff were members.

RBG Kew Enterprises Ltd operates a Group Personal Pension Plan for its employees, which is a defined contribution scheme. It made pension contributions of £0.1m (£0.1m in 2016/17) to this scheme during the year. 114 staff were members of the defined contribution scheme at 31 March 2018 and the remaining staff were members of the PCSPS.

In addition, following the integration of the Foundation, RBG Kew Enterprises Ltd operates a further Group Personal Pension Plan for its fundraising employees which is a defined contribution scheme. RBG Kew Enterprises Ltd makes a contribution of 6% of annual salary. It made pension contributions of £0.1m (£0.0m in 2016/17) to this scheme during the year. 40 staff were members of the defined contribution scheme at 31 March 2018.

22. Commitments

At 31 March 2018 there were major financial commitments in relation to professional fees and construction costs associated with the Temperate House renovation project (£0.6m), and other capital development expenditure (£7.3m). Total financial commitments in 2016/17 were £13.5m (Temperate House renovation (£10.2m), estates and maintenance expenditure (£3.1m) and other projects (£0.2m). The amount payable within one year is £7.9m (£13.5m in 2016/17).

23. Connected Charities and other related party transactions

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

Connected Charities

As stated in the Statutory Information the purpose of the Foundation and Friends of RBG Kew is to provide support for RBG Kew.

Until 30 June 2017, a wide range of fundraising activities carried out by the Foundation to support RBG Kew and grants (both restricted and unrestricted) were made to RBG Kew. On 1 July, the majority of the fundraising activities carried out by the Foundation transferred to Kew including all of the Foundation's staff (Notes 5, 6 and 9). The fundraising staff were transferred to RBG Kew Enterprises, and a small number of finance staff were transferred to the finance team in RBG Kew.

The majority of fundraising income previously received by the Foundation is now received directly by RBG Kew. This includes memberships, individual giving and grants from trusts and foundations.

From 1 July 2017, fundraising services are provided by RBG Kew Enterprises primarily to RBG Kew but also to the Foundation. To support its new activities, RBG Kew Enterprises now has two divisions – Commercial and Foundation.

All fundraising costs (pay and other costs) are incurred by RBG Kew Enterprises – Foundation division and the majority are recharged to either RBG Kew or Foundation at cost in line with the relevant service level agreements.

The Foundation's activities are now limited to legacy fundraising, the management of investments, and any grants which started pre-July 2017. RBG Kew Enterprises provides legacy fundraising services and services to support the management of grants and investments to the Foundation. RBG Kew provides back office support services to the Foundation including finance services.

The Foundation made grants to RBG Kew in the year totalling £23.7m (£20.1m in 2016/17).

RBG Kew Enterprises made charges for fundraising services to the Foundation totalling £0.1m (2016/17: £nil); RBG Kew made charges for back office support services to the Foundation totalling £0.03m (£nil in 16/17).

RBG Kew Enterprises now receives income in relation to corporate memberships and sponsorships and associated costs (previously received by the Foundation).

The Foundation Board has been amended to reflect the revised activities and in line with good governance practice. There is now a maximum of six trustees; two trustees can be appointed by RBG Kew, four trustees are independent. At 31 March 2018, Marcus Agius was the Chair of both the Board of Trustees of the Foundation and the Board of Trustees of RBG Kew and Ian Karet was a trustee of both organisations. In addition, there were three independent trustees. No control of the Foundation by RBG Kew is indicated at 31 March 2018.

Sir Henry Keswick was a trustee of the Foundation until 04 July 2017. He was also a trustee of RBG Kew until 31 October 2017.

Johanna Waterous was a trustee of the Foundation until 13 March 2018 and remains a non-executive Director of RBG Kew Enterprises. As a result, there was a period when the RBG Kew group had control of the Foundation (through the two RBG Kew recommended trustees, and one non-executive Director of RBG Kew Enterprises).

During the period from 1 July 2017 to 13 March 2018 the Foundation was a subsidiary of RBG Kew and received £1.0m income (primarily from legacies and excluding restricted grants which were passed directly to Kew) and spent £0.2m. However due to the gain of and loss of control in the year, and that the payments between the two would eliminate upon consolidation, the Foundation has not been consolidated into the Kew accounts for this period on the grounds of materiality.

The Foundation granted £3.4m to RBG Kew from its unrestricted reserves based on agreements made pre-July. It also passed across £20.3m of restricted grants in line with previously drawn up grant agreements directly to RBG Kew. Further information about the Foundation can be found on page 13 of this report or from the Foundation's Annual Report and Accounts dated 31 March 2018.

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 staff are Trustees (Colin Clubbe and Tim Utteridge) along with two external Trustees. The Trust makes annual grants to Kew and can make grants to non-related parties and organisations. Whilst Kew does not control either the Foundation or the Bentham-Moxon Trust, both entities are considered associates based on the number of trustees Kew is able to appoint which is greater than 20% but not more than 50%. As a result a share of net assets of both entities are included in the accounts as restricted assets. However, Kew does not have control of these entities or the net assets recognised, and the net assets could only be realised following the approval of the independent Boards of Trustees and not Kew's Board of Trustees.

Kew Foundation America and The Joseph Banks Society are registered 501(c) (3) not-for-profit corporations in the United States. The Kew Asia Foundation Limited was incorporated on 4 March 2015 in Hong Kong to support and promote education, scientific research in the science of plants and related subjects through horticulture collaboration between the community of Hong Kong, and RBG Kew by inspiring and delivering science-based plant conservation worldwide. None of these organisations has Trustees in common with RBG Kew.

Other Related Party Transactions

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

Marcus Agius, Chairman of the Trustees, is also a director at PA Consulting. In 2017/18 expenditure incurred with PA Consulting was £112,000 (2016/17 £0) and income received was £0 (2016/17 £0). The chairman was not involved at any stage in the selection or appointment of PA Consulting, or the subsequent work.

Nick Baird, Trustee, was also Group Corporate Affairs Director at Centrica. In 2017/18 expenditure incurred with Centrica was £56,000 (2016/17 £53,000) and income received was £0 (2016/17 £0)

Valerie Gooding, Trustee, was also a Non-executive Director of Vodafone PLC. In 2017/18 expenditure incurred with Vodafone was £40,000 (2016/17 £23,000) and income received was £0 (2016/17 £0)

Sarah Flannigan, Trustee, was also Chief Information Officer for EDF Energy. In 2017/18 expenditure incurred was £1,084,000 (2016/17 £746,000) and income received was £0 (2016/17 £0)

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

24. 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.

25. Events after the reporting date

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.

26 Losses and special payments

Losses and special payments during the year totalled £0.1m (2016/17 £0.4m). This covers stock losses and adjustments and bad debt provisions.

27. Restatement of 2016/17 Financial Statements

Following the integration of the majority of the fundraising activities from the Foundation to Kew in 2017/18 a review of the governance and accounting of all connected charities was carried out. As part of this review it was felt appropriate to recognise both the Bentham-Moxon Trust and the Foundation as associates on the basis of the number of trustees which Kew is able to appoint to both organisations. The accounts for 2016/17 are therefore restated to include a share of the Bentham-Moxon Trust's share of net assets. Restricted reserves brought forward at 1 April 2016 are increased by £1.8m from £32.9m to £34.7m, and total assets at 1 April 2016 increased by £1.8m from £179.1m to £180.9m. Total income in 2016/17 increased by £0.7m (being share of associate results) from £77.9m to £78.6m. Total restricted reserves at 31 March 2017 increased by £2.5m from £43.2m to £45.7m, and total assets increased by £2.5m from £197.0m to £199.5m.

No associate relationship with the Foundation existed prior to the 2017/18 financial year.

Annex

Royal Botanic Gardens, Kew five-year financial summary

Statement of Financial Activities

	2013/14	2014/15	2015/16	2016/17	2017/18
	£m	£m	£m	£m	£m
	(as restated)				
Income					
Grant-in-aid	28.0	26.0	26.2	33.0	40.8
Grants and donations – RBG Kew	14.2	13.4	20.8	23.2	31.2
Grants and donations – Gain/(loss) from increased/(decreased) share of net assets of associates	(1.3)	-	-	0.5	11.0
Income from activities	17.4	17.7	18.5	21.7	28.4
Investment income	0.1	0.1	0.1	0.0	0.1
Share of associates' results	0.4	-	0.0	0.2	0.2
	1				
Total income	58.8	57.2	65.6	78.6	111.7
Expenditure					
Charitable expenditure	51.0	48.6	50.8	59.6	70.5
Raising funds – trading / fundraising	6.1	5.7	6.2	7.0	10.9
Share of associates' results	-	0.8	-	-	-
Total expenditure	57.1	55.1	57.0	66.6	81.4
Net income	1.7	2.1	8.6	12.0	30.3
Revaluation of fixed assets	8.8	10.5	15.4	6.6	8.0
Net movement in funds	10.5	12.6	24.0	18.6	38.3
Funds at 1 April	133.8	144.3	156.9	180.9	199.5
Funds at 31 March	144.3	156.9	180.9	199.5	237.8

Summary Balance Sheet

	2014	2015	2016	2017	2018
	£m	£m	£m	£m	£m
	(as restated)				
Fixed assets	139.6	153.0	176.8	192.6	227.0
Current assets	15.1	14.4	13.5	20.5	29.3
Creditors	(10.4)	(10.5)	(9.4)	(13.6)	(18.5)
Total assets less liabilities	144.3	156.9	180.9	199.5	237.8
Unrestricted	125.0	132.6	146.0	153.6	161.0
Restricted	19.1	24.1	34.7	45.7	76.6
Endowment	0.2	0.2	0.2	0.2	0.2
Total funds	144.3	156.9	180.9	199.5	237.8

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