

Kew

ROYAL BOTANIC GARDENS

Royal Botanic Gardens, Kew

Annual Report and Accounts

for the year ended 31 March 2012



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Chairman's letter

There has never been a more important time for conservation and biodiversity to be supported. It is vital for the Royal Botanic Gardens, Kew's staff, resources and 250 years of knowledge to add value to UK and international efforts to make the planet a more sustainable place for people and biodiversity. Kew continues to build a solid relationship with Defra, who continue to show strong support for the work of Kew despite ongoing government constraints still being in place. The settlement that Kew received from Defra for 2011/12 is a combined result of the hard work of all at Kew – staff, students, volunteers and Trustees. So I would like to start by thanking everyone that comprises RBG Kew for their dedication and contribution towards the achievements of the past year.

RBG Kew is a unique and influential organisation – part international conservation organisation, part world-class scientific body, part 'national treasure' through its visitor attractions and extensive collections. It is a custodian of the world's largest and most diverse collection of plant and fungal material, databases, botanical literature and art. It has internationally recognised scientific expertise in plant and fungal diversity, conservation and sustainable development

in the UK and around the world. The Breathing Planet Programme objectives continue to provide a strong framework by which the collections and expertise at RBG Kew can address the future. In 2011/12 the development of five-year goals, milestones and action plans took place within this structure. Key to these efforts is Kew's senior management and a restructure of the Executive Board and departments was completed in 2011. The new organisational structure enables significant improvement for timely delivery of Kew's strategic objectives.

Finally, I would like to express my warm thanks to Professor Stephen Hopper, who will step down in autumn 2012, for the leadership that he has given to all who work for RBG Kew. In his six years as Director, Kew's contribution to plant science, conservation and sustainable living has been of global importance and its reputation as a centre of excellence has been sustained. His leadership has significantly improved Kew's corporate structure and its strategies under the Breathing Planet Programme, providing an innovative plan for the next ten years to meet and address the 21st Century conservation and sustainability challenges that the world faces.



Marcus Agius

Chairman
Trustees of the Royal Botanic Gardens, Kew

Director's (CEO and Chief Scientist) foreword

The Royal Botanic Gardens, Kew has continued to inspire and deliver science-based plant conservation, enhancing the quality of life, throughout the year. The esteem with which its science and conservation work with partners is held, nationally and internationally, remains strong, and demand for its services has increased. Kew's work on plant and fungal diversity gain in importance each year as part of the problem-solving toolkit that people need worldwide to devise ways of living sustainably in a rapidly changing world. This report furnishes ample evidence of such trends in several key areas of work undertaken by Kew.

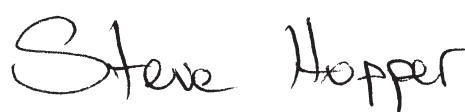
2011/12 has provided challenges but also opportunities for the Royal Botanic Gardens, Kew. We were pleased to receive the continued support from Defra, at a time of government spending constraint, with total Grant-in-aid of £28.5 million to support and develop Kew's operations. In addition, 2011/12 has seen significant income generation activity which has enabled us to continue operating in a stable and effective manner. Above this we have progressed the programme of transformational change, including the percentage of self-generated income, coped adequately with the cuts in administrative expenditure and delivered, following a ruthless prioritisation of activity, a satisfactory range of outputs in response to our statutory requirements.

We are now considering where Kew should be in five years and how we reach that point. The Breathing Planet Campaign, the Landscape Master Plans at Kew and Wakehurst Place, and the Public Programmes Strategy provide frameworks to show that our ambitions are achievable and aligned with the corporate strategies of the Breathing Planet Programme and our mission.

In the UK Kew has agreed some significant Memoranda of Understanding and Collaboration. Most relevant in the United Nations International Year of Forestry, a revised Memorandum with the Forestry Commission signals Kew's willingness to work with Defra partners in new ways and will pave the way for Kew to play an even more important role in caring for the world's tree diversity. A new Memorandum of Collaboration with the Natural History Museum provides welcome opportunities to work towards achieving greater synergies with our respective collections and expertise. A significant Memorandum of Understanding is being developed with the British Museum to establish an ongoing partnership for landscapes, education, collections and research, whilst the World Online Flora is a major collaboration with Missouri Botanical Garden and New York Botanical Garden. A strategic global alliance for restoration ecology in botanic gardens is also close to fruition.

At international meetings this year I rubbed shoulders with the captains of industry and many government officials and Ministers. At the Commonwealth Business Meeting in Perth it was useful to gain a sense of how Kew might play a more active role in its international programmes with industry. Two things stood out for me at the meeting. Without doubt, CEOs of major industries, especially mining, are paying far more attention to the triple bottom line than ever before – social and environmental objectives are seen by some as of equal importance to economic objectives in the conduct of good business. This bodes well indeed for the Kew Innovation Unit and future plans for enhancing its activities. The second obvious trend was that East Asia is where the central focus of world business is shifting while the Eurozone and the USA are going through a difficult period. This transition is becoming evident around the world. Kew's traditional strengths in Africa, for example, will be significantly influenced by Chinese businesses operating in that continent now and in to the future.

It was during an exciting year that I announced that I will depart RBG Kew in October 2012 to return to take up a professorial post in biodiversity at the University of Western Australia. I will leave Kew with sadness but also pleasure knowing that it is in safe hands. Kew has exceptionally dedicated and talented staff, students, volunteers and Trustees and I pay tribute to all who have supported Kew over the years, past and present, locally, nationally and internationally including, in particular, colleagues and ministers at Defra. There is much to do in my remaining year at Kew. I look forward in time to working with my successor to ensure a smooth transition and to seeing Kew attain even greater prominence in its vital work and partnerships worldwide.



Professor Stephen D. Hopper FLS FTSE

Director (CEO and Chief Scientist)

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 resources supporting the first five objectives are included in 'Research and conservation' in the Statement of Financial Activities and those supporting the final objective are included in 'Visitor activities'.

The Breathing Planet Programme

The major thrust of the organisation's activity is now aligned around the Breathing Planet Programme in order to maximise its relevance and impact in addressing the major environmental challenge we face today

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

From the Convention on Biological Diversity to Defra's Natural Environment White Paper and Biodiversity 2020 Strategy for English Wildlife, it is clear that biodiversity has never been more important to the world and the UK than at the present time. It is equally clear that science and, through it, evidence-based policymaking are critical to meeting the challenges of climate change, conservation and sustainability. The Breathing Planet Programme continues to direct Kew's many initiatives designed to address these growing environmental challenges. It builds on the statutory obligations, including upkeep of Kew's heritage buildings and providing visitors with exciting horticultural displays, and the mission to focus efforts and resources where they can achieve greatest impact – 2011/12 provided considerable opportunities to communicate some of those impacts.

Spring

The year began with the Marianne North Gallery being officially re-opened by Kate Adie. Amongst the guests were members of the Heritage Lottery Fund, HLF, London Committee who awarded the grant to complete the project. Later in the spring the HLF gave the green light to Kew to develop plans to restore the Temperate House and its surrounding landscape. An iconic World Heritage structure, the Temperate House is an important part of the UK's rich architectural heritage and initial support for the project has provided great momentum to launch further fundraising and bring its restoration to fruition. In April, Kew worked in partnership with The Times to create a garden for the RHS Chelsea Flower Show which showcased the significance of plants to science and society. The eye-catching and innovative design later won the Architects Journal Small Projects Sustainability Award. The heritage theme continued into May when the Evolution House was listed as a Grade II building recognising its historic and architectural interest.

Summer

In August Kew's Millennium Seed Bank Partnership launched the UK Native Seed Hub – an initiative that will address concerns outlined in the Government's Natural Environment White Paper. This is a significant step on the road to restoring lost habitats for future generations. The UK Native Seed Hub will eventually support restoration efforts across the full spectrum of UK habitats.

Throughout the summer Kew was host to David Attenborough and Atlantic Productions during the making of a stunning and compelling three part series. Kingdom of Plants 3D provides a fascinating new look at the nature of many of the plants at Kew as well as focusing on Kew's role at the forefront of global plant conservation. At the heart of London, Kew worked with the British Museum to see a glimpse of the fragile, threatened and strikingly beautiful flora of Australia. The Australia Landscape highlighted Kew's work and celebrated the shared vision of both institutions to strengthen cultural understanding and support biodiversity conservation across the world. Meanwhile, visitors to Kew were able to escape to numerous parts of the planet and discover the gardens as never before. The 'Travel the World with Kew' summer festival provided experiences from the heat of the tropical rainforest to the tranquillity of the Alps and dramatic desert landscapes.

Visitors to the gardens were, for the first time, able to engage with Kew's broader content through the Kew Gardens App. Delivering content from the Kew website to visitors on demand, the App was downloaded 20,000 times in its first three months. Further afield, following the success of The Great Plant Hunt reaching primary schools throughout England, the project was taken up as an adapted version in India, which considerably extends Kew's reach in educating and engaging children through exciting practical science activities.

Autumn

Kew's new Plant Reception and Quarantine Unit was officially opened by Minister Richard Benyon allowing Kew to keep its precious collection of rare and interesting plants safe from pests and diseases and work with Defra to protect the UK natural environment.

Previously unknown to science, a new *Nepenthes* species was identified and named by Kew experts. In November, it was announced that botanists from Kew and partners had discovered the world's first night-flowering orchid. These are additional reminders that surprising discoveries can still be made and that it is increasingly important to obtain funding for the fieldwork required to make such discoveries. Also in November, Kew Scientists began unlocking the genetic secrets of the UK's fungi. For the first time, a DNA library of UK fungi will help to determine just how many species of fungi there are so that their habitats can be managed in a conservation-minded way.

The Science Review sponsored by Defra provided the organisation with some valuable insights into how Kew can be more effective and meet present and future challenges. The recommendations endorse many areas of Kew's work and provide incentives to modify other areas in order to meet the challenges of a world where the government is less able to support Kew without strong and well-reasoned business cases but is able to help Kew by providing much needed support to help leverage resources from outside funders. As a result, RBG Kew will develop a formal science strategy to complement its Breathing Planet Programme and the Rolling Strategic Business Plan 2012/17.

As the Landscape Master Plan for Kew moved from planning to implementation, the Board of Trustees approved the Landscape Master Plan for Wakehurst – a vision for the next 30+ years that defines its direction as "conservation in action". Key conservation projects at Wakehurst included the Westwood Valley Lake and irrigation supply, whilst a fantastic range of "Natural Play" features were developed to capture visitors' imagination by telling fascinating stories. This theme was continued at Kew where Treehouse Towers, the garden's tree-themed outdoor play area, won a Green Apple Award. The awards recognise projects that enhance the environment and Treehouse Towers scored against a range of criteria including environmental benefits, social and financial benefits, innovation and repeatability.

Winter

In January the Flora of Iraq project was revived after 25 years. Experts from Iraq are once again working with Kew botanists to finish the reference work that was put on hold because of the political situation in the country. As the United Nations designated International Year of Forests ended, the focus on trees at Kew continued with preparations for the 2012 David Nash programme. David Nash, one of the UK's most prominent sculptors, will produce and exhibit his work across the Gardens from April 2012 through to April 2013. Nash's relationship with and ever-growing knowledge of his chosen material – wood – sits in perfect accord with the conservation work that Kew carries out both in the UK and across the globe.

Management commentary continued

Performance targets and results 2011/12

BPP strategy	Key Performance Indicator	Outcome 2010/11	Target 2011/12	Outcome 2011/12	% vs last year	% vs target**
1	1. Number of publications, including high impact (calendar year basis)	356	420	388	+9	-8
	2. Number of collection items digitised	52,393	78,000	69,813	+33	-10
	3. Status of living collection (% currently accessible)	86	83	73	-13%	-10%
	4. Number of species treatments	*	2,000	3,428	*	+71
2	5. Number of species conservation assessments completed	*	1,500	2,662	*	+77
3	6. Number of habitat surveys and in situ conservation projects supported on the ground	9	10	10	+11	-
4, 5, 6	7. Number of collections used by external organisations for research, sustainable use and restoration programmes	*	25,000	3,364,674	*	+13,356
	8. Number of species use reports	*	1,100	1,172	*	+7
7	9. Training delivered externally	22,852	22,000	23,991	+5	+9
	10. Number of visits to the gardens (millions)	1.630	1,655	1,668	+2	+1
	11. Number of web visits (millions)	4.1	4.5	4.7	+15	+4
8 – Enabling functions	12. Staff and volunteer retention (%)	89	83	88	-1%	+5%
	13. Income (£ millions) – Defra (Capital)	7.9	7.0	12.7	+61	+81
	14. Income (£ millions) – Defra (Operational)	16.72	15.7	15.8	-6	+1
	15. Income (£ millions) – Non Defra	20.9	23.6	17.6	-16	-25
	16. H&S RIDDOR accident frequency rate per 100,000 hours	*	0.31	0.48	*	-55
	17. Ranking under CRC Energy Efficiency Scheme	*	705	771	*	-9
	18. Availability of IT services (%)	*	95	98	*	+3%

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

Performance over five years

BPP strategy	Key Performance Indicator	Outcome 2007/08	Outcome 2008/09	Outcome 2009/10	Outcome 2010/11	Outcome 2011/12
1	1. Number of publications, including high impact (calendar year basis)	518	300	380	356	388
	2. Number of collection items digitised	*	*	*	52,393	69,813
	3. Status of living collection (% currently accessible)	*	*	*	86	73
	4. Number of species treatments	*	*	*	*	3,428
2	5. Number of species conservation assessments completed	*	*	*	*	2,662
3	6. Number of habitat surveys and in situ conservation projects supported on the ground	9	7	7	9	10
4, 5, 6	7. Number of collections used by external organisations for research, sustainable use and restoration programmes	*	*	*	*	3,364,674
	8. Number of species use reports	*	*	*	*	1,172
7	9. Training delivered externally	24,000	25,330	27,306	22,852	23,991
	10. Number of visits to the gardens (millions)	1.959	1.818	1.701	1.630	1.668
	11. Number of web visits (millions)	2.8	3.6	4.4	4.1	4.7
8 – Enabling functions	12. Staff and volunteer retention (%)	*	*	*	89	88
	13. Income (£ millions) – Defra (Capital)	7.6	8.75	10.9	7.9	12.7
	14. Income (£ millions) – Defra (Operational)	17.6	19.85	17.65	16.72	15.8
	15. Income (£ millions) – Non Defra	26.1	23.5	17.5	20.9	17.6
	16. H&S RIDDOR accident frequency rate per 100,000 hours	*	*	*	*	0.48
	17. Ranking under CRC Energy Efficiency Scheme	*	*	*	*	771
	18. Availability of IT services (%)	*	*	*	*	98

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

* This data was not collected before 2011/12

Management commentary continued

Performance targets and results 2011/12

Overall

For the 2011/12 financial year the performance indicators were substantially refreshed and updated. Following the approval of the Rolling Strategic Business Plan for 2012/17, some further changes may need to be made to align them to the Plan. There are some real successes to celebrate, such as the number of high impact papers being the highest ever recorded, and in situ conservation of species and habitats work meeting or exceeding targets, demonstrating that Kew is having a real impact 'on the ground'. There is clear evidence that Kew's collections are valued and being well used, Kew continues to achieve excellent media coverage and as an organisation, the contribution from volunteers is delivering £9 in return for every £1 invested - a return figure that has almost trebled in the last three years. (Refer to Volunteering Statement on page 13).

1. Number of publications, including high impact

As noted above the publication of 120 high impact papers (2010/11 82) 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 420 publications for the calendar year 2011 was down 8%. This can be attributed to the publication process, something out of Kew's control, and it is not seen as indicative of any underlying problems.

2. Number of collection items digitised

Digitisation work for the year included 48,101 Herbarium sheets and a further 21,712 pages from the Library, Art and Archives collections. This target was not met partly because there was no funding for a Digital Collections Officer. However, the role is being carried out by project funded staff who can allocate some time to longer term core catalogue work alongside their project required work. This will continue during 2012/13.

3. Status of living collection

Work schedules for staff in horticulture have been reprioritised due to a reduction in staffing levels as a result of staff turnover and current recruitment processes. This has lessened the accessibility of the living collections, including reduced sampling. Lower staff levels have also impacted on the condition of the collection, which is at a lower standard than normal. With key positions filled and a seasonal workforce employed, the condition should improve significantly by the end of the summer.

4. Number of species treatments

Species treatments are flora and monographic accounts in print or on the web and comprise works which are a complete and detailed exposition of a substantial subject. This new indicator was comfortably exceeded, partly due to an unexpected influx of work in the last quarter. Major works include 850 species of Legumes covered in a Catalogue of seed plants of the West

Indies; 829 species in a Conservation Checklist of Trees of Uganda; 266 species of Lamiaceae and Myrtaceae for Tree Flora of Sabah and Sarawak; and 225 species of Commelinaceae and Solanaceae for Flora of Tropical East Africa. This is the first time this indicator has been reported and the target may be reassessed for 2012/13.

5. Number of species conservation assessments

The number of species conservation assessments completed exceeded target due to several large projects delivering assessments this year. This total includes 700 legume species assessments stemming from the Sampled Red List Index project and 824 for a Conservation checklist of the trees of Uganda. The total also includes 429 Gymnosperms and 235 East African plants produced through the Kew / IUCN partnership.

6. Number of habitat surveys and in situ conservation projects supported on the ground

The number of habitat surveys and in situ conservation projects supported on the ground was met this year, although numbers are modest and will fluctuate. This measure covers comprehensive assessments of defined geographical areas, e.g. nature reserves or national parks. A number of 'one off' projects were completed this year, and several long running projects have come to fruition.

Output this year included the publication of a Conservation Checklist of the Trees of Uganda, a vegetation survey of the Sumatran Harapan Rainforest, Indonesia, an initial vegetation map of Biak Island, New Guinea and Project Toucan Cipo: Supporting conservation in the Municipality of Santana de Pirapama, Minas Gerais, Brazil, as well as project work in Angola, a preliminary survey in Cabinda and a project closer to home at Wakehurst Place. Habitat assessments in Congo (Brazzaville) and Guinea have been funded through the Kew Innovation Unit as an example of using externally generated income to fund activities. As part of longer running projects, there was also work undertaken in Democratic Republic of Congo, Madagascar and Kuwait.

7. Number of collections used by external organisations for research, sustainable use and restoration programmes

This is a new indicator and the target and definition needs refining for next year. However, it captures the number of Kew's world-class collections being used by external organisations. These data will provide useful information about trends over a long period, but it is recognised that there is, to some extent, a cyclical nature of external loan and sampling requests so numbers are anticipated to fluctuate year on year.

8. Number of species use reports

The target was exceeded this year and reflects the increasing number of requests Kew receives to provide information about the uses of plants and fungi. The requests for information

Management commentary continued

come from the public as well as different business sectors. They assist Kew to identify trends in plant use as well as the diversity of plants and fungi being used.

9. Training delivered externally

Training delivered externally this year was well above the 22,000 days target, and above the 2010/11 total of 22,852. Part of the increase is because people attending adult learning courses at Kew and Wakehurst are included in this KPI for the first time and account for 940 people days, nearly 4% of the total. As in previous years, the Kew Diploma is the single largest contributor to this KPI at 8,658 people days, 36% of the total. PhD (3,079, 12.8%) and sandwich students (2,453, 10.2%) also make a significant contribution.

10. Number of visits to the gardens

After a difficult year for the UK economy as a whole and poor weather, this target was slightly exceeded. However, although the year ended 1% up on total visitors, we were down -3.5% on paid admissions. Group visits were down 23.9% but it is anticipated that these will rise again with the arrival of a new Travel Trade Manager.

11. Number of web visits

The 4.5 million target was exceeded by 4%, with an overall 15% increase on last year's total. Investment in new functionality, constant refresh of editorial content and search optimisation procedures to ensure high visibility on search engines such as Google, has supported this growth.

12. Staff and volunteer retention

Staff and Volunteer Retention this year of 88% compares favourably with the target of 83%. The staff figure is based on total turnover i.e. all types of leavers, voluntary and involuntary, and is based on headcount, not full time equivalents.

13. Income (£ millions) – Defra (Capital)

During the course of 2011/12, Kew presented strong business cases to Defra for its Infrastructural Investment programmes in Estates and IT and was successful in securing additional Defra funding of £5.7m, in addition to £7.0m already allocated at the start of the year, which has been fully used.

14. Income (£ millions) – Defra (operational)

Grant in aid from Defra for Kew's operating activities at £15.8m was on target for the year.

15. Income (£ millions) – Non Defra

Overall income from non-Defra sources was £17.6m compared to a target of £23.6m. This target related to RBG Kew only and includes the net result for Kew Enterprises. This variance arose from two main factors: firstly, the savings from the high level of vacancies carried by Kew in 2011/12 reduced

the need for external non Defra funding by £1.8m; secondly, the funding requirement for the Millennium Seed Bank was reduced by £2.8m as a result of deferring certain overseas projects in politically sensitive locations and the deferral of planned investment in energy-saving equipment after installing photovoltaic panels on the MSB building.

Recruitment difficulties and late project starts meant that recovery of staff costs and overheads from projects suffered by £0.2m, while income from visitor admissions and from retail sales and events was down by £0.5m and £0.3m respectively, in line with the current economic climate. Other minor variations in aggregate accounted for the remaining £0.4m of this variance.

16. H&S RIDDOR accident frequency rate per 100,000 hours

The accident frequency rate figure represents the number of RIDDOR accidents per 100,000 hours worked, calculated over a 12 month rolling period (RIDDOR is the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995). The aim was to achieve a 25% target reduction in RIDDOR accidents through completion of departmental Health and Safety Action Plans (over a 3-year period). Although below target, there were no employee RIDDOR accidents from September 2011 – March 2012. Continuing effort on implementing the Health and Safety Action Plans will take place next year to support continued reduction in RIDDORS.

17. Progress against CRC Energy Efficiency Scheme

With regard to the Government's new Carbon Reduction Commitment (CRC) Energy Efficiency Scheme, Kew attained a position of 771st in the publication of the first CRC public league table. This is in line with expectations but slightly below target in the first league table. However CO2 reductions this year mean Kew is well placed to improve and achieve an improved position when the new league table is published in November 2012.

18. Availability of IT services

The performance indicator for 'Availability of IT Services' was set at 95% and covers all of Kew's IT systems, both internal and external facing. This target was met with an average availability of 97.5%. This was against a backdrop of system upgrades and new service introduction, particularly during the last six months. There were some availability issues in quarter two with slow network access and a major email outage; these were addressed and did not drop the availability below the overall target.

Management commentary continued

Key performance targets 2012/13

The organisation's activity is now planned around the Breathing Planet Programme to maximise its relevance and impact in addressing the major environmental challenges we face today. The Programme has seven key strategies as described on page 6, plus targets for its enabling functions, referred to below as BPP Strategy 8.

Kew's Rolling Strategic Business Plan, which was approved in April 2012, has identified the type of Key Performance Indicators needed to underpin performance measurement and reporting for each strategy. At the reporting date, Kew is working to define the indicators more precisely and to develop specific quantitative targets for measuring and assessing its performance as part of its implementation plan. Kew expects to finalise these in the first half of 2012/13.

The types of KPIs identified in the Rolling Strategic Business Plan for each Strategy are as follows:

BPP Strategy 1 – Accelerating discovery and global access to plant and fungal diversity information

- Percentage of total number of collection items that are accessible and in usable condition
- Total number of publications (including the number in high impact journals)

BPP Strategy 2 – Mapping and prioritising

- Number of species conservation assessments completed

BPP Strategy 3 – Conserving what remains

- Evidence-based advice provided in support of policy development and implementation

BPP Strategy 4 – Sustainable local use

- Number of species that are researched in order to support human wellbeing

BPP Strategy 5 – Seed banking through the Millennium Seed Bank Partnership

- Species collected and stored by the MSB Partnership, and proportion utilised.

BPP Strategy 6 – Restoration ecology

- Number of restoration projects completed

BPP Strategy 7 – Inspiring through botanic gardens

- Number of visits, both actual (to the gardens) and virtual [millions]

BPP Strategy 8 – Enabling functions

- Income received and forecast (£m)
- Business functionality and availability levels of systems enable efficient, professional delivery of Kew business
- Estimated cost of outstanding maintenance backlog/forward maintenance register, relative to projections, including for heritage infrastructure

Management commentary *continued*

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 made significant progress within the last 12 months on an H&S Improvement Programme. The H&S Steering Group (H&SSG) chaired by the Director (CEO and Chief Scientist) 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 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, are in the process of being revised and updated. A number of new policies are also being produced. Responsibility for the day to day activity rests with the Director (CEO and Chief Scientist), 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 which have now been issued as working documents. 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 (CEO and Chief Scientist) 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, work on fragile roofs and working from scaffolds and ladders); 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 specifically working with the Overseas Fieldwork Committee to create a set of 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, but the induction process is under review to ensure consistency across site. Specialist training is provided for first aiders, fire wardens and other key competencies. 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 (CEO and Chief Scientist) can openly discuss issues or concerns. A representative from the 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 (CEO and Chief Scientist) 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 2011 to March 2012, there were five RIDDOR reportable incidents at Kew, four involving staff and one involving a member of the public. At Wakehurst Place there have been three 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.

Customer care statement

As public servants 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 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 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 where aspects of our service are tracked against other 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 value for money. 98% of people also rated their experience as excellent or good for enjoyment overall. We have seen a small fall in those people who are likely to definitely recommend Kew which is down to only 75% of people who would definitely recommend. This is something we need to monitor over the coming summer period and take remedial action if necessary.

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

An evolving, effective and transparent Diversity and Equality Scheme continues to enrich our institution and our engagement with the wider community. While we are proud of our progress on diversity and equality, Kew recognises the importance of continuing to strive to achieve best practice. In the forthcoming year, we will continue to commit resources to developing our policies and operation.

Notable initiatives and achievements this year include:

- Kew was awarded the Disability Two Ticks Accreditation in 2011 and has agreed to apply the five commitments which demonstrate we are 'Positive About Disabled People'.
- Disability Equality training is embedded in Kew's induction programme for new staff and students, and specialist training is provided in specific areas to enhance our skills and expertise, ensuring that we maintain good practice.
- The continued engagement with our external volunteer Access Forum to consult on the development of facilities and services supporting the public programme.
- Kew's good practice in delivering effective access across the site was rewarded by citations in 'London World Heritage Sites – Guidance on Settings' published on 9 March 2012, as well as a review in the journal 'Access by Design' issue 128.
- A new Community Outreach brochure was also produced to celebrate the partnerships and programmes developed over the last five years of outreach.
- Kew worked with ESOL providers, care homes, charities for the homeless, youth projects and community art schemes to deliver engagement opportunities to over 800 participants from hard to reach audiences.
- We work with our 'third sector' colleagues to provide assisted volunteering placements for volunteers who may have a special educational need or disability. Assisted volunteering opportunities in 2011 accounted for over 10% of our horticultural volunteer placements.
- The Discovery programme offers bus and walking tours for groups and individuals with particular needs due to limited mobility, sight loss, learning disability and deafness. Over 600 people benefited from such tours with our specially trained volunteer guides last year.
- The Kew website has been designed to be easy to use for everyone. All new functionality has been developed to meet AA accreditation, based on the W3C's Web Content Accessibility Guidelines version 2.0 (WCAG v2), the most widely recognised set of standards for web accessibility.

Volunteering statement

Kew celebrates and thanks our 565 volunteers who donate their time and talent to our mission. We are committed to supporting and promoting the concept of active citizenship and to inspiring people to value and conserve the natural environment. We enjoy a symbiotic relationship with our local community and recognise the vital and integral role played by volunteers in our work as well as the value they contribute to the Kew community. Kew has enjoyed the support of volunteers since 1992 and this year we celebrate the 20th anniversary of volunteer guiding at Kew. Last year our volunteers donated a range of diverse skills and in excess of 90,200 hours to Kew's mission, a number which has almost trebled in the last five years. This equates to a value of circa £1.35 million that the organisation would have had to spend on an equivalent contribution of staff time.

Our traditional volunteer roles include horticultural support, guiding and support to our schools, families and science programmes as well as the valuable contribution made by circa 60 Honorary Researchers/Associates. We also provide short term 18+ work experience placements and internships in conjunction with various agencies and educational establishments which last year totalled over 20,000 hours. In addition we promote environmental volunteering by hosting 'Employee Volunteering Days' for the corporate sector. Last year 175 volunteers took part in corporate volunteering activities over nine days.

One of the key quantitative indicators of volunteers' value to our organisation is the 'Volunteer Investment and Value Audit' (VIVA Ratio), which demonstrates that for every £1 the organisation invests in our volunteering programme, we receive over £9.40 in return – a 'return' figure that has almost trebled in the last three years. However, such a figure must also be viewed in the context of the qualitative feedback concerning how much our volunteers skills enhance the visitor experience at Kew such as through our free daily guided tours for visitors.

We have a devolved structure for the management of volunteering across the organisation, with a small team at the centre whose areas of responsibility include strategy, policy and the overall coordination of volunteering and work experience for people aged 18+ on the Kew site. Since January 2012 the current resource for managing community outreach, volunteering and adult learning has been brought together into the Public Engagement and Learning Directorate.

Since 2010, the advent of Kew's strategy for the development of volunteering in the organisation has helped steer the continued development of our volunteering programmes in a common, consistent, equitable and sustainable way within the context of our organisational objectives and national standards for volunteering. Our strategy focuses on enhancing our volunteers experience by encouraging them to get involved in the Kew community and in multiple volunteering roles and experiences, thereby maximising the cost effective use of our volunteers' skills as a valuable resource.

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}

Appointed by Her Majesty The Queen

George Loudon ^{f, r}

Trustees

Professor Michael Crawley FRS ^s

Professor Jonathan Drori CBE ^{f, r}

Tessa Green CBE

Dr Geoffrey Hawtin ^s

Timothy Hornsby CBE ^a

Sir Henry Keswick

Professor Nicola Spence ^s

Jennifer Ullman ^a

Sir Ralph Ferrers Vyvyan

Professor Sir William Stewart FRS (retired 13 October 2011)

^a Audit and Risk Committee

^f Finance Committee

^r Remuneration Committee

^s Science and Conservation 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 for approval by the Secretary of State.

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

Board of Trustees – Attendance						
Trustee	13/4/2011	16/6/2011	6/10/2011	24/11/2011	1/2/2012	7/3/2012
Mr Marcus Agius	Yes	Yes	Yes	Yes	Yes	Yes
Professor Michael Crawley	Yes	Yes	Yes	Yes	Yes	Yes
Professor Jonathan Drori	Yes	Yes	Yes	Yes	Yes	Yes
Mrs Tessa Green	Yes	Yes	Yes	Yes	Yes	Yes
Dr Geoffrey Hawtin	Yes	Yes	No	Yes	Yes	Yes
Mr Timothy Hornsby	Yes	Yes	Yes	Yes	Yes	Yes
Mr George Loudon	Yes	Yes	Yes	Yes	No	Yes
Professor Nicola Spence	Yes	Yes	Yes	Yes	Yes	No
Sir William Stewart	Yes	Yes	Yes	N/A	N/A	N/A
Ms Jennifer Ullman	Yes	Yes	Yes	Yes	Yes	Yes
Sir Ferrers Vyvyan	Yes	Yes	Yes	No	Yes	Yes
Sir Henry Keswick	Yes	Yes	Yes	Yes	No	No

Audit and Risk Committee – Attendance			
Committee Member	24/5/2011	20/10/2011	01/3/2012
Mr Timothy Hornsby	Yes	Yes	Yes
Ms Jennifer Ullman	Yes	Yes	Yes
Mr Richard Keys	Yes	Yes	No

Finance Committee – Attendance					
Committee Member	7/7/2011	22/8/2011	5/12/2011	12/1/2012	14/2/2012
Mr Marcus Agius	Yes	No	No	Yes	Yes
Professor Jonathan Drori	Yes	Yes	Yes	Yes	Yes
Mr George Loudon	Yes	Yes	Yes	No	Yes
Mr Tim Pennington	No	Yes	Yes	Yes	Yes

Science & Conservation Committee – Attendance				
Committee Member	5/7/2011	10/11/2011	25/1/2012	2/4/2012
Professor Mick Crawley	Yes	Yes	Yes	Yes
Dr Geoffrey Hawtin	Yes	Yes	Yes	No
Professor Nicola Spence	Yes	Yes	Yes	Yes

Remuneration Committee – Attendance	
Committee Member	16/6/2011
Mr Marcus Agius	Yes
Professor Jonathan Drori	Yes
Mr George Loudon	Yes



Marcus Agius (Chairman)



Michael Crawley



Jon Drori



Tessa Green



Geoffrey Hawtin



Timothy Hornsby

Management commentary continued

Trustees details

Marcus Agius is Group Chairman of Barclays PLC and Chairman of the British Bankers' Association. He is also a Senior Independent Director of the BBC and Chairman of the Foundation and Friends of the Royal Botanic Gardens, Kew. Formerly: Chairman of Lazard London, Deputy Chairman of Lazard LLC, and Chairman of BAA PLC.

Michael Crawley is Professor of Ecology at Imperial College London. He is a member of the Advisory Board of the Chelsea Physic Garden, and Chair of the Science and Research Committee of the Botanical Society of the British Isles. He is botanical recorder for two vice counties: Berkshire and East Sutherland.

Jonathan Drori is an adviser to public bodies on new media, technology and audience strategies. Visiting Professor at Bristol University, specialising in science misconceptions and uses of technology for learning. Chairman of RBG Kew Enterprises, the Wingate Foundation and UK Parliament's Speaker'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, Executive Producer and Television Director.

Tessa Green is a Trustee of the Foundation of Prince William and Prince Harry. Previously: Chairman of the Royal Marsden NHS Foundation Trust and the Royal Marsden Cancer Campaign, Trustee of the Institute of Cancer Research and Trustee of the National Portrait Gallery.

Geoffrey Hawtin was the founding director of the Global Crop Diversity Trust in Rome, Italy and is currently its senior advisor. He also serves on the Boards of Directors of the International Tropical Agricultural Research and Higher Education Center (CATIE) in Costa Rica and the International Center for Tropical Agriculture (CIAT) in Colombia. During his career he has also been CEO of two scientific research institutes of the Consultative Group on International Agricultural Research: CIAT and Bioversity International in Italy.

Timothy Hornsby is Chair of the Horniman Museum, Chair of the Harkness Fellows Association, independent member of the Consumer Council for Water and Governor of the Legacy Trust. He is also a Commissioner of the Marshall Aid Commemoration Commission. Previously: Chair of the National Lottery Commission, following Chief Executive Roles at the National Lottery Charities Board (now the Big Lottery Fund), the Royal Borough of Kingston and the Nature Conservancy Council, and a career in the higher civil service.

Henry Keswick is Chairman of Jardine Matheson. Formerly: Chairman of the National Portrait Gallery, President of the Royal Highland Agriculture Society, proprietor of The Spectator, and a member of the National Trust Council.

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

Nicola Spence is Chief Executive of Science City York and was previously Chief Scientist at the Food and Environment Research Agency and Head of Plant Health at the Central Science Laboratory. She is Special Professor in applied plant pathology at the University of Nottingham and an expert in plant health and international plant trade. She is also a scientific adviser to the BBSRC and the EU.

Jennifer Ullman is a landscape consultant, specialising in the management and strategic planning of public open spaces and historic gardens. She is a member of the London Committee for the Heritage Lottery Fund.

Ralph Ferrers Vyvyan is the owner and manager of Treloar Estate in Cornwall, and is Chairman of the Royal Institution of Cornwall (RIC). He is President Royal Cornwall Agricultural Association 2011, Director Cornwall Sustainable Building Trust and Deputy Lieutenant Cornwall 2011. He has an Architectural Association post-graduate diploma in Historic Parks and Gardens. Formerly: High Sheriff of Cornwall 2008 and Chairman Cornwall Gardens Trust 2003–2008.



Henry Keswick

George Loudon

Nicola Spence

Jennifer Ullman

Ralph Ferrers Vyvyan

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. Under the above Act, 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 £48.9m (2010/11 £47.1m) of which £28.5m (£24.6m) was Grant-in-aid from the Department for Environment, Food and Rural Affairs. Total resources expended were £55.4m (£47.0m) leaving a deficit of £6.5m (surplus £0.1m).

Total reserves increased to £126.8m (£121.6m). These include a substantial amount to reflect the value of certain land and buildings to which the Trustees do not have title (see below).

In line with its accounting policy (Note 2 to the Accounts) RBG Kew commissioned an independent professional valuation by Powis Hughes and Associates, Chartered Surveyors, and Fanshawe, Chartered Quantity Surveyors, of its land and buildings at 31 March 2012. This resulted in an increased valuation of £11.7m for the majority, and an impairment of £4.5m arising from the first professional valuation of buildings constructed since the previous valuation in 2007 (Note 11), making a net impact of £7.2m. The revaluation of £11.7m has been credited to revaluation reserves and the £4.5m has been charged to the SOFA as a non-cash cost in 2011/12.

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; 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 functions on behalf of the Minister in relation to the properties used, including maintenance. 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 2011/12 Kew settled its debts on average in 22 days (2010/11 26 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 £4.4m and will be used to partly fund Kew's major capital needs 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 and it aims to enhance digital access to these resources so that they can be used more effectively and rapidly at the point of need. 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.

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 (CEO and Chief Scientist)**

The Director (CEO and Chief Scientist) of the Royal Botanic Gardens, Kew throughout the year was Professor Stephen Hopper.

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 and make recommendations for improvements through detailed reports on areas covered and an annual report summarising their work.

Advisors**Bankers**

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

Auditor (Kew and RBG Kew Enterprises Ltd)

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

Solicitors

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


Marcus Agius

Chairman of the Board of Trustees

27 June 2012

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 2011/12 was 6.4 (2010/11 5.3).

Personal data related incidents

Kew is not aware of any personal data related incidents during 2011/12. We continue to focus on improving our systems in this area.

Employee involvement

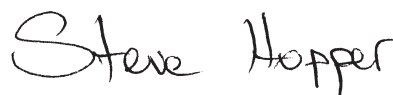
Consultations take place with employees' representatives so that the views of employees may be taken into account in making decisions which are likely to affect their interests.

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 2012/13 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.


Professor Stephen D. Hopper FLS FTSE

Director (CEO and Chief Scientist)

27 June 2012

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 and 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.

As a registered charity and a Defra non-departmental public body, tasked under the National Heritage Act 1983 to deliver a range of statutory obligations, and to provide a lead in international conservation and restoration programmes, RBG Kew has a wide and diverse range of stakeholders and therefore aspires to a high standard of corporate governance. This Statement sets out the arrangements RBG Kew has in place and reports on the effectiveness of the arrangements and the key activities and issues which have arisen since the last report.

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

As an Executive NDPB, RBG 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 will be reviewed in the coming year as Defra and Kew put in place a new Framework Agreement, which will replace these two documents.

The Board of Trustees approved, on 24th November 2011, a Corporate Governance Framework, based on the seven core principles ("the Nolan Principles") of good governance for public services, which brings together the statutory obligations of RBG Kew with the governance arrangements agreed by the Board of Trustees and Defra. The Framework sets out the responsibilities and procedures to enable the organisation to meet its objectives effectively by establishing a hierarchy of governance for the organisation. By complying with the Framework, RBG Kew has complied with the Cabinet Office "Code of Corporate Governance" and the "Principles of Good Governance in Executive NDPBs" as they apply to RBG Kew.

1. Governance Arrangements

The Board of Trustees

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

The 12 Trustees 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 standard agenda items include a regular report from the Director covering major strategic issues and reporting on progress against Corporate Strategies, the approval of Minutes from Committee

Meetings and any Declarations of Interest. The Board is satisfied with the quality of submissions and reports and has, over the last year, also considered the following significant matters:

- Landscape Master Plan for Wakehurst Place
- Rolling Strategic Business Plan 2012/17
- Annual Report and Accounts 2010/11
- Temperate House Precinct Project
- Public Programmes Strategy
- Foundation Breathing Planet Campaign
- Terms of Reference for Board of Trustees
- Five Yearly Science Review
- Approval of a Corporate Governance Framework
- Negotiations with National Trust re Wakehurst Place
- Relationship between RBG Kew and Defra
- Pricing Changes for Wakehurst Place

Highlights, successes and challenges

The approval of the Rolling Strategic Business Plan in April 2012 for the period 2012-17 represented the successful culmination of several months of collaboration between the Trustees, Defra, Ministers, the Executive team and other key stakeholders to chart the course for Kew over the coming five years and to set challenging but realistic annual targets for growth.

Another significant event was the five-yearly Science Review sponsored by Defra. An external panel of experts was convened under the chair of Prof Georgina Mace (Imperial College). Importantly, the panel endorsed the quality of Kew's science and issued its recommendations. RBG Kew is pleased with the report and is in the process of producing a response that will lay out how, as part of the implementation of the Rolling Strategic Business Plan, RBG Kew will address the matters raised and set the priorities and timescale for implementation. In particular, in response to the main recommendation, RBG Kew will focus on developing a formal science strategy to complement the Breathing Planet Programme and will consider the structural implications, with completion expected near the end of 2012.

Board Committees

The Board of Trustees is supported by four 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 Committee
- Finance Committee
- Science and Conservation Committee; and
- Remuneration Committee.

The Committees have written Terms of Reference and a written Code of Conduct. Committee meeting minutes are provided to the Board of Trustees and all matters arising are discussed as necessary. Membership of the Board and Committees are set out in the Annual Report.

Audit and Risk Committee

The Audit and Risk Committee is responsible for overseeing financial reporting and risk management on behalf of the Board. From 2012/13 the Committee will meet four times a year (2011/12 three times)

Governance Statement continued

and has two Trustees and one independent non-Trustee member with expert knowledge and experience of financial reporting and risk management. The Committee reviews the effectiveness of financial and other internal control systems and advises the board on risk management.

The Committee reviews the external auditor's report and the scope and effectiveness of the internal auditor's work and advises the board on the appointment of the internal auditor while also monitoring the work of the external auditor 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.

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 which include formal terms of appointment, induction and the introduction of a formal annual report to the Board of Trustees. An action plan has been agreed to address these issues.

The Committee also conducted a review of Kew's exposure under the Bribery Act 2012 which came into force on 1 July 2011. The conclusion it reached was that the overall risk is low but noted the risk of operating in overseas locations and that Kew has adequate policies and procedures in place. Fraud awareness training workshops have been held to raise staff awareness.

Finance Committee

The main responsibility of the Finance Committee is to review significant financial matters on behalf of the Board and make recommendations to the full Board for further consideration. Such matters include the financial plans, including funding arrangements, as well as monitoring in-year financial results and the capital expenditure programme. The Finance Committee comprises three Trustees and one independent non-Trustee member, and has met five times in the last year.

The major focus during the year was to support the development of the Rolling Strategic Business Plan as well as how to recruit staff for key vacant positions while following the Cabinet Office controls. This has led to the development of a work-force plan that will facilitate approval of recruitment by Defra and delegated authority to the Director (CEO and Chief Scientist) for the coming year for agreed posts.

In addition, the Committee continued to review and support progress in the ongoing programme to develop and implement up to date financial and management reporting systems to meet its emerging needs.

Science and Conservation Committee

The Science and Conservation Committee has prime responsibility to ensure there is a long-term strategy for science and conservation activities undertaken at RBG Kew; to agree policies pertaining to Kew's science and conservation programmes; and to oversee, review and report annually to the Board of Trustees on science and conservation matters. The Committee meets four times a year and comprises three Trustees.

The focus for the year has been preparation for the Five-Yearly Science Review held in November 2011. The final report was received from Defra on 13 February 2012 and a response is being prepared to the 21 recommendations. In general, the Report acknowledged the world-class science at Kew but has highlighted the need for development of a science strategy aligned to the Breathing Planet Programme.

The Science and Conservation Committee has been delegated authority

to provide the formal response based on the recommendation of the Director (CEO and Chief Scientist). The Senior Science Group is formulating the response to the 21 recommendations to enable the Executive Board to advise the Director.

Remuneration Committee

The Remuneration Committee is responsible for advising the Board on all matters pertaining to the Director's remuneration and for advising on 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. The Committee meets once per 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.

Executive Board

The Executive Board is responsible for the leadership and management of RBG Kew with specific emphasis on the delivery of the Breathing Planet Programme, the overall performance of the organisation and the generation of funding to enable its objectives to be fulfilled.

The Executive Board comprises seven Directors from four Delivery Directorates, the Kew Innovation Unit and two enabling Directorates. Each Breathing Planet strategy is assigned to a Senior Responsible Owner on the Executive Board.

The Executive Board is responsible to the Director for:

- strategic development of RBG Kew and delivery of agreed strategies in each area of operation;
- performance and management of RBG Kew, acting as a catalyst for the whole organisation;
- managing and developing RBG Kew's programmes and business outputs;

Governance Statement continued

- managing and developing RBG Kew's infrastructure and resource framework; and
- generating funding from grant-in-aid and other sources.

The Executive Board has met once per month until January 2012, but from February 2012, has moved to fortnightly formal meetings, recognising the need for closer coordination to develop and deliver the Strategic Business Plan. The Director also holds informal weekly update meetings to share information and to keep on top of developing issues.

Defra

Formal quarterly meetings take place between Defra officials and Kew management and there is regular contact at other times. There are twice-yearly meetings between the sponsor Minister, Chairman of the Trustees and the Director (CEO and Chief Scientist). Defra has been consulted extensively during the development of the Rolling Strategic Business Plan which was approved by the Minister in April 2012 following approval by the Trustees. 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.

2. Effectiveness of Board Performance

In many ways, the Board has enjoyed a very successful year despite some major challenges. Having identified the need to address the risk that the funding from Government would decline as the demand for environmental conservation work would increase, the Board and its Committees have set forth a Rolling Strategic Business Plan to address the challenges and plans for growth over the coming five year period, following a rigorous process in which all key stakeholders were involved and which has secured the approval from the Minister, Defra. The Plan sets key targets for non Government sources of income. This not only charts the course for the next five years but also provides the basis for setting annual business targets.

One of the key achievements in 2011/12 was the preparation and approval of the Corporate Governance Framework, which largely codified existing practice and was formally approved in November 2011. The Board and its Committees have complied with the Corporate Governance Framework before and after its formal approval. The Chairman of the Board is considering how to carry forward a self assessment process in 2012/13, as required under the Framework taking into account of the results of a similar exercise recently completed by the Audit and Risk Committee.

3. Risk Management

The Executive Board has responsibility for strategic risk arrangements and 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.

Each year, Internal Audit carries out a review to confirm that a robust risk management approach has been adopted and applied across the organisation. Overall, the Internal Audit annual opinion for this year 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 recognised that there are particular risks that require to 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 Government funding is under severe constraints. Both trends are expected to continue in the foreseeable future.

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 approach has been to adopt a policy of well thought through risk-taking to ensure an appropriate balance of inputs and a successful record of outputs against each objective.

Kew has developed a Rolling Strategic Business Plan to develop Kew's capability over the next five years to address these challenges in the context of constraints on Government funding and to exploit its recognised strengths. However, there are clear risks associated with the Plan, which envisages a 50 per cent increase in expenditure and a 100 per cent increase in non-Government funding. The Executive Board has identified the following mitigations to address the risks associated with the Plan:

- Culture change to appreciate the need to generate significant income from non-Defra sources;
- Grow income from both new and established sources at a time of economic uncertainty;
- A significant increase in staff numbers to provide the capability to fulfil the Plan;
- The development of new systems and infrastructure;
- A targeted improvement in efficiency; and
- Well founded and clearly presented business cases to secure Defra funding in an increasingly competitive environment.

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

- Strengthening of the business planning and change management resources available;
- Working with Defra to facilitate recruitment of staff, particularly those contributing to income generation and financial management;
- Responding to the findings of the Science Review that took place in 2011;
- Development of an Annual Plan and an efficiency plan for each Directorate;
- Executive Board oversight of the portfolio and business cases for Defra funding.

Risk management arrangements are kept under constant review in recognition that good risk management will deliver better services, improve efficiency, help the reliability of decisions and support the innovation necessary to deliver its objectives in a challenging economic environment.

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

Governance Statement continued

Board. The main actions and controls that help to mitigate the 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.

During the year the Audit Committee noted that Government recruitment controls and postponement of key IT developments coupled with the focus of significant senior management time on the development of Kew's five year Strategic Plan had resulted in insufficient resources being available to address many of the key actions identified by the work of Internal Audit, delay in the continued development and roll out of risk management within Kew and delay in the urgent need to develop new back office systems and processes. The Committee recommended this should be highlighted to Defra. In March 2012, Defra provided the Director with the delegated authority to recruit for key positions; discussions continue with Defra regarding the recommencement of the IT development. Once fully in place, these resources and the recommencement of the IT programme will provide the ability to address the issues referred to above and enable Kew to mitigate the related key risks. The postponement of Kew's IT programme has also given rise to an amount of 'fruitless payment' to the systems provider which is disclosed in note 21 to the Accounts.

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 is near completion. Kew has provided risk workshops and training on the benefits of risk management at departmental level. With registers in place, management teams are starting to 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.

The Audit and Risk Committee requested a review by Internal Audit to assess whether it was beneficial for Kew to progress from a risk defined to a risk enabled position, and how this would be achieved. Internal Audit had concluded previously that Kew is risk 'defined' which means that risk management strategies and policies are in place and have been communicated but are not universally integrated into day to day management throughout the organisation.

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, 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 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.

Kew's system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it provides reasonable but not absolute assurance. The system of internal control has been in place in Kew for the year ended 31 March 2012 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. Stewardship reports are provided annually by each Executive Director to the Director, as Accounting Officer. These confirm that each Executive Directorate has acted within the current rules and procedures for the operation of a public body, and has sought to maximise value for money in all transactions.

Overall, the Internal Audit annual opinion for this year 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 recognised that there are particular risks that require to be managed. This opinion is based on work conducted during 2011/12 and recognises that 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.

Financial management and control

The organisation maintains systems of internal financial control which are overseen by the Finance Department. During 2011/12 Kew's Financial Regulations were comprehensively reviewed and updated. The revised document known as the Guidance on Financial Policy and Practice was approved by the Executive Board in December 2011 and launched on the Kew intranet in January 2012 along with a presentation to the Managers' Forum. It was formally approved by the Finance Committee at its meeting on 14 February 2012.

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, in the light of Kew's new Rolling Strategic Business Plan, there are demands for more integrated and matrix-based management reporting, coupled with the need to significantly upgrade underlying systems infrastructure. As noted above, the necessary changes in systems have been delayed but management remain committed to making the necessary changes as quickly as possible once the project is recommenced to ensure management information continues to meet the organisation's evolving needs.

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 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, twenty Managers covering all parts of the business were provided with a fraud awareness training programme on 7 February 2012, the main lessons from which they are sharing with their teams and colleagues. The policy and procedures include a fraud response log and the handling of a whistleblowing situation.

Strategy and planning

Kew's Business Plan for 2011/12 was approved by Defra and the Secretary of State and during 2011/12 Kew has had extensive engagement with Defra on the development of a new Rolling Strategic Business Plan for 2012/17. As noted above this is a bold plan which sets out a vision for RBG Kew in 2017 and how this will be achieved in the challenging environment of increasing pressures on central government funding and an unstable economic climate. This Plan was approved by the Secretary of State on 16 April 2012 and can be viewed at http://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 which the primary objectives, key activities and main outcomes for each have been defined. Business reporting is analysed on the basis of the Breathing Planet Programme strategies and by the departmental structure within Executive Directorates.

Performance management

Progress against performance targets for 2011/12 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 have been reviewed in detail as part of the development of the Rolling Strategic Business Plan and the six key targets are set out in the Management Commentary along with the targets for 2012/13. RBG Kew will be working hard to achieve these targets and managing the associated risks accordingly. However, Kew recognises the difficulties in mitigating material downside risks which are not fully within our control. For instance, income generation could become even more challenging if the general economic climate worsens or if Kew is unable to recruit the staff it needs to deliver its plans.

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 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 2011/12 individual staff objectives have been specifically 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.



Marcus Agius
Chairman of the Board of Trustees
27 June 2012

Project management

During 2011/12 the construction of the new Quarantine House was completed and implementation of the IT and Digital Media Strategy projects continued. Planning and design work was also 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 for this project is due in 2012/13.

A project management system has been developed for Kew, based on best practice principles. It has been subject to trialling through 2011/12 and guidance and training will be rolled out to embed this methodology throughout the organisation. 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 2011/12. Kew is participating in the National School of Government Risk and Data Protection Programme to ensure 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 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

We discovered one incident of fraudulent activity, which has been fully investigated by Internal Audit. The incident was identified by Kew's internal controls and has not resulted in a financial loss to Kew. The audit investigation has confirmed that Kew's internal controls are satisfactory and has recommended some minor procedural improvements which have now been implemented. The matter is not considered significant.

While Kew's governance, risk management and internal control has proved adequate in respect of the year ended 31 March 2012, until the effects of Government recruitment controls and postponement of key IT developments have been addressed satisfactorily, 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 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.



Professor Stephen D. Hopper FLS FTSE
Director (CEO and Chief Scientist)
27 June 2012

Sustainability Report

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

The new 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 replace 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
- 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 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 including 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. In 2009 RBG Kew undertook a footprinting exercise to determine the impact of its Estate in line with the requirements of the CRC Energy Efficiency scheme.

RBG Kew has achieved an overall reduction in emissions of 8% against the 2009/10 baseline and is on target to meet its target of a 25% reduction. Due to dry weather water usage has increased by 3% and RBG Kew is currently not on track to meet a reduction target. Waste has decreased significantly and RBG Kew is on track to meet the target.

Area		2011/12 Performance	
Greenhouse Gas Emissions	Total Emissions	tonnes.CO ₂ e	5,958.12
	Total Energy Expenditure	£	1,035,765.47
Water	Total Water Consumption	m ³	159,045.00
	Water Supply Costs	£	245,116.69
Waste	Total waste	tonnes	1,530.93
	Total disposal cost	£	94,315.87

Summary of Future Strategy

RBG Kew will continue to promote sustainability and assist the world with climate change mitigation through our work on the Breathing Planet Programme and 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 continually 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
- 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.

Sustainability Report *continued***Green House Gas Emissions**

RBG Kew has revised its environmental policy to detail its commitment to reducing energy consumption, specifically to reduce scope 1 and scope 2 carbon emissions by 34% by 2020 and 80% by 2050. RBG Kew has completed its CRC Footprint report for 2010/11 and is working to develop an energy reduction plan to ensure that Kew is on track to meet its CO₂e reduction commitments.

RBG Kew continues to develop its carbon reduction strategy in line with its commitment to the Greening Government targets and the Climate Change Act, 2008 which established the CRC

Energy Efficiency scheme. Kew's strategy has been signed off by the Executive Board and is comprised of three main elements:

1. Energy Conservation Measures
2. Low to Zero Carbon Infrastructure
3. Behavioural Change

The ongoing measures have contributed to a 6% reduction in total energy usage and 8% reduction in carbon dioxide (CO₂e) equivalent emissions.

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

* Data not available

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

Business cases are being developed for further low carbon infrastructure projects that will significantly increase energy efficiency and reduce CO₂e emissions. Significant achievements so far include:

- 50 kW array of solar photovoltaic cells on the roof of the Wellcome Trust Millennium Building
- Construction of the new Kew Quarantine Unit with several energy reduction features including combined heat and power (CHP) generation
- Use of the RE:FIT Framework to implement boiler and voltage optimisation measures across the Estate.

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 Horticulture in 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
Non financial indicators (tonnes)	Total waste	–	2,323	1,531
	Hazardous waste	–	1,124	4
	Reused, recycled, composted	–	105	123
	Incinerated with energy recovery	–	0	3
	Landfill	–	1,094	1,401
Financial indicators (£)	Total disposal cost	–	80,300	94,316

* Data not available

Sustainability Report continued

Water consumption

Although Kew’s domestic water use has decreased, the drier, hotter summers have led to an increase in water used for irrigation. 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 collection.

Water usage has decrease from the previous year by 10%, however, overall there is a increase of 3% from the baseline. Kew will continue to develop plans to minimise water usage and water use is a specific objective in the Environmental Management System.

Water		2009/10	2010/11	2011/12	
Non financial indicators (m ³)	Water Consumption	Total Water Consumption	158,000	184,300	159,045
		Supplied (Non Office Estate)	158,000	177,000	159,045
		Abstracted	0	7,300	0
Financial indicators (£)	Water Supply Costs	238,000	264,000	245,117	

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 integration of full life costing for goods and services.

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

Community Engagement and Volunteering

2011/12 was particularly busy for RBG Kew’s outreach and volunteering programmes. A major change came from an internal review of Kew’s provision for engaging with local communities. The review recommended that an integrated management system would allow for a more holistic approach to Kew’s offer, bringing together the many rich strands of Kew’s engagement. A new section was created called ‘Community Engagement and Volunteering’ that unites Kew’s volunteering, community outreach and adult learning provision into one unit. This unit was further strengthened by the recruitment of a new Community Engagement Manager post (March 2012), who will work across the whole Public Engagement and Learning team to develop and implement Kew’s step change in engagement for the new Temperate House Precinct Project and integrate these processes across the wider Kew visitor programme.

Governance

RBG Kew’s environmental policy is signed by the Director (CEO and Chief Scientist) 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.

Environmental Management System

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

Kew has recently been recertified 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 for demonstrating steady environmental improvements. The audit highlighted that further work

Remuneration Report

Remuneration Policy

The remuneration of the Director (CEO and Chief Scientist) is set by the Remuneration Committee, a sub-committee of the Board of Trustees. The members are identified on page 7.

The salary of the Director (CEO & Chief Scientist) 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.

The appointments of Executive Board members are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme. The notice period in the Director's contract is one year.

Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the current Kew Executive Board. Angela McFarlane was seconded from the University of Bristol until 31 January 2011 and £83,000 was paid for her services in 2010/11; this covers 80% of the salary and employer social security and pension costs incurred by the University until September 2010 and 100% to January 2011.

Based on performance against agreed objectives for 2010/11, the Remuneration Committee awarded non-consolidated performance payments to Stephen Hopper and Michael Murphy. 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.

Remuneration (audited)		2011/12 Salary £	2011/12 Bonus £	2011/12 Benefits in kind £	2010/11 Salary £	2010/11 Benefits in kind £
Stephen Hopper	Director, (CEO and Chief Scientist)	136,192	10,000	13,603	136,192	0
Andrew Burchell	Director, Business & Corporate Services	105,060	0	0	110,026	0
Mark Chase	Keeper, Jodrell Laboratory	84,161	0	0	80,718	0
Tim Entwisle	Director, Conservation, Living Collections and Estates	109,478 †	0	0	0	0
David Mabberley	Keeper, Herbarium, Library, Art & Archives	34,348 ††	0	0	78,040	0
Angela McFarlane	Director, Public Engagement & Learning	89,000	0	0	14,833 *	0
Michael Murphy **	Director, Development	105,000	10,000	0	105,000	0
Monique Simmonds	Director, Kew Innovation Unit	82,167	0	0	93,437 ***	0

No Bonuses were paid in 2010/11.

* Salary for February and March – annual equivalent salary £89,000. Angela McFarlane has been a member of the Executive Board throughout 2011/12 – see above for salary information to January 2011.

** 75% of the total staff costs for Michael Murphy are recharged to the Kew Foundation.

*** This includes salary corrections relating to prior years.

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

†† Salary to 6 August 2011 including payment for annual leave not taken – annual equivalent salary £82,900

Pension benefits (audited)	Accrued pension at age 60 as at 31/3/12 £'000	Accrued pension at age 60 as at 31/3/12 and related lump sum £'000	Real increase in pension and related lump sum at age 60 £'000	CETV at 31/3/12 £'000	CETV at 31/3/11 * £'000	Real increase in CETV £'000	Employer contribution to partnership pension account £'000
Stephen Hopper	10	10	2	197	152	28	N/A
Andrew Burchell	49	197	-	1,042	960	(1)	N/A
Mark Chase	21	83	8	472	413	42	N/A
Tim Entwisle	3	3	3	27	-	17	N/A
Angela McFarlane	2	2	2	24	6	14	N/A
Michael Murphy	6	6	2	41	22	13	N/A
Monique Simmonds	28	110	12	615	533	63	N/A

* CETV values at 31/3/11 have been changed to reflect the use of the Consumer Price Index instead of the Retail Price Index to calculate future pensions increase.

Remuneration Report continued

Salary

'Salary' includes gross salary; performance pay; back pay; 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. The post holders are not entitled to overtime.

This report is based on payments made by the Royal Botanic Gardens, Kew and thus are recorded in these accounts in full.

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 27. The Trustees do not receive any remuneration for their services to Kew. Note 11 details their expenses.

Median Salary Ratio

The Median Salary in the organisation in 2011/12 was £23,429. The ratio to the Director's remuneration of £146,192 was 6.2. Comparative figures for 2010/11 are not available.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of three statutory based 'final salary' defined benefit schemes (classic, premium, and classic plus) or a 'whole career' scheme (nuvos). The schemes 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 changes in the Consumer Prices Index. New entrants after 1 October 2002 may choose between membership of a defined benefit arrangement or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' 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 (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly in the same way as in classic. In nuvos a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year



Marcus Agius

Chairman of the Board of Trustees

27 June 2012

(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 CPI. In all cases members may opt to give up (commute) pension for 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 selection of approved products.

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).

Further details about the Civil Service pension arrangements can be found at the website


www.civilservice-pensions.gov.uk

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 CETV figures, and from 2003/04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements and for which the CS Vote has received a transfer payment commensurate with the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of 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.



Professor Stephen D. Hopper FLS FTSE

Director (CEO and Chief Scientist)

27 June 2012

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 2012 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 expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the group's and Royal Botanic Gardens, Kew's affairs as at 31 March 2012 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

3 July 2012

Royal Botanic Gardens, Kew statement 1

Consolidated Statement of Financial Activities for the year ended 31 March 2012

	Notes	Unrestricted £'000	Restricted £'000	Endowment Total £'000	2011/12 Total £'000	2010/11 Total £'000
Incoming resources						
Incoming resources from generated funds						
Grant-in-aid	3	28,500	–	–	28,500	24,620
Grants & donations	4	541	5,873	–	6,414	9,091
Activities for generating funds – trading	5	6,154	–	–	6,154	5,372
Investment income	6	51	13	–	64	72
Incoming resources from charitable activities	7	7,752	–	–	7,752	7,952
Total incoming resources		42,998	5,886	–	48,884	47,107
Costs of generating funds – trading	8	(4,740)	–	–	(4,740)	(4,187)
Net incoming resources available for charitable applications		38,258	5,886	–	44,144	42,920
Charitable activities						
Research and conservation	8	35,361	6,074	–	41,435	34,939
Visitor activities	8	9,048	–	–	9,048	7,676
Governance costs	8	158	–	–	158	166
Total charitable costs		44,567	6,074	–	50,641	42,781
Net (outgoing) /incoming resources		(6,309)	(188)	–	(6,497)	139
Revaluation of assets		11,715	3	(1)	11,717	2,393
Net movement in reserves		5,406	(185)	(1)	5,220	2,532
Reserves at 1 April		109,974	11,480	173	121,627	119,095
Reserves at 31 March	18	£115,380	£11,295	£172	£126,847	£121,627

All activities arise from continuing operations.

All recognised gains and losses have been included in the Statement of Financial Activities. These include a charge for impairment of £4.5m arising from the first professional valuation of buildings constructed since the previous valuation in 2007.

The Notes on pages 33 to 41 form part of these accounts.

Royal Botanic Gardens, Kew statement 2

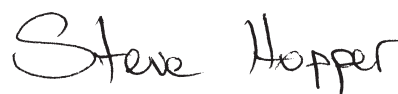
Balance Sheets 31 March 2012

	Notes	Royal Botanic Gardens, Kew		Consolidated	
		2012 £'000	2011 £'000	2012 £'000	2011 £'000
Fixed assets					
Intangible assets	12	77	329	77	329
Tangible assets	12	5,116	4,803	5,116	4,803
Heritage assets	13	116,673	110,540	116,673	110,540
Investments	14	585	587	260	262
		122,451	116,259	122,126	115,934
Current assets					
Stocks of goods for sale		–	–	524	547
Debtors	16	9,007	8,171	8,167	7,709
Cash at bank and in hand		5,906	6,734	7,536	8,108
		14,913	14,905	16,227	16,364
Creditors: amounts falling due within one year	17	(10,517)	(9,537)	(11,506)	(10,671)
Net current assets		4,396	5,368	4,721	5,693
Total assets less current liabilities		£126,847	£121,627	£126,847	£121,627
Reserves					
Unrestricted	18	115,380	109,974	115,380	109,974
Restricted	18	11,295	11,480	11,295	11,480
Endowment	18	172	173	172	173
		£126,847	£121,627	126,847	£121,627

The Notes on pages 33 to 41 form part of these accounts.



Marcus Agius
Chairman of the Board of Trustees
27 June 2012



Professor Stephen D. Hopper FLS FTSE
Director (CEO and Chief Scientist)
27 June 2012

Royal Botanic Gardens, Kew statement 3

Consolidated Cash Flow Statement for the year ended 31 March 2012

	2011/12 £'000	2010/11 £'000
Net cash inflow from operating activities	1,283	2,308
Returns on investments	64	72
Capital expenditure and financial investment	(1,919)	(3,611)
(Decrease)/increase in cash at bank	£(572)	£(1,231)

The Notes on pages 33 to 41 form part of these accounts.

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

	2011/12 £'000	2010/11 £'000
Net (outgoing) /incoming resources	(6,497)	139
Depreciation	2,819	2,971
Loss /(gain) on sale of tangible fixed assets	110	(12)
Loss on revaluation of fixed assets	4,515	–
Decrease/(increase) in stock	23	(84)
(Increase)/decrease in debtors	(458)	(4,062)
Increase/(decrease) in creditors	835	3,428
Less investment income	(64)	(72)
	£1,283	£2,308

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

Payments to acquire fixed assets	(1,923)	(3,643)
Receipts from sales of fixed assets	4	32
	£(1,919)	£(3,611)

Management of liquid resources

Decrease in short term cash deposits	£–	£–
--------------------------------------	----	----

c Reconciliation of net cash flow to movement in net funds

	2011/12 £'000	2010/11 £'000
(Decrease)/increase in cash in period	(572)	(1,231)
Cash inflow from decrease in liquid resources	–	–
Movement in net funds in the period	(572)	(1,231)
Net funds at 1 April	8,108	9,339
Net funds at 31 March	£7,536	£8,108

d Analysis of net funds

	1 April 2011 £'000	Cash Flow £'000	31 March 2012 £'000
Cash at bank and in hand	8,108	(572)	7,536
Liquid resources	–	–	–
Net Funds	£8,108	£(572)	£7,536

Notes to the accounts year ended 31 March 2012

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. 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 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.

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 2012. 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 (page 6).

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 Wellcome Trust Millennium Building and the land it is situated on. 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 Wellcome 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 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 accordance with Treasury Financial Reporting Manual, 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:

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

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.

Stocks

Stocks are valued at the lower of cost and net realisable value which is considered to be equivalent to their value to the business.

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.

3 Grant-in-aid

Grant-in-aid of £28,500,500 was received from Defra in 2011/12 (2010/11 £24,620,000).

4 Grants and donations

	Unrestricted £'000	Restricted £'000	2011/12 £'000	2010/11 £'000
Income received from Kew Foundation	164	2,351	2,515	5,161
Other project income	377	3,197	3,574	3,466
EU project income	–	154	154	283
Contribution in kind (i)	–	–	–	32
Grant for maintaining Wakehurst Place	–	87	87	83
Donations	–	84	84	66
	£541	£5,873	£6,414	£9,091

(i) The Contribution in kind in 2010/11 was donated assets to the collections.

5 Activities for generating funds – trading

	2011/12 £'000	2010/11 £'000
Retailing	3,366	3,295
Commercial development (i)	2,788	2,077
	£6,154	£5,372

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

6 Investment income

	2011/12 £'000	2010/11 £'000
Interest receivable	52	60
Charities Official Investment Fund	12	12
	£64	£72

All interest receivable is from cash at bank and short term cash deposits.

7 Incoming resources from charitable activities

	2011/12 £'000	2010/11 £'000
Admissions	5,352	5,516
Catering contracts	989	1,033
Education charges	276	236
Rents receivable	94	91
Sale of fixed assets	4	32
Other income from third parties (i)	1,037	1,044
	£7,752	£7,952

(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 Costs £'000	Depreci- ation £'000	Other Direct Costs £'000	Allocated Support Costs £'000	2011/12 Total £'000	2010/11 Total £'000
Trading costs	1,531	18	3,191	–	4,740	4,187
Research and conservation	16,210	2,068	9,007	14,150	41,435	34,939
Visitor activities	2,449	733	4,065	1,801	9,048	7,676
Governance costs	63	–	95	–	158	166
Support costs	5,209	–	10,742	(15,951)	–	–
	£25,462	£2,819	£27,100	£–	£55,381	£46,968

Note **10** **12/13** **11** **9**

The Other Direct Costs include an impairment of £4.5m (2010/11 £0) on the first professional valuation of buildings constructed since the previous valuation in 2007, as reported in Note 11.

9 Support costs

	Staff Costs £'000	Other Direct Costs £'000	Total 2011/12 £'000	Total 2010/11 £'000
Estates	776	8,148	8,924	6,640
IT	2,157	1,714	3,871	3,887
HR	559	215	774	853
Directorate	743	61	804	917
Finance	635	65	700	666
Other support	339	539	878	961
	£5,209	£10,742	£15,951	£13,924

10 Trustees' remuneration and staff costs

a Trustees' remuneration

Trustees do not receive any remuneration for their services. Travelling and subsistence expenses of 2 Trustees (2010/11 2) amounting to £1,595 (2010/11 – £1,896) have been charged at cost as part of other direct costs – Note 11.

b Employees with earnings above £60,000

Number of employees at:	2011/12	2010/11
£60,000 – 69,999	8	6
£70,000 – 79,999	2	6
£80,000 – 89,999	3	1
£90,000 – 99,999	1	2
£100,000 – 109,999	2	1
£110,000 – 119,999	1	1
£140,000 – 149,999	1	1

c Staff salaries and social security, including the Director

	2011/12 £'000	2010/11 £'000
Salaries	20,762	21,217
Social security costs	1,499	1,462
	22,261	22,679
Staff pensions – Note 22	3,201	3,036
	£25,462	£25,715

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

	2011/12	2010/11
Botanical science	266	249
Horticulture	187	202
Visitor services and marketing	77	88
Information services	58	56
Support services and estates management	58	84
Directorate	8	11
RBG Kew Enterprises Ltd	60	54
	714	744

11 Other direct costs

	2011/12 £'000	2010/11 £'000
Cost of sales	2,118	1,770
Materials	2,883	3,141
Direct project costs	898	789
Repairs and maintenance	5,550	3,877
Minor new building works	2,599	702
Hire charges	312	247
Rates and utilities	1,876	1,645
Trustees' travel and subsistence	2	2
Staff travel and subsistence	623	497
General services	3,595	3,492
Movement in bad debt provision	48	193
Audit fees	37	34
Professional fees and consultancy	1,953	1,659
Consultancy	91	234
Impairment on revaluation	4,515	–
	<u>£27,100</u>	<u>£18,282</u>

Unrecovered VAT for the year of £445,000 has been charged against these accounts (2010/11 £365,000). £37,000 (2010/11 £34,000) 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	Total Intangible Assets	Gardens Equipment	IT Equipment	Other Equipment	Motor Vehicles	Total Tangible Assets
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Valuation							
At 1 April 2011	926	926	4,076	2,115	6,910	684	13,785
Additions	13	13	211	231	592	30	1,064
Disposals	–	–	(62)	(26)	(64)	(62)	(214)
Revaluation	–	–	163	59	382	40	644
At 31 March 2012	<u>939</u>	<u>939</u>	<u>4,388</u>	<u>2,379</u>	<u>7,820</u>	<u>692</u>	<u>15,279</u>
Depreciation							
At 1 April 2011	597	597	2,128	1,300	5,086	468	8,982
Charge for the year	265	265	247	220	369	32	868
Disposals	–	–	(58)	(26)	(64)	(57)	(205)
Revaluation	–	–	114	46	321	37	518
At 31 March 2012	<u>862</u>	<u>862</u>	<u>2,431</u>	<u>1,540</u>	<u>5,712</u>	<u>480</u>	<u>10,163</u>
Net book value							
At 31 March 2012	<u>£77</u>	<u>£77</u>	<u>£1,957</u>	<u>£839</u>	<u>£2,108</u>	<u>£212</u>	<u>£5,116</u>
At 31 March 2011	<u>£329</u>	<u>£329</u>	<u>£1,948</u>	<u>£815</u>	<u>£1,824</u>	<u>£216</u>	<u>£4,803</u>

Tangible assets with a net book value of £9k (2010/11 £20k) were disposed of during the year for £4k (2010/11 £32k).

13 Heritage assets

	Land	Dwellings	Buildings	Assets under construction	Collections	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Valuation						
At 1 April 2011	26,764	12,403	85,650	2,843	68	127,728
Additions	–	–	826	–	20	846
Disposals	–	(881)	–	–	–	(881)
Transfers	–	(530)	3,373	(2,843)	–	–
Revaluation/impairments	9,286	1,586	1,033	–	–	11,905
At 31 March 2012	36,050	12,578	90,882	–	88	139,598
Depreciation						
At 1 April 2011	–	3,118	14,070	–	–	17,188
Charge for the year	–	183	1,503	–	–	1,686
Disposals	–	(776)	–	–	–	(776)
Transfers	–	(107)	107	–	–	–
Revaluation/impairments	–	(5)	4,832	–	–	4,827
At 31 March 2012	–	2,413	20,512	–	–	22,925
Net book value						
At 31 March 2012	£36,050	£10,165	£70,370	£ –	£88	£116,673
At 31 March 2011	£26,764	£9,285	£71,580	£2,843	£68	£110,540

The valuations of the land and buildings were carried out by Powis Hughes & Associates, Chartered Surveyors, and Fanshawe, Chartered Quantity Surveyors. The 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.

As explained in Note 2 existing buildings 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 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 fund raising effort is being made to restore the Temperate House and the Heritage Lottery Fund has provided development funding to help progress plans.

All new land and buildings above the capitalisation threshold have been included in the balance sheet since April 2001 and transactions over the last five years are summarised below. The building disposal during 2011/12 was the transfer of Kew Palace Flats to Historic Royal Palaces who are undertaking a major restoration of the property with a view to opening it to the public.

	2007/08	2008/09	2009/10	2010/11	2011/12
	£'000	£'000	£'000	£'000	£'000
Valuation					
At 1 April	109,558	126,132	127,032	122,745	127,660
Additions funded by Government Grants	5,758	11,859	1,035	2,505	826
Additions funded by other grants and donations	5,922	–	526	53	–
Disposals	–	–	–	–	(881)
Revaluations	4,894	(10,959)	(5,848)	2,357	11,905
At 31 March	£126,132	£127,032	£122,745	£127,660	£139,510

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

1. Herbarium collections: these consist of herbarium specimens (dried pressed specimens), spirit preserved specimens and mycological specimens.
2. Economic Botany collections: items and artefacts that demonstrate the use of plants.
3. Library, Art and Archives collections: these include books, periodicals, pamphlets, prints and drawings, objet d'art, handwritten material and photographs relating to the history of Kew.
4. Living collections: all plants cultivated at Kew and Wakehurst Place.

13 Heritage assets continued

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

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

There is extensive information about Kew's collections available on the internet at 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 86,000 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 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 restoration of which, with enhanced interpretation, was completed in 2011.

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 number of additions in the last three years are as follows:

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

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 resale value and are sent for re-cycling. If an item falling outside of this situation, i.e. a valuable item, is considered for disposal the Museum, Library and Archives Council, MLA, 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 MLA 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 into 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 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 whether 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 they are retained indefinitely.

14 Investments

	Royal Botanic Gardens, Kew		Consolidated	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Valuation				
At 1 April	587	580	262	255
Revaluation	(2)	7	(2)	7
At 31 March	£585	£587	£260	£262

Investments at 31 March are analysed as follows:

	Royal Botanic Gardens, Kew		Consolidated	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
RBG Kew Enterprises Limited	325	325	-	-
Charities Official Investment Fund	260	262	260	262
	£585	£587	£260	£262

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.

	2011/12	2010/11
	£'000	£'000
Turnover	5,742	5,049
Cost of sales	(2,246)	(1,871)
Gross profit	3,496	3,178
Net other expenses	(2,620)	(2,416)
Interest receivable	5	5
Net profit	881	767
Gift Aid payable to Kew	(881)	(767)
Profit for year	£-	£-

	2012	2011
	£'000	£'000
Balance sheet		
Current assets	2,741	2,294
Current liabilities	(2,416)	(1,969)
	£325	£325
Share capital and reserves	£325	£325

16 Debtors

	Royal Botanic Gardens, Kew		Consolidated	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Trade debtors	1,427	1,514	1,776	1,755
Prepayments and accrued income	1,425	1,031	1,662	1,163
Owed by subsidiary	1,427	835	-	-
Owed by the Foundation	3,848	4,424	3,848	4,424
Travel advances to staff	25	25	25	25
Staff loans	11	14	11	14
Owed by Government Bodies:				
VAT (HMRC)	650	302	650	302
Other	194	26	195	26
Total debtors	£9,007	£8,171	£8,167	£7,709

17 Creditors: Amounts falling due within one year

	Royal Botanic Gardens, Kew		Consolidated	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Trade creditors	466	244	506	269
Accruals	4,086	3,585	4,243	3,743
Provisions	83	86	83	86
Other	2,164	1,875	2,956	2,826
Owed to Government Bodies:				
Defra	3,000	3,000	3,000	3,000
Tax and NI (HMRC)	428	461	428	461
Other	290	286	290	286
Total creditors	£10,517	£9,537	£11,506	£10,671

Provisions are for early retirement costs and outstanding small claims against the organisation.

Other creditors includes £1,918,000 of deferred income (2010/11 £1,663,000) in respect of project funds received by Kew which it is not yet entitled to claim as income.

The balance with Defra is Grant-in-aid received in advance for 2012/13, which Kew is not entitled to claim as income in 2011/12

18 Statement of reserves Royal Botanic Gardens, Kew and Consolidated

	At 1 April 2011 £'000	Income £'000	Expenditure £'000	Revaluation £'000	At 31 March 2012 £'000
Unrestricted					
General–other	5,382	41,118	(42,132)	–	4,368
General–capital	41,461	1,880	(6,326)	–	37,015
Capital Revaluation Reserve	63,131	–	(849)	11,715	73,997
Total Unrestricted	109,974	42,998	(49,307)	11,715	115,380
Restricted					
General–capital	11,077	43	(271)	–	10,849
Capital Revaluation Reserve	3	–	–	3	6
Donations	400	96	(56)	–	440
Projects	–	5,747	(5,747)	–	–
Total Restricted	11,480	5,886	(6,074)	3	11,295
Endowment					
Scott-Marshall	170	–	–	(1)	169
Robin Spare Book Fund	3	–	–	–	3
Total Endowment	173	–	–	(1)	172
Total Reserves	£121,627	£48,884	£(55,381)	£11,717	£126,847

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 (2010/11 8).

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 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 £'000	Restricted £'000	Endowment £'000	Total £'000
Reserves balances at 31 March are represented by:				
Fixed assets	111,011	10,855	121,866	
Investments	–	88	172	260
Current assets	11,691	4,536	–	16,227
Creditors	(7,322)	(4,184)	–	(11,506)
	£115,380	£11,295	£172	£126,847

20 Analysis of reserves

	Unrestricted £'000	Restricted £'000	Endowment £'000	Total £'000
General–other	4,368	417	110	4,895
General–capital	37,015	10,849	–	47,864
Revaluation Reserve	73,997	29	62	74,088
	£115,380	£11,295	£172	£126,847

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 and support and maintenance for including new financial and HR systems. Of this sum, £784,000 has been capitalised under intangible assets and has a remaining net book value at 31 March 2012 of £65,000. The cost of support services has been written off as incurred up to 31 March 2012. In line with government policy the implementation of the financial and HR systems was stopped early in 2010/11, although other IT products have been implemented and are operational. RBG Kew has continued to make full contractual payments to Oracle without obtaining the benefit of operating the financial and HR systems, which accounts for £900,000 over five years. The amount of fruitless payments made to 31 March 2012 is estimated as £671,000, all of which has been written off either by way of depreciation or charges for maintenance services. In conjunction with Defra and in line with RBG Kew's requirements, management is planning to implement these financial and HR systems using Oracle in 2012/13, subject to agreement with Defra, and on that basis RBG Kew expects to obtain economic benefits from both the remaining book value of the software, £65,000, and from utilising the remaining services under the contract, £194,000, in the next two years.

22 Pension commitment

The staff of the Royal Botanic Gardens, Kew are employed by the Trustees and they are eligible to be members of the Principal Civil Service Pension Scheme, PCSPS. This is an unfunded multi-employer defined benefits scheme to which the conditions of the Superannuation Acts 1965 and 1972 and subsequent amendments apply.

Kew's contributions to the PCSPS are affected by a surplus or deficit in the scheme but as it is a multi-employer scheme Kew is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. A full actuarial valuation was carried out by the Scheme Actuary, Hewitt Bacon Woodrow, in March 2007 and details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk). For 2011/12 contributions of £3,020,000 (2010/11 £2,959,000) were paid to the Paymaster General at rates which ranged from 16.7% to 24.3% depending on salary. The Scheme Actuary reviews employer contributions every four years following a full scheme valuation.

RBG Kew Enterprises operates a Group Personal Pension Plan for its employees, which is a defined contribution scheme. It made pension contributions of £60,000 (2010/11 £77,000) to this scheme during the year. 48 staff were members of the defined contribution scheme at 31 March 2012 and the remaining staff were members of the PCSPS.

23 Commitments

There were no major capital commitments at 31 March 2012.

24 Contingent liabilities

There were no contingent liabilities at 31 March 2012.

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, £2.5m was received in 2011/12 (2010/11 £5.2m). 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 16. Marcus Agius, Henry Keswick and George Loudon were Trustees of the Foundation and Friends throughout the year. Stephen Hopper is 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.

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 and 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 £1.4m of trade debtors – however this risk is not considered significant as major customers are familiar to Kew.
- Kew has recovered 98% of trade debtors over the last years.
- 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 by 1%, interest income would decrease by approximately £60k.
- 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	Available for sale	Other financial liabilities
	£'000	£'000	£'000
As at 31 March 2012			
Cash	7,536	–	–
Trade and other debtors	8,167	–	–
Stocks	–	524	–
Investments	–	260	–
Trade and other creditors	–	–	(11,506)
	£15,703	£784	£(11,506)

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.

Royal Botanic Gardens, Kew Five year financial summary

Statement of Financial Activities

	2007/08 £'000	2008/09 £'000	2009/10 £'000	2010/11 £'000	2011/12 £'000
Incoming resources					
Grant-in-aid	25,204	26,600	28,550	24,620	28,500
Grants and donations	16,389	14,566	6,629	9,091	6,414
Income from activities	13,785	13,463	13,712	13,324	13,906
Investment income	582	415	67	72	64
Total incoming resources	55,960	55,044	48,958	47,107	48,884
Resources expended					
Charitable expenditure	41,686	43,577	46,304	42,781	50,641
Cost of generating funds	4,064	4,230	4,341	4,187	4,740
Total resources expended	45,750	47,807	50,645	46,968	55,381
Net incoming resources	10,210	7,237	(1,687)	139	(6,497)
Revaluation of fixed assets	4,472	(9,019)	(3,062)	2,393	11,717
Net movement in reserves	14,682	(1,782)	(4,749)	2,532	5,220
Reserves at 1 April	110,944	125,626	123,844	119,095	121,627
Reserves at 31 March	£125,626	£123,844	£119,095	£121,627	£126,847

Summary Balance Sheet

	2008 £'000	2009 £'000	2010 £'000	2011 £'000	2012 £'000
Fixed assets	116,356	117,225	112,889	115,934	122,126
Current assets	14,907	14,249	13,449	16,364	16,227
Creditors	(5,637)	(7,630)	(7,243)	(10,671)	(11,506)
Total assets less current liabilities	£125,626	£123,844	£119,095	£121,627	£126,847
Unrestricted	116,515	112,639	107,443	109,974	115,380
Restricted	8,928	11,071	11,484	11,480	11,295
Endowment	183	134	168	173	172
Total reserves	£125,626	£123,844	£119,095	£121,627	£126,847



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