

Kew

ROYAL BOTANIC GARDENS

Royal Botanic Gardens, Kew

Annual Report and Accounts

for the year ended 31 March 2013



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Chairman's letter

Kew's unique capability in plant science and conservation, world-leading depth of resources and global network of partners form a powerful beacon for environmental sustainability worldwide.

I must pay tribute to Professor Stephen Hopper whose six-year term as Director (CEO and Chief Scientist) came to an end in the Autumn with Steve's return to Australia and academia. I, on behalf of the Board of Trustees, should like to thank Steve for his dedication and many achievements at the helm of Kew.

I'd like to welcome and congratulate Richard Deverell as Kew's Director since 17 September 2012. In his first 6 months, Richard has enabled great progress, in terms of identifying the key issues, challenges and opportunities facing Kew and in developing visionary plans for the future. Richard has taken the helm at a crucial juncture in Kew's future and in a particularly trying financial climate but he has the full support of the trustees for what amounts to a significant change plan for the next 18 months or so.

Whilst 2012/13 has been a year of transition and challenge, it has also been one of notable achievement. 16 April 2012 saw the Secretary of State for the Environment, Food and Rural Affairs formally approve our 5 Year Rolling Strategic Business Plan. To secure this agreement and this vote of confidence from Defra, at a time of significant economic difficulty, is a real testimony to the capability and hard work of all staff, students and volunteers. In 2012/13, Kew has continued to enjoy significant support from Defra, our sponsoring government department, having received Grant-in-Aid of £32.475m.

Never before has the message been clearer, plants are at the centre of our lives. In addition to underpinning essential ecosystem services, such as the production of oxygen and moderation of our water supplies, an estimated three quarters of the world's population depends directly on plants for their primary health care and eighty percent of our calorie intake comes from 12 plant species, indicating that we must act to conserve plant diversity.

This year, RBG Kew scientists contributed to an update of the International Union for Conservation of Nature (IUCN) Red List of Threatened Species™, a critical indicator of the health of the world's biodiversity. It was released on the eve of the UN Conference on Sustainable Development held in Rio de Janeiro in June, and showed that of the 63,837 species assessed, 19,817 are threatened with extinction.

2012 was also a year of celebration for the United Kingdom with London hosting visitors from all over the world for the Olympic and Paralympic Games. In the run-up to the Games, the Olympic Flame was carried through Kew, following a successful press photocall at Kew to mark '100 days to go in the Olympic Games'. We were delighted to host and take part in this auspicious event.

Internationally, Kew has been zealous in its activity. Recent meetings include the new Thai Ambassador, who is keen to help us with events during the Flora of Thailand Conference which is being held at Kew in 2014. Shifting focus to Africa, Kew's research on Madagascan palms has gone on to provide conservationists with a firm basis for direct action on the ground. Kew has also initiated several conservation projects to protect some of Madagascar's most threatened species of palms, which form essential sources of building material and nutrition to some of the world's poorest communities.

With each passing year, the relationship between environmental, economic and social pressures reveals ever more of its profoundly intimate complexity. Mounting in importance is Kew's ability to work effectively with its partners to deliver the knowledge necessary to assess the risks that humanity is facing from global change. A significant milestone in East African conservation and botany is being celebrated at Kew – the completion of a vast 60-year project to document the region's 12,104 wild plant species, representing some three to four percent of the world's plants. 135 scientists from 21 countries have contributed their expertise to complete this comprehensive Flora, and more than 'just about botany', it has been set up to serve as an enabling tool: to allow people to identify East Africa's wild plant species, to allow communication about these species and to provide a solid fact file for the conservation of these wild plants.

On a sadder note, it is with heavy heart that I report a terrible incident occurred at Kew Gardens when a visitor, Miss Erena Wilson, was killed by a tree limb falling on 23 September. Kew has offered every assistance to Erena's friends and family, including to ensure Erena's life is commemorated. At the time of writing, the inquest has yet to be scheduled but Kew has worked closely with the investigating authorities and conducted its own internal reviews. Once again, and on behalf of RBG Kew, our deepest sympathies go to Erena's family and friends.

I am delighted to welcome Professor Malcolm Press who joined our Board of Trustees in July 2012. Congratulations also go to Dr Geoff Hawtin, Professor Nicola Spence and Sir Ferrers Vyyan, all of whom have been re-appointed to the Board of Trustees for a further term to lead Kew's mission at a time of unprecedented challenges. Finally, I should also like to recognise and express my appreciation to all staff, volunteers, Trustees and students at Kew and Wakehurst Place. They work in a demanding arena to achieve excellent standards and their efforts provide the driving force to achieve RBG Kew's mission to deliver science-based plant conservation worldwide.



Marcus Agius

Chairman
Trustees of the Royal Botanic Gardens, Kew

Director, RBG Kew's foreword

It has been a great honour and privilege to lead the Royal Botanic Gardens, Kew since I started on 17 September, 2012. I am delighted to be part of Kew and I look forward to contributing to its future successes. I am very grateful for the warm welcome and sound advice offered by staff, volunteers, students and Trustees since I arrived.

I want to pay special tribute to Kew's outgoing Director, Professor Stephen Hopper for his service to Kew since 2006. His wisdom and dedication to Kew's mission, staff, students and volunteers has been a tremendous boon to both Kew and stakeholders worldwide. Steve has now returned to his native Australia to become the Winthrop Professor of Biodiversity at the University of Western Australia, Perth. Personally, and on behalf of Kew, I wish him all the best for the future.

Since joining Kew, I have been struck by the global importance and standing of Kew. Its plant and fungus-based science and the application of it to address the world's most daunting environmental challenges are unparalleled. Kew has untapped potential to do more as a science leader, as visitor attractions, and as an inspiration to all of the power of plants and why they matter to every aspect of life. I am determined that this potential will be fulfilled. To do so, Kew requires significant change. I have some clear priorities.

First is establishing a simplified senior management structure, with clear lines of responsibilities and accountability. To this end, I have created, and am recruiting, a Director of Science to manage all of Kew's science. The appointee's first priority will be to establish, and then implement, a clear and cohesive science strategy. I have combined responsibilities for everything related to the visitor experience, except horticulture (see below), with that for all of our commercial activity under a new Director of Public Programmes. I have also recruited a new Director of Kew Gardens Horticulture. This person will lead and curate Kew Gardens. I am also looking to appoint a permanent Director of Corporate Services and permanent Director of Finance as these critical roles are currently performed on an interim basis. All are Executive Board roles and are being filled openly. Each should be in post by the end of 2013. I cannot stress enough how important these appointments are to the future success, ambition and reputation of RBG Kew and to drive organisational change and ambition.

My second priority is to establish a robust and balanced budget. Public funding is declining and Kew must increase self-generated funding. Kew has much to offer commercially and the potential is significant. Our budget for 2012/13 was set back by the £3m shortfall of income, driven by the poorest English weather on record and the impact of the London 2012 Olympics on Kew's visitor numbers. As part of the process to reduce running costs in future and to create flexibility to recruit for Kew's future needs, I launched a Voluntary Exit Scheme in early 2013 at a cost of £1m funded by Defra, under which 27 people are leaving Kew in 2013.

I have also initiated a number of longer-term reviews. One of these is looking at our visitor offer to ensure that the Gardens at Kew and Wakehurst both remain attractive places to visit and demonstrate our scientific expertise. This has to be done in a way that drives income so we can maintain world-leading displays, interpretation and activities. Alongside this review, there is one looking at how we can achieve an effective step change in our interpretation and another looking at how Kew exploits its property assets.

Whilst 2012/13 has been a tough year in many ways, and a herald for change in others, Kew made good progress in its core areas. The Millennium Seed Bank (MSB), which aims to have conserved 25% of the world's seeds by 2020, continues to make excellent progress and has 14% banked already. Our science also continues to impress externally. Kew has had 131 papers published in high-impact scientific journals and publications, on topics as varied as

climate change impact on the long-term future of coffee through to how caffeine makes bees more 'loyal' to particular plants.

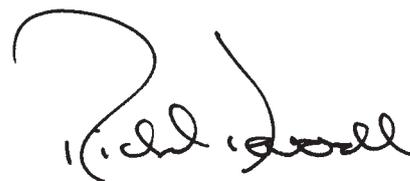
We have also just started a new agreement with our partners at Historic Royal Palaces, who run Kew Palace and the Georgian Kitchens. From 28 March 2013, this allowed visitors access to Kew Gardens and the HRP attractions with a single entry ticket. I am grateful to colleagues at HRP and very much look forward to working with them further, particularly on the development of our joint plans for the restoration of the Pagoda.

The fundraising and Membership organisation, Kew Foundation and Friends, has had a remarkable year in the current climate. Whilst the Foundation is independent of RBG Kew, we are proud and grateful for the funds it raises through membership and philanthropy. The Foundation's assistance with raising funds for the Temperate House restoration was critical to our success in winning our £16m Heritage Lottery Funding on 27 March which, alongside £10m from Defra, makes this ambitious, £36m, five-year project possible. Our sincere thanks go to Defra, HLF and the private individuals and Funds whose generosity has made this possible.

Regarding Kew's counterparts in the Natural History Museum and Forestry Commission, a range of collaborative projects have been developed in science, collections and natural resource management. The MSB's UK National Tree Seed Project, creating the first genetically comprehensive national tree seed collection in the UK, has been agreed and funding for the first year secured from the People's Postcode Lottery. Ash will be one of the species prioritised for collection this year.

For all of its challenges and achievements in 2012/13, Kew could not have managed without its many supporters. We are heavily reliant on not only their financial generosity but also that of their time and effort. Over 650 volunteers and students give their time to many facets of Kew. Whether as volunteer guides, horticulturalists, stewards, scientists, teachers, archivists or in another specialty, their work is not only of immediate practical benefit but contributes significantly to the spirit of RBG Kew. I am tremendously grateful to this invaluable community.

Finally, it is with great sadness that I tell you that Andy Burchell, who retired as our Director of Business and Corporate Services in October, passed away on 16 May 2013. Andy made a great contribution to all Kew has achieved since he joined us from the National Audit Office in 2005. Our sympathies and thoughts are with Andy's family and many friends, including here at Kew. My sincere thanks go to Professor Tim Entwistle, Director of Conservation, Living Collections and Estates for all he has done for RBG Kew. In January 2013, Tim took up the role of Director and Chief Executive of RBG Melbourne.



Richard Deverell

Director
Royal Botanic Gardens, Kew

Management commentary

Mission

Kew's mission is to inspire and deliver science-based plant conservation worldwide, enhancing the quality of life.

Statutory Objectives

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

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

The Breathing Planet Programme

The major thrust of the organisation's activity is aligned around the Breathing Planet Programme in order to address the major environmental challenge we face today. The BPP Strategy also provides an excellent tool for fundraising. However, the potential for the BPP to provide a comprehensive management tool for both the allocation of resources and internal reporting is under review and the BPP may be refined through 2013/14. There are seven key strategies:

- 1 Accelerating discovery and global access to plant and fungal diversity information** Discovering, collating and accelerating global access to essential information on plant and fungal diversity, through fundamental science, enhanced collection programmes and data-capture, including baseline information, applied Geographical Information Systems and novel identification tools such as web-based Floras and DNA barcoding.
- 2 Mapping and prioritising** Identifying plant and fungal species and regions of the world most at risk of losing their wild diversity, to enable priority setting for conservation programmes, with the application of cutting edge IT and GIS approaches where they can enhance this process.
- 3 Conserving what remains** Helping implement global plant and fungal conservation programmes, such as the creation of new, sustainably managed areas, through established and new partnerships, in countries richest in diversity and geographical extent of remaining wild vegetation.
- 4 Sustainable local use** Expanding plant and fungal diversity knowledge and Kew's innovative science programmes to the identification and successful use of locally-appropriate plant species under changing climatic regimes on agricultural, urban and suburban lands.
- 5 Seed banking through the Millennium Seed Bank Partnership** Extending the Millennium Seed Bank's global partnership programmes to secure in safe storage 25% of the world's plant species by 2020, targeting species and regions most at risk from climate change.
- 6 Restoration ecology** Establishing a global network of partners in restoration ecology to facilitate the use of seed banks and other botanic garden resources in the urgent repair and re-establishment of damaged native vegetation.
- 7 Inspiring through botanic gardens** 'Kew for You' – delivering enjoyable, inspiring experiences and horticultural displays that transform people's understanding of plant diversity and conservation and their relevance to environmental challenges worldwide.

Management commentary continued

Highlights of the year

2012 was a year of celebration for the United Kingdom with London hosting visitors from all over the world for the Olympic and Paralympic Games. This spirit of innovation, excellence and international collaboration is at the core of all we aspire to be as an organisation. 2012 saw significant milestones reached in scientific and conservation initiatives with partners from around the world, as well as engaging and inspiring events and activities for our visitors to Kew Gardens and Wakehurst Place.

Spring

February saw the return of the popular Tropical Extravaganza festival, with the Princess of Wales Conservatory transformed by colourful orchids and tropical plants. Orchid conservation continues to be a focus for RBG Kew's science teams, with new programmes including the Madagascar Orchid conservation project in collaboration with Illinois College.

Spring saw the launch of the fifth International Garden Photographer of the Year exhibition, giving another inspiring and beautiful insight into the wonders of plants, gardens, landscapes and nature, and our relationship with the natural world. At Easter-time, children and families were treated to a fun-filled journey through ancient Maya culture and 3,000 years of chocolate history.

In April, the '100 days to go to the Olympic Games' press photocall was held at Kew, in partnership with the London Organising Committee of the Olympic and Paralympic Games. In the run-up to the Games, the Olympic Flame was carried through Kew, a spectacle enjoyed by many of our visitors and staff alike. Kew was also involved in the planting of Coubertin Oaks in celebration of the Games.

In April, RBG Kew, the Royal Botanic Garden Edinburgh, The New York Botanical Garden and the Missouri Botanical Garden announced plans to develop the World Flora, the first modern, online catalogue of the world's plants, to be made available by the year 2020.

In May, RBG Kew and the British Museum continued their successful partnership with the launch of the North American Landscape. In addition, the Georgian Kitchens at Kew Gardens were opened to the public for the first time following an extensive restoration by Historic Royal Palaces (HRP).

RBG Kew's partnership with HRP enables visitor access to HRP's assets, without an increase in the Kew ticket price; RBG Kew provides a set fee to HRP, meaning that RBG Kew retains admission income at the gates whilst improving the visitor proposition and promoting the Georgian assets.

Summer

Summer began with two special screenings of David Attenborough's Kingdom of Plants 3D. The programmes, made by Atlantic Productions for Sky 3D, were screened at BAFTA and Curzon Mayfair before being broadcast on Sky in May. Filmed at Kew throughout 2011, this compelling series reveals a fascinating new look at plant life through the use of stunning 3D time-lapse filming techniques, as well as giving an insight to Kew's collections and work. An app and a book were launched alongside the series, which has since been shown by broadcasters in many countries around the world, including ABC Australia in late 2012.

In June, the summer programme at Kew saw the first phase of an exhibition of the work of David Nash open.

RBG Kew scientists contributed to an update of the International Union

for Conservation of Nature (IUCN) Red List of Threatened Species™, a critical indicator of the health of the world's biodiversity, which was released on the eve of the UN Conference on Sustainable Development held in Rio de Janeiro in June. The report showed that of the 63,837 species assessed, 19,817 are threatened with extinction, including 30% of conifers. Recent work on plant assessments suggests that approximately one in five plant species are threatened with extinction.

In July, the Big Lottery Fund announced funding for Grow Wild, a partnership with RBG Kew to develop a new project encouraging the public to celebrate the stunning diversity of UK plant life. The Big Lottery Fund £10.5 million green investment in the Grow Wild initiative will help communities, and particularly young people, to get back to their green roots by planting native seeds across the UK.

Autumn

In September, new research from the University of Reading, RBG Kew and Imperial College London was published, in the Proceedings of the National Academy of Sciences of the United States of America (PNAS), that could allow biopharmaceutical companies to distinguish groups of plants most likely to be beneficial to our health.

September also marked a significant milestone in East African conservation and botany: the completion of a vast 60-year project documenting and furthering knowledge of the region's 12,104 wild plant species, including many plants new to science. The Flora of Tropical East Africa is the largest botanical project of its kind completed over the past 100 years.

RBG Kew scientists contributed to a further update of The IUCN Red List of Threatened Species™ released in October at the Convention on Biological Diversity's Conference of the Parties in Hyderabad, India. The report indicated that eighty-three percent of Madagascar's palms are threatened with extinction, putting the livelihoods of local people at risk.

Winter

From October, a series of new works by sculptor David Nash, created on site at a 'wood quarry' in Kew's arboretum, were installed in the gallery spaces across Kew Gardens, a wonderful addition to the major exhibition David Nash at Kew A Natural Gallery. These works remained on-site for visitors to enjoy throughout the winter and spring seasons.

In November, a new study conducted by scientists at RBG Kew, in collaboration with scientists in Ethiopia, was published, suggesting that climate change alone could lead to the extinction of wild arabica coffee (*Coffea arabica*) well before the end of this century.

In December, Kew received the news that following successful applications to the European Commission, it will host two prestigious EU Marie Curie fellowships. The fellowships will bring two excellent post-doctoral scientists to Kew to work in the Herbarium and Jodrell from next year.

Pulitzer Prize-winning author Jared Diamond, who has a unique background covering the fields of evolutionary biology, anthropology, ecology and human history, was the recipient of the 2012 Kew International Medal.

In late March, the year came to an exhilarating end with the announcement of a grant of £15.6m from the Heritage Lottery Fund, which together with significant help from Defra, Eddie and Sue Davies and a number of other generous supporters will allow Kew to embark on the 5 year project to restore the Temperate House and to create a new centre for public engagement at Kew Gardens.

Management commentary continued

Performance targets and results 2012/13

BPP strategy	PI Number	Key Performance Indicator	Outcome 2011/12	Target 12/13	Outcome 2012/13	% vs last yr	% vs target**
1	1	Percentage of total collection items that are accessible and in usable condition	73	80	85	+16%	+6%
1	2	Number of publications/including high-impact publications (calendar year basis)	388	400 /110	337/131	-13%	-16% / +19%
2	6	Number of species conservation assessments completed	2662	2500	2231	-16%	-11%
4	9	Number of species use reports	1172	1000	1102	-6%	+10%
5	10	Number of species collected and stored by MSB Partnership	1923	3350	3108	+62%	-7%
6	12	Number of restoration projects completed	11	-	2	-82%	-
7	15	Number of visits to the gardens (millions)	1.668	1.700	1.363	-18%	-20%
7	15	Number of web visits (millions)	4.7	4.7	4.6	-2%	-2%
8	24	Income (£ millions) – non-Defra	17.6	25.7	22.4	+28%	-12.8%
8	32	% reduction in carbon dioxide emissions	5.6%	12%	4%	-29%	-67%
8	36	Availability of IT services (%)	98	98	98	0	0

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

Performance over five years

BPP strategy	PI Number	Key Performance Indicator	Outcome 2008/09	Outcome 2009/10	Outcome 2010/11	Outcome 2011/12	Outcome 2012/13
1	1	Percentage of total collection items that are accessible and in usable condition	*	*	86	73	85
1	2	Number of publications, including high impact publications (calendar year basis)	300	380	356	388	337
2	6	Number of species conservation assessments completed.	*	*	*	2662	2231
4.	9	Number of species use reports	*	*	*	1172	1102
5	10	Number of species collected and stored by MSB Partnership	*	*	*	1923	3108
6	12	Number of restoration projects completed	*	*	*	11	2
7	15	Number of visits to the gardens (millions)	1.818	1.701	1.630	1.668	1.363
7	15	Number of web visits (millions)	3.6	4.4	4.1	4.7	4.6
8	24	Income (£ millions) – non-Defra	23.5	17.5	20.9	17.6	22.4
8	32	% reduction in carbon dioxide emissions	*	*	*	5.6%	4%
8	36	Availability of IT services (%)	*	*	*	98	98

Visitor figures also include events such as concerts, evening attractions, etc.

* This data was not collected before 2011/12

Management commentary continued

Commentary on performance against targets

Overall

1. Percentage of total collection items that are accessible and in usable condition

The increase in figures is due to the new labelling machine being in operation at last, this has enabled faster output for labels and also labels to be updated to reflect changes in family names due to the APG system of naming, thus providing an increase of 6% above the target and 16% overall.

2. Number of publications, including high-impact papers

The publication of 131 high-impact papers is the best result ever recorded and an indication that Kew has been successful in placing our scientific work in journals with the greatest impact. However, the overall target of 400 publications for the calendar year 2012 was missed by 16%. This can be attributed to a continuing focus on producing high-impact papers, which require more time and resources, as well as to several vacant senior posts that remain unfilled in the Jodrell and HLA A due to budget restrictions.

During the interim, from 1 January 2012 until 31 March 2012, there are 66 publications (36 of which are in high-impact journals) that we were proud to produce but that have not contributed to our numbers for 2012/13.

3. Number of species conservation assessments

Over 2200 species conservation assessments were distributed this year. This included 615 Gymnosperm assessments carried out in collaboration with the IUCN Conifer Specialist Group, and over 500 assessments of African plants. The target of 2500 was not met due to planned projects being unsuccessful in finding funding. Yearly totals will fluctuate depending on publication schedules beyond our control and the lower target next year reflects fewer large projects coming to completion in that year.

4. Number of species use reports

This year, Kew has provided reports on the authentication and uses of plants to a wide range of organisations including companies, hospitals, police services and customs officers. The reports cover the identification of adulterants of plants entering the trade for use in food, medicinal or cosmetic products as well as the identification of plants used in criminal cases. Reports are often based on the detailed research on the chemistry of plants and require extensive use of the herbarium and living collections at Kew as well as the systematic expertise of the staff.

5. Number of species collected and stored by MSB Partnership

The outcome was 93% of the target. The achievement was within expected tolerance given the uncertainties of an activity involving many partner organisations based in many different countries. Additionally, the verification of collection

identification may yet yield a higher outcome. The lag in performance recording that results from the verification of collection identification is carried forward annually into the forthcoming KPI report. The Seed Conservation Department (SCD) will closely manage this indicator as we scale up intake over the coming years. In particular, SCD will ensure that the proportion of species stored by Kew remains high.

6. Number of restoration projects completed

Two restoration projects were completed in 2012/13, which had been outstanding since 2008. Such restoration projects are long term investments and gathering information on the status of restored environments poses several difficulties in relation to environmental factors, including seasonality and species types, and the resource requirements for monitoring. Currently, Kew has 18 outstanding restoration projects whose status is difficult to determine, either because of the factors given above, or because the responsible investigator has chosen not to complete the project at this time. Owing to the aforementioned difficulties, a KPI target was not set for 2012/13 and this KPI will no longer be used in the 2013/14 Annual Report. Given the significance of restoration ecology to RBG Kew, the use of an alternative KPI to measure the success of restoration ecology will be reviewed in 2013/14.

7. Number of visits to the gardens

2012/13 proved an exceptionally challenging year for visitor numbers to Kew Gardens and Wakehurst Place.

Kew Gardens suffered from poor summer weather (the wettest since records began). The period of the Olympics and Paralympics saw the almost complete absence of overseas visitors, who historically have made up over 45% of day-paying visitors during the summer months. Autumn saw a refresh of the David Nash offer and some additional marketing effort and discounting promotions in an attempt to improve the position, but given that over two thirds of visitors come to Kew in the months from April to August, it proved difficult to make headway against the overall deficit. Kew then trialled a period of opening for free for 12 days over Christmas in order to get people to try Kew Gardens off-season and support secondary spend. This resulted in over 90,000 visitors over that period, which helped lift the overall year-end visitor number for Kew.

8. Number of web visits

The 4.5m target was exceeded and figures have stabilised at 4.6m visits. This parallels the actual visitor trend and also reflects the reduced resource and investment available to grow the web site this year. This year Kew has initiated a new cross platform media project to migrate the site to a more cost effective platform and transform the design and content. Growth is forecast to continue. The derivation and compilation of this KPI is being reviewed; from 2013 it will incorporate 3rd party sites and be compiled through new tracking tools to improve the overall accuracy and analysis.

Management commentary continued

Commentary on performance against targets

9. Income (£ millions) – non-Defra

Overall income from non-Defra sources was £22.4m compared to a target of £25.7m. This target related to RBG Kew only and includes the net result for Kew Enterprises. This variance can be attributed to the following factors:

- Lower than planned visitor numbers, which brought in admissions-related income of £4.5m against a target £5.8m. Visitor numbers were adversely affected by the extremely poor weather conditions for Kew as an outdoor attraction, with the wettest year on record for England affecting attendance on all of the key bank holiday weekends. In addition, visitor numbers were also adversely impacted by the Olympic Games in Kew's traditionally high-summer season.
- The consequent impact of the visitor attendance on Kew's on-site commercial activities, which showed a contribution from Kew Enterprises of £1.2m against a target of £2.2m.
- Income from grants and projects of £16.2m against a target of £17.7m, partly as a result of vacancies in key areas (which limited Kew's capability in 2012/13 and are now being filled) and the difficulties of carrying out seed conservation projects in politically sensitive locations.

10. % reduction in carbon dioxide emissions

Although RBG Kew has taken significant steps to reduce its CO₂ emissions, there remains a constant challenge to control heating-associated emissions. Whilst the organisation's emissions associated with grid electricity have decreased by 13% on 2009/10, Natural Gas and Gas Oil consumption have increased due to the colder climatic conditions experienced over the winter period.

11. Availability of IT services

The performance indicator for 'Availability of IT Services' was set at 98% and covers all of Kew's IT systems, both internal and external facing. This target was met with an average availability of 98%. This was against a backdrop of system upgrades and new service introduction as part of the IT and Telecoms Modernisation project, particularly during the past six months. There were some availability issues across quarters two and three related to core network upgrades and exchange services. There were also some significant outages to network availability during the latter part of quarter 4 related to ongoing network upgrades across Kew; these were addressed and did not drop the availability below the overall target. As part of the ongoing uplift in services, we will be introducing some service based targets for key IT services during 2013/14, which will enhance the granularity of the information provided.

Health and safety statement

The Royal Botanic Gardens, Kew recognises the importance of managing Health and Safety (H&S) risks – both on its sites at Kew Gardens and Wakehurst Place and as part of the work carried out by its employees wherever that may be.

The organisation has continued to make significant progress within the past 12 months on an H&S Improvement Programme. The H&S Steering Group (H&SSG), chaired by the Director, manages the strategy of the H&S Improvement Programme in order to drive the necessary changes forward. The H&SSG meets quarterly.

Kew has a current and up-to-date H&S Statement of H&S Intent, which is available on the intranet. A copy of the policy is included in the induction pack for all new starters issued by the Human Resources Department and a copy can be found on each departmental notice board. The statement makes clear the commitment of the Trustees, as the employers, to ensure a safe workplace for their employees and visitors and for any other person who may be affected by their undertaking.

All other H&S policies and procedures are available to staff on the intranet, and as part of the Improvement Programme, and are in the process of being revised and updated. Responsibility for the day-to-day activity rests with the Director, the Executive Directors and the Heads of Department.

A significant part of the Improvement Programme was the production of department-specific H&S Action plans to be completed over a 3-year period ending June 2014. The organisation also has Corporate H&S Objectives, Corporate H&S KPIs and a Corporate H&S Risk Register. The Corporate H&S Objectives are being used by the Director as the basis of his annual reviews with the Executive Directors and the Heads of Departments.

Activities identified as involving the most significant risks to staff include: working at height (notably in arboriculture); manual handling; slips, trips and falls; use of field machinery and equipment; and use and storage of chemicals. All of these activities are continuously reviewed in order to ensure commitment to industry best practice. The H&S Team are continuing to work with the Overseas Fieldwork Committee to create and improve procedures for overseas travel and fieldwork, again to ensure the procedures are best practice.

The visitors to Kew most likely to have an accident are children under the age of 10, playing in the popular Climbers and Creepers play area and the Treetop Towers play area. The design and management of the area is set up to reduce risk and the majority of incidents are minor bumps. We continue to be mindful of visitors who may be senior in years and those with disabilities so that we also match our procedures and risk-mitigation techniques to their needs and safety requirements.

Staff receive health and safety training when appointed through a computer-based training package provided by the Civil Service Learning partnership; subsequently, staff receive local induction training specific to their placement. Specialist training is provided for first aiders, fire wardens and those in other key positions to ensure they have the competencies to

Management commentary continued

undertake the tasks required in their role. These courses are arranged centrally by the H&S Team.

RBG Kew's Health and Safety Committee meets twice a year and is the forum where the Safety Representatives of the three recognised Trade Unions and the Director can openly discuss issues or concerns. A representative from the RBG Kew network of Departmental Health and Safety Co-ordinators also attends these meetings. The Trade Union Safety Representatives (TUSRs) have the opportunity to raise issues with the Director at other times without undue restriction or delay. The TUSRs are consulted on all new policies and procedures. The TUSRs have access to information about accidents so they can carry out their own investigations.

In the reporting year April 2012 to March 2013, there were 6 RIDDOR reportable incidents at Kew, 4 involving staff and 2 involving members of the public. At Wakehurst Place, there have been 3 RIDDOR reportable incidents, all involving members of the public.

No enforcement notices have been served on RBG Kew, nor were there any convictions for H&S offences.

Following the tragic fatality of a visitor, caused by a falling tree limb in Kew Gardens in September 2012, Kew has worked closely with the investigating authorities and conducted its own internal reviews. At the time of writing, the inquest has yet to be scheduled. Once again, and on behalf of RBG Kew, our deepest sympathies go to the family and friends of Miss Erena Wilson.

Customer care statement

As a Defra-sponsored arms length body, we have a duty to serve the public well, and as a leading visitor attraction with two important sites at Kew Gardens and Wakehurst, we must also meet the need of an increasingly competitive and demanding leisure market. We monitor customer needs and feedback in a number of different ways and set standards for the most critical aspects of our front of house operation from the maintenance of our gardens to the standards of our toilets. We track customer feedback in a number of ways:

- Via a customer comment form which is available at all gates and the visitor information desk, and through a specific catering feedback form available in the catering outlets.
- Via a survey form which is part of the map given to every visitor.
- Via our information email address which invites comments or via our web site by responding to comments or posts.
- Through monitoring of public feedback through social media such as Twitter and consumer services such as TripAdvisor.
- Through formal tracking using an external market research company who track key aspects of our visitor experience every six months.
- Through participating in an annual benchmarking survey that tracks aspects of our service against competitors.

In the latest independent market research, key performance measures showed that when benchmarked against other attractions, 98% of people rated their experience excellent or good for enjoyment overall. There was a drop in those rating

excellent or good value for money at 78%, which remains one of the best in the sector but is an early warning. Gate prices at Kew Gardens have thus been held for 2013/14. The proportion of people who are certain to recommend Kew remains stable at 92% of all visitors.

We continue to incorporate this tracking into our internal feedback and training, with a view to continuing to raise our customer care standards.

Management commentary *continued*

Diversity and equality statement

Kew has an ongoing commitment to its Diversity and Equality scheme and endeavours to offer best practice across the organisation. A cross-departmental team of around 20 employees, Kew's Diversity and Equality Group (DEG), meets regularly to develop and enhance provision and to ensure compliance. Kew's next set of priorities are to review procedures in the light of changes to legislation and to develop clear statements on our approach to gender, race, belief and sexual orientation that can be incorporated into a revised equality-action policy and plan.

Notable initiatives and achievements this year include:

- Kew's reaccreditation under the Disability Two Ticks scheme.
- An Equality and Diversity Monitoring Survey of employees that received a 60% response rate. The data will inform the development of Kew's Equality Schemes.
- Kew's externally appointed access forum continued to advise Kew management. High on their agenda for 2012 was the development of the Temperate House Precinct Project (THPP): forum members reviewed both physical access to the building and its surrounding area and also intellectual access to the interpretative content being developed.
- Two major developments were the new fully accessible toilet (with hoist), installed near Brentford Gate, and remedial work to the Tree-top Walkway lift, which now allows full access to the high walkway for those in wheelchairs or with limited mobility.
- Kew's free entry scheme for community groups continued to offer free access to over 4000 persons a year. In addition, Kew opened the gardens for free, to all visitors, from 22 December 2012 until 4 January 2013. The aims of this promotion included reaching those who hadn't visited Kew before or had visited a long time ago (over 50% of visitors who responded to the survey fitted into this target market) and reaching those who could not normally afford to visit. Over 90,000 persons entered Kew for free during this period.
- The section that delivers on hard-to-reach audiences, Kew's 'Community Engagement and Volunteering' (established in 2012) has a new member of staff, a 'participation and learning' manager, who is developing improved strategies and policies in this area of work.
- Kew established a new stakeholder group to advise and support the development of an inclusion programme for parents on low income or benefits.
- Kew continues to work with 'third sector' colleagues to provide assisted volunteering placements for volunteers who have a special educational need or disability. Assisted volunteering opportunities in 2012 accounted for over 10% of our horticultural volunteer placements. Equality is part of RBG Kew's commitment to supporting and promoting active citizenship and to the 'Big Society'.

Volunteering statement

We recognise the important role played by volunteers in supporting, complementing and enhancing our work. We have a record of working with volunteers since 1992; currently, 565 volunteers generously donate their time and talent to Kew's mission – 445 on the Kew site and 120 at Wakehurst Place. Our traditional volunteer roles include horticultural support, guiding, and support to our schools, families and science programmes. In addition, we benefit from the valuable contribution made by 70 Honorary Research Associates and Fellows.

Last financial year, our volunteers donated in excess of 92,000 hours to Kew's mission, a number which has almost trebled during the past six years. This equates to a value of over £1.37m that the organisation would have had to spend on an equivalent contribution of staff time, but even more important are all the qualitative data and feedback that we receive concerning the way our volunteers enrich our community with their commitment, skills, enthusiasm and energy. The figure of £1.37m includes the 30% on costs that an organisation would have to pay for staff (covering NI, pensions etc), which is the volunteering industry standard way of calculating this figure. We use a mid-scale point on the Band B scale as the average value of volunteer labour.

One important aspect of our volunteering programme is the provision of short-term 18+ work experience placements and internships in conjunction with various agencies and educational establishments, which last year totalled over 12,300 hours. In addition, we promote environmental volunteering by hosting 'Employee Volunteering Days' for the corporate sector. Last year corporate volunteers donated 340 hours to Kew.

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 £9 in return – a 'return' figure that has more than doubled in the past four years.

VIVA is a measurement tool that assesses the 'outputs' of volunteer programmes (the value of volunteers' time and income generated) in relation to the 'inputs' (the resources used to support the volunteers). It therefore provides an indicator of the scale and significance of voluntary work and the payback on an organisation's investment in volunteering. Such a figure must also be viewed in the context of the qualitative feedback concerning how much volunteers and their skills enhance our visitor experience.

We have a devolved structure for the management of volunteering across the organisation. A small team at the centre, within the Public Engagement and Learning Directorate, has areas of responsibility that include strategy, policy and the overall coordination of volunteering and work experience for people of 18 years and over on the Kew site. In addition, Kew has a Volunteer Steering Group,

Management commentary continued

which consists of key internal stakeholders from both Kew and Wakehurst Place and partners, for consultation on and delivery of the volunteering programmes. An audit of the use of volunteers was undertaken in the summer of 2012 as part of the approved internal audit periodic plan for RBG Kew. The resultant rating was green, with the conclusion that the board 'can take substantial assurance that the controls upon which the organisation relies to manage this area are suitably designed, consistently applied and effective'.

Since 2010, the advent of Kew's strategy for the development of volunteering in the organisation has helped to align our volunteering programmes to support the objectives of the organisation and to develop and promote good practice in the involvement and support of our volunteers. The strategy and resultant strategic objectives focus on growing and building on the success of existing volunteer programmes and on maximising the volunteering experience and cost-effective use of our volunteers' skills. It is being updated in Spring 2013 when an additional focus will be given to diversifying our volunteer task force and to reaching out to underrepresented socio-economic groups at Kew. As part of the process of gathering quantitative and qualitative data to inform the updating of the strategy, a questionnaire was sent out to all current Kew and Wakehurst Place volunteers in February 2013. 62% of respondents rated their experience in the role or department in which they were placed as excellent, with 94% rating it as good or better. This is underpinned by the fact that Kew retains more than four-fifths of volunteers, year on year with a retention rate of over 87% for the 2012/13 financial year. However, we will always be committed to looking at ways of becoming better and of aligning our strategy, and we will continue to canvass and utilise the opinions and ideas of our volunteers to this end.

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

Management commentary continued

Board of Trustees

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

Chairman

Marcus Agius f, r, v Reappointed

Trustees

Professor Michael Crawley FRS s

Professor Jonathan Drori CBE f, r, v Reappointed

Tessa Green v CBE

Dr Geoffrey Hawtin s Reappointed

Timothy Hornsby CBE a

Sir Henry Keswick

George Loudon f, r Appointed by Her Majesty The Queen

Professor Malcolm Press s a New appointee

Professor Nicola Spence s Reappointed

Jennifer Ullman a

Sir Ralph Ferrers Vyvyan v Reappointed

a Audit and Risk Committee

f Finance Committee

r Remuneration Committee

s Science and Conservation Committee

v Visitor Experience Committee

In addition, Richard Keys acts as an independent, non-Trustee member of the Audit and Risk Committee and Tim Pennington as a member of the Finance Committee.

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

The Board of Trustees is responsible for agreeing the strategy of the organisation through approval of the Business Plan and the budgets. The Director is responsible for developing and implementing the strategy and for the day-to-day operation of the organisation in conjunction with the Executive Board. The Rolling Strategic Business Plan is updated annually and following approval by the Board is submitted to the Department for Environment, Food and Rural Affairs.

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

Visitor Experience Committee – Attendance	
Committee member	19/3/2013
Mr Marcus Agius	Yes
Professor Jonathan Drori	Yes
Mrs Tessa Green	Yes
Sir Ferrers Vyvyan	Yes

Board of Trustees – Attendance				
Trustee	19/6/2012	29/9/2012	29/11/2012	6/2/2013
Mr Marcus Agius	Yes	Yes	Yes	Yes
Professor Michael Crawley	Yes	Yes	Yes	No
Professor Jonathan Drori	Yes	Yes	Yes	Yes
Mrs Tessa Green	Yes	Yes	Yes	No
Dr Geoffrey Hawtin	Yes	Yes	Yes	Yes
Mr Timothy Hornsby	Yes	Yes	Yes	Yes
Mr George Loudon	Yes	Yes	Yes	Yes
Professor Nicola Spence	Yes	No	Yes	Yes
Professor Malcolm Press	N/A	No	Yes	Yes
Ms Jennifer Ullman	No	Yes	Yes	Yes
Sir Ferrers Vyvyan	Yes	Yes	Yes	Yes
Sir Henry Keswick	Yes	Yes	Yes	Yes

Audit and Risk Committee – Attendance				
Committee member	23/5/2012	18/10/2012	16/1/2013	21/3/2013
Mr Timothy Hornsby	Yes	Yes	Yes	Yes
Ms Jennifer Ullman	Yes	Yes	Yes	Yes
Mr Richard Keys	Yes	Yes	Yes	Yes
Professor Malcolm Press	N/A	N/A	N/A	Yes

Finance Committee – Attendance				
Committee member	11/5/2012	18/7/2012	1/11/2012	5/2/2013
Mr Marcus Agius	Yes	Yes	Yes	Yes
Professor Jonathan Drori	Yes	Yes	Yes	Yes
Mr George Loudon	Yes	Yes	Yes	Yes
Mr Tim Pennington	Yes	No	No	No

Science & Conservation Committee – Attendance			
Committee member	9/4/2012	26/7/2012	6/11/2012
Professor Mick Crawley	Yes	No	Yes
Dr Geoffrey Hawtin	No	Yes	Yes
Professor Nicola Spence	Yes	Yes	Yes
Professor Malcolm Press	N/A	N/A	Yes

Remuneration Committee – Attendance	
Committee member	18/7/2012
Mr Marcus Agius	Yes
Professor Jonathan Drori	Yes
Mr George Loudon	Yes
Professor Nicola Spence	Yes



Marcus Agius (Chairman)



Michael Crawley



Jon Drori



Tessa Green



Geoffrey Hawtin



Timothy Hornsby

Management commentary continued**Trustees details**

Marcus Agius is Chairman of the Trustees of the Royal Botanic Gardens, Kew and Chairman of the Foundation and Friends of the Royal Botanic Gardens, Kew. Formerly: Chairman of Barclays PLC, Chairman of Lazard London, Deputy Chairman of Lazard LLC, Chairman of BAA PLC and a Senior Independent Director of the BBC.

Professor Michael Crawley is an ecologist and Professor of biology at Imperial College, London, based at Silwood Park campus, Ascot, Berkshire. He has a passion for growing plants and developed the arboretum at Silwood Park, Ascot. He is a fellow of the Royal Society with an international reputation for research into the factors affecting the distribution and abundance of plants.

Professor Jonathan Drori advises large organisations on outreach, media and technology strategy. He is visiting Professor at Bristol University, specialising in misconceptions in science and in the uses of technology for learning. He chairs the UK Parliament's Advisory Council on Public Engagement. Previously: Director of Culture Online at the Department for Culture Media and Sport, Head of Commissioning for BBC Online, Head of Digital Media and Learning Channels, Executive Producer and Director.

Tessa Green has had a long career in the National Health Service, holding positions as Chairman of the Royal Marsden NHS Foundation Trust, Founding Chairman of the Royal Marsden Cancer Campaign, Chairman of the Royal Marsden Hospital Charity, a Trustee of The Royal Foundation of the Duke and Duchess of Cambridge and Prince Harry and a Trustee of the Institute of Cancer Research. Following her previous role as Head of Corporate Affairs at Carlton Communications Plc, Tessa qualified as a barrister. She has a long-standing interest in horticulture, botany and biodiversity issues.

Timothy Hornsby is currently the Chair of the Horniman Museum and Chair of the Harkness Fellows Association. He is an independent member of the Consumer Council for Water, a Governor of the Legacy Trust, and a Commissioner of the Marshall Aid Commemoration Commission. In his previous career, Timothy was a Commissioner and Chair of the National Lottery Commission. After a career in academic life and subsequently in HM Treasury and the Department of the Environment, he occupied the Chief Executive posts at the National Lottery Charities Board (now the Big Lottery Fund), the Royal Borough of Kingston, and the Nature Conservancy Council.

Jennifer Ullman is a landscape consultant, specialising in the management of public parks and gardens. She is currently a member of the Heritage Lottery Fund's London Committee. Previous roles include Chief Parks Officer for Wandsworth Council and Chairman of Greenspace.

Sir Henry Keswick is Chairman of Jardine Matheson and former Director of Rothschilds Continuation Holdings AG. He has also been Chairman of the National Portrait Gallery, President of the Royal Highland Agriculture Society, proprietor of The Spectator, and member of the National Trust Council.

George Loudon is Chairman and Director of a number of investment and other firms including Altius Holdings Ltd. He is a former Director of Midland Bank Plc, former Vice-Chairman of the Amsterdam Stock Exchange, former Director of the Multiple Sclerosis International Federation, former Board member of the Rijksakademie Beeldende Kunst (Amsterdam) and former Trustee of both the Galapagos Conservation Trust and the London Library.

Professor Nicola Spence is the Chief Executive of SCY, a leading Innovation organisation based in York. Nicola has a BSc in Botany from the University of Durham, an MSc in Microbiology from Birkbeck College, University of London, and a PhD in Plant Virology from the University of Birmingham. She is an expert in plant health and international plant trade and was previously the Chief Scientist at the Food and Environment Research Agency, where she is a Fellow. Nicola is a Director of Venturefest Yorkshire, a member of the University of York Court and a member of the Business, Innovation and Growth Panel for the Leeds City Region Local Enterprise Partnership.

Sir Ralph Ferrers Vyvyan the owner of Treloar Estate, former Chairman of the Royal Institution of Cornwall (RIC), former High Sheriff of Cornwall; DL; Architectural Association; Post Graduate Diploma in Conservation of Garden and Historic Landscapes.

Professor Malcolm Press is Professor of Ecology and Pro-Vice-Chancellor at the University of Birmingham. His research concerns interactions between parasitic plants and their hosts, environmental change in Arctic ecosystems and tropical rainforest ecology. Recent roles include presidency of the British Ecological Society (2007-09) and membership of the Natural Environment Research Council's Science and Innovation Strategy Board (2007-10). He is currently Deputy Chair of the Research Excellence Framework Biological Sciences sub-panel.

Dr Geoffrey Hawtin is an expert in the conservation and utilisation of plant genetic resources. He was the founding director of the Global Crop Diversity Trust, an institution with which he is still closely associated. During his career, he has also been Director General of two research institutes of the Consultative Group on International Agricultural Research (CGIAR): Bioversity International in Rome, Italy, and the Centro Internacional de Agricultura Tropical (CIAT) in Colombia. He is currently vice Chairman of CIAT's Board of Trustees.



Henry Keswick

George Loudon

Nicola Spence

Jennifer Ullman

Ralph Ferrers Vyvyan

Malcolm Press

Management commentary continued

Trustees' Terms of Appointment

Trustee name	Date of appointment	Term of appointment	Date re-appointed or due	Term of appointment	Current appointment ends
Chairman Mr Marcus Agius	01.07.2006 Chair 26.10.2009	3 years	01.07.2009 25.10.2012	3 years	25.10.2015
Professor Michael Crawley FRS	31.03.2011	3 years	30.03.2014		30.03.2014
Professor Jonathan Drori	01.08.2006	3 years	01.08.2009 (extended) 31.07.2012	3 years	31.07.2015
Mrs Tessa Green	31.03.2011	3 years	30.03.2014		30.03.2014
Dr Geoffrey Hawtin	26.10.2009	3 years	26.10.2012 (extended) 25.11.2012	3 years	25.11.2015
Mr Timothy Hornsby	31.08.2007	3 years	30.08.2010	3 years	30.08.2013
Sir Henry Keswick	01.11.2008	3 years	01.11.2011	3 years	30.10.2014
Mr George Loudon	01.10.2007	3 years	30.09.2010	Queen's Representative October 2009 (5 years)	01.10. 2014
Professor Nicola Spence	26.10.2009	3 years	25.10.2012 (extended) 25.11.2012	4 years	25.11.2016
Ms Jennifer Ullman	01.11.2008	3 years	31.10.2011	3 years	31.10.2014
Sir Ralph Ferrers Vyvyan	01.11.2009	3 years	31.10.2012 (extended) 30.11.2012	2.5 years	29.05.2015
Professor Malcolm Press	02.07.2012	3 Years	01.07.2015	3 years	30.06.2015

Management commentary continued

Statutory information

History of the body and statutory background

The Board of Trustees of the Royal Botanic Gardens, Kew was established under the National Heritage Act 1983 and came into existence on 8 August 1983. From 1 April 1984 responsibility for the Royal Botanic Gardens, Kew was transferred from the Minister of Agriculture, Fisheries and Food (now Secretary of State for Environment, Food and Rural Affairs) to the Board of Trustees. Kew is a Non-Departmental Public Body with exempt charitable status.

Results

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

Total incoming resources for the year were £59.8m (2011/12 £48.9m) of which £32.5m (£28.5m) was Grant-in-aid from the Department for Environment, Food and Rural Affairs. Total resources expended were £58.5m (£55.4m) leaving a surplus of £1.3m (deficit £6.5m).

Total reserves increased to £130.3m (£126.8m). These include £2.2m (£11.7m) to reflect the value of certain land and buildings to which the Trustees do not have title.

Land and buildings

The Board of Trustees do not hold title to the land and buildings used by the Royal Botanic Gardens, Kew, except for the Wellcome Trust Millennium Building and adjacent land at Wakehurst Place, including Havelock Farm, 35 acres of land purchased by RBG Kew in 2012 that is located in the centre of the existing Wakehurst estate; the National Trust owns the freehold of the remaining land at Wakehurst Place. The land and buildings at the Kew Gardens site are owned by the Crown. The Board exercises the management and maintenance functions on behalf of the Minister in relation to the properties used. Information on land and buildings can be seen in Note 13.

Other fixed assets

Significant changes in other fixed assets are shown in Note 12.

Investments

Investments are detailed in Note 14 and are held in accordance with the Trustees' powers. Due to the limited investment funds available, the Accounting Officer and Trustees consider the Charities Official Investment Fund provides an adequate balance between risk and reward.

Payment to creditors

It is Kew's policy to settle all invoices with its creditors within 30 days unless otherwise specified in the contract, and to observe the principles of CBI Code – Prompt Payments. During 2012/13, Kew settled its debts on average in 24 days (2011/12 22 days).

Reserves

The Reserves of the organisation are explained in Note 2 of the Accounts. The Board has agreed that the unrestricted part of the General Reserves should not fall below a minimum of £3.0m to give the organisation the flexibility to cope with funding fluctuations. The Reserves Policy is reviewed on an annual basis. At present, this fund stands at £5.0m (£4.4m in 2012) and will be used to partly fund Kew's major capital needs in the future deriving from the Breathing Planet Programme.

Research and development

The Royal Botanic Gardens, Kew is a world-leading organisation with over 400 staff working on the scientific understanding and conservation of plants and fungi. This activity covers the full range of botanic and mycological science from molecular biology to horticulture and its aim is to guide all its work so that it will produce outcomes in conservation and sustainability that benefit humanity.

Kew aims to maximise its impact through partnerships and collaboration with universities, botanic gardens, conservation organisations, industry and government. Kew holds a range of botanic and mycological collections and data that are of global importance. It aims to enhance digital access to these resources so that they can be used more effectively and rapidly at the point of need. These aims are set out in more detail in the Breathing Planet Programme on page 6.

Foundation and Friends of the Royal Botanic Gardens, Kew

The Foundation and Friends of the Royal Botanic Gardens, Kew is a registered charity (registration no. 803428) which is independently administered. Its purpose is to provide support for Kew by the raising of funds for Kew's activities. It does this by attracting sponsorship for projects and through an active and growing membership, committed volunteers and by enhancing awareness of Kew's work. There are common trustees on the Foundation and Kew's Board – see Note 25. The Board of the Foundation includes 12 Trustees that are not related to RBG Kew Trustees. The Foundation is not consolidated into the RBG Group accounts.

RBG Kew Enterprises Limited

Kew owns 100% of the issued share capital of RBG Kew Enterprises Limited. This company carries out the following activities of Kew: retailing, concerts, licensing and venue hire. Its results have been fully consolidated into the accounts of Kew.

Management commentary continued

Statutory information continued

Director

The Director of the Royal Botanic Gardens, Kew until 16 September 2012 (this date refers to the membership of the Executive Board) was Professor Stephen Hopper (the final date of employment for Professor Stephen Hopper was 7 October 2012). From 17 September 2012 for the remainder of the year, Richard Deverell was the Director of RBG Kew.

Internal audit

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

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

Advisors

Bankers

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

Auditor (Kew and RBG Kew Enterprises Ltd)

Comptroller and Auditor General
National Audit Office
157–197 Buckingham Palace Road,
London, SW1W 9SP

Solicitors

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

Disabled persons

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

Sickness absence

The average number of days sickness for staff in 2012/13 was 6.5 (2011/12 6.4).

Personal data related incidents

Kew is not aware of any personal data related incidents during 2012/13. We continue to focus on improving our systems in this area.

Employee involvement

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

Going concern

The Trustees have considered the factors that may influence the organisation in the next 12 months, in particular the agreed Grant-in-aid from Defra for 2013/14 and the agreed Business Plan for 2012/17, and believe that it is appropriate to prepare the accounts on a going concern basis.

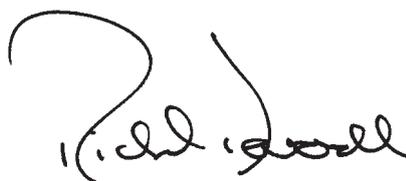
The Accounting Officer and Board of Trustees confirm

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



Marcus Agius

Chairman of the Board of Trustees
13 June 2013



Richard Deverell

Director
13 June 2013

Statement of Trustees' and Accounting Officer's responsibilities

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

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

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

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

Governance Statement

Purpose

Corporate governance can be defined as the way in which organisations are directed, controlled and managed. An effective system of corporate governance is an essential factor in enabling an organisation to achieve its mission, aims and objectives and to satisfy the needs of its key stakeholders.

An exempt charity and a public body with a range of statutory obligations, RBG Kew is a world leader in plant and fungal science with a range of international conservation and restoration programmes. It is also the steward of renowned botanical gardens and a world heritage site, attracting some one to two million visitors a year. With such a diverse and important base of stakeholders, a high standard of corporate governance is essential. 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.

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

As an Executive NDPB, Kew operates at 'arms length' from its sponsor department, the Department for Environment, Food and Rural Affairs (Defra). Defra's role is a strategic one, and the Defra Management Statement and Financial Memorandum has been agreed between Defra and the Kew Board of Trustees to provide for the proper management of Kew and to ensure that public funds (Grant-in-aid, admissions and related income, etc) are used appropriately and effectively. These arrangements were reviewed in 2012/13 as Defra and Kew put in place a new Framework Agreement, which will replace these two documents. The new Framework Agreement is currently in development.

Kew operates to a Corporate Governance Framework which is based on the seven core principles ('the Nolan Principles') of good governance for public services. Through this Framework, and its regular review, Kew complies with the Cabinet Office 'Corporate Governance in Central Government Departments: Code of Good Practice' and the 'Principles of Good Governance in Executive NDPBs' as they apply to Kew.

1. Governance Arrangements

The Board of Trustees

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

The twelve Trustees of RBG Kew have been selected to provide an appropriate balance of skills, experience, independence and knowledge to discharge their duties effectively. 11 have been appointed by the Secretary of State, Defra, and one by HM

The Queen. The recruitment of trustees is regulated by the Office of the Commissioner for Public Appointments (OCPA) and conducted through fair and open competition.

The standard agenda items include a regular report from the Director covering major strategic issues and reporting on progress against Corporate Strategies, the approval of Minutes from Committee meetings and any Declarations of Interest. In 2012/13, as well as its regular scrutiny of operational and financial performance, the Board has also considered the following significant matters:

- the strategic acquisition of the freehold of Havelock Farm at Wakehurst Place;
- Kew's Annual Report and Accounts 2011/12;
- cost reductions and control measures, in light of the financial climate and Kew's 2013/14 Budget (including admission pricing);
- approval of the developing project plans for the £36m renovation of the Temperate House (the Temperate House Precinct Project);
- Public Programmes Strategy;
- the Breathing Planet fundraising campaign;
- review of membership, roles and terms of references for the Board and its Committees, including the establishment of the Visitor Experience Committee and an extension of the remit of the Remuneration Committee to include succession planning considerations (now the Remuneration Committee);
- on-going development of a Science Strategy;
- negotiations with the National Trust re the Wakehurst Place business model;
- Kew's relationship with Defra;
- senior management structure and recruitment;
- the 360 degree appraisal of the Board and its members; and
- review of Kew and Wakehurst Place's horticulture.

Highlights, successes and challenges

Appointment of a new Director, RBG Kew following a full, fair and open competition, Richard Deverell took up post on 17 September 2012, replacing Professor Stephen Hopper who stepped down after six years in the role to return to Australia as Winthrop Professor of Biodiversity at the University of Western Australia, Perth. Professor Hopper's contract ended formally on 7 October 2012.

The Board approved the new Director's proposal for restructuring the senior management team to provide clear and accountable lines of responsibility. Details of the new structure are set out under 'Executive Board' below.

Kew's Rolling Strategic Business Plan 2012-17, agreed in April 2012 represented the successful culmination of several months of collaboration between the Trustees, Defra, Ministers, the Executive team and other key stakeholders. However, the assumptions for growing Kew's income from non-Defra sources have proven difficult to realise in 2012/13 due to a combination factors, not least the continued economic difficulties and a markedly lower-than-expected income from visitors resulting from the wettest weather in England on record and the impact of the London 2012 Olympics.

Governance Statement continued

Whilst Defra has been pivotal in assisting Kew with capital and other grants in 2012/13, Kew has had to monitor and manage its expenditure carefully in the second half of 2012/13 to deliver a balanced outcome against a background of reduced visitor admissions income. Kew has revised the assumptions made in the Rolling Strategic Business Plan in the light of this year's performance and has set challenging but achievable targets for income and expenditure in 2013/14. This has necessitated the achievement of targeted savings of around seven per cent. These were achieved through a wide-range of initiatives, including but not limited to:

- a Voluntary Exit Scheme to reduce staff costs;
- organisation-wide review of activities and outputs subject to a 5% reduction in non-pay expenditure; and
- increased controls applied to expenditure and recruitment.

In addition, a financial contingency plan was commissioned in February 2013 for the Board's consideration in Q2 2013/14. This plan will set out a prioritised scaling back or cessation of activities should income levels in 2013/14 decline further.

A number of longer-term activities began in the last half of 2012/13 with a clear remit to increase further Kew's understanding and management of its costs and performance and to increase the exploitation of Kew's assets, with the aim of driving growth of income from non-Defra sources, including:

- development of a property strategy to maximise the performance of Kew's property infrastructure;
- fundamental review of Kew's Key Performance Indicators;
- development of a sustainable business plan for Wakehurst Place;
- review of the business model for the Kew Innovation Unit and development of Intellectual Property or commercialisation of Kew's science;
- initiation of several major energy-sustainability projects; and
- following on from the quinquennial Science Review, the development of an overarching strategy for Kew's science is expected to be completed later in 2013/14 following the appointment of a Director of Science.

Board Committees

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

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

The Committees have written Terms of Reference and a Code of Conduct. Committee meeting minutes are provided to the Board of Trustees. Membership of the Board, each of its Committees and attendance records are set out in the Annual Report on p.14 Board of Trustees.

Audit and Risk

The Committee's role is to advise the Board and the Director, RBG Kew (the Accounting Officer) on:

- the accounting policies, accounting treatments and disclosures in the Annual Report and Accounts of RBG Kew to ensure completeness and clarity;
- the planned activity and results of both internal and external audit;
- the adequacy of management's response to issues identified by audit activity and the progress made to address these;
- assurances relating to the corporate governance, internal control and risk management requirements for the organisation;
- recommendations regarding risk and governance issues; and
- reviewing the effectiveness of whistleblowing and fraud procedures.

The Committee met four times in 2012/13 (2011/12 three times) and has three Trustees and one independent non-Trustee member.

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

During 2011/12, the Audit and Risk Committee carried out a self-assessment review of its operations and effectiveness. The exercise confirmed that it was overall fit for purpose but identified areas for improvement. An action plan was agreed to address these issues which was implemented in full during 2012/13, although further work is required to formalise fully the induction process for new trustees. This is expected to complete in Q2 2013/14. The Committee's role and effectiveness was also reviewed as part of the 360-degree assessment of the Board of Trustees in Q3 2012/13 and it was found to be performing well.

The Committee instigated a fundamental review of Kew's strategic risks, their management and the underlying operational risk management approach in Q4 2012/13. This work is expected to be completed before Q2 2013/14 and led to new a strategic risk register. The Committee is particularly grateful to its independent member, Mr Richard Keys, for his support with this.

In Q4 2012/13, following a competitive tendering exercise, the Audit and Risk Committee, with Defra, approved the appointment of Grant Thornton LLP as RBG Kew's internal auditors for three years, from 2013/14.

Finance Committee

The main responsibility of the Finance Committee is to review significant financial matters on behalf of the Board and make

Governance Statement continued

recommendations to the full Board for further consideration. The Finance Committee comprises three Trustees and one independent non-Trustee member, and met four times in 2012/13.

The major focus during the first half of the year was to support the development of the Rolling Strategic Business Plan. In addition to its oversight of Kew's financial performance and reporting, the Committee scrutinised: the governance structures and the project and financial planning of the Temperate House Precinct Project; the governance review of the relationship between Kew and the independent charity, Kew Foundation; the planning and management of the project to modernize Kew's Financial and HR systems; and the development of cost savings and income generation plans and the 2013/14 budget.

Science and Conservation Committee

The Science and Conservation Committee has prime responsibility for ensuring that there is a long-term strategy for science and conservation activities undertaken at RBG Kew; for agreeing policies pertaining to Kew's science and conservation programmes; and for overseeing, reviewing and reporting annually to the Board of Trustees on science and conservation matters.

The focus for the year has been overseeing Kew's response to the Science and, where relevant, Horticultural Reviews; the development of a Science Strategy; Kew's participation in the concordat for scientific research integrity; Kew's position on genetic modification; and the development of a virtual institute for bioinformatics.

Remuneration and Nominations Committee

The Committee is responsible for advising the Board on all matters pertaining to the Director's remuneration, the remuneration for other senior executives, and major changes affecting remuneration across RBG Kew. Each year, within an agreed framework, the Committee approves the objectives for the year ahead, evaluates the Director's performance and determines the remuneration of the Director. In February 2013, the Board of Trustees agreed that the remit of the Remuneration Committee should be extended to include 'nominations', i.e. matters relating to the collective skill set required on the Board of Trustees, its Committees and the Executive Board, enabling the Trustees to advise Defra and the Director on longer-term succession planning. The Committee meets once each year and comprises the Board Chairman and members of the Finance Committee.

The Director

The Director is appointed by the Board of Trustees, with the approval of the Secretary of State, and acts as the Chief Executive, Chief Scientist and Accounting Officer. The Director is responsible to the Board for the day-to-day operations of RBG Kew and for implementing the strategic direction and, in his role as Accounting Officer, is responsible for safeguarding the public funds for which he has charge and for propriety and regularity in the handling of those public funds.

The Director is responsible for:

- managing and developing RBG Kew's programmes and business outputs through developing RBG Kew's infrastructure and resource framework including the generation of funding other than grant-in-aid;
- providing scientific leadership including setting the science strategy;
- promoting the mission and activities of RBG Kew at the national and international level;
- taking due account of legislation that affects RBG Kew;
- ensuring that RBG Kew contributes to the aims and objectives of Defra;
- ensuring that RBG Kew maintains effective systems of programme and project management, contract management and risk management; and
- acting as the nominated Accounting Officer.

Visitor Experience Committee

The establishment and terms of reference of this Committee were agreed by the Board of Trustees in February 2013. The Committee is responsible for the strategic oversight of all that visitors to Kew Gardens and Wakehurst Place – whether virtually or in person – experience. Its remit includes key points of focus on driving the growth of Kew's commercial offer. The Committee consists of four trustees and includes all of the Board of Directors of Kew Enterprises Ltd as standing invitees. It will meet at least four times a year and met once in 2012/13.

Executive Board

The Executive Board is responsible for the leadership and management of RBG Kew with specific emphasis on the delivery of RBG Kew's mission, the overall performance of the organisation and the generation of funding to enable its objectives to be fulfilled. From September 2012, the Executive Board's Terms of Reference were amended to make it a collective executive decision body. Previously, it had been an advisory group to the Director, RBG Kew.

The Executive Board is chaired by the Director, RBG Kew and is responsible for:

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

The Executive Board meets formally once a fortnight. The Director also holds shorter, informal 'keep in touch' update meetings in the weeks between the formal meetings to share information and to keep abreast of new and developing issues.

Governance Statement continued

Membership of the Executive Board in 2012/13 was made up of the following Directors:

- RBG, Kew (Chair);
- Corporate and Business Services;
- Jodrell Laboratory;
- (Acting Keeper of) Herbarium, Library, Art and Archives;
- Kew Innovation Unit;
- Public Engagement and Learning;
- Conservation, Living Collections and Estates; and
- Kew Foundation.

The Director of Wakehurst Place joined the Executive Board from 6 November 2012.

Membership of the Executive Board in 2013/14 will be in transit until the recruitment process is concluded, moving to Director, RBG Kew (Chair) and the Directors of:

- Corporate Services;
- Horticulture (Kew Gardens)
- Kew Innovation Unit;
- Public Programmes (and Commercial);
- Science; and
- Wakehurst Place

These posts form a combination of vacant and newly created posts. Both the Director of Science and Director of Horticulture (Kew Gardens) are newly created posts.

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

In the interim period, where there is a vacancy, either the interim Director or representatives of the Directorate's business areas will act as Executive Board members.

Defra

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

At the working level, contact with Defra officials is frequent and relates to a varied number of activities. In September 2012, the Board of Trustees agreed the proposal for Defra's Shared Service Directorate to be the provider of Kew's back office Finance and HR systems, and close liaison is on-going in relation to that project. The systems should go live in Q2 2013/14.

2. Effectiveness of Board Performance

The Chairman of the Board commissioned a 360-degree appraisal of the Board's performance, which supported appraisals of individual members in Q3 of 2012/13. The appraisal of the Board concluded that performance was satisfactory and made some 14 recommendations for the further improvement of its operation, including the formalisation of trustee induction and succession planning,

non-executive oversight structures for Kew as a visitor attraction (see Visitor Experience Committee above), improvements to the Board papers and strategic planning cycle, and creating opportunities for more informal interaction between the Trustees and the Executive team. Progress against these recommendations is being planned and monitored, with a formal report due to the Board of Trustees in September 2013.

3. Risk Management

The Executive Board has responsibility for strategic risk arrangements and the implementation of mitigating actions with oversight by the Audit and Risk Committee on behalf of the Trustees. The Audit and Risk Committee reviews the strategic risks in summary form at each meeting, and undertakes a full review of risks, mitigating actions and controls at one meeting each year. The Committee also reviews Kew's risk appetite and has agreed the level of risk appetite for all key risks.

Kew initiated a fundamental review of its approach to risk management, beginning with its strategic risk framework, which in turn will look at how operational risks are captured and monitored. This work is expected to complete by Q2 2013/14.

Under the current system, the Internal Audit annual opinion for 2012/13 was amber, which means that the level of assurance provided over RBG Kew's risk management, internal control and governance framework was reasonable but not substantial and recognises that there are particular risks that must be managed.

Kew's risk environment

Kew operates with a wide and complex network of stakeholders interested in its work and in an increasingly international context, with significant focus and value placed upon its global reputation for excellence. Moreover, environmental and conservation challenges are increasing at a time when funding is under severe constraints. Both trends are expected to continue in the foreseeable future. These risks are inherently linked to Kew's success at operating successful visitor attractions at Kew Gardens and Wakehurst Place, given the increasing reliance that needs to be placed on these attractions as revenue generators and as vehicles for educating the public on the importance of plants and plant science.

Kew's risk profile

Kew's key objectives are highly interconnected and, as a result, the achievement of any one objective can be influenced by the actions needed to deliver the other objectives.

Kew's Rolling Strategic Business Plan aims to develop Kew's capability to address these challenges in the context of constraints on public funding and to exploit its recognised strengths. There are, however, clear risks associated with the Plan, which envisages a 50 percent increase in expenditure and a 100 percent increase in non-Government funding while non-Defra income levels have fallen below target in 2012/13. The following have been identified as the key immediate risks facing Kew, namely the failure to:

Governance Statement continued

- establish and maintain a robust and balanced budget and achieved outturn;
- maintain Kew's reputation as a world-leading botanical science institution and visitor attraction;
- establish robust management information systems and infrastructure together with stable core finance and accounting staffing;
- improve the quality of business cases to secure funding in an increasingly competitive environment; and
- effect the required culture change to support the above.

Each of these areas represents a significant management challenge and the Executive Board has already taken steps to address them. The progress includes:

- establishment of a clear, accountable senior management structure;
- strengthening of the business planning and change management resources available;
- adoption of a Voluntary Exit Scheme;
- developing a long-term (2020) strategy to develop RBG Kew's visitor offer;
- move to modern finance systems and a HR self-service model;
- clear, direct quarterly performance reporting across all directorates;
- move to permanent staffing and succession planning in and for key areas; and
- initiation of a project to develop smarter, clearer and more meaningful, consistent and reliable Management Information and KPIs.

Additional risks addressed through:

- the development of Business Continuity Management plans; and
- an action plan to improve the management of emergency issues following the tragic fatality of a visitor, caused by a falling tree limb in Kew Gardens in September 2012. This action plan is the result of an internal investigation into the fatality.

Key Risks

Strategically, Kew concentrates its assessment of risks on a small number of key risks that provide a focus for the Board and Executive Board. This is under review as highlighted above. The main actions and controls that help to mitigate the current strategic risks are detailed in the Corporate Strategic Risk Register along with clear responsibility and ownership for each of the controls and mitigating actions. This register has 11 key risks which fall into three broad areas:

- risks relating to its scientific reputation and safeguarding of its collections and heritage assets;
- risks relating to income generation, both through visitors and other sources of income; and
- risks relating to cultural adaptation and change, noted above, and providing the processes and systems necessary to enable an organisation of the size and complexity of RBG Kew to operate efficiently, effectively and safely in a challenging and changing economic environment.

At the Audit and Risk Committee's instigation, the new Director has commenced a fundamental review of Kew's strategic risks and their management, linking these concerns to how operational risks are captured and monitored. Deloitte have undertaken preliminary work to identify key strategic risks and this will be further developed in facilitated risk workshops during the autumn of 2013.

Risk Management System

Operational risk registers to underpin the Corporate Risk Register have been rolled out across the organisation for all key departments and this process has now been completed. These arrangements will, however, be reviewed in light of the review into strategic risks. A review of the Corporate Risk Register will be initiated in May 2013 and the outcomes expected in Q2 2013/14.

Kew has continued to integrate risk into its day-to-day operations and has provided risk workshops and training on the benefits of risk management at departmental level. With registers in place, management teams include risk as an agenda item on their team meetings to ensure operational risks are monitored on a regular basis and to help prioritise and allocate resources. All corporate decision papers include commentary on the risks attached to each proposal.

The review found that there is buy-in from the management at both strategic and operational levels, and there is a need to refresh the arrangements in the light of the newly approved Rolling Strategic Business Plan.

4. Internal Control Framework

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

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

The system of internal control has been in place in Kew for the year ended 31 March 2013 and up to the date of the approval of the Annual Report and Accounts, and accords with Treasury guidance.

As Accounting Officer, the 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.

Overall, the Internal Audit annual opinion for this year was amber, as accounted for in the above section on Risk Management. This opinion is based on work conducted during 2012/13 and recognises that the implementation of recommendations has been impacted by the difficulties experienced in adapting to Government recruitment controls and in implementing a new integrated finance and HR system.

Governance Statement continued

On 5 March 2013, HM Treasury published notification of the need for the wider Defra Network to provide assurance that an appropriate quality-assurance framework was in place for all business critical models. RBG Kew has not held any business critical models during 2012/13.

Financial management and control

Financial management is supported through monthly management accounts, quarterly financial reporting to the Executive Board and summary reporting to the Finance Committee and Trustees. In addition, finance is a standing item at the formal Executive Board meetings.

Financial information is available to all budget holders so that they are able to monitor their performance against budgets at any time. However, more integrated and matrix-based management reporting is required and the move to the Defra Shared Service Directorate back office systems solution should provide this from 1 August 2013 onwards. Significant resource is being dedicated to ensuring not only that the transition to the new system is a seamless one but also that Kew takes the opportunity to review its own business processes to aid operational efficiency.

Outputs:

A new procurement database system was launched in 2012/13, improving the reporting ability on procurement and enforcing the latest guidance on procurement from the Cabinet Office.

As part of the Senior Management Restructure, recruitment is underway to appoint to a permanent Director of Corporate Services.

Fraud risk management

Kew maintains a Fraud policy which sets out Kew's arrangements for fraud prevention, raising awareness of the risk of fraud and how to respond to fraud, including the action to be taken if fraudulent activity is discovered or suspected. It incorporates the changes introduced by the Bribery Act 2010, which came into force on 1 July 2011 that strengthen and clarify the scope of bribery. Kew's Fraud policy sets out that the Board of Trustees, the Director and the Executive Board are committed to maintaining an honest and open anti-fraud culture, rigorously investigating all cases of suspected fraud and taking appropriate disciplinary or legal action. As part of these arrangements, Managers are provided with a fraud awareness training programme. The policy and procedures include a fraud response log and cover the handling of a whistleblowing situation.

Strategy and planning

Kew's Business Plan for 2012/13 was approved by the Board of Trustees and the Secretary of State of Defra and can be viewed at www.kew.org/ucm/groups/public/documents/document/kppcont_060520.pdf

The Plan is based on Kew's Breathing Planet Programme, consisting of seven strategies for each of which the primary objectives, key activities and main outcomes have been defined. Analysis on the basis of the Breathing Planet Programme strategies has been part of the quarterly

performance reviews by the Director with the Executive Directorates.

Performance management

Progress against performance targets for 2012/13 has been reviewed quarterly by the Executive Board and Trustees, and reported to Defra. The final results are set out in the Management Commentary in the Annual Report and Accounts.

The future performance targets are being reviewed in the light of the new senior management structures to ensure that KPIs and internal management targets remain focused on key priorities.

The staff performance management process within Kew ensures that the organisation's goals are reflected in individual staff members' objectives and training plans. At the beginning of each year, all staff meet with their line manager to agree their work and objectives for the year and to identify any training needs, referring to the Business Plan to ensure their plans will contribute to Kew's targets that are relevant to them. In 2012/13, individual staff objectives were linked to the Breathing Planet Programme and the seven strategies within it. Regular contact between staff and line managers is encouraged throughout the year and a formal review takes place after six months as well as at the end of the year.

Project management

During 2012/13, planning and design work was developed on the project for the restoration of the Temperate House and surrounding precinct and the fundraising programme for this is going well. The second-stage funding submission to the Heritage Lottery Fund was successful for this project and a final decision was announced on 27 March 2013 which gave the go ahead to this key £36m restoration of the world's largest surviving glasshouse. The project will take some five years to complete.

A project management system has been developed for Kew, based on best-practice principles. Trialling took place throughout 2011/12 and guidance and training was rolled out to embed this methodology throughout the organisation in 2012/13. This methodology is being codified in a project management manual which has been promoted via workshops and will be reinforced via the training programme.

Information management

Kew takes the management of the information it holds very seriously and is not aware of any personal data related incidents in 2012/13.

Kew is participating in the National School of Government Risk and Data Protection Programme to ensure that all staff understand why information management is so important, the risks to its safety and what can be done by staff to protect it. In the training, examples are used and tested to show where staff might use this training and awareness and how to take responsibility for using information safely. It has been enabled as a mandatory annual activity and incorporated into the staff induction programme.

Kew is also fully supporting the Cabinet Office data handling review which introduces mandatory minimum standards for

Governance Statement continued

the protection of personal data, the completion of information risk reviews, the completion of a risk register and submissions to central government.

5. Significant Governance and Internal Control Issues

The governance audit investigation of the relationship between RBG Kew and the Foundation has confirmed that Kew's internal controls are satisfactory and has recommended some minor procedural improvements which have now been implemented.

Marcus Agius is the Chair of both RBG Kew and the Foundation. The Audit & Risk Committee of Kew has agreed that the situation of a dual Chair should be reconsidered at the next change of Chairmanship, recognising that the appearance of Kew's ability to influence or affect the decision making of the Foundation Trustees might be reduced if there were different Chairs. However of itself we do not consider that the benefit of changing the situation is sufficient to make

the change now. The Foundation Board decided to re-appoint Marcus Agius. The Foundation Articles have been changed so that the quorum rules now require a majority of trustees independent of Kew to form a quorum.

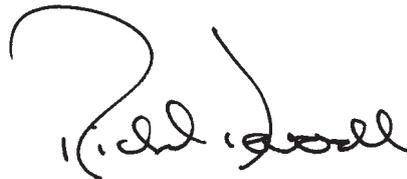
Kew's governance, risk management and internal control has proved adequate in respect of the year ended 31 March 2013. However, the implementation of fit-for-purpose management information systems (from August 2013) and the fundamental review of risk management are developments of key attention for 2013/14. Until these are resolved, the status of internal control and risk management and the level of inherent risk remains at a higher level than is considered appropriate by the Audit and Risk Committee and the Board.

This will require the continued enhanced levels of vigilance by management and related oversight by the Board and the Committee.

Except as noted above, there have been no significant governance or internal control issues to report.



Marcus Agius
Chairman of the Board of Trustees
13 June 2013



Richard Deverell
Director
13 June 2013

Sustainability Report

Sustainability information is reported in accordance with the Government Financial Reporting Manual (FRM) and as part of the requirements of HM Treasury's Public Sector Annual Reports: Sustainability Reporting, Guidance for 2011/12 Reporting.

The Greening Government Commitments (GGCs) which commenced on 1 April 2011 require the Royal Botanic Gardens, Kew to report information to Defra on a quarterly basis. These targets replaced the Sustainable Operations on the Government Estate (SOGE) targets from which RBG Kew was excluded.

The Greening Government Commitments (GGC) aim to reduce the impact the government has on the environment using 2009/10 as the baseline. The head line targets are to:

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

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

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

About our data

There are limitations to the accuracy of RBG Kew's financial and non-financial sustainability data and RBG Kew continues to improve its processes and the quality of its internal controls. The data gathering process is currently aligned with the requirements of the CRC Energy Efficiency scheme (CRC); consumption figures are based on billed amounts and are therefore subject to adjustments in subsequent periods.

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

Our commitment to sustainability

RBG Kew's mission statement demonstrates its commitment to sustainability and this is exemplified by best-practice management throughout its gardens, projects and partnerships. As such, RBG Kew believes that its operations should be undertaken with minimal adverse impact on both the local and global environment. RBG Kew uses an ISO14001 compliant Environmental Management System (EMS) to control its operations and is committed to maintaining this standard. Kew is the first World Heritage Site to achieve this international standard.

Summary of Performance

RBG Kew monitors environmental performance using an ISO 14001 compliant management system which focuses on RBG Kew's main impacts including pollution control, water, waste, composting, energy and procurement

Area		2012/13 Performance	
Greenhouse Gas Emissions	Total Emissions	tonnes.CO ₂ e	6106
	Total Energy Expenditure	£	1,083,025
Water	Total Water Consumption	m ³	133,297
	Water Supply Costs	£	167,555
Waste	Total waste	tonnes	1,138
	Total disposal cost	£	93,004

Summary of Future Strategy

RBG Kew will continue to promote sustainability and to assist the world with climate change mitigation through our work on the Breathing Planet Programme and through achieving the objectives outlined in the Rolling Strategic Business Plan.

RBG Kew's corporate policy is to establish and maintain effective environmental management based on the requirements of ISO 14001, a system crucial to the management of the Estate. In line with this policy, which is available on Kew's website, RBG Kew aims to meet environmental targets and to continue to improve its environmental performance.

RBG Kew has made commitments to:

- annually assess its operation to see how it impacts on and interacts with the environment;
- set annual objectives and targets to ensure continual improvement of our environmental performance; and
- comply with all relevant environmental legislation.

Our commitments to the Breathing Planet Programme strategy will focus Kew's work in order to maximise its relevance and impact in addressing the major environmental challenges we face 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 operation and climate change. As a response, the organisation is preparing an Energy Strategy to build on the progress already made. The outcome will be long-term emission reduction targets aligned to government policy, delivered through an intelligent mix of renewable energy and conservation measures.

Green House Gas Emissions

RBG Kew is committed to reducing emissions from energy consumption by meeting and exceeding government targets for the reduction of energy used on site.

RBG Kew has completed its CRC Annual Report for 2011/12 and is developing its energy reduction strategy to meet future targets. The organisation placed 708th of 2761 registered companies, reducing its emissions 6% on the previous reporting year, a 63-place improvement.

Sustainability Report continued

RBG Kew continues to develop its carbon reduction strategy in line with its commitment to the Greening Government targets, the Climate Change Act 2008, which established the CRC Energy Efficiency scheme, and the UK Renewable Energy Action Plan 2009.

Against Greening Government Targets, the organisation achieved a 5% reduction in CO2 emissions on the 2009/10

baseline year. This is a drop in performance in comparison to the previous reporting year, and can be attributed to the longer winter period and lower mean temperatures experienced from November through to March. The result of this being 15% and 12% increases in Natural Gas and Gas oil consumption, respectively

Greenhouse gas emissions		2009/10	2010/11	2011/12	2012/13
Non financial indicators (tCO2e)	Scope 1: Direct Emissions	2,295	2,517	1,716	2,443
	Scope 2: Indirect Emissions	4,201	4,324	4,242	3,663
	Scope 3: Emissions from Official Business Travel*				
	Total Emissions	6,495	6,841	5,958	6,106

* Data not available

Energy			2009/10	2010/11	2011/12	2012/13
Non financial indicators (kWh)	Energy Consumption	Total Energy Consumption	19,313,000	20,621,373	18,071,014	19,000,493
		Electricity: Browne	7,771,000	7,985,000	7,293,055	6,388,272
		Electricity: CHP			792,778	751,354
		Gas	8,829,000	9,855,000	7,839,575	9,218,670
		Oil	2,439,000	2,618,373	1,950,722	2,485,742
		LPG	274,000	163,000	194,884	156,455
		Other			0	0
Financial indicators (£)	Total Energy Expenditure	945,000	932,000	1,035,765	1,083,025	

RBG Kew has progressed its energy reduction programme over the past year, focusing on low to zero carbon technology, conservation measures and monitoring. These measures have been implemented as part of RBG Kew's energy reduction programme:

- LED lighting refit of the Jodrell and Herbarium buildings;
- installation of voltage optimisation technology at the Wellcome Trust Millennium Building;
- roll out of a comprehensive energy metering programme, providing building by building energy data.

In addition to these energy conservation projects, RBG Kew has secured Defra funding for a 500kW biomass boiler system at Wakehurst Place. The system will deliver a further 11% CO2 emission reduction when completed. Work is due to start in early 2013/14.

Kew has also stated that Biomass is the preferred option for

energy supply as part of the Temperate House Precinct Project.

RBG Kew is also developing plans for a large-scale energy centre district heating system encompassing biomass and CHP technology. This system would increase RBG Kew's resilience to seasonal temperature variations whilst decarbonising the energy supply to the Palm House and the Princess of Wales Conservatory.

Waste management

RBG Kew is committed to producing zero waste to landfill by 2020. Good progress has been made against this target by Wakehurst Place and by Horticulture at Kew, and significant improvement has been made in improving reporting in line with the GGC target areas. RBG Kew is working with the Environment Agency to ensure that our composting complies with the new regulations.

Waste		2009/10	2010/11	2011/12	2012/13
Non financial indicators (tonnes)	Total waste		2,323	1,531	1,138
	Hazardous waste		1,124	4	10
	Reused, recycled, composted		105	123	206
	Incinerated with energy recovery			3	137
	Landfill		1,094	1,401	785
Financial indicators (£)	Total disposal cost		80,300	94,316	93,004

* Data not available

Sustainability Report continued

Water consumption

RBG Kew has a statutory duty to preserve the living collection which contains numerous rare or endangered species.

Although Kew uses rainwater collection on the major glasshouses, over 90% of Kew's water usage is used for irrigation of the living collections. Over the past year, RBG water consumption has decreased significantly by 16%. This is due in part to the wetter summer reducing consumption over the peak period.

RBG Kew engaged with the local water authority in order to reduce water consumption over the summer 2012 period when drought conditions were forecast. The organisation has put in place a horticultural water conservation policy to prepare for such an event.

RBG Kew has committed to increasing the effective use of potable and grey water. To facilitate this objective in 2013, the organisation commissioned a study into the rationalisation of its water supply network.

Water			2009/10	2010/11	2011/12	2012/13
Non financial indicators (m ³)	Water Consumption	Total Water Consumption	158,000	184,300	159,045	133,297
		Supplied (Non Office Estate)	158,000	177,000	159,045	133,297
		Abstracted		7,300*	185,750	97,868**
Financial indicators (£)	Water Supply Costs	238,000	264,000	245,117	167,555	

Sustainable Procurement, including Food

RBG Kew is committed to Sustainable Procurement through its ISO 14001 management system. This will be achieved through improved management of its suppliers and the integration of full life costing for goods and services.

Environmental Management System

RBG Kew's corporate policy requires that Kew maintains an effective environmental management system, EMS, based on the requirements of BS EN ISO 14001:2004. This system will continue to be an integral tool for managing RBG Kew's environmental impacts and for providing a mechanism to monitor, report and deliver against the Government's Greening Government Commitments and the Treasury's FReM Sustainability Reporting requirements.

Kew has recently been re-certified against this standard and the audit recognised that Kew updated its environmental policy in 2011 to include specific energy targets. The audit commended the use of the system at Wakehurst Place which was recognised as demonstrating steady environmental

improvements. The audit highlighted that further work will need to be undertaken to develop and implement a more sustainable procurement procedure across the whole organisation in order to retain this accreditation in the future. Additional work is being undertaken to align the EMS with the reporting requirements of the GGC and with new government requirements including FReM.

Governance

RBG Kew's environmental policy is signed by the new Director (CEO) and the continued operation of an ISO 14001-compliant Environmental Management System is a Key Performance Indicator for Kew. Compliance with the requirements of the CRC Energy Efficiency scheme and Greening Government Commitments are part of RBG Kew's objectives and are aligned to the Breathing Planet Programme. Kew's progress and compliance with this is reported to the Environmental Sustainability Steering Group on a quarterly basis as required by our corporate governance structure.

Royal Botanic Gardens, Kew Five year financial summary

Statement of Financial Activities

	2008/09 £'000	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000
Incoming resources					
Grant-in-aid	26,600	28,550	24,620	28,500	32,475
Grants and donations	14,566	6,629	9,091	6,414	13,163
Income from activities	13,463	13,712	13,324	13,906	14,134
Investment income	415	67	72	64	62
Total incoming resources	55,044	48,958	47,107	48,884	59,834
Resources expended					
Charitable expenditure	43,577	46,304	42,781	50,641	53,606
Cost of generating funds	4,230	4,341	4,187	4,740	4,921
Total resources expended	47,807	50,645	46,968	55,381	58,527
Net incoming resources	7,237	(1,687)	139	(6,497)	1,307
Revaluation of fixed assets	(9,019)	(3,062)	2,393	11,717	2,176
Net movement in reserves	(1,782)	(4,749)	2,532	5,220	3,483
Reserves at 1 April	125,626	123,844	119,095	121,627	126,847
Reserves at 31 March	123,844	119,095	121,627	126,847	130,330

Summary Balance Sheet

	2009 £'000	2010 £'000	2011 £'000	2012 £'000	2013 £'000
Fixed assets	117,225	112,889	115,934	122,126	124,781
Current assets	14,249	13,449	16,364	16,227	17,430
Creditors	(7,630)	(7,243)	(10,671)	(11,506)	(11,881)
Total assets less current liabilities	123,844	119,095	121,627	126,847	130,330
Unrestricted	112,639	107,443	109,974	115,380	118,015
Restricted	11,071	11,484	11,480	11,295	12,122
Endowment	134	168	173	172	193
Total reserves	123,844	119,095	121,627	126,847	130,330

Remuneration Report

Remuneration Policy

The remuneration of the Director (CEO, previously both CEO and Chief Scientist) is set by the Remuneration Committee, a sub-committee of the Board of Trustees. The members are identified on page 14.

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 (less than 5%), affordability and government pay policy.

The Remuneration Committee reviews the Director's recommendations on the remuneration packages of Executive Board members and other employees on individual contracts on an annual basis.

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 Kew Executive Board.

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

Remuneration (Audited)		2012/13	2012/13	2012/13	2011/12	2011/12	2011/12
		Salary	Bonus	Benefits in kind	Salary	Bonus	Benefits in kind
		£	£	£	£	£	£
Andrew Burchell ¹	Director, Business & Corporate Services to 31/10/12	67,006	-	-	105,060	-	-
Andy Jackson ²	Director, Wakehurst Place from 01/11/12	29,484	-	-	-	-	-
Angela McFarlane	Director, Public Engagement & Learning	89,000	-	-	89,000	-	-
Dave Simpson ³	Acting Keeper, Herbarium, Library, Art and Archives from 12/11/12	32,009	-	-	-	-	-
Jill McLaughlin ⁴	Acting Director, Corporate Services from 01/11/12	75,992	-	-	-	-	-
Mark Chase	Keeper, Jodrell Laboratory	84,161	-	-	84,161	-	-
Michael Murphy ⁵	Director, Development to 31/12/12	78,750	10,000	-	105,000	-	-
Monique Simmonds	Director, Kew Innovation Unit	83,930	-	-	82,167	-	-
Richard Deverell ⁶	Director (CEO) from 17/09/2012	75,445	-	-	-	-	-
Stephen Hopper ⁷	Director, (CEO and Chief Scientist) to 07/10/12	87,872	10,000	12,850	136,192	10,000	13,603
Tim Entwisle ⁸	Director, Conservation, Living Collections and Estates to 03/03/13	109,118	10,000	-	109,478	-	-

1. Salary to 31 October 2012 – annual equivalent salary £105,060

2. Salary from 06 November 2012 – annual equivalent salary £69,103

3. Salary from 06 November 2012 – annual equivalent salary £82,900

4. Jill McLaughlin is an interim contractor. This represents fees paid to the agency through which she has been employed. Jill is paid through a service company.

5. 75% of the total staff costs for Michael Murphy were recharged to the Kew Foundation up to 31 December 2012. Since that date he has transferred fully to the Kew Foundation payroll and attends meetings as an observer.

6. Salary from 17 September 2012 – annual equivalent salary £140,000

7. Salary to 07 October 2012 – annual equivalent salary £136,192. A tax payment of £12,377 was made in relation to 2011/12 benefit in kind and £10,726 for 2012/13.

8. Salary to 03 March 2013 – annual equivalent salary £118,000

† Salary from 27 April 2011 – annual equivalent salary £118,000

Pension Benefits (Audited)	Accrued pension at age 60 as at 31/03/13	Accrued pension at age 60 as at 31/03/13 & related lump sum	Real increase in pension & related lump sum at age 60	CETV at 31/3/13	CETV at 31/3/12	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Andrew Burchell	53	212	9	1159	1066	45	N/A
Andy Jackson	20	81	3	332	318	8	N/A
Angela McFarlane	5	5	2	62	33	22	N/A
Dave Simpson	26	69	10	521	436	81	N/A
Mark Chase	22	87	2	487	472	10	N/A
Michael Murphy	8	8	2	85	63	16	N/A
Monique Simmonds	29	116	3	631	613	13	N/A
Richard Deverell	2	2	2	19	-	15	N/A
Stephen Hopper	11	11	1	222	197	23	N/A
Tim Entwisle	5	5	3	79	39	26	N/A

Remuneration Report continued

For 2011/12, the Remuneration Committee awarded non-consolidated performance payments to Stephen Hopper, Tim Entwisle and Michael Murphy, paid in 2012/13. While Kew's senior employees are not Senior Civil Servants, the payments were in line with guidance on non-consolidated performance payments for Senior Civil Servants.

Salary

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

Benefits in kind

The post holders do not receive any benefits provided by the employer and treated by HM Revenue & Customs as a taxable emolument, except that, in October 2011, the Director's entitlement under his employment contract to two return air flights to Australia each year became taxable after five years, under HMRC rules. The entitlement has been used by the Director to enable his wife to travel to Australia twice since October 2011 at a cost of £13,603, as disclosed in the remuneration table on page 31. The Trustees do not receive any remuneration for their services to Kew. Note 10 details their expenses.

Tax Arrangements of Public Sector Appointees

The tables below show details of tax arrangements of senior public appointments for RBG Kew for the year ended 31 March 2013. On 31 January 2012, the Chief Secretary to the Treasury announced a review of the tax arrangements of public service appointments. The first table below shows the data provided by the RBG Kew as part of that review.

Off-payroll engagements at a cost of over £58,200 per annum that were in place as of 31 January 2012	
Number in place on 31 January 2012	19
of which	
Number that have since come onto the organisation's payroll	0
of which	
Number that have since been re-negotiated/re-engaged, to include contractual clauses allowing the department to seek assurance as to their tax obligations	17
of which	
Number that have not been successfully re-negotiated, and therefore continue without contractual clauses allowing the department to seek assurance as to their tax obligations	1 ^a
Number that have come to an end	4
Remaining in RBG Kew at 31st March 2013	15

^a RBG Kew is pursuing confirmation of the contract change with Defra but does not yet have written confirmation.

The recommendations of the Review were to be implemented within three months of it being published in May 2012 and new clauses were to be added into new contracts from 23 August 2012.

Number of new engagements between 23 August 2012 and 31 March 2013	9
of which	
Number of new engagements which include contractual clauses giving the department the right to request assurance in relation to Income Tax and National Insurance obligations	9
of which	
Number for whom assurance has been requested and received	9
Number for whom assurance has been requested but not received	0
Number that have been terminated as a result of assurance not being received	0
Total	9

Median Salary Ratio

The Median Salary in the organisation in 2012/13 was £24,063 (£23,429 in 2011/12). The ratio to the Director's remuneration of £140,000 in 2012/13 (£146,192 in 2011/12) was 5.8 (6.2 in 2011/12). Agency pay has been excluded from the Median Salary calculation as this pay arrangement would give rise to a distortion of the results.

Civil Service Pensions

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

Employee contributions are salary-related and range between 1.5% and 3.9% of pensionable earnings for classic and 3.5% and 5.9% for premium, classic plus and nuvos. Increases to employee contributions will apply from 1 April 2013. 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,

Remuneration Report continued

a member builds up a pension based on their 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 uprated in line with Pensions Increase legislation. In all cases, members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

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

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

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

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.

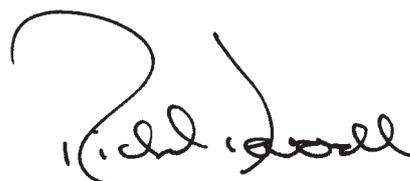
The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own 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.



Marcus Agius
Chairman of the Board of Trustees
13 June 2013



Richard Deverell
Director
13 June 2013

Auditor's Certificate and Report

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the Royal Botanic Gardens, Kew for the year ended 31 March 2013 under the National Heritage Act 1983. The financial statements comprise the Consolidated Statement of Financial Activities, the Consolidated and the Royal Botanic Gardens, Kew Balance Sheets, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Trustees and Accounting Officer and auditor

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

Scope of the audit of the financial statements

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

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the group's and Royal Botanic Gardens, Kew's affairs as at 31 March 2013 and of the incoming resources and application of resources for the year then ended; and
- the financial statements have been properly prepared in accordance with the National Heritage Act 1983 and Secretary of State directions issued thereunder.

Opinion on other matters

In my opinion:

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

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Amyas C E Morse

Comptroller and Auditor General
National Audit Office
157 – 197 Buckingham Palace Road
Victoria
London
SW1W 9SP
18 June 2013

Royal Botanic Gardens, Kew statement 1

Consolidated Statement of Financial Activities for the year ended 31 March 2013

Notes	Unrestricted	Restricted	Endowment	2012/13	2011/12
	£'000	£'000	Total	Total	Total
	£'000	£'000	£'000	£'000	£'000
Incoming resources					
Incoming resources from generated funds Grant-in-aid	3	32,475	-	32,475	28,500
Grants & donations	4	3,964	9,199	13,163	6,414
Activities for generating funds - trading	5	6,602	-	6,602	6,154
Investment income	6	48	14	62	64
Incoming resources from charitable activities	7	7,532	-	7,532	7,752
Total incoming resources		50,621	9,213	59,834	48,884
Costs of generating funds – trading	8	(4,921)	-	(4,921)	(4,740)
Net incoming resources available for charitable applications		45,700	9,213	54,913	44,144
Charitable activities					
Research and conservation	8	33,737	7,398	41,135	41,435
Visitor activities	8	11,271	1,000	12,271	9,048
Governance costs	8	200	-	200	158
Total charitable costs		45,208	8,398	53,606	50,641
Net (outgoing) /incoming resources		492	815	1,307	(6,497)
Revaluation of assets		2,143	12	2,176	11,717
Net movement in reserves	18	2,635	827	3,483	5,220
Reserves at 1 April	18	115,380	11,295	126,847	121,627
Reserves at 31 March	18	118,015	12,122	130,330	126,847

All activities arise from continuing operations.

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

The Notes on pages 38 onwards form part of these accounts.

Royal Botanic Gardens, Kew statement 2

Balance Sheets 31 March 2013

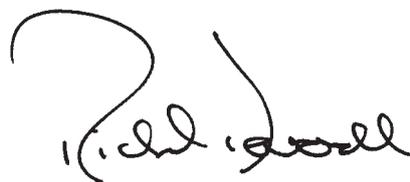
	Notes	Royal Botanic Gardens, Kew		Consolidated	
		2013	2012	2013	2012
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	12	797	77	797	77
Tangible assets	12	5,929	5,116	5,929	5,116
Heritage assets	13	117,763	116,673	117,763	116,673
Investments	14	617	585	292	260
		125,106	122,451	124,781	122,126
Current assets					
Stocks of goods for sale		-	-	564	524
Debtors	16	5,943	9,007	4,986	8,167
Cash at bank and in hand		9,847	5,906	11,880	7,536
		15,790	14,913	17,430	16,227
Creditors: amounts falling due within one year	17	(10,566)	(10,517)	(11,881)	(11,506)
Net current assets		5,224	4,396	5,549	4,721
Total assets less current liabilities		130,330	126,847	130,330	126,847
Reserves					
Unrestricted	18	118,015	115,380	118,015	115,380
Restricted	18	12,122	11,295	12,122	11,295
Endowment	18	193	172	193	172
		130,330	126,847	130,330	126,847

The Notes on pages 41 onwards form part of these accounts.

The financial statements were approved by the Director and Board of Trustees.



Marcus Agius
Chairman of the Board of Trustees
13 June 2013



Richard Deverell
Director (CEO)
13 June 2013

Royal Botanic Gardens, Kew statement 3

Consolidated Cash Flow Statement for the year ended 31 March 2013

	2012/13 £'000	2011/12 £'000
Net cash inflow from operating activities	7,570	1,283
Returns on investments	62	64
Capital expenditure and financial investment	(3,288)	(1,919)
(Decrease)/increase in cash at bank	4,344	(572)

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

	2012/13 £'000	2011/12 £'000
Net (outgoing) /incoming resources	1,307	(6,497)
Depreciation	2,803	2,819
Loss /(gain) on sale of tangible fixed assets	6	110
Loss on revaluation of fixed assets	-	4,515
(Increase)/decrease in stock	(40)	23
Decrease/(Increase) in debtors	3,181	(458)
Increase in creditors	375	835
Less investment income	(62)	(64)
	7,570	1,283

**b Analysis of cash flows
Capital expenditure and financial investment**

Payments to acquire fixed assets	(3,340)	(1,923)
Receipts from sales of fixed assets	52	4
	(3,288)	(1,919)

Management of liquid resources

Decrease in short term cash deposits	-	-
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c Reconciliation of net cash flow to movement in net funds

	2012/13 £'000	2011/12 £'000
(Decrease)/increase in cash in period	4,344	(572)
Cash inflow from decrease in liquid resources	-	-
Movement in net funds in the period	4,344	(572)
Net funds at 1 April	7,536	8,108
Net funds at 31 March	11,880	7,536

d Analysis of net funds

	1 April 2012 £'000	Cash Flow	31 March 2013 £'000
Cash at bank and in hand	7,536	4,344	11,880
Liquid resources	-	-	-
Net Funds	7,536	4,344	11,880

Notes to the accounts year ended 31 March 2013

1 Form of accounts

As stated in the Statutory Information, these accounts have been prepared in the form directed by the Department for Environment, Food and Rural Affairs, and on a going concern basis. Without limiting the information given, the accounts meet the accounting and disclosure requirements of applicable accounting standards so far as those requirements are appropriate, and comply with the Financial Reporting Manual to the extent that they are not in conflict with the Statement of Recommended Practice, Accounting and Reporting by Charities 2005.

2 Accounting policies

Accounting convention

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

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.

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 2013. Consolidation has been carried out on a line-by-line basis.

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

Expense allocation

Costs are allocated to Research and Conservation and Visitor Activities in line with the objects 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 computer costs, which have been allocated on the basis of computer numbers. Governance costs include the costs of strategic planning, the Annual Report and Accounts, audit and Trustees' expenses.

Government grants

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

Income from activities and generated funds

Income is accounted for on a receivable basis, net of VAT. Grant income received is deferred where the activity being funded has not taken place by 31 March in any year.

Income is allocated to Restricted income when it is given by the donor or grant maker for specific purposes.

Gifts in kind

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

Heritage assets

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

Land and buildings

The Board of Trustees does not hold title to the land and buildings used by the Royal Botanic Gardens, Kew except for the Welcome Trust Millennium Building and the land it is situated on, and the adjacent Havelock farm which was acquired in 2012/13. The remaining land and buildings are owned by the Crown at Kew and by the National Trust at Wakehurst Place. As required by the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP) revised in 2005, existing buildings and their associated land used for fundraising or administration purposes, plus the Welcome Trust Millennium Building, were valued and capitalised on the Balance Sheet at 31 March 2001 (see Note 13). 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. The first professional revaluation was carried out during 2001/02, the second in 2006/07 and a new revaluation was carried out in 2011/12. In between professional revaluations, values are updated using indices provided by the professional valuers.

Kew has not capitalised heritage buildings acquired before 2001/02. Under the accounting standard 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 £250,000 is capitalised.

Collections

The Board of Trustees has reviewed the costs of valuing the heritage assets by collection including, in particular, the staff time involved and consider that the cost of obtaining valuations for all existing collections would be onerous, because of the time it would take, compared to the benefit to the readers of the Accounts. Therefore no values have been placed on these as allowed by FRS30. New items to the collections costing more than £2,000 and acquired after 2001 are capitalised.

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

Other fixed assets

Other fixed assets are stated at their value to the business by reference to current costs. Historic costs are not disclosed as required by the SORP as, in the view of the Accounting Officer and the Board of Trustees, this adds no information of value to the Accounts. Capital items costing less than £2,000 are written off to other direct costs (Note 11) in the year of purchase. All other capital expenditure is capitalised as fixed assets.

2 Accounting policies continued

Depreciation

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 equipment over 10 years

Laboratory equipment over 10 years

Computer and photographic equipment between 3 and 10 years

Office equipment over 5 years

Motor vehicles over 5 years

Copyrights year of purchase

A full month (year in the case of land and buildings) of depreciation is charged in the month of disposal and none in the month of acquisition.

Pensions

Pension arrangements are described in Note 22 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.

Construction in progress

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

When fully operational in the business, internally generated software is stated at fair value, which, if it is not income generating, is depreciated replacement cost. Values are updated annually using appropriate indices. Assets in construction are not depreciated until brought into use.

Net liquid resources

Liquid resources comprise short-term cash deposits.

Reserves

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

Restricted funds

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

Endowment funds

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

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.

Revaluation reserve

This represents the cumulative difference between historic and current costs of fixed assets.

Taxation

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

3 Grant-in-aid

Grant-in-aid of £32,475,000 was received from Defra in 2012/13 (2011/12 £28,500,500).

4 Grants and donations

	Unrestricted		Restricted		2012/13		2011/12	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income received from Kew Foundation	2,930	5,878	8,808	2,515				
Other project income	1,034	2,584	3,618	3,574				
EU project income		423	423	154				
Grant for maintaining Wakehurst Place		93	93	87				
Donations		221	221	84				
	3,964	9,199	13,163	6,414				

5 Activities for generating funds – trading

	2012/13		2011/12	
	£'000	£'000	£'000	£'000
Retailing	3,072	3,366		
Commercial development (i)	3,530	2,788		
	6,602	6,154		

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

6 Investment income

	2012/13		2011/12	
	£'000	£'000	£'000	£'000
Interest receivable	50	52		
Charities Official Investment Fund	12	12		
	62	64		

All interest receivable is from cash at bank and short term cash deposits. Both the interest from COIF and £2,000 of income from donations are restricted.

7 Incoming resources from charitable activities

	2012/13		2011/12	
	£'000	£'000	£'000	£'000
Admissions	4,523	5,352		
Catering contracts	942	989		
Education charges	211	276		
Rents receivable	78	94		
Sale of fixed assets	53	4		
Other income from third parties (i)	1,725	1,037		
	7,532	7,752		

(i) 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.

8 Resources expended

	Staff		Dep'n		Direct Support		Other Allocated	
	Costs	Costs	Costs	Costs	Costs	Costs	2012/13 Total	2011/12 Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Trading costs	1,639	20	3,262	-	4,921	4,740		
Research and conservation	16,950	2,012	7,612	14,561	41,135	41,435		
Visitor activities	3,915	771	5,877	1,708	12,271	9,048		
Governance costs	97	-	103	-	200	158		
Support costs	5,456	-	10,813	(16,269)	-	-		
	28,057	2,803	27,667	-	58,527	55,381		

Note 10 12/13 11 9

9 Support costs

	Staff Costs		Other Direct		Total	
	£'000	£'000	£'000	£'000	2012/13	2011/12
Estates	880	8,889	9,769	8,924		
IT	2,008	1,132	3,140	3,871		
HR	645	217	862	774		
Directorate	1,040	337	1,377	804		
Finance	795	161	956	700		
Other support	88	77	165	878		
	5,456	10,813	16,269	15,951		

10 Trustees' remuneration and staff costs

a Trustees' remuneration

Trustees do not receive any remuneration for their services. Travelling and subsistence expenses of two Trustees (2011/12: 2) amounting to £2,991 (2011/12 – £1,595) have been charged at cost as part of other direct costs – Note 11.

b Employees with earnings above £60,000

	2012/13	2011/12
£60,000 – 69,999	10	8
£70,000 – 79,999	3	2
£80,000 – 89,999	6	3
£90,000 – 99,999	2	1
£100,000 – 109,999	1	2
£110,000 – 119,999	1	1
£140,000 – 149,999	-	1

c Staff salaries and social security, including the Director

	2012/13		2011/12	
	£'000	£'000	£'000	£'000
Salaries	22,978	20,762		
Social security costs	1,603	1,499		
Pension costs	3,280	3,201		
Redundancy and Severance costs	979	-		
Total Staff Costs	28,840	25,462		
Capitalised salary and related costs	(783)	-		
Net employee costs	28,057	25,462		

£485,000 wages and salaries costs (2011: Nil) £40,000 social security costs (2011: Nil) and £93,000 pension costs (2011: Nil) have been capitalised within Non-Current Assets. There are £165,000 (2011: Nil) of agency staff costs which have also been capitalised.

d Reporting of Compensation Schemes – Exit Packages

	Total Number of Exit Packages	
	2012/13	2011/12
Less than £10,000	2	-
£10,000 to £25,000	13	-
£25,000 to £50,000	6	-
£50,000 to £100,000	4	-
£100,000 to £150,000	2	-
Greater than £150,000	0	-
Total Number of Exit Packages	27	-
Total Resource Cost (£'000)	979	-

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

	2012/13	2011/12
Botanical science	253	266
Horticulture	181	187
Visitor services and marketing	89	77
Information services	96	58
Support services and estates management	81	58
Directorate	7	8
RBG Kew Enterprises Ltd	51	60
	758	714

11 Other direct costs

	2012/13 £'000	2011/12 £'000
Cost of sales	2,050	2,118
Material	2,605	2,883
Direct project costs	1,573	898
Repair and maintenance	4,138	5,550
Minor new building works	5,635	2,599
Hire charges	355	312
Rates and utilities	3,057	1,876
Trustees' travel and subsistence	3	2
Staff travel and subsistence	657	623
General services	4,116	3,595
Movement in bad debt provision	(56)	48
Audit fee	49	37
Professional fees and consultancy	3,382	1,953
Consultancy	103	91
Impairment on revaluation	-	4,515
	27,667	27,100

Unrecovered VAT for the year of £514,000 has been charged against these accounts (2011/12 £445,000). £49,000 (2011/12 £37,000) was paid to the external auditors for audit fees. No other fees were paid to the external auditors.

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

	Software £'000	IT Work in Progress £'000	Total Intangible Assets £'000	Gardens Equipment £'000	IT Equipment £'000	Other Equipment £'000	Motor Vehicles £'000	Total Tangible Assets £'000
Valuation								
At 1 April 2012	939	-	939	4,388	2,379	7,820	692	15,279
Additions	56	735	791	523	697	325	199	1,744
Disposals	-	-	-	(28)	(305)	(324)	(75)	(732)
Revaluation	-	-	-	76	39	205	19	339
At 31 March 2013	995	735	1,730	4,959	2,810	8,026	835	16,630
Depreciation								
At 1 April 2012	862	-	862	2,431	1,540	5,712	480	10,163
Charge for the year	71	-	71	254	265	365	51	935
Disposals	-	-	-	(28)	(276)	(305)	(65)	(674)
Revaluation	-	-	-	58	32	169	18	277
At 31 March 2013	933	-	933	2,715	1,561	5,941	484	10,701
Net book value								
At 31 March 2013	62	735	797	2,244	1,249	2,085	351	5,929
At 31 March 2012	77	-	77	1,957	839	2,108	212	5,116

Tangible assets with a net book value of £58,000 (2011/12 £9,000) were disposed of during the year for £52,000 (2011/12 £4,000).

13 Heritage assets

	Land	Dwellings	Buildings	Assets under construction	Collections	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Valuation						
At 1 April 2012	36,050	12,578	90,882	-	88	139,598
Additions	211	-	569	-	25	805
Disposals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Revaluation	563	33	1,934	-	-	2,530
At 31 March 2013	36,824	12,611	93,385	-	113	142,933
Depreciation						
At 1 April 2012	-	2,413	20,512	-	-	22,925
Charge for the year	-	210	1,587	-	-	1,797
Disposals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Revaluation	-	6	442	-	-	448
At 31 March 2013	-	2,629	22,541	-	-	25,170
Net book value						
At 31 March 2013	36,824	9,982	70,844	-	113	117,763
At 31 March 2012	36,050	10,165	70,370	-	88	116,673

The valuations of the land and buildings were carried out by Powis Hughes & Associates, Chartered Surveyors, and Fanshawe, Chartered Quantity Surveyors. The most recent valuations were made on an existing use basis at 31 March 2012 and were prepared in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual. The land was valued at £36,050,000 and the buildings at £76,570,000.

All asset categories have been revalued with the exception of Collections.

As explained in Note 2, buildings existing at 31 March 2001 that are not used for fundraising or administration purposes have not been capitalised and Kew's collections have not been capitalised, as allowed by FRS30.

The Kew site of 132 hectares is a Grade I historic landscape and a World Heritage Site. The Wakehurst Place site of 202 hectares is in an Area of Outstanding Natural Beauty. Kew manages over 280 buildings on the Kew and Wakehurst Place sites. Five of these are Grade I listed – the Orangery, Pagoda, Palm House, Temperate House and Wakehurst Place Mansion – and there are 37 Grade II listed buildings. The age range of the buildings is extensive, stretching from the 19th century through to the 21st century. RBG Kew has agreed a five-year Forward Maintenance and Replacement Programme for its Estate with Defra. Funds available for maintenance are prioritised by the Executive Board to the most urgent needs. A major fundraising effort is being made to restore the Temperate House and the Heritage Lottery Fund has now approved a significant grant towards this project.

All new land and buildings above the capitalisation threshold have been included in the balance sheet since April 2001 and transactions over the past five years are summarised below. In 2012/13 Kew acquired the land and building of Havelock farm on the land adjacent to Wakehurst Place.

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:

	2008/09	2009/10	2010/11	2011/12	2012/13
	£'000	£'000	£'000	£'000	£'000
Valuation					
At 1 April	126,132	127,032	122,745	127,660	139,510
Additions funded by Government Grants	11,859	1,035	2,505	826	-
Additions funded by other grants and donations	-	526	53	-	780
Disposals	-	-	-	(881)	-
Revaluations	(10,959)	(5,848)	2,357	11,905	2,530
At 31 March	127,032	122,745	127,660	139,510	142,820
1 Herbarium collections: these consist of herbarium specimens (dried pressed specimens), spirit preserved specimens and mycological specimens.					
2 Economic Botany collections: items and artefacts that demonstrate the use of plants.					
3 Library, Art and Archives collections: these include books, periodicals, pamphlets, prints and drawings, objects d'art, handwritten material and photographs relating to the history of Kew.					
4 Living collections: all plants cultivated at Kew and Wakehurst Place.					
5. Seed collections: all the living seeds collected as part of the project and stored in the Millennium Seed Bank building at Wakehurst Place, and the reference seed collections.					
6. Microscope Slides collections: these relate to plant anatomy, palynology, cytogenetics and mycology.					

13 Heritage assets continued

Extensive information about Kew's collections is available on the internet at www.kew.org/collections and a brief summary for each of the main areas follows.

The Herbarium collections total approximately 8.3 million specimens. They are actively managed by the scientists at Kew and are added to each year from collecting expeditions by Kew staff and other institutions. Kew is progressing a programme to digitise the herbarium specimens so that they can be made available to researchers worldwide over the internet, negating the need to visit Kew or for specimens to be sent out on loan. Full details of 463,000 specimens are available to the public at <http://apps.kew.org/herbcat/navigator.do>

The Economic Botany collections are fully catalogued and consist of approximately 91,500 items added to annually with items from all around the world. All the collections are available for inspection by bona-fide researchers and there is also a permanent display of items for the general public in Museum No.1 in the Gardens. Full details of almost all items are available online at <http://apps.kew.org/ecbot/> The additions in 2012/13 are due to the donation of the material medica collection from Kings College London.

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. Kew is continuing to develop the catalogues of the print and archival items and information about these collections can be found at www.kew.org/library. The Library is open to the public and a large reading room is now available for their use. 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 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 and are probably the largest and most diverse collection in the world, with approximately 69,000 accessions representing 28,000 taxa. They also provide the magnificent displays for the public at Kew and Wakehurst Place.

Kew's Millennium Seed Bank at Wakehurst Place is the result of one of Kew's most successful projects and holds Kew's Seed collection of approximately 57,000 samples, representing 342 families and 30,000 species, made up of 1.6 billion seeds. This ongoing project works with partners all over the world collecting seeds for storage at Wakehurst and in the country of origin. The Millennium Seed Bank Building itself is open to the public so they can learn about seed banking and see the scientists at work.

The Microscope Slide collections total about 200,000 items and continue to be prepared by Kew's scientists as part of their research leading to publications and as part of their identification work, including advisory work for UK Customs. Databasing of these collections is almost complete and information about them will be more easily available when the database is made accessible online.

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

	2009/10	2010/11	2011/12	2012/13
Herbarium collections	34,154	34,108	37,564	34,891
Economic Botany collections	101	413	533	5,500
Library, Art and Archives collections	14,845	12,430	16,679	18,879
Living collections	2,555	2,140	1,316	1,347
Seed collections	6,516	3,109	3,400	7,444
Microscope Slides collections	10,500	4,900	1,012	863

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. The disposal policies for the main areas of the collections are as follows.

Herbarium collections – no disposal policies are in place and once added to the collections they are retained indefinitely.

Economic botany collections – no disposal policies are in place and once added to the collections they are retained indefinitely.

Library, Art and Archives collections – as the National Reference Collection for botanical literature all printed items acquired by the Library in line with its Collection Development Policy, once accessioned into the collection, are generally retained indefinitely. The only exceptions to this are annual and other reference works which are regularly superseded by new editions and works purchased for operational matters outside of the core collection area. These works are de-accessioned once their information value has expired. They are offered to dealers but items in this category rarely have any re-sale value and are sent for recycling. If an item falling outside of this situation, i.e. a valuable item, is considered for disposal, Arts Council England guidelines on disposal would be followed. Items accessioned into the Art and Archive collections are original and usually unique and disposal would be exceptional. The Arts Council England guidelines on disposal would be followed.

Living collections – the disposal procedures detail the factors to consider before Kew disposes of accessioned material with the aim of maintaining the relevance of the collection and responding to changing needs. The reasons why Kew might deaccession specimens are explained in the procedures and there is a checklist of factors to consider before this final step is taken. These include checking the conservation rating of the plant and if it is in cultivation in a minimum number of other Botanic Gardens. Where Kew knows of other gardens with active research programmes on a family or genus, then relevant material is shared with them where possible. It is also ensured that Kew has DNA and herbarium specimens, where appropriate, and seed banked if at all possible.

Seed collections – every collection that arrives at the bank is accessioned. During processing, germination testing and monitoring over time, decisions are made as to whether or not to keep the collection. This decision will depend on the physical quality of the seeds (full, empty, infested etc.), the viability based on germination and cut testing and, occasionally, on seed number. Disposal will only be carried out if the collection is very poor and/or not especially threatened or rare and when the species is duplicated in the collections. A decision would then be made whether or not to keep, dispose or attempt to regenerate.

Microscopes slides – no disposal policies are in place and once added to the collections, slides are retained indefinitely.

14 Investments

	Royal Botanic Gardens, Kew		Consolidated	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Valuation				
At 1 April	585	587	260	262
Revaluation	32	(2)	32	(2)
At 31 March	617	585	292	260

Investments at 31 March are analysed as follows:

	Royal Botanic Gardens, Kew		Consolidated	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
RBG Kew Enterprises Limited	325	325	-	-
Charities Official Investment Fund	292	260	292	260
	617	585	292	260

Kew has a small level of funds which are invested in the Charities Official Investment Fund. The Trustees consider this gives an adequate balance between risk and reward for the amounts involved.

15 Trading subsidiary**The subsidiary undertaking is as follows:**

Name RBG Kew Enterprises Limited

Registered in England & Wales Company Number 2798886

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

Activity Retailing and commercial development

Proportion of shares held Ordinary shares 100%
Redeemable shares 100%

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

	2012/13	2011/12
	£'000	£'000
Turnover	5,558	5,742
Cost of sales	(2,132)	(2,246)
Gross profit	3,426	3,496
Net other expenses	(2,222)	(2,620)
Interest receivable	4	5
Net profit	1,208	881
Gift Aid payable to Kew	(1,208)	(881)
Profit for year	-	-

	2013	2012
	£'000	£'000
Balance sheet		
Current assets	3,173	2,741
Current liabilities	(2,848)	(2,416)
	325	325
Share capital and reserves	325	325

16 Debtors

	Royal Botanic Gardens, Kew		Consolidated	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Trade debtors	690	1,427	1,107	1,776
Prepayments and accrued income	968	1,425	1,128	1,662
Owed by subsidiary	1,534	1,427	-	-
Owed by the Foundation	1,162	3,848	1,162	3,848
Travel advances to staff	39	25	39	25
Staff loans	14	11	14	11
VAT (HMRC)	929	650	929	650
Other	607	194	607	195
Total debtors	5,943	9,007	4,986	8,167

Intra Government Bodies:

Balances with Central Govt Bodies	1,534	843	1,534	843
Balances with Local Authorities	1	1	1	1
Balances with Public Corporations	1	-	1	-
Balances with Bodies External to Government	4,407	8,163	3,450	7,323
Total debtors	5,943	9,007	4,986	8,167

17 Creditors: Amounts falling due within one year

	Royal Botanic Gardens, Kew		Consolidated	
	2013	2012	2013	2012
	£'000	restated £'000	£'000	restated £'000
Trade creditors	1,389	466	1,432	506
Accruals & Deferred Income	8,056	6,004	9,291	6,953
Provisions	154	83	154	83
Other	148	246	185	246
Defra	-	3,000	-	3,000
Tax & NI	487	428	487	428
Other (PCSPS)	332	290	332	290
Total Creditors	10,566	10,517	11,881	11,506
Intra Government Bodies:				
Balances with Central Govt Bodies	819	3,718	819	3,718
Balances with Local Authorities	-	-	-	-
Balances with Public Corporations	-	-	-	-
Balances with Bodies External to Government	9,747	6,799	11,062	7,788
Total creditors	10,566	10,517	11,881	11,506

Provisions are for early retirement costs and outstanding small claims against the organisation. Other creditors includes £131,000 regarding a loan for energy saving measures which is repayable as the savings are realised. This is likely to be paid back by March 2015. It also includes £39,000 of long term liability in relation to early retirement.

Accruals includes a £930,000 liability for gas consumption undercharged in prior periods. This is currently subject to negotiation with the supplier.

Other creditors have been restated to reclassify deferred income within the category accruals and deferred income.

18 Statement of reserves Royal Botanic Gardens, Kew and Consolidated

	At 1 April 2012	Income	Expenditure	Revaluation	At 31 March 2013
	£'000	£'000	£'000	£'000	£'000
Unrestricted					
General–other	4,368	48,153	(47,548)	–	4,973
General–capital	37,015	2,468	(1,730)	–	37,753
Capital Revaluation Reserve	73,997	–	(851)	2,143	75,289
Total Unrestricted	115,380	50,621	(50,129)	2,143	118,015
Restricted					
General–capital	10,849	871	(279)	–	11,441
Capital Revaluation Reserve	6	–	–	1	7
Donations	440	234	(11)	11	674
Projects	–	8,108	(8,108)	–	–
Total Restricted	11,295	9,213	(8,398)	12	12,122
Endowment					
Scott-Marshall	169	–	–	21	190
Robin Spare Book Fund	3	–	–	–	3
Total Endowment	172	–	–	21	193
Total Reserves	126,847	59,834	(58,527)	2,176	130,330

The Donations fund represents money given mainly by members of the public for specific purposes ranging from the purchase of books for the Library to money to support different parts of the gardens. There are 12 different accounts within Donations (2011/12 12).

Projects are where RBG Kew receives money from third parties to fund various activities such as specific areas of research, developments in the gardens, restoration of buildings etc., much of this money coming via the Foundation. There were over 70 such projects this year.

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

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

The income from the Robin Spare Book Fund is to be used to purchase books for the School of Horticulture library at Kew.

19 Analysis of net assets between reserves

	Unrestricted	Restricted	Endowment	Total
	£'000	£'000	£'000	£'000
Reserves balances at 31 March are represented by:				
Fixed Assets	113,047	11,442	–	124,489
Investments	–	99	193	292
Current Assets	13,843	3,587	–	17,430
Creditors	(8,875)	(3,006)	–	(11,881)
	118,015	12,122	193	130,330

20 Analysis of reserves

	Unrestricted	Restricted	Endowment	Total
	£'000	£'000	£'000	£'000
General – Other	4,973	640	110	5,723
General – Capital	37,753	11,441	–	49,194
Revaluation Reserve	75,289	41	83	75,413
	118,015	12,122	193	130,330

21 Fruitless payment

In 2009/10 RBG Kew entered into a five-year contract with Oracle with a total value of £1.7m for the provision of software licenses (£784,000) and for support and maintenance (£916,000) for Kew's content management systems and its proposed Enterprise Business Systems covering financial and HR needs. Equal payments of £340,000 are made in each year. The Content Management products have been implemented and are operational; however, in response to government policy, the implementation of the EBS was stopped early in 2010/11.

The cost of support and maintenance services is being expensed as incurred over the five-year term of the service contract, while the software license cost has been capitalised under intangible assets and is being amortised over three years. At 31 March 2013, the asset is fully written down (2012 – NBV £65,000).

RBG Kew has continued to make full contractual payments to Oracle without obtaining the benefit of operating the EBS element. The estimated value of the EBS element is £900,000 comprising £416,000 for the software license and £484,000 for the support and maintenance services.

The amount charged in the SOFA to March 2013 is estimated as £803,000 (2012 £671,000), comprising the amortisation

of £416,000 (2012 £381,000) and charges for support and maintenance of £387,000 (2012 £290,000). A further £97,000 remains to be expensed in 2013/14.

RBG Kew is planning to implement these financial and HR systems using the Defra Shared Service, and it has been agreed that the Kew licenses will be consolidated with those of Defra, with Defra effectively bearing the cost of the Kew contract. On that basis, RBG Kew expects to obtain economic benefits from utilising the remaining services under the contract.

22 Pension Costs

The staff of the Royal Botanic Gardens, Kew are members of the Principal Civil Service Pension Scheme (PCSPS). As the PCSPS is an unfunded multi-employer defined benefit scheme, Kew is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2007. 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 2013, employers' contributions were payable to the PCSPS at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands (2012: 16.7% to 24.3%). The Scheme Actuary reviews employer contributions usually every four 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 2013 to be paid when the member retires and not the benefits paid during this period to existing pensioners. Total employer contributions to the PCSPS were £3.1m (2012: £3.0m).

RBG Kew Enterprises operates a Group Personal Pension Plan for its employees, which is a defined contribution scheme. It made pension contributions of £79,000 (2011/12 £60,000) to this scheme during the year. 48 staff were members of the defined contribution scheme at 31 March 2013 and the remaining staff were members of the PCSPS.

23 Commitments

There were no major capital commitments at 31 March 2013.

24 Contingent liabilities

Three outstanding claims existed as at 31 March 2013 with a total cost not expected to exceed £47,000. Kew believes that it is unlikely that settlement will be required and accordingly no provision has been made.

25 Related party transactions

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

As stated in the Statutory Information the purpose of the Foundation and Friends of the Royal Botanic Gardens, Kew is to provide support for Kew and, as shown in Note 4, £8.8m was received in 2012/13 (2011/12 £2.5m). Kew provides services and facilities to the Foundation and Friends which are made on an arms length basis. The Foundation and Friends

runs a membership scheme which provides a range of services to its members, and Kew allows its members free access to Kew Gardens and Wakehurst Place. Further information about the Foundation and Friends can be found on page 17. Marcus Agius, Henry Keswick and George Loudon were Trustees of the Foundation and Friends throughout the year. Stephen Hopper was also Chief Executive of the Foundation and Friends. The Bentham-Moxon Trust is a separate registered charity (registration no. 305966) which provides financial support for botanical collections and research and publications that further the work of Kew. Three members of Kew staff are Trustees along with three external Trustees. The Trust makes annual grants, some of which are made to Kew and some to non-related parties and organisations.

Material Transactions with Related Party Interests. During the year, RBG Kew had the following transactions in which there was a related interest:

Mr Marcus Agius, Chairman, is a Senior Independent Director of the BBC. Income in the year from BBC Worldwide was £3,600 and expenditure was incurred of £835.

Dr Geoffrey Hawththorn, Trustee, was a Senior Adviser at the Global Crop Diversity Trust. Kew received income of £5,094 for 2012/13.

Professor Jonathan Drori is a Trustee of The Woodland Trust: income £3,150 for 2012/13.

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

26 Financial instruments

FRS 29 – Financial Instruments: Disclosures is applicable and requires disclosure of the role financial instruments have had during the period in creating and changing the risks an entity faces in undertaking its activities. 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.

The majority of financial instruments relate to contracts to buy non-financial items in line with Kew's expected purchase and usage requirements. Kew is therefore exposed to little credit, liquidity or market risk. However, the following points should be noted.

- Kew is exposed to credit risk of £690k of trade debtors - however this risk is not considered significant as major customers are familiar to Kew.
- Kew has recovered 97% of trade debtors over the last year.
- Cash is held by Kew's bankers and Kew has not suffered any loss in relation to cash held by bankers.
- Kew cash deposits have floating interest rates. Were LIBOR to decrease to zero, interest income would decrease by approximately £50k.
- The movement on the investment funds has been allocated to the Restricted and Endowment Reserves.

RBG Kew's financial assets and liabilities by category, as defined in FRS25, are set out below:

	Loans and receivables £'000	Available for sale £'000	Other financial liabilities £'000
As at March 2013			
Cash	11,879	-	-
Trade and other debtors	4,986	-	-
Stocks	-	564	-
Investments	-	292	-
Trade and other creditors	-	-	(11,881)
	<u>16,865</u>	<u>856</u>	<u>(11,881)</u>

27 Post balance sheet events

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



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