

# Kew

Royal Botanic Gardens

## **Annual Report and Accounts**

for the year ended 31 March 2019





# **Royal Botanic Gardens, Kew**

## Annual Report and Accounts for the year ended 31 March 2019

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

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## Foreword

2018-19 has proved to be an eventful year for RBG Kew.

In May Sir David Attenborough re-opened the Temperate House, the largest Victorian glasshouse in the world. More than 1,000 people were involved in the restoration, 15,000 panes of glass were replaced and 180km of scaffolding were needed. The result is a magnificent building restored to its former glory and updated to improve lighting and ventilation for the 10,000 temperate plants housed within it. The project relied on the generosity of the Heritage Lottery Fund, our sponsor department Defra and other benefactors. Our sincere thanks go to all involved in helping to achieve this project.

The re-opening of the Great Pagoda followed in July after an extensive restoration by Historic Royal Palaces to return this iconic building to its original Georgian splendour. We were delighted that our Patron HRH Prince of Wales was able to attend the official re-opening event in July.

In September we published our first State of the World's Fungi report which generated widespread media interest both nationally and internationally. The key message from the report and symposium is that with just 5% of the estimated 3.8m fungi species identified we need to continue to promote the importance of mycological research to unlock the potential of this incredibly important kingdom. We also worked on year one of implementing the Science Collections Strategy, our first such strategy, which was published in March 2018.

We were delighted to win a Gold medal at the RHS Chelsea Flower Show for our Action Oak stand. Launched by the Secretary of State for Environment, Food and Rural Affairs Michael Gove and the Parliamentary Under Secretary of State, Lord Gardiner of Kimble, Action Oak aims to bring people together to protect our native oak trees from pest and disease threats.

We completed the new Arboretum Nursery, which provides much improved nursery facilities and which allows behind-the-scenes access for visitors to observe plant propagation and conservation. Work continued on the Children's Garden and on the Pavilion restaurant, both of which opened in May 2019.

At Wakehurst we replaced and re-opened the Wetlands Boardwalk, a conservation area for wetlands plants, birds and insect life. The Winter Garden was also completed, which is a contemporary re-shaping and enlargement of one of the UK's first winter gardens. These are two important milestones in the rejuvenation of the Wakehurst landscape.

We continued to consolidate our finances in 2018-19. This reflects strong sales at both Christmas at Kew and our lantern festival at Wakehurst, Glow Wild. Both retail and catering have performed well this year and our Kew gin picked up three medals at the 2018 International Wine & Spirit awards. Day-paying admissions were 14% ahead of last year whilst income from day-paying visitors has increased by 28% year on year; 26% of day-paying admissions are now booked online. At Kew Gardens we welcomed almost two million visitors. Whilst this performance is heartening, growing visitor numbers puts pressure on visitor facilities which require significant investment, and we continue to need to invest in our science research and collections facilities.

In June 2018 we were pleased to agree a revised Framework Document with Defra, which sets out the relationship between RBG Kew and its sponsor body.

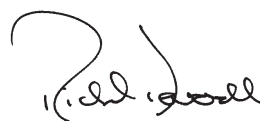
The Kew International Medal was this year awarded to Mary Robinson, first female President of Ireland and leading advocate for environmental and human rights, for her work on food security and climate justice. In a rousing speech at the award ceremony in March, the former head of state reflected that: 'Climate change is not just an issue of atmospheric science or plant conservation; it is also about human rights. Climate change undermines the enjoyment of the full range of human rights – from the right to life, to food, to shelter and to health.' This year we also launched our Kew Ambassadors programme which aims to bring together influential individuals to raise awareness internationally about RBG Kew's mission to be the global resource for plant and fungal knowledge.

We were sorry to say goodbye to Professor Kathy Willis, our first Director of Science, who left in September to take up the role of Principal at St Edmund Hall, at Oxford University having completed her five-year secondment to RBG Kew. Kathy made a huge contribution to the quality and impact of Kew Science, in recognition of which she was awarded a CBE in the 2018 Birthday Honours. We were delighted to welcome her successor Professor Alex Antonelli who will help to shape the future ambitions for Kew Science. Our thanks also go to Dr Paul Wilkin who acted as Director of Science in the interim. The tenure of Professor Malcom Press came to an end as a Trustee and we would like to thank him for his very valuable contribution. We welcomed Krishnan Guru-Murthy to the Board of Trustees in the summer.

We extend our sincere thanks to all those who have contributed to the success of RBG Kew this year and we look forward to working with Defra and all our other our supporters in 2019, in what will be our 260<sup>th</sup> anniversary year.



**Marcus Agius**  
Chairman, Board of Trustees



**Richard Deverell**  
Director

# Management commentary

## Unlocking why plants and fungi matter

The National Heritage Act 1983 (“the Act”) sets out the statutory functions and powers of RBG Kew. The General Functions of RBG Kew (s.24 of the Act) are to:

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

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

### Highlights and challenges

Re-opening of the **Temperate House** on time was a highlight of our capital development activity in 2018, and the result is a magnificent building which will inspire future generations and visitors to Kew Gardens. However, we need to improve our planning and to avoid optimism bias when setting budgets and timelines.

Maintaining our underinvested heritage **estates** at both Kew Gardens and Wakehurst continues to pose challenges. Building and asset survey work undertaken in 2018-19 has provided a benchmark from which we can move forward, and we have identified ways to strengthen our estates’ function for the future.

2018 proved to be a challenging summer for our **horticulture**, with record temperatures and a prolonged dry spell. The automated irrigation of the Great Broad Walk Borders, believed to be the longest herbaceous borders in the country, meant that the borders were in bloom all summer. Elsewhere however, horticulture staff were dragging hoses, moving sprinklers, and watering by hand from bowsers for many hours each day. The experience highlighted the need for improved planning to ensure our irrigation systems can operate efficiently and reliably when needed.

We made good progress in developing a **Living Collections’ strategy** which will set out the role and scale of our living collections, prioritise future collections as well as better align the living collections for Kew scientific research. The strategy will be published in 2019.

2018-19 also saw the first ever **State of the World’s Fungi** report and associated symposium at Kew Gardens in September 2018. In addition, we ran a successful Science Festival at Wakehurst in the summer and launched ‘Surviving

or Thriving – an exhibition on plants and us’ in the Millennium Seed Bank atrium. The exhibition is a retelling of our landmark State of the World’s Plants reports.

2018-19 has been a year for **good financial planning**, solid fundraising and strong commercial performance. Visitor numbers continued to perform strongly with day-paying visitors up 14% year-on-year, and income from admissions, catering and retail outperforming previous years. Our flagship event Christmas at Kew sold to 99% capacity (282,000 tickets), an increase in ticket sales of 14% against last year. At Wakehurst, total visitation exceeded the previous levels achieved prior to the change in the business model in 2014-15 with 58,000 people attending our Glow Wild lantern festival over the pre-Christmas period, an increase of 43% on last year.

In October we established a **Commercial Phytochemistry Unit** to take forward commercially funded science R&D and authentication work, including licensing the intellectual property that we generate as well as endorsing, through our brand, third-party products. This followed the agreement in January 2018 with Proctor & Gamble to develop a range of Kew-licensed skin, hair and beauty products. During 2018-19 significant funding for R&D and fee for service contract work has been secured demonstrating the potential to provide an important future revenue stream for RBG Kew.

We have also agreed strategies in a number of key areas, including working with schools, IT, people and culture and membership. The strategies will, as they are implemented, help us to deliver RBG Kew’s corporate strategy which runs to 2020-21. Also, in the year we refreshed [kew.org](http://kew.org) our external website, which is now more welcoming, easier to navigate and which showcases our gardens and our work.

### Plans for future periods

To ensure we achieve our strategic objectives, we have developed a corporate operational plan which sets out the key activities that we will undertake in the next three years. The plan sets out 26 corporate priorities for 2019-20, grouped under our five strategic objectives:

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

The corporate priorities are underpinned by directorate plans, which lay out more detailed priorities.

To monitor our progress in achieving our objectives we review our organisational performance on a quarterly basis, using success measures and delivery milestones as indicators of success.

## Measuring success

The table below shows performance during 2018-19 for each of our corporate success measures; an explanatory note is provided on page 7 overleaf.

Strategic Objective	Success measure	Target 2018-19	Outturn 2018-19	% Outturn vs target
Our collections are curated to excellent standards and are widely used for the benefit of humankind	1. Number of new plant, fungal and seed accessions to the RBG Kew Science collections	44,000	32,589	74%
	2. Number of IUCN† threatened species in: (i) Living collections (ii) Seed bank collections	(i) 932 (ii) 675	(i) 872 (ii) 786	(i) 94% (ii) 116%
	3. Number of visits to RBG Kew digital collections database resources	4.5m	4.5m	100%
Our science makes a demonstrable contribution to solving critical challenges facing humanity today	4. Total number of scientific publications	400	306	77%
	5. Number of citations to RBG Kew scientific publications	27,500	31,083	113%
We are the world's leading botanic gardens where our large and diverse audiences develop their understanding of why plants and fungi matter	6. Total visits to Kew Gardens and Wakehurst	2,338,000	2,360,681	101%
	7. Total number of Members for Kew Gardens and Wakehurst	118,266	119,770	101%
	8. Percentage of day-time visitors who feel they have learnt something about why plants and fungi matter as a result of their visit to Kew Gardens	84%	78%	93%
	9. Net brand alignment score	40	42	105%
We are valued as the pre-eminent provider of public education on plant and fungal science, conservation and horticulture	10. Number of school pupil visits to Kew Gardens and Wakehurst	103,500	99,364	96%
	11. Number of horticulture apprentices, diploma students and MSc students who move onto relevant education and employment	29	33	114%
We are a sustainable dynamic organisation, making positive global impacts in partnership with others	12. Self-generated income	£47.0m	£48.8m	104%
	13. Staff engagement index score	72%	74%	103%
	14. Quality of the built estate	see note 14 overleaf		
	15. Carbon emissions (tonnes CO <sub>2</sub> )	6,261	5,318	118%

† International Union for Conservation of Nature



## Notes on performance

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

This measure records the number of new specimens added to the plant, fungal and seed collections. During 2018-19, 32,589 new accessions were recorded, which was less than our target. This was due to a variety of factors including changes in international legislation, with increased regulation over the movement of specimens.

### 2. Number of IUCN threatened species in the collections

This measure demonstrates the representation of species in our scientific and living collections that are recorded on the IUCN global red list<sup>1</sup>. Outturn as at 31 March 2019 was broadly in line with expectations.

### 3. Number of visits to RBG Kew digital collections database resources

This measure records the level of usage of RBG Kew's databases. We surpassed our target for 2018-19, achieving a total of 4.5 million visits.

### 4. Total number of scientific publications

The overall number of scientific publications during 2018-19 was 306. We set an ambitious target for 2018-19 and the outturn achieved was not as high as expected. In recent years there has been a focus on producing higher impact journals and we believe that this, as well as an element of under-reporting, has led to the shortfall in total publications for the year.

### 5. Number of citations to RBG Kew scientific publications

This measure records the number of instances RBG Kew publications have been cited. In 2018-19, we outperformed previous years and our target, with 31,083 citations, demonstrating the positive and influential impact of our scientific publications.

### 6. Total visits to Kew Gardens and Wakehurst

This measure records the overall number of admissions to both sites. The total number of visits achieved was 2,360,681 against our target of 2,338,000 reflecting continued growth in visitor numbers during the year in response to our improved visitor offer.

### 7. Total number of Members of Kew Gardens and Wakehurst

The total number of members at the end of the year was 119,770 an increase of 7% on last year.

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

This records the results of a visitor survey undertaken at Kew Gardens, where 78% of visitors agreed they had learnt something as a result of their visit. A visitor survey is now undertaken at Wakehurst, but this has only been in place since October 2018 and therefore we do not yet have a full year's worth of data.

### 9. Net brand alignment score

Our second year Brand Alignment Research score was 42 reflecting significant progress against the baseline of 33 last year and demonstrates the effectiveness of our marketing activity.

### 10. Number of school pupil visits to Kew Gardens and Wakehurst

The number of school children visiting Kew Gardens and Wakehurst was 99,364 in 2018-19 just short of the target of 103,500. We will continue to focus on this activity and our Schools' strategy in 2019-20.

### 11. Number of horticulture apprentices, diploma students and MSc students who move onto relevant education and employment

This measure aims to show the effectiveness of RBG Kew's professional training. In 2018-19 a total of 33 graduates moved onto further education or employment in a relevant discipline.

### 12. Self-generated income

This measure tracks the income generated from trading activities and commercial enterprises, as well as project funding from philanthropic sources. The total income generated surpassed our target for the year, reaching £48.8m.

### 13. Staff engagement index score

The staff engagement score is calculated using a set of questions taken from our people survey and is comparable with the Civil Service Survey. Our 2018-19 score of 74% shows an engaged workforce, surpassing our target of 72% and increasing since last year's score of 70%.

### 14. Quality of the built estate

This indicator will measure improvements in the built estate arising from the critical and major work to be delivered under the capital development programme. As a result of the recently undertaken asset and conditions survey, the measure that has been developed is 'Increase in the number of assets categorised as in 'Good' condition' and a baseline will be provided in 2019-20.

### 15. Carbon emissions

Carbon emissions for the year totalled 5,318 tonnes, a reduction of 950 tonnes compared to 2017-18 which means that we are on course to meet the GGC target to reduce carbon emissions by 43% by 2020 (compared to a 2009-10 baseline).

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<sup>1</sup> Tracked against the following categories: Extinct in the Wild, Critically Endangered, Endangered & Vulnerable

## Customer care statement

RBG Kew operates in a competitive marketplace for visitors and we are attuned to the needs of our existing and potential future customers. As public servants, we have a duty to serve the public well, and as a leading visitor attraction with sites at Kew Gardens and Wakehurst, we must also meet the needs of an increasingly demanding leisure market. We track customer feedback through:

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

The latest independent market research showed that, when benchmarked against other attractions, 83% of people surveyed rated their experience excellent or good value for money. 97% of people also rated their experience as excellent or good for enjoyment overall and said that they were likely to recommend Kew Gardens following their visit. We incorporate this tracking into our internal feedback and training to ensure that we maintain our customer care standards. Wakehurst will be included in our reporting from 2019-20.

### Health and safety statement

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

The Health and Safety Committee meets quarterly to review current health and safety arrangements and set direction for the organisation. The Committee is chaired by the Director of Kew and includes representatives of the three recognised trade unions, a representative from the Departmental Health and Safety Coordinators as well as the Health and Safety Department.

We have relevant health and safety objectives, key performance indicators and a corporate health and safety risk register, all of which are reviewed on a regular basis.

In the reporting year April 2018 to March 2019, there were six RIDDOR<sup>1</sup> reportable incidents at RBG Kew; three involving staff, two involving a member of the public and the other a contractor. All incidents were investigated, and remedial action taken as appropriate. In June 2018 the Health and Safety Executive (HSE) served a Prohibition Notice on a staff passenger lift, following repairs by a contractor. The matter was fully investigated, and steps agreed with the HSE to prevent a future recurrence.

### Diversity, Inclusion and Equality statement

Diversity and inclusion of staff and volunteers is a key priority for RBG Kew, and our People and Culture Strategy supports the overall corporate strategy and our ambition to be a

dynamic and sustainable organisation. Since 2018, this has resulted in:

- establishing a Diversity and Equality group at RBG Kew;
- embedding the 'Go To' network of staff volunteers to tackle bullying, harassment and discrimination at RBG Kew;
- training of staff volunteers to be mental health first aiders to provide support and guidance to colleagues experiencing mental ill health;
- launching a mentoring scheme to support career development; and
- carrying out an equal pay audit.

RBG Kew is required to publish an external report on the gender pay gap for 'core' employees. The data shows that the gender pay gap has reduced since the previous reporting period. The gap is largely due to a lower concentration of women in the more senior grades where pay is highest and a higher concentration in the lower and middle quartiles where pay is lower. This is changing as the percentage of women in the upper and upper middle quartile is increasing and we continue to monitor and take necessary actions to reduce the pay gap.

Wherever possible, RBG Kew supports the employment of disabled people as well as the retention of any member of staff who become disabled during their employment and is an accredited Disability Confident employer.

Attracting diverse audiences and offering equality of access across our programmes is a key priority. In 2018-19 RBG Kew's Discovery and Access Programme provided accessible learning opportunities for over 3,300 visitors with additional needs including those with physical and/or sensory disabilities.

Our Community Membership Scheme is a group annual membership for organisations that provide services directly to people who face physical, sensory, psychological, or social barriers to visiting Kew independently. In 2018-19 this scheme provided 15,000 tickets to 230 groups, enabling them to access Kew Gardens.

Within Visitor Learning, each strand of the multi-faceted Heritage Lottery Funded Temperate House Activity Plan is aimed towards engaging with diverse and hard(er) to reach audiences, which for Kew Gardens includes;

- young people from BME backgrounds (young people volunteered over 700 hours through our award-winning Youth Explainer programme in 2018-19);
- over 3,500 adults who face physical, sensory, psychological or social barriers to visiting Kew Gardens and participated in onsite learning activities; and
- more than 7,000 parents/guardians and children under five who took part in our Kew Babies early years learning programmes, and over 650 families who attended our targeted outreach sessions aimed at connecting with families least likely to visit Kew.

### Outreach programme

RBG Kew has engaged millions of people outside the garden walls through its flagship outreach learning initiative, Grow Wild. Grow Wild brings people together to value and enjoy UK native wildflowers and fungi. Through Grow Wild, RBG Kew delivers positive behavioral and environmental change across the UK, especially with children, younger people and adults living in deprived areas.

During 2018-19, Grow Wild inspired 1.26m positive actions on and offline, exceeding our target by 26%, and bringing the total

<sup>1</sup>Reporting of Incidents, Diseases and Dangerous Occurrences Regulations

actions achieved to over 6.5m since 2014. Activities include digital and event campaigns, distributing seed and fungus resource kits, and allocating grants to youth and community-led projects.

These achievements are thanks to the support from The National Lottery Community Fund (previously Big Lottery Fund) and other donors.

### **Volunteering statement**

RBG Kew recognises the vital and integral role played by volunteers and the value they contribute to the RBG Kew community. Last year an average of 780 volunteers collectively contributed 118,000 hours to RBG Kew's mission, representing an equivalent value of £1.9 million in staff time that the organisation would otherwise have had to spend.

Just as important is the qualitative data and feedback that we receive concerning the value that our volunteer task force brings to RBG Kew in terms of their commitment, knowledge, skills, enthusiasm, and energy. For example, in 2018-19 1,900 volunteer-led guided tours of Kew Gardens enriched the visitor experience. One of the key quantitative indicators of our volunteers' value to our organisation is the 'Volunteer Investment and Value Audit' (VIVA Ratio), which shows that for every £1 the organisation invests in our volunteering programme we received an equivalent volunteer labour value of £11.80 in return.

RBG Kew has a record of working with volunteers since 1992 with a volunteer retention rate of 84.5% in 2018-19. Our traditional volunteer roles include horticultural support, visitor engagement and support to our schools, families and science programmes as well as recent diversification of programmes to include a programme for youth and harder to reach volunteering audiences. In addition, we promote environmental volunteering by hosting 'Employee Volunteering Days' for the corporate sector. In 2018-19 231 volunteers took part in corporate volunteering activities over 13 days.

RBG Kew has a devolved structure for the management of volunteering across the organisation. Our Volunteer Strategy aims to align our volunteering programmes to support the objectives of the organisation, which includes the involvement of a Volunteer Steering Group consisting of pertinent stakeholders in the volunteering equation such as volunteers, their coordinators and RBG Kew trade unions. The group meets bi-annually and helps steer the continued development of our volunteering programmes and promote best practice in volunteer involvement.

RBG Kew celebrates and thanks our volunteers, whose time and talent make such an invaluable contribution to our mission.

### **Third party engagement**

RBG Kew is committed to ethical responsibility both as an institution and on the part of individual members of staff, volunteers and students. As an organisation largely funded by charitable donations and public funds, RBG Kew aims to achieve value for money, and deliver the greatest possible positive impact for our beneficiaries and the public.

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

### **Safeguarding**

RBG Kew's safeguarding policy and procedures were introduced in January 2018. Ultimate accountability of the policy rests with RBG Kew's Board of Trustees with the chair of the Audit and Risk Committee supporting the interface between the Board of Trustees and the directors.

The effective implementation of the policy is monitored by the Audit and Risk Committee which also reviews any safeguarding incidents and referrals made to the relevant Single Point of Access.

The Director of Horticulture, Learning and Operations and the Director of Wakehurst are the two safeguarding leads for RBG Kew with responsibility delegated to the Head of Learning and Participation at RBG Kew and Head of Programmes and Learning at Wakehurst. A safeguarding oversight committee has been established which meets biannually and includes representatives from across the organisation. Safeguarding champions from each directorate meet every two months to review procedures and identify any gaps that need to be addressed. In July 2018 a part-time Safeguarding Officer was appointed to support the delegated safeguarding leads with administration. The Volunteer Manager supports the Disclosure and Barring Service checking of volunteers and awareness training at Kew Gardens with the Head of Programmes and Learning doing this at Wakehurst.

During 2018, safeguarding awareness training was made available to all staff and volunteers. A safeguarding training company was appointed to provide additional training for front facing staff and volunteers. This training is currently underway and emphasises the importance of individuals' responsibility for safeguarding and the need to report any safeguarding incidents. Training for the Board of Trustees will take place in 2019.

At Kew Gardens, a safeguarding audit was undertaken with the London Boroughs of Richmond and Kingston which confirmed that our safeguarding policy and procedures demonstrate a comprehensive understanding of safeguarding.

Our internal auditors have also undertaken a review of the safeguarding framework at RBG Kew in 2019. It recognised significant progress have been made in implementing Kew's new safeguarding policy which was approved in December 2017. However, the report provided 'limited assurance' as some elements of the policy had not yet been fully implemented. Other recommendations were identified in relation to training, reporting and governance. All recommendations have been or will be implemented in early 2019-20.

### **Fundraising approach**

RBG Kew is an exempt charity, with Defra acting as its principal regulator for charity law purposes. In 2018-19, most fundraising activity was undertaken as a service provided by RBG Kew's subsidiary, RBG Kew Enterprises Ltd, and recharged to RBG Kew. Both RBG Kew and RBG Kew Enterprises Ltd adhere to the Code of Fundraising Practice issued by the Fundraising Regulator. There have been no incidences identified of failure to comply with the code by RBG Kew, RBG Kew Enterprises Ltd, or any other partners worked with in the year. No complaints were made regarding our fundraising practices. We regularly review fundraising processes to ensure that no undue pressure is placed on visitors or supporters and that all approaches protect the public and vulnerable people from unreasonably intrusive or persistent fundraising.



# Governance statement

## Overview

RBG Kew was founded as a Royal Garden in 1759. Under the National Heritage Act 1983 (“the Act”) it became an executive non-departmental public body (NDPB) and a corporate body with exempt charitable status operating under a Board of Trustees and a Director.

As an exempt charity and an NDPB, RBG Kew 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.

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

As an executive NDPB, we operate at arm’s length from our sponsor department, Defra. Defra’s role is a strategic one. In June 2018 a revised Framework Document was agreed with Defra.

## 1. Governance arrangements

### The Board of Trustees

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

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

The twelve Trustees on the Board have been selected to provide an appropriate balance of skills, experience, independence and knowledge to discharge their duties effectively. Eleven have been appointed by the Secretary of State for Environment, Food and Rural Affairs and one by HM The Queen. The recruitment of Trustees is regulated by the Office of the Commissioner for Public Appointments and conducted through fair and open competition. In addition, we use the expertise of a number of independent members who sit on different Committees. On appointment Trustees are briefed by Defra and inducted into RBG Kew’s operations.

### Membership of the Board during 2018-19 was as follows:

Marcus Agius (Chairman)  
Valerie Gooding (Queen’s Trustee)  
Nick Baird  
Professor Liam Dolan  
Catherine Dugmore  
Sarah Flannigan  
Krishnan Guru-Murthy (wef 1 July 2018)  
Professor Sue Hartley  
Ian Karet  
Jantiene Klein Roseboom van der Veer  
Michael Lear  
Sir Derek Myers  
Professor Malcolm Press (until 30 June 2018)

Standard Board agenda items include a regular report from the Director covering major strategic issues, financial updates, reports from Committees and any declarations of interest. The Board considered a range of significant matters during the year including:

- estates and compliance risks;
- membership and IT strategies;
- interpretation masterplan for Kew Gardens;
- contract awards for Wakehurst catering;
- pricing strategy for Kew Gardens and Wakehurst;
- future facilities management arrangements for RBG Kew;
- approval of key policies including delegated financial authorities and reserves; and
- approval of the RBG Kew Annual Report & Accounts, budget and operational plan.

### Board Committees

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

### Audit and Risk Committee

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

Membership of the Committee comprises three Trustees plus an independent member. A key aspect of the Committee’s work is to review the RBG Kew strategic risk register as well as directorate registers. Topics discussed in 2018-19 included:

- review of risks associated with the Herbarium;
- future Facilities Management arrangements;
- RBG Kew IT strategy;
- annual review of safeguarding and third-party engagement, anti-fraud, modern slavery and whistleblowing policies;
- Trustees register of interests;
- business continuity plans; and
- progress in completing internal audit recommendations.

### Capital Development Committee

The Capital Development Committee provides the Board of Trustees with effective oversight of our capital development activities. The Committee comprises four Trustees, an independent member of Foundation Council and an independent member. The Committee met four times during the year and reviewed:

- programme performance;
- financial and risk management;
- actions arising from internal audit reviews relating to the Kew Capital Development programme; and
- proposals for future Facilities Management provision.

### **Finance Committee**

The main responsibility of the Finance Committee is to review significant financial matters on behalf of the Board and make recommendations to the full Board for decision. The Finance Committee comprises three Trustees and two independent members. Issues reviewed by the Committee during the year included:

- scrutiny of business cases for major projects and events and long-term financial plans;
- review of RBG Kew's reserves, cash management and investment policies;
- capital funding and science grant income;
- pay and reward proposals; and
- 2019-20 operational plan and budget.

### **Foundation Council**

The Council was created in July 2017 following the integration of the majority of fundraising activities of Kew Foundation into RBG Kew. It comprises former Trustees of the separate legal entity Kew Foundation (including two RBG Kew Trustees), and more recent independent members. Topics included:

- membership, campaign and development plans; and
- updates on activities within RBG Kew.

### **Remuneration and Nominations Committee**

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

The Committee met twice in the year and in addition to reviewing senior executives' remuneration, it focused on plans for recruitment of a new Chair of the Board of Trustees.

### **Science Advisory Committee**

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

- RBG Kew's collections;
- future vision for genomics;
- evaluating the quality and impact of Kew science; and
- Kew science grant income and publications.

### **Visitor and Commercial Advisory Committee**

The Visitor and Commercial Advisory Committee provides strategic oversight of the visitor offer at Kew Gardens and Wakehurst, and on driving growth of RBG Kew's commercial offer. The Committee consists of four Trustees and one independent member. It met four times in 2018-19. The Committee discussed topics including:

- pricing and programme strategy;
- commercial performance;
- visitor survey findings; and
- proposals for the visitor offer and public programming during the year.

## Board of Trustee and Committee attendance in 2018-19

Board & Committee	Main Board	Audit & Risk	Capital Development	Finance †	Remuneration & Nominations	Science Advisory	Visitor & Commercial Advisory	Foundation Council
<b>RBG Kew Trustees</b>								
Marcus Agius ±	4 / 4*		4 / 4	3 / 4	2 / 2*		4 / 4	2 / 2**
Nick Baird	3 / 4			3 / 4	2 / 2			
Professor Liam Dolan	4 / 4					2 / 2*		
Catherine Dugmore	2 / 4	2 / 4	3 / 4*		1 / 2	1 / 2		
Sarah Flannigan	4 / 4						4 / 4	
Valerie Gooding	4 / 4						4 / 4*	
Krishnan Guru-Murthy (wef 1/7/18)	3 / 3					1 / 1	2 / 2	
Professor Sue Hartley	4 / 4					2 / 2		
Ian Karet ±	3 / 4			4 / 4*		1 / 2		0 / 2
Jantiene Klein Roseboom van der Veer	4 / 4	4 / 4	4 / 4					
Michael Lear	3 / 4		2 / 4					
Sir Derek Myers	4 / 4	4 / 4*						
Professor Malcolm Press (to 30/6/18)	1 / 1							
<b>Independent Members</b>								
Andy Bassadone (from Sept 2018)							3 / 4	
John Botts				2 / 4				
Dr Edwin Davies (to Sept 2018)								1 / 2*
Lady Barbara Davis								1 / 2
David Fransen (from March 2019)								1 / 1
Sarah Fransen (from March 2019)								0 / 1
Kara Gnodde (to March 2019)								2 / 2
Richard Gnodde (to March 2019)								0 / 2
Sir Henry Keswick								0 / 2
Kenneth Khaw								0 / 2
Anish Lalvani								0 / 2
Tasha Lalvani								1 / 2
Jonathan Lane			3 / 4					
George Loudon						2 / 2		2 / 2
Mike McDonagh		4 / 4						
Jan Pethick			4 / 4					2 / 2
Jane Reeves				3 / 4				
Jamie Ritblat (from May 2018)								1 / 2
Hélène Marie Shafran								0 / 2
Charles Sherwood								0 / 2
Rebecca Thompson			4 / 4					
John Taysom								1 / 2
Johanna Waterous (to February 2019 on VCAC)							2 / 3	0 / 2
Ruth Yeoh								0 / 2

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

\*Denotes chair

\*\* Acting Chair of Foundation Council from Sept 2018 (ongoing)

† Includes extraordinary meeting

± Also Trustees of Kew Foundation

## Director of RBG Kew and Accounting Officer

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

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

The Accounting Officer is accountable to Parliament and Defra's Principal Accounting Officer for the use of Grant-in-Aid and also advises the Defra Minister. These responsibilities are set out in the Framework Document.

## Executive Board

The Executive Board is a decision-making forum and acts under delegated authority from the Director and is chaired by the Director. The Board's primary purpose is to support the Director in delivering our corporate strategy. The Executive Board meets on a weekly basis. Membership in 2018-19 was as follows:

- Director RBG, Kew (Chair), Richard Deverell;
- Chief Information Officer, Ian McKetty;
- Director of Estates & Capital Development, Andrew Williams;
- Director of Foundation, Meredith Pierce Hunter;
- Director of Horticulture, Learning & Operations, Richard Barley;
- Director of Marketing & Commercial Enterprise, Sandra Botterell;
- Director of Resources, Fern Stoner;
- Director of Strategy & External Affairs, David Cope (to July 2018);
- Director of Science, Kathy Willis (to Sept 2018), Dr Paul Wilkin (Acting Director to Jan 2019), Professor Alex Antonelli (from Feb 2019);
- Director of Wakehurst, Tony Sweeney.

During the year the responsibilities for the former Directorate of Strategy and External Affairs were absorbed within the Resources Directorate.

## The Foundation and Friends of The Royal Botanic Gardens, Kew

Established as an independent charity in 1990, The Foundation and Friends of The Royal Botanic Gardens, Kew (Kew Foundation) exists to raise funds for the purposes of RBG Kew. On 1 July 2017 the majority of Kew Foundation's fundraising activity transferred into RBG Kew Enterprises Ltd, the trading subsidiary of RBG Kew. Kew Foundation continues to exist as a separate legal entity with responsibility for legacy fundraising and managing investment income to support the work of RBG Kew.

It has five Trustees, two of which are RBG Kew appointments. Previous Kew Foundation Trustees were also invited to join Foundation Council, RBG Kew's fundraising committee. The Board of Kew Foundation met twice in 2018-19.

Following the changes in governance outlined above, the Foundation is now deemed to have an associate relationship with RBG Kew from an accounting perspective, based on the number of trustees who are appointed by RBG Kew. As such, in accordance with accounting standards, a share of the Foundation's net assets are consolidated into the accounts this financial year (see note 17 of the Financial Statements) reflecting the proportion of Trustees appointed by RBG Kew, which was 40% at 31 March 2019. RBG Kew does not have the ability to exercise control over the net assets recognised, which remain subject to decision-making by the Foundation's independent Board of Trustees, and these assets are therefore shown as restricted assets in RBG Kew's financial statements.

## Bentham-Moxon Trust

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

An associate relationship is deemed to exist between RBG Kew, and the Trust based on the number of RBG Kew staff who are members of the Trust's Board of Trustees. As such, a share of the net assets of Bentham-Moxon Trust is recognised in the RBG Kew accounts reflecting the proportion of Trustees who are appointed by the Director of RBG Kew, which was 50% at 31 March 2019. RBG Kew does not have the ability to exercise control over the net assets recognised, which remain subject to decision-making by the Trust's independent Board of Trustees, and these assets are therefore shown as restricted assets in RBG Kew's financial statements.

## RBG Kew Enterprises Ltd

Enterprises is the wholly owned trading subsidiary of RBG Kew, and its accounts are consolidated into the accounts of RBG Kew. It is governed by a Board of Directors appointed by and accountable to the Board of Trustees of RBG Kew. Enterprises is structured into two divisions, Foundation and Commercial. The Board maintains general responsibility and accountability for Enterprises as a whole, reviews performance and approves strategy and budget, remuneration policies and standard corporate matters such as the Annual Report and Accounts. The Director of RBG Kew is an ex-officio member, the other Directors are Trustees and executive staff. The Board met four times in 2018-19.

## Defra

We support delivery of the Defra strategy and wider UK government objectives. The Defra strategy '*Creating a great place for living*' sets out a shared vision and set of strategic objectives for the Defra group for the period up to 2020. RBG Kew supports Defra's strategic approach as a member of Defra's Environment Committee and Natural Environment and Rural outcome system; and RBG Kew's activities are highlighted in the Defra Single Departmental Plan.

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

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

## Risk Management

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

We have a comprehensive risk management system, which is centered around a hierarchical structure of risk registers flowing from departmental, through directorate and up to strategic or corporate levels. This structure promotes the escalation of risks that cannot be controlled at the lower levels or which may have an impact on other departments, directorates, or the organisation as a whole. Quarterly reviews of the Strategic Risk Register are undertaken throughout the year as part of the Executive Board operational plan review process.

The Audit and Risk Committee ensures oversight of risk management by reviewing relevant activities and outputs, including the Strategic Risk Register and audit activity, on a quarterly basis. It requests an Executive Director to attend each meeting and describe the risk environment within their directorate. This provides members with an opportunity to review operational risk registers.

Directors of the following areas attended in 2018-19: Marketing & Commercial Enterprises, Resources, Wakehurst, corporate EU Exit risk register, Estates and Capital Development programme.

A rolling programme of attendance continues into 2019-20.

## Key risks

The majority of our strategic risks relate to our ability to secure sufficient income so that we can safeguard our collections, ensure that we continue to meet our obligations as a World Heritage Site, and deliver world class science. Additionally, there is a significant risk around maintaining our Estates infrastructure.

As of March 2019, two risks carried a red risk rating. These related to the ability to protect internationally important scientific collections and care for the built estate. Appropriate mitigations are in place or being developed to address both risks. During the year two previous red rated risks relating to IT Infrastructure and protection of data were downgraded following the implementation of appropriate control measures and ongoing mitigation.

## Internal control framework

The Trustees and the Director as Accounting Officer, are responsible for maintaining a sound system of internal control that supports the achievement of RBG Kew's policies, aims and objectives, and safeguards public funds and assets.

The Accounting Officer of RBG Kew, is accountable to the Principal Accounting Officer of Defra to enable her to discharge her overall responsibility for ensuring that RBG Kew, as an NDPB of Defra, has adequate internal control systems and procedures in place.

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

The Internal Audit Strategy and Plan for the year were approved by the Audit and Risk Committee in May 2018. The plan was based on:

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

The Head of the Internal Audit service provided the Committee with regular updates on progress against the audit plan at its quarterly meetings.

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

## Financial management and control

Financial management is supported through monthly management accounts, quarterly financial reporting to the Executive Board and summary reporting to the Finance Committee and to the Board of Trustees. Financial information is available to all budget holders to enable them to monitor their performance against budgets at any time. The financial delegations' policy is approved by the Board of Trustees annually.



## Fraud risk management

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

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

An investigation was undertaken during 2018-19 into an alleged conflict of interest in the Estates department which should have been declared and managed. The report identified a number of recommendations for control improvements which are being implemented.

There were no reports of whistleblowing in the period.

## Performance management

The Executive Board met quarterly to review progress on delivery of the operational plan and budget. The Board focused on the major initiatives and deliverables that will deliver our corporate strategy.

## Information management

General Data Protection Regulations (GDPR) effective since May 2018 set out clear requirements for management and control of personal information. We have created a compliance roadmap and identified where we hold personal data and ownership across the organisation, as well as complying with consent requirements and completing data protection impact assessments.

An independent GDPR compliance check was undertaken in February 2019 and concluded that RBG Kew has made 'good progress' toward GDPR compliance. The recommendations from the report have been fully incorporated into our data protection programme plan. Further work is underway on raising awareness across the organisation, establishing protocols and an overall governance framework for managing information at RBG Kew.

It is expected that our compliance journey will continue long after the point at which management of our data protection responsibilities transition into business-as-usual, thus ensuring that individual and collective responsibility for data protection matters become embedded in the organisational culture and accepted daily operations.

## 2. Governance and internal control issues

The programmed internal audits completed by Mazars in 2018-19 were rated 'adequate' for assurance; one had 'substantial' assurance and one on safeguarding which was started in 2018-19 and completed in 2019-20 had 'limited assurance'. This is referred to in the Safeguarding section of the Management Commentary.

RBG Kew's capital development programme and estates work has been the subject of two additional audit reports in 2018-19. The first audit concerned forecasting, monitoring and reporting of estates expenditure relating to the facilities management services provided by Engie and received a limited assurance rating from Mazars. The review identified that RBG Kew had a clear and documented budget setting process in place but found that there was a lack of control of the budget caused by a failure to scrutinise and challenge work undertaken.

The second related to an advisory review of arrangements for project planning and development which also received a limited assurance rating and identified a number of areas of best practice to strengthen governance and the control environment for capital projects. All recommendations arising from these reviews have been implemented.

The 2018-19 year-end accounts preparation process identified some control weaknesses in RBG Kew's in-year identification of qualifying capital expenditure, resulting in a late adjustment to the asset additions included in the financial statements. Improvements will be made in 2019-20 to mitigate the risk of understatement of capital additions, including a review and update of RBG Kew's capitalisation policy and processes to ensure qualifying asset additions are identified consistently and on a timelier basis.

Throughout the year the Audit and Risk Committee has received regular reports on progress in implementing audit recommendations throughout the year.

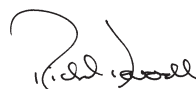
During the year the Health and Safety Executive (HSE) served a Prohibition Notice on a staff passenger lift, following repairs by a contractor. The matter was fully investigated, and actions agreed with the HSE to prevent a future recurrence. The Internal Audit annual report for 2018-19 concluded that RBG Kew's governance, risk management and internal control arrangements were generally adequate and effective.

## Conclusion

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



**Marcus Agius**  
Chairman of the Board of Trustees  
Royal Botanic Gardens, Kew  
4 July 2019



**Richard Deverell**  
Director  
Royal Botanic Gardens, Kew  
4 July 2019

# Sustainability Report

## Our commitment to sustainability

Our mission 'to be the global resource for plant and fungal knowledge, building an understanding of the world's plants and fungi upon which all our lives depend' demonstrates our commitment to sustainability, biodiversity and conservation. This is exemplified by best practice management throughout our gardens, projects and partnerships. As such, we believe that our operations should be undertaken with minimal adverse impact on both the local and global environment.

We use an ISO14001 compliant Environmental Management System (EMS) to manage our operations; RBG Kew was the first World Heritage Site to achieve this international standard. Annually, we undergo an external audit, from a third-party and have successfully maintained this standard for 2018-19.

## About our data

Sustainability information is reported in accordance with the Government Financial Reporting Manual (FReM) and HM Treasury's Sustainability Reporting Guidance 2018-19.

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

## Summary of Performance

In July 2018 new and more challenging targets were adopted by government for achievement by March 2020 as follows:

- to reduce greenhouse gas emissions by at least 43% from a 2009-10 baseline;
- to improve waste management by reducing the amount of waste to landfill to less than 10%;
- to further reduce water consumption; and
- to continue to buy more sustainable and efficient products and services with the aim of achieving the best long-term, overall value for money for society.

As an arm's length body, the scope of this report is limited to our GGC commitments and the information included forms part of the Defra's Group Sustainability Report. The information contained within this report has not been subject to external audit and does not form part of the auditors' opinion on the accounts.

It should be noted that during the period covered by the data in this report, i.e. 2013-14 to 2018-19, there has been a 25% increase in visitor numbers which has an impact on all aspects of resource consumption.

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

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

Area		2018-19 Performance	2009-10 Baseline	Performance vs 2009-10 Baseline (% change)	GGC 2020 Target
CO <sub>2</sub> e Emissions (see note 1)	Emissions (tonnes CO <sub>2</sub> e)	5,318	8,869	40%	5,055
	Energy Expenditure (£)	1,551,809	945,000	(64)%	N/A
Water (see note 2)	Water supplied (m <sup>3</sup> )	205,138	158,000	(30)%	< 158,000
	Water Supply Costs (£)	363,427	238,000	(53)%	N/A
Waste (see note 3)	Waste (tonnes)	941	1,233	24%	N/A
	Waste to Landfill (%)	3.5%	see note 3	N/A	< 10%
	Disposal Costs (£)	200,281	80,416	(149)%	N/A

N/A means no target set

1. The Greening Government Commitments call for a reduction in greenhouse gas emissions of at least 43% by 31 March 2020; for RBG Kew this represents a reduction of 3,814 tonnes against the 2009-10 baseline (8,869 tonnes)
2. Water consumption excludes a significant amount of abstracted water (84,578 m<sup>3</sup>) used to maintain RBG Kew's collections
3. No baseline data is available for Waste to Landfill for 2009-10. Total waste does not include compost produced for use within the gardens.

## Summary of future strategy

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

RBG Kew has made commitments to:

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

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

As an organisation, RBG Kew recognises the link between greenhouse gas emissions from its operations and climate change. As a response, the organisation has agreed carbon reduction targets aligned to government policy; delivered through a strategic mix of renewable energy and conservation measures. An overarching Sustainability Strategy will be developed during 2019-20.

## Greenhouse gas emissions

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

RBG Kew has established a long-term strategy for reducing CO<sub>2</sub> emissions in line with the commitments set out in the Greening Government targets for sustainable development under which we are required to reduce greenhouse gas emissions by 43% by 2020 compared to the 2009-10 baseline.

To achieve this, we are utilising a range of energy efficiency measures including voltage optimization at the Millennium Seed Bank in Wakehurst, draught-proofing at both sites and Building Management System optimization. We are also implementing a range of policies to raise awareness of, and improve, sustainability across the organisation.

RBG Kew continues to actively monitor its energy consumption through use of automatic monitoring and targeting systems. Ongoing energy saving initiatives have contributed to a 40% reduction in CO<sub>2</sub> emissions compared to the 2009-10 baseline and will enable us to continue to achieve energy savings to meet the GGC targets.

Greenhouse Gas Emissions	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Direct emissions	4,406	4,240	4,027	3,773	3,630	3,275
Indirect emissions (see note 1)	3,423	3,032	2,440	2,189	2,122	2,043
Total emissions (Tonnes CO <sub>2</sub> e)	7,829	7,272	6,467	5,962	5,752	5,318

1. Indicates adjustment to previously reported figures

Energy (kWh)	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Total	31,401,943	30,273,397	32,559,506*	29,745,788*	29,337,193*	28,056,251
Electricity	7,482,540	7,468,354	7,597,193	7,735,885	7,497,601	7,217,625
Electricity (CHP)	764,795	907,151	995,040	1,011,346	1,003,563	981,978
Electricity (solar PV)	41,783	48,955	44,183	45,225	45,826	46,864
Gas (see note 1)	20,689,031	19,537,956	21,971,540*	18,703,184*	17,617,245*	17,295,700
Oil	2,116,273	2,265,780	1,867,134	2,218,916	3,149,241	2,485,204
LPG (Propane)	307,521	45,201	84,416	31,232	23,717	28,880
Energy costs (£) (see note 2)	1,292,528	1,229,730	1,509,953	1,563,956	1,399,323*	1,551,809

\*denotes adjustment to prior year figures

1. Gas consumption reported is inclusive of gas utilised by the Combined Heat & Power (CHP) unit to generate electricity and heat onsite
2. Energy expenditure relates to those categories reported namely Electricity (CHP & Grid), Gas, LPG and Oil

## Waste management

We are committed to eliminating all non-construction waste to landfill by 2020. Good progress has been made against this target at Wakehurst and Kew Gardens, with waste to landfill reduced to just 3.5% of total waste. Almost 90% of all waste collected from garden bins is incinerated for energy recovery and we also produce around 4,000 tonnes of compost per annum for use on site. RBG Kew holds an Environment Agency permit for both sites to ensure that compost production complies with all relevant legislation.

The overall volume of waste generated has increased in line with the uplift in visitation, but the volume of waste recycled or from which energy is recovered has increased considerably over the last several years. Waste disposal spend was £200,281 for 2018-19.

## Water consumption

RBG Kew has a statutory duty to preserve the living collections which contain numerous rare or endangered species. A high proportion of water supplied is used for this purpose and being climate dependent accounts for the volatility of water consumption. We therefore use a range of methods to irrigate the living collections as efficiently as possible. We are committed to increasing the effective use of potable and grey water and utilise automatic metering to assist in identifying inefficient water use, including leaks.

Following a detailed leak detection survey repairs to our supply infrastructure have resulted in savings of c.£70,000 in water supply costs equivalent to c. 40,000m<sup>3</sup> per annum. We are installing additional sub-metering to identify which areas consume greater proportions of our supplied water. We also abstract ground water under licence from the Environment Agency to maintain the living collections at Wakehurst and for cooling the Herbarium building at Kew Gardens, which houses many of our scientific collections. Abstracted ground water at Kew Gardens is returned to the River Thames following use.

Waste	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Total Waste (tonnes)	487	802	516	1,501	1,318	941
Reused, recycled, composted	125	373	119	985	511	289
Incinerated with energy recovery (see note 1)	318	337	340	479	619	619
Landfill waste (of which waste deemed hazardous)	44 (22)	92 (68)	57 (22)	37 (17)	188 (180)	33 (21)
Total Disposal Cost (£)	64,078	96,500	102,841	110,941	264,446	200,281

(1) All incinerated waste generates recoverable energy

Water (m <sup>3</sup> )	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Total water Consumption	294,710	144,591	275,072	322,358	306,096	289,716
Supplied	226,710	133,766	140,021	189,180	202,346	205,138
Abstracted (see note 1)	68,000	10,825	135,051	133,178	103,750	84,578
Water Supply Costs	333,004	227,440	214,858	245,839	332,151*	363,427

\*denotes adjustment to prior year figures

(1) Low annual abstraction level due to Ground Source Heat Pump system refurbishments during which no water was abstracted

## Sustainable procurement

RBG Kew is committed to sustainable procurement through adherence to Government Buying Standards and our 'Sustainable Purchasing Guidelines' which consider the whole life costs of goods and services and effective supply chain management. Our catering contractor has now eliminated single-use plastic for all on-site packaging, and we are working with other suppliers to do likewise.

## Sustainable construction

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

## Environmental management system

RBG Kew's environmental management system, is based on the requirements of BS EN ISO 14001:2015. This system will continue to be an integral tool to manage RBG Kew's environmental impacts and to provide a mechanism to monitor, report and deliver against emissions reduction targets, sustainability objectives and the Treasury's FReM Sustainability Reporting requirements.

## Governance

RBG Kew's environmental policy complies with the requirements of the CRC Energy Efficiency scheme and GGC. RBG Kew's progress and compliance with these targets is reported quarterly to our Environmental Sustainability Steering Group.

## Statement of Trustees and Accounting Officer's responsibilities

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

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

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

The Director of RBG Kew has been appointed as the Accounting Officer for RBG Kew, by Defra's Principal Accounting Officer. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding RBG Kew's assets, are set out in Managing Public Money published by HM Treasury.

The Accounting Officer and Board of Trustees confirm that:

- the annual report and accounts as a whole is fair, balanced and understandable and they take personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable;
- there is no relevant audit information of which the auditor is unaware; and
- they have taken all the steps they ought to ensure the auditor is aware of all relevant audit information.

## Statutory Information

### Results

The accounts have been prepared in a form directed by the Secretary of State, with the approval of HM Treasury, under Schedule 1 Part IV subsection 39(4) of the National Heritage Act 1983 and on the basis of the accounting policies set out in Note 2.

Total income for the year was £93.0m (£111.7m in 2017-18 as restated) of which £36.3m (£40.8m in 2017-18) was Grant-in-Aid from Defra. Total expenditure was £80.1m (£81.4m in 2017-18) and there was a gain on investments £0.1m (£0.2m in 2017-18) and revaluation of assets of £8.8m leaving a surplus of £21.8m (£38.3m in 2017-18), after revaluation of assets.

The surplus of £21.8m consisted of a £3.3m surplus on the unrestricted general reserve (of which £2.3m represents the surplus generated by operating performance and £1.0m designated directly for future projects), a £2.3m increase in the restricted donations and project reserves, a £0.4m loss being the share of the results of the Bentham-Moxon Trust and Kew Foundation, plus a surplus totaling £14.6m on the capital and capital revaluation reserves, reflecting capital and project funds to be offset by future depreciation on assets purchased or future capital or project expenditure.

Total funds increased to £259.6m (£237.8m in 2017-18). These include a revaluation fund of £128.3m (£120.3m in 2017-18) to reflect the value of certain land and buildings to which the Trustees do not have title, as outlined below, and the capital reserves of £101.0m (£92.4m in 2017-18) which consist of restricted grants and unrestricted income for capital expenditure to be used to offset future depreciation of assets already purchased. The share of net assets of associates represents £13.3m (£13.7m in 2017-18) of restricted reserves.

### Land and buildings

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

### Other fixed assets

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

### Investments

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

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



## Payments to creditors

Our policy is to settle all invoices with our creditors within 30 days unless otherwise specified in the contract, and to observe the principles of CBI Prompt Payment Code. During 2018-19 RBG Kew settled its debts on average in 28 days (36 days in 2017-18).

## Reserves

The reserves of the organisation are explained in Note 2 of the Accounts. The Board has agreed that the unrestricted part of the General Reserves (Unrestricted General Reserve –other) should not fall below a minimum of £3.0m to give the organisation the flexibility to cope with fluctuations in income streams and unforeseen expenditure. The reserves policy is reviewed on an annual basis. At 31 March 2019, this fund stands at £6.3m (£6.0m in 2017-18) and may be used to partly fund any short-term shortfall in income and to meet major capital needs in the future. In addition, as at 31 March 2019, RBG Kew holds designated unrestricted funds for future capital and project requirements of £5.0m (£2.0m in 2017-18).

## Foundation and Friends of the Royal Botanic Gardens, Kew

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

## Bentham-Moxon Trust

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

## RBG Kew Enterprises Limited

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

## Director

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

## Internal audit

The Board has appointed Mazars as internal auditors who report on a quarterly basis to the Audit and Risk Committee. 2018-19 was Mazars third year as RBG Kew's internal auditors following extension of their contract in November 2017 for a further second term.

## Bankers

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

## External auditor (RBG Kew and RBG Kew Enterprises Ltd)

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

## Solicitors

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

## Employee involvement

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

## Gender pay gap

The relevant gender pay gap averages for RBG Kew as at March 2018 were 8.2% (mean average) and 2.2% (median average). The bonus pay gap, including non-consolidated payments paid to staff, was 11.9% (mean average) and 0% (median average). The proportion of men and women receiving a bonus, including non-consolidated payments, was 15.9% and 11% respectively. The hourly pay quartiles are shown in the table below:

Quartile	Female	Male
Lower quartile	51.6%	48.4%
Lower middle quartile	66.1%	33.9%
Upper middle quartile	63.8%	36.2%
Upper quartile	48.6%	51.4%

## Trade Union Facility Time

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

1. There was a total of 10 employees (FTE 9.6) who were union officials during the relevant period;
2. Nine employees spent up to 1% of their working hours on facility time and one spent between 1% and 50% of their working hours on facility time.
3. The percentage of the pay bill spent on facility time was:

Cost of facility time	£1,819
Total pay bill	£35,141,312
% of total pay bill spent on facility time	0.0052%

4. The time spent on paid trade union activities as a percentage of total paid facility time was 100%.

## Freedom of Information

Between 1 April 2018 and 31 March 2019 RBG Kew received 18 Freedom of Information requests of which 17 (94%) were dealt with in line with the statutory timeframe.

### Going concern

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

### Insurance

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

### Personal data related incidents

RBG Kew has not identified any personal data breaches during 2018-19 that would have required notification to the Information Commissioners Office.

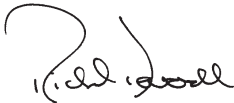
### Sickness absence

The average number of day's sickness for staff in 2018-19 was 3.8 days (5.2 in 2017-18).



**Marcus Agius**

Chairman of the Board of Trustees  
Royal Botanic Gardens, Kew  
4 July 2019



**Richard Deverell**

Director  
Royal Botanic Gardens, Kew  
4 July 2019

# Remuneration Report

## Remuneration Policy

The remuneration of the Director is set by the Remuneration and Nominations Committee, a sub-committee of the Board of Trustees. The members are identified on page 12.

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

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

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

## Salary and pension entitlements

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

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

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

## Service Contracts

Remuneration (Audited)		2018-19 Salary	2018-19 Pension benefits to nearest (£1,000)	2018-19 Total to nearest (£1,000)	2017-18 Salary	2017-18 Pension benefits to nearest (£1,000)	2017-18 Total to nearest (£1,000)
		£	£	£	£	£	£
Richard Deverell <sup>1</sup>	Director	187,133	24,000	211,000	175,576	10,000	186,000
Richard Barley <sup>2</sup>	Director, Horticulture, Learning and Operations	111,612	40,000	152,000	107,361	39,000	146,000
Sandra Botterell <sup>3</sup>	Director, Marketing and Commercial Enterprise	140,144	9,000	149,000	130,149	9,000	139,000
David Cope	Director, Strategy and External Affairs until 13/07/2018	24,248	9,000	33,000	77,700	28,000	106,000
Ian McKetty	Chief Information Officer from 06/02/17	111,932	44,000	156,000	110,275	43,000	153,000
Jill McLaughlin	Director, Corporate Services until 20/9/17	-	-	-	54,583	20,000	75,000
Meredith Pierce-Hunter <sup>4</sup>	Director, Kew Foundation from 02/05/17	127,500	8,000	136,000	93,750	6,000	100,000
Fern Stoner	Director, Resources from 26/6/17	102,791	40,000	143,000	95,222	37,000	132,000
Tony Sweeney	Director, Wakehurst	100,683	39,000	140,000	98,948	39,000	138,000
Andrew Williams	Director, Estates and Capital Development from 02/10/17	111,375	43,000	154,000	101,734	21,000	123,000
Kathy Willis <sup>5</sup>	Director, Science until 14/09/2018	61,712	9,000	71,000	117,236	18,000	135,000
Paul Wilkin <sup>6</sup>	Interim Director, Science from 17/09/2018 to 01/02/2019	40,838	81,000	122,000	-	-	-
Alexandre Antonelli <sup>7</sup>	Director, Science from 04/02/2019	22,872	9,000	32,000	-	-	-

- Salary includes annual salary from RBG Kew of £159,633 (2017-18 £149,326), and £27,500 (2017-18 £26,250) for fundraising services from RBG Kew Enterprises in 2018-19. Richard Deverell transferred into the Partnership Pension account during 2017-18.
- Salary includes annual salary from RBG Kew of £101,612 (2017-18 £99,861) and £10,000 (2017-18 £7,500) for fundraising services from RBG Kew Enterprises in 2018-19.
- Employed by RBG Kew Enterprises. Includes bonus payment of £15,270 (2017-18 £11,672).
- Employed by RBG Kew Enterprises.
- Kathy Willis was on secondment from Oxford University (80% of her time) and was paid directly by Oxford University. The reported costs relate to salary and pension costs which Kew incurs. Salary includes annual salary of £51,712 (2017-18 £102,326) and £10,000 (2017-18 £15,000) for fundraising services from RBG Kew Enterprises in 2018/19.

- Salary for period 17/09/2018 to 01/02/2019. Annual equivalent salary from 17/09/2018 £88,000, and from 01/10/2018 to 01/02/2019 £90,500. The pension benefits reported reflect the temporary increase in salary due to the interim Director of Science position held in the year and are not currently reflective of pensionable benefits expected at point of retirement, which would be linked to final salary. Contributions made by RBG Kew to Paul Wilkin's pension in 2018-19 were £17,860.
- Salary from 04/02/2019. Annual equivalent salary of £145,000.



## Salary

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

## Benefits in kind

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

## Gender

As at 31 March 2019, the gender split of the Executive Board was 6 males and 3 females.

## Median Salary Ratio

The Median Salary in the organisation in 2018-19 was £27,237 (£26,373 in 2017-18).

The ratio to the Director's remuneration of £187,133 in 2018-19 (£175,576 in 2017-18) was 6.9 (6.7 in 2017-18, or 7.0 including payments for fundraising services received from Kew Foundation prior to 1 July 2017). Agency pay has been excluded from the Median Salary calculation since this pay arrangement would give rise to a distortion of the results.

The range of pay in the organization in 2018-19 was £14,715 - £187,133 (restated £14,094 - £175,576 in 2017-18).

Pension Benefits (Audited)	Accrued pension at age 60 as at 31/03/19 & related lump sum	Real increase in pension & related lump sum at age 60	CETV at 31/03/19	CETV at 31/03/18	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	£'000
Director	-	-	-	191	-	24
Richard Deverell	10 – 15	0 – 2.5	208	155	30	N/A
Richard Barley	-	-	-	-	-	9
Sandra Botterell	20 – 25	0 – 2.5	291	276	3	N/A
David Cope	5 – 10	2.5 – 5	72	34	25	N/A
Ian McKetty	-	-	-	472	14	N/A
Jill McLaughlin	-	-	-	-	-	6
Meredith Pierce-Hunter	10 – 15	0 – 2.5	139	98	19	N/A
Fern Stoner	5 – 10	0 – 2.5	136	88	32	N/A
Tony Sweeney	10 – 15	2.5 – 5	161	113	24	N/A
Andrew Williams	25 – 30 plus a lump sum of 60 – 65	2.5 – 5 plus a lump sum of 7.5 – 10	482	386	67	N/A
Paul Wilkin	0 – 5	0 – 2.5	5	-	3	N/A
Alexandre Antonelli						

## Cash Equivalent Transfer Values

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

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of

any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

## Real increase in CETV

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

## Civil Service Pension Schemes

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, members may be in one of five defined benefit schemes; either a final salary scheme (classic, premium or classic plus); or a whole career scheme (nuvos, alpha). These statutory arrangements are unfunded multi-employer defined benefit schemes, and RBG Kew is unable to identify its share of the underlying assets and liabilities. Pensions payable under these schemes are increased annually in line with Pensions Increase legislation. Employee contributions are salary-related and range from 4.6% and 8.05% of pensionable earnings.

Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution into a stakeholder pension, ranging from 8% to 14.75% of pensionable salary, depending upon the age of the employee. 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).

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

## Tax arrangements of public appointees

RBG Kew has a number of staff engaged under contract and not through payroll. In line with guidance from HM Treasury, RBG Kew is required to publish information about its controls to ensure the regularity of the tax arrangements of its non-payroll appointees. The scope includes any individual who is engaged to carry out a role in the organisation, including office holders who is earning more than £245 per day and who is self-employed, supplied by an agency or other company or working through a personal service company:

**Table 1: For all off-payroll engagements as of 31 March 2019, for more than £245 per day and that last for more than six months (not audited):**

Number of existing engagements as of 31 March 2019	3
Of which at the time of reporting:	
Number that have existed for less than one year	3

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

**Table 2: For all new off-payroll engagements between 1 April 2018 and 31 March 2019 for more than £245 per day and that last longer than six months (not audited):**

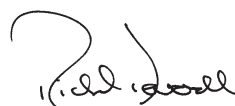
Number of new engagements, or those that reached six months in duration, between 1 April 2018 and 31 March 2019	3
Number assessed as caught by IR35	0
Number assessed as not caught by IR35	3
Number engaged directly (via a Personal Services Company) and are on the payroll	0
Number of engagements reassessed for consistency/ assurance purposes during the year	0
Number of engagements that saw a change to IR35 status following a consistency review	0

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

Number of off-payroll engagements at board level and/or senior officials with significant financial responsibility	0
Total number of individuals that are board members and/or senior officials with significant financial responsibility.	12



**Marcus Agius**  
Chairman of the Board of Trustees  
Royal Botanic Gardens, Kew  
4 July 2019



**Richard Deverell**  
Director,  
Royal Botanic Gardens, Kew  
4 July 2019

# Auditor's Certificate and Report

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

### Opinion on financial statements

I certify that I have audited the financial statements of the Royal Botanic Gardens, Kew charity and group for the year ended 31 March 2019 under the National Heritage Act 1983. The financial statements comprise: the Consolidated Statement of Financial Activities, the charity and group Balance Sheets, the Consolidated Cash Flow Statement and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the government's Financial Reporting Manual (FRoM). I have also audited the information in the Remuneration Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the Royal Botanic Gardens, Kew charity and group's affairs as at 31 March 2019 and of its income and expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the National Heritage Act 1983 and Secretary of State directions issued thereunder.

### Opinion on regularity

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

### Basis of opinions

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

### Conclusions relating to going concern

I am required to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Royal Botanic Gardens, Kew charity and group's ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern. I have nothing to report in these respects.

### Responsibilities of the Trustees and Accounting Officer

As explained more fully in the Statement of Trustees' and Accounting Officer's Responsibilities, the Trustees and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

### Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the National Heritage Act 1983.

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Royal Botanical Gardens, Kew charity and group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.
- I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
- In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

## Other information

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

## Opinion on other matters

In my opinion:

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

## Matters on which I report by exception

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

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

## Report

I have no observations to make on these financial statements.

**Gareth Davies**  
Comptroller and Auditor General

**Date** 10 July 2019

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

# Royal Botanic Gardens, Kew

## Consolidated Statement of Financial Activities for the year ended 31 March 2019

	Notes	Unrestricted	Restricted	Endowment	2018-19 Total	Unrestricted	Restricted	Endowment	2017-18 Total
		£m	£m	£m	£m	£m	£m	£m	£m
<b>Income from:</b>									
Grant in aid	3	17.1	19.2	-	<b>36.3</b>	18.3	22.5	-	40.8
Grants and donations – RBG Kew	4	2.9	16.6	-	<b>19.5</b>	4.5	26.7	-	31.2
Grants and donations – gain from increased share of net assets of associates	4	-	-	-	-	-	11.0	-	11.0
Charitable activities	6	21.7	-	-	<b>21.7</b>	16.1	-	-	16.1
Other trading activities	5/16	15.4	-	-	<b>15.4</b>	12.3	-	-	12.3
Investments		0.1	-	-	<b>0.1</b>	0.1	-	-	0.1
Share of associates' results	17	-	-	-	-	-	0.2	-	0.2
<b>Total income</b>		<b>57.2</b>	<b>35.8</b>	-	<b>93.0</b>	51.3	60.4	-	111.7
<b>Expenditure on:</b>									
Raising funds – trading	7/16	9.1	-	-	<b>9.1</b>	7.7	-	-	7.7
Raising funds – fundraising	7/16	3.7	-	-	<b>3.7</b>	3.2	-	-	3.2
<b>Charitable activities</b>									
Research and conservation	7	27.4	20.6	-	<b>48.0</b>	27.6	26.3	-	53.9
Visitor activities	7	16.7	2.2	-	<b>18.9</b>	13.4	3.2	-	16.6
Share of associates' results	17	-	0.4	-	<b>0.4</b>	-	-	-	-
<b>Total expenditure</b>		<b>56.9</b>	<b>23.2</b>	-	<b>80.1</b>	51.9	29.5	-	81.4
Net gains / (losses) on investments		<b>0.1</b>	-	-	<b>0.1</b>	0.2	-	-	0.2
<b>Net income/ (expenditure)</b>		<b>0.4</b>	<b>12.6</b>	-	<b>13.0</b>	(0.4)	30.9	-	30.5
Revaluation of assets		8.8	-	-	<b>8.8</b>	7.8	-	-	7.8
<b>Net movement in funds</b>	18	<b>9.2</b>	<b>12.6</b>	-	<b>21.8</b>	7.4	30.9	-	38.3
Reconciliation of funds:									
Total funds at 1 April	18	161.0	76.6	0.2	<b>237.8</b>	153.6	45.7	0.2	199.5
<b>Total funds at 31 March</b>	<b>18</b>	<b>170.2</b>	<b>89.2</b>	<b>0.2</b>	<b>259.6</b>	161.0	76.6	0.2	237.8

All activities arise from continuing operations.

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

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

# Royal Botanic Gardens, Kew

Balance Sheets at 31 March 2019

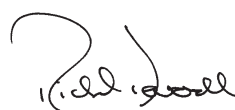
	Notes	Royal Botanic Gardens, Kew		Consolidated	
		2019	2018	2019	2018
		£m	£m	£m	£m
<b>Fixed assets</b>					
Intangible assets	10	0.3	1.6	0.3	1.6
Tangible assets	10	5.8	5.4	5.8	5.4
Heritage assets	11	218.0	202.3	218.0	202.3
Investments	12	6.3	4.3	19.3	17.7
		<b>230.4</b>	<b>213.6</b>	<b>243.4</b>	<b>227.0</b>
<b>Current assets</b>					
Stocks of goods for sale		0.3	0.2	1.2	1.0
Debtors	13	16.1	13.9	9.6	9.8
Cash at bank and in hand		19.1	16.5	22.3	18.5
		<b>35.5</b>	<b>30.6</b>	<b>33.1</b>	<b>29.3</b>
<b>Liabilities</b>					
Creditors: amounts falling due within one year	14	(19.2)	(19.7)	(16.5)	(18.1)
<b>Net current assets</b>		<b>16.3</b>	<b>10.9</b>	<b>16.6</b>	<b>11.2</b>
<b>Total assets less current liabilities</b>		<b>246.7</b>	<b>224.5</b>	<b>260.0</b>	<b>238.2</b>
Creditors: amounts falling due after more than one year	15	(0.4)	(0.4)	(0.4)	(0.4)
<b>Net assets</b>		<b>246.3</b>	<b>224.1</b>	<b>259.6</b>	<b>237.8</b>
<b>Funds</b>					
Unrestricted general	18	41.9	40.7	41.9	40.7
Unrestricted revaluation	18	128.3	120.3	128.3	120.3
Restricted	18	75.9	62.9	89.2	76.6
Endowment	18	0.2	0.2	0.2	0.2
		<b>246.3</b>	<b>224.1</b>	<b>259.6</b>	<b>237.8</b>

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

The financial statements were approved by the Director and Board of Trustees on 20 June 2019 and signed on their behalf by:



**Marcus Agius**  
Chairman of the Board of Trustees  
Royal Botanic Gardens, Kew  
4 July 2019



**Richard Deverell**  
Director,  
Royal Botanic Gardens, Kew  
4 July 2019

# Royal Botanic Gardens, Kew

## Consolidated Cash Flow Statement for the year ended 31 March 2019

	Note	2018-19 £m	2017-18 £m
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	(a)	16.3	25.1
<b>Cash flow from investing activities</b>			
Dividends, interest and rents receivable		0.3	0.1
Purchase of property, plant and equipment		(12.8)	(19.6)
<b>Cash flow from financing activities</b>			
Cash inflows from new borrowing		-	-
<b>Change in cash and cash equivalents in the reporting period</b>		<b>3.8</b>	<b>5.6</b>
Cash and cash equivalents at 1 April 2017	(b)	18.5	12.9
<b>Cash and cash equivalents at 31 March 2018</b>		<b>22.3</b>	<b>18.5</b>

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

	2018-19 £m	2017-18 £m
Net income for the reporting period	13.0	30.5
Depreciation charges	4.6	4.3
(Gains)/losses on investments	0.3	(11.4)
Loss on disposal of fixed assets	0.3	0.1
Decrease / (increase) in stock	(0.2)	(0.2)
(Increase) / decrease in debtors	0.2	(3.0)
Increase / (decrease) in creditors	(1.6)	4.9
Dividends, interest and rents receivable	(0.3)	(0.1)
<b>Net cash provided by operating activities</b>	<b>16.3</b>	<b>25.1</b>

### b) Analysis of cash and cash equivalents

	2018-19 £m	2017-18 £m
Cash at bank and in hand	22.3	18.5
<b>Total cash and cash equivalents</b>	<b>22.3</b>	<b>18.5</b>



# Notes to the account's year ended 31 March 2019

## 1. Form of accounts

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

## 2. Accounting policies

### Accounting convention

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

### Basis of consolidation

The consolidated financial statements consolidate the financial statements of the Royal Botanic Gardens, Kew and its subsidiary RBG Kew Enterprises Limited for the year ended 31 March 2019. Consolidation has been carried out on a line-by-line basis.

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

The associate status of the Foundation was actualised in the year ended 31 March 2018.

## Income

### Government grants

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

### Income from activities and generated funds

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

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

## Gifts in kind

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

## Donated services

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

## Investment income

Investment income comprises interest receivable from cash at bank and short-term deposits, income from investments held in the Churches, Charities and Local Authorities Investment Fund and income relating to investment properties. Investments also includes 5 properties that are now being commercially let.

## Expenditure

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

## Expense allocation

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

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

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

## Heritage assets

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

## Land and buildings

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

Land and buildings are revalued every five years by external professionally qualified valuers, on the basis of either open market value for existing use or depreciated replacement cost. Professional revaluations were carried out during 2001-02, 2006-07, 2011-12 and 2016-17. In between professional revaluations,



values are updated using indices provided by the professional valuers. With the exception of those buildings used for fundraising, administration or accommodation purposes, Kew has not capitalised heritage buildings acquired before 2001-02. Under Charities SoRP this is allowable where it is considered that the cost of obtaining valuations for other existing buildings would be onerous compared to the benefit to the readers of the Accounts. Expenditure on new buildings over £0.25m is capitalised.

### **Collections**

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

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

### **Other fixed assets**

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

### **Depreciation**

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

**Buildings:** between 20 and 80 years

**Gardens equipment:** between 5 and 20 years

**Scientific and laboratory equipment:** over 10 years

**Computer and photographic equipment:** between 3 and 10 years

**Office equipment and motor vehicles:** over 5 years

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

### **Construction in progress**

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

### **Research and Development**

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

### **Intangible fixed assets**

When fully operational in the business, internally generated software is stated at fair value, which is depreciated replacement

cost. Assets in construction are not amortised until brought into use. IT software assets are amortised over a three-year period.

### **Current assets and liabilities**

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

### **Pensions**

Pension arrangements are described in Note 21 to the accounts. Pension contributions payable by Kew are expensed as incurred.

### **Investments**

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

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

### **Net liquid resources**

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

### **Reserves**

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

### **General reserves**

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

### **Designated funds**

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

### **Restricted funds**

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

## Endowment funds

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

## Revaluation reserve

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

## Taxation

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

## Leases

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

## 3. Grant-in-aid

Grant-in-aid of £36.3m was received from Defra in 2018-19 to carry out its statutory functions as outlined in the Management Commentary (2017-18 £40.8m). Of this £19.2m is restricted to specific revenue and capital projects (2017-18 £22.5m).

## 4. Grants and donations

	Unrestricted £m	Restricted £m	2018-19 £m	2017-18 £m
Income received from Kew Foundation	0.7	7.5	8.2	23.7
Fundraising	2.2	5.8	8.0	4.4
Other project income	-	2.9	2.9	2.6
EU project income	-	0.3	0.3	0.4
Grant for maintaining Wakehurst	-	0.1	0.1	0.1
	2.9	16.6	19.5	31.2
Gain from increased share of net assets of associates	-	-	-	11.0

Grants and donations income includes Big Lottery Fund Grant income of £1.0m towards Grow Wild activity and £0.4m from the Players of People's Postcode Lottery towards research and conservation projects.

Gains from an increased share of net assets of associates in 2017-18 of £11.0m reflect the actualisation of the associate relationship with the Foundation in the year and equates to 40% of net assets of the Foundation.

## 5. Other trading activities

	2018-19 £m	2017-18 £m
Retailing	6.6	5.0
Commercial development (i)	8.7	7.1
Corporate membership and sponsorship (ii)	0.1	0.2
	15.4	12.3

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

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

## 6. Income from charitable activities

	2018-19 £m	2017-18 £m
Admissions	10.6	8.4
Memberships	6.6	3.4
Catering contracts	1.8	1.5
Education charges	0.5	0.5
Other income from third parties	2.2	2.3
	21.7	16.1

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

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

## 7. Expenditure

	Staff Costs £m	Dep'n £m	Direct Costs £m	Grant Funding £m	Support Costs £m	2018-19 Total £m	2017-18 Total £m
Raising funds – trading	2.5	-	6.6	-	-	9.1	7.7
Raising funds - fundraising	2.2	-	1.5	-	-	3.7	3.2
Research and conservation	19.3	3.2	11.9	2.0	11.6	48.0	53.9
Visitor activities	6.7	1.4	7.6	-	3.2	18.9	16.6
Support costs	6.5	-	8.3	-	(14.8)	-	-
	37.2	4.6	35.9	2.0	-	79.7	81.4

Unrecovered VAT for the year of £0.9m has been charged against these accounts (2017-18 £0.8m). £65k (2017-18 £68k) was paid to the external auditors for audit fees. £45k (2017-18 £48k) was paid for the audit of RBG Kew, and £20k (2017-18 £20k) for the audit of RBG Kew Enterprises. No other fees were paid to the external auditors. Grant funding of activity are grants to institutions for botanic research and conservation projects.

## 8. Support costs

	Staff Costs £m	Other Direct Costs £m	Total 2018-19 £m	Total 2017-18 £m
Estates and Capital Development	0.9	5.5	6.4	8.7
IT	1.9	1.7	3.6	3.8
HR	0.9	0.6	1.5	1.4
Directorate	0.9	0.2	1.1	1.2
Finance	1.1	-	1.1	1.1
Strategy and external affairs	0.3	0.2	0.5	0.8
Governance	0.1	0.1	0.2	0.2
Other support	0.4	0.0	0.4	0.4
	6.5	8.3	14.8	17.6

## 9. Staff costs and trustees' emoluments

### a) Employees with earnings above £60,000

	2018-19	2017-18
£60,000 – 69,999	18	20
£70,000 – 79,999	9	3
£80,000 – 89,999	4	2
£90,000 – 99,999	1	4
£100,000 – 109,999	3	1
£110,000 – 119,999	2	1
£120,000 – 129,999	1	-
£130,000 - 139,999	-	1
£140,000 – 149,999	1	1
£150,000 – 159,999	1	-
	<b>40</b>	<b>33</b>

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

### b) Staff salaries and social security

	2018-19	2017-18
	£m	£m
Salaries	27.6	26.7
Social security costs	2.7	2.6
Pension costs	4.9	4.7
Redundancy and severance costs	0.3	0.5
<b>Total staff costs</b>	<b>35.5</b>	<b>34.5</b>
Agency staff costs	1.7	2.1
Capitalised salary and related costs	-	(0.2)
<b>Net employee costs</b>	<b>37.2</b>	<b>36.4</b>

£0.2m salary and social security costs (2017-18: £0.2m) and £0.0m pension costs (2017-18: £0.0m) have been capitalised within Non-Current Assets. There are £0.2m (2017-18: £0.0m) of agency staff costs which have also been capitalised.

### c) Reporting of Compensation Schemes – Voluntary Exit Packages

	Total Number of Voluntary Exit Packages	
	2018-19	2017-18
Number of employees at:		
Less than £10,000	6	-
£10,000 to £25,000	6	2
£25,000 to £50,000	3	1
£50,000 to £100,000	-	1
£100,000 to £150,000	-	-
<b>Total Number of Exit Packages</b>	<b>15</b>	<b>4</b>
<b>Total Resource Cost (£m)</b>	<b>0.2</b>	<b>0.2</b>

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

	Average monthly FTE	
Function	2018-19	2017-18
Research and conservation	502	486
Visitor activities	142	125
Support services and Estates management	115	118
RBG Kew Enterprises Ltd – Commercial	74	65
RBG Kew Enterprises Ltd – Fundraising	46	41
<b>Total (FTE)</b>	<b>879</b>	<b>835</b>

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

The number of employees includes 12 agency staff for 2018-19 (2017-18: 11). There have been no costs of full-time employees capitalised within Non-Current Assets this year (2017-18: 5 employees)

### e) Trustees' remuneration

Trustees do not receive any remuneration for their services. Travel and subsistence expenses of five Trustees (four in 2017-18) amounting to £5,938 (£4,083 in 2017-18) have been charged at cost as part of other direct costs.

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

	Software	Total Intangible Assets	Gardens Equipment	IT Equipment	Other	Total Tangible Assets
Valuation	£m	£m	£m	£m	£m	£m
At 1 April 2018	6.5	6.5	4.6	2.9	8.0	15.5
Additions	-	-	0.3	-	1.1	1.4
Disposals	-	-	(0.1)	-	(0.5)	(0.6)
Revaluations	-	-	-	-	-	-
<b>At 31 March 2019</b>	<b>6.5</b>	<b>6.5</b>	<b>4.8</b>	<b>2.9</b>	<b>8.6</b>	<b>16.3</b>
<b>Depreciation</b>						
At 1 April 2018	4.9	4.9	3.0	2.2	4.9	10.1
Charge for the year	1.3	1.3	0.3	0.2	0.5	1.0
Disposals	-	-	(0.1)	-	(0.5)	(0.6)
Revaluations	-	-	-	-	-	-
<b>At 31 March 2019</b>	<b>6.2</b>	<b>6.2</b>	<b>3.2</b>	<b>2.4</b>	<b>4.9</b>	<b>10.5</b>
<b>Net book value</b>						
<b>At 31 March 2019</b>	<b>0.3</b>	<b>0.3</b>	<b>1.6</b>	<b>0.5</b>	<b>3.7</b>	<b>5.8</b>
At 31 March 2018	1.6	1.6	1.6	0.7	3.1	5.4

## 11. Heritage assets

	Land	Dwellings	Buildings	Collections	Temperate House restoration	Assets under construction – other	Total
Valuation	£m	£m	£m	£m	£m	£m	£m
At 1 April 2018	46.2	18.5	99.9	0.3	34.6	5.2	204.7
Additions	-	-	-	-	1.1	10.3	11.4
Disposals	-	-	(0.3)	-	-	-	(0.3)
Transfers	-	-	42.1	-	(35.7)	(6.4)	-
Revaluation	1.0	0.5	7.3	-	-	-	8.8
Investment property transfer	-	(1.9)	-	-	-	-	(1.9)
<b>At 31 March 2019</b>	<b>47.2</b>	<b>17.1</b>	<b>149.0</b>	<b>0.3</b>	<b>-</b>	<b>9.1</b>	<b>222.7</b>
<b>Depreciation</b>							
At 1 April 2018	-	0.3	2.1	-	-	-	2.4
Charge for the year	-	0.3	2.0	-	-	-	2.3
Revaluation	-	-	-	-	-	-	0.0
Investment property transfer	-	-	-	-	-	-	0.0
<b>At 31 March 2019</b>	<b>-</b>	<b>0.6</b>	<b>4.1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.7</b>
<b>Net book value</b>							
<b>At 31 March 2019</b>	<b>47.2</b>	<b>16.5</b>	<b>144.9</b>	<b>0.3</b>	<b>-</b>	<b>9.1</b>	<b>218.0</b>
At 31 March 2018	46.2	18.2	97.8	0.3	34.6	5.2	202.3

The valuations of the land and buildings were carried out by Montagu Evans in March 2017. The assets were valued at 31 March 2017 using Open Market Value on an Existing Use basis or, if no market exists for a property, which may be rarely sold or is a specialised asset, then the depreciated replacement cost approach was used. Valuations were prepared in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual. The land was valued at £43.9m and the buildings at £109.8m. Subsequent valuations are performed using indices. All heritage asset categories have been revalued with the exception of Collections.

The Temperate House and Evolution House were valued as at 31 January 2019 by Powis Hughes Ltd acting as external valuer. The valuation has been carried out in accordance with the RICS Valuation – Global Standards 2017 (which incorporate the International Valuation Standards 2017) and FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland on the basis of Existing Use Value using a Depreciated Replacement Cost Approach.

## 11. Heritage assets (continued)

As explained in Note 2 existing buildings at 31 March 2001 that are not used for fundraising, administration or accommodation purposes have not been capitalised, and Kew's collections have not been capitalised, as allowed by section 34 FRS102. The Kew site of 132 hectares is a Grade I historic landscape and a World Heritage Site. The Wakehurst site of 202 hectares is in an Area of Outstanding Natural Beauty. Kew manages over 280 buildings on the Kew and Wakehurst sites. Five of these are Grade I listed – the Orangery, Pagoda, Palm House, Temperate House and Wakehurst Mansion – and there are 37 Grade II listed buildings. The age of the building's ranges from the 19th century through to the 21st century. RBG Kew occupies Crown land and buildings and does not currently have express obligations to undertake and hence provide for ongoing or accumulated maintenance for that land and buildings. Maintenance is undertaken and paid for in cooperation with Defra. RBG Kew has a five year Forward Maintenance and Replacement Programme for its estate. Funds available for maintenance are prioritised by the Executive Board to the most urgent needs.

In 2018-19 £6.4m of estates capital work in progress and £35.7m Temperate House renovation were transferred to heritage building assets (2017-18 £2.2m).

A project to restore the Temperate House completed in May 2018, supported by a grant from the Heritage Lottery Fund and further funding from Defra and the Foundation. Costs to 31 March 2014 (primarily relating to design) were expensed. Planning permission and funding for the project was confirmed and costs incurred subsequently have been capitalised. Upon completion of the project the Temperate House was professionally valued. The Temperate House and Evolution House were valued as at 31 January 2019 by Powis Hughes Ltd acting as external valuer.

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.

	2014-15	2015-16	2016-17	2017-18	2018-19
	£m	£m	£m	£m	£m
<b>Valuation</b>					
At 1 April	153.3	173.2	202.9	177.9	<b>204.4</b>
Cost of additions funded by Government Grants	3.6	5.1	4.9	6.1	<b>8.1</b>
Cost of additions funded by other sources	1.4	6.4	7.6	11.9	<b>3.3</b>
Disposals transfers	1.9	-	-	-	<b>(0.3)</b>
Revaluations	13.0	18.2	(34.6)	8.5	<b>8.8</b>
Transfers	-	-	(2.9)	-	<b>(1.9)</b>
<b>At 31 March</b>	<b>173.2</b>	<b>202.9</b>	<b>177.9</b>	<b>204.4</b>	<b>222.4</b>

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

1. Herbarium collections: these consist of herbarium specimens (dried pressed specimens), spirit preserved specimens and mycological specimens.
2. Economic Botany collections: items and artefacts that demonstrate the use of plants.

3. Library, Art and Archives collections: these include books, periodicals, pamphlets, prints and drawings, objects d'art, handwritten material and photographs relating to the history of Kew.
4. Living collections: all plants cultivated at Kew and Wakehurst.
5. Seed collections: all the living seeds collected as part of the project and stored in the Millennium Seed Bank building at Wakehurst, and the reference seed collections.
6. Microscope Slides collections: these relate to plant anatomy, palynology, cytogenetics and mycology.

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

The Herbarium collections total approximately 7 million specimens. They are actively managed by the scientists at Kew and are added to each year from collecting expeditions by Kew staff and other institutions.

The Economic Botany collections are fully catalogued and consist of approximately 100,000 items added to annually with items from all around the world. All the collections are available for inspection and there is also a display of items for the general public in the Botanical Restaurant<sup>1</sup> in the Gardens.

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

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

The Living collections are fully catalogued and managed by the horticulturists at Kew and Wakehurst. They provide a reference source for all botanical and horticultural science within Kew, with approximately 68,500 accessions representing 27,267 taxa.

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

The Microscope Slide collections total about 150,000 items and continue to be prepared by Kew's scientists as part of their research leading to publications and as part of their identification work, including advisory work for UK Customs. All of Kew's collections are actively managed and used for research purposes. The numbers of additions in the last four years are as follows:

	2015-16	2016-17	2017-18	2018-19
Herbarium collections	31,724	30,942	25,541	<b>25,139</b>
Economic Botany collections	795	394	411	<b>761</b>
Library, Art and Archives collections	20,138	9,079	18,408	<b>8,733</b>
Living collections	2,425	2,392	153	<b>267</b>
Seed collections	3,690	4,021	4,654	<b>5,378</b>
Microscope Slides collections	1,700	1,265	2,092	<b>471</b>



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

## 12. Investments

	Royal Botanic Gardens Kew		Consolidated	
	2019	2018	2019	2018
	£m	£m	£m	£m
Valuation at 1 April	0.7	0.7	0.4	0.4
Revaluation	-	-	-	-
Investment properties	5.5	3.4	5.5	3.4
Revaluation of investment properties	0.1	0.2	0.1	0.2
Share of net assets of associate – Bentham-Moxon Trust	-	-	2.6	2.7
Share of net assets of associate – Foundation	-	-	10.7	11.0
	<b>6.3</b>	<b>4.3</b>	<b>19.3</b>	<b>17.7</b>

Investments includes five properties that are now being commercially let. Three of these were heritage assets and reclassified to investment properties with a NBV of £2.2m and were subsequently revalued at 31st March 2017 with a gain of £1.2m. The valuation was carried out by Montagu Evans in March 2017. In March 2019 an additional two properties were reclassified from heritage assets to investment properties with a NBV of £1.9m. Kew is not able to sell these properties.

Investments at 31 March are analysed as follows:

	Royal Botanic Gardens Kew		Consolidated	
	2019	2018	2019	2018
	£m	£m	£m	£m
RBG Kew Enterprises Ltd	0.3	0.3	-	-
CCLA Investment Fund	0.4	0.4	0.4	0.4
Investment properties	5.6	3.6	5.6	3.6
Share of net assets of associates	-	-	13.3	13.7
	<b>6.3</b>	<b>4.3</b>	<b>19.3</b>	<b>17.7</b>

## 13. Debtors

	Royal Botanic Gardens Kew		Consolidated	
	2019	2018	2019	2018
	£m	£m	£m	£m
Trade debtors	1.0	0.9	1.8	1.4
Prepayments and accrued income	4.2	2.4	5.0	2.8
Owed by subsidiary	8.1	5.0	-	-
Owed by the Foundation	2.3	3.3	2.3	3.3
VAT (HMRC)	0.4	1.4	0.4	1.4
Other	0.1	0.9	0.1	0.9
<b>Total Debtors</b>	<b>16.1</b>	<b>13.9</b>	<b>9.6</b>	<b>9.8</b>

	Royal Botanic Gardens Kew		Consolidated	
	2019	2018	2019	2018
	£m	£m	£m	£m
<b>Intra Government Bodies:</b>				
Balances with Central Govt. Bodies	2.7	2.3	2.7	2.3
Balances with Local Authorities	-	-	-	-
Balances with Public Corporations	-	-	-	-
Balances with Bodies External to Government	13.4	11.6	6.9	7.5
<b>Total Debtors</b>	<b>16.1</b>	<b>13.9</b>	<b>9.6</b>	<b>9.8</b>

## 14. Creditors: Amounts falling due within one year

	Royal Botanic Gardens Kew		Consolidated	
	2019	2018	2019	2018
	£m	£m	£m	£m
Trade creditors	0.4	0.4	0.6	0.4
Accruals & Deferred Income	11.9	14.5	13.5	15.6
Owed to subsidiary	4.8	2.9	-	-
Other	1.0	0.8	1.1	0.9
Tax & NI	0.6	0.6	0.7	0.7
Pension	0.5	0.5	0.6	0.5
<b>Total Creditors</b>	<b>19.2</b>	<b>19.7</b>	<b>16.5</b>	<b>18.1</b>
<b>Intra Government Bodies:</b>				
Balances with Central Govt. Bodies	1.1	1.8	1.3	1.9
Balances with Local Authorities	-	-	-	-
Balances with Public Corporations	-	-	-	-
Balances with Bodies External to Government	18.1	17.9	15.2	16.2
<b>Total Creditors</b>	<b>19.2</b>	<b>19.7</b>	<b>16.5</b>	<b>18.1</b>

Deferred income relates to income where the activity being funded has not taken place by 31 March in any year and the performance conditions are not yet met. At 31 March 2018 deferred income was £3.2m. During 2018-19 £9.5m was deferred in the year and £9.3m released. At 31 March 2019 deferred income was £3.4m.

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

	Royal Botanic Gardens Kew		Consolidated	
	2019	2018	2019	2018
	£m	£m	£m	£m
Loan	0.4	0.4	0.4	0.4
<b>Intra Government Bodies:</b>				
Balances with Central Govt. Bodies	0.4	0.4	0.4	0.4

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

## 16. Trading subsidiary

The subsidiary undertaking is as follows:

Name RBG Kew Enterprises Limited

Registered in England & Wales Company Number 2798886

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

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

Proportion of shares held Ordinary and Redeemable shares 100%

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

	2018-19 £m	2017-18 £m
Activities for generating funds – trading	15.2	12.1
Activities for generating funds - fundraising	0.2	0.2
Costs of generating funds – trading	(9.1)	(7.7)
Costs of generating funds – fundraising	(3.7)	(3.2)
<b>Net surplus</b>	<b>2.6</b>	<b>1.4</b>
Add back consolidation adjustments (intercompany expenditure / income)	2.3	2.2
<b>Net surplus excluding adjustments</b>	<b>4.9</b>	<b>3.6</b>
Gift Aid payable to Kew	(4.9)	(3.6)
<b>Retained in the subsidiary</b>	<b>-</b>	<b>-</b>
<b>Balance sheet</b>		
Current assets	10.6	6.6
Current liabilities	(10.3)	(6.3)
	0.3	0.3
<b>Share capital and reserves</b>	<b>0.3</b>	<b>0.3</b>

## 17. Share of associates

	Bentham-Moxon Trust	Foundation	2018-19 Total £m	Bentham-Moxon Trust	Foundation	2017-18 Total £m
At 1 April	2.7	11.0	13.7	2.5	-	2.5
Gain from change in share of net assets of associate	-	-	-	-	11.0	11.0
Share of associates' results – surplus				0.2	-	0.2
Share of associates' results – deficit	(0.1)	(0.3)	(0.4)	-	-	-
<b>At 31 March</b>	<b>2.6</b>	<b>10.7</b>	<b>13.3</b>	<b>2.7</b>	<b>11.0</b>	<b>13.7</b>

Kew recognises a share of the net assets of Bentham-Moxon Trust and the Foundation based on the percentage of voting rights of these charities' Boards of Trustees held by Kew trustees or Kew staff. For the Bentham-Moxon Trust the percentage at the year-ended 31 March 2019 was 50% (2018: 50%). For the Foundation the percentage at the year-ended 31 March 2019 was 40% (2018: 40%). The Foundation has a year end of 31 March and net assets are included as at 31 March 2019. The Bentham-Moxon Trust has a year end of 31 December, and a share of net assets as at 31 December 2017 and 31 December 2018 are consolidated in these accounts, the difference to 31 March 2018 and 31 March 2019 being considered immaterial.

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

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

Bentham-Moxon Trust	2018-19 £m	2017-18 £m
Investment income	0.1	0.1
Botanical grants and research expenses	(0.1)	(0.1)
Net gains / (losses) on investments	(0.1)	0.2
<b>Net expenditure</b>	<b>(0.1)</b>	<b>0.2</b>

Kew Foundation	2018-19 £m	2017-18 £m
Donations and legacy income	2.9	-
Investment income	0.2	-
Expenditure on raising funds	(0.1)	-
Charitable expenditure	(3.3)	-
<b>Net expenditure</b>	<b>(0.3)</b>	<b>-</b>

As the Foundation became an associate of RBG Kew late in the 2017-18 year, the share of the income and expenditure of the Foundation after associate recognition was rounded to £nil in the 2017-18 accounts.

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

	At 1 April 2018	Income	Expenditure	Revaluation	Transfers	At 31 March 2019
	£m	£m	£m	£m	£m	£m
<b>Unrestricted</b>						
General – other	6.0	57.1	(53.8)	-	(3.0)	6.3
General–capital	32.7	0.1	(2.2)	-	-	30.6
Capital Revaluation Reserve	117.1	-	(0.9)	8.8	(1.9)	123.1
Investment properties	3.2	-	-	0.1	1.9	5.2
<b>Unrestricted - Designated</b>						
Future capital and projects	2.0	-	-	-	3.0	5.0
<b>Total Unrestricted</b>	<b>161.0</b>	<b>57.2</b>	<b>(56.9)</b>	<b>8.9</b>	<b>-</b>	<b>170.2</b>
<b>Restricted</b>						
General–capital	59.7	12.7	(2.0)	-	-	70.4
Donations	1.1	-	-	-	-	1.1
Big Lottery Fund Grant	0.7	1.0	(1.6)	-	-	0.1
Projects	1.4	22.1	(19.2)	-	-	4.3
Share of associates	13.7	-	(0.4)	-	-	13.3
<b>Total Restricted</b>	<b>76.6</b>	<b>35.8</b>	<b>(23.2)</b>	<b>-</b>	<b>-</b>	<b>89.2</b>
<b>Endowment</b>						
Scott-Marshall	0.2	-	-	-	-	0.2
Robin Spare Book Fund	0.0	-	-	-	-	0.0
<b>Total Endowment</b>	<b>0.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.2</b>
<b>Total Reserves</b>	<b>237.8</b>	<b>93.0</b>	<b>(80.1)</b>	<b>8.9</b>	<b>-</b>	<b>259.6</b>

### Unrestricted Funds – General Capital/ Investment properties

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

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

### Unrestricted –Designated Funds – future capital and projects

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

### Restricted Funds

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

The Donations fund represents money given mainly by members of the public for specific purposes ranging from the purchase of books for the Library to money to support different parts of the Gardens. There are 7 different accounts within Donations (2017-18: 7).

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 division. There were over 150 such projects this year.

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

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

### Endowment Funds

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



## 19. Analysis of net assets between funds

	Unrestricted	Restricted	Endowment	Total
	£m	£m	£m	£m
General – Other	11.3	5.5	0.2	17.0
General – Capital	30.6	70.4	-	101.0
Revaluation Reserve	128.3	-	-	128.3
Share of net assets of associates	-	13.3	-	13.3
	<b>170.2</b>	<b>89.2</b>	<b>0.2</b>	<b>259.6</b>

## 20. Analysis of funds

	Unrestricted	Restricted	Endowment	Total
	£m	£m	£m	£m
Reserves balances at 31 March are represented by:				
Fixed Assets	151.1	73.0	-	224.1
Investments	5.6	13.5	0.2	19.3
Current Assets	28.8	4.3	-	33.1
Creditors	(15.3)	(1.6)	-	(16.9)
	<b>170.2</b>	<b>89.2</b>	<b>0.2</b>	<b>259.6</b>

## 21 Pension Costs

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

For the year ended 31 March 2019, employers' contributions were payable to the PCSPS at 1 of 4 rates in the range 20.0% to 24.5% of pensionable pay, based on salary bands (20.0% to 24.5% in 2017-18). The Scheme Actuary reviews employer contributions usually every 4 years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during the year ended 31 March 2019 to be paid when the member retires and not the benefits paid during this period to existing pensioners. Total employer contributions to the PCSPS were £4.6m (£4.4m in 2017-18).

In addition, RBG Kew operates a PCSPS defined contribution (partnership) scheme. It made £0.1m (£0.1m in 2017-18) contributions to this scheme during the year. At 31 March 2019 41 staff were members.

RBG Kew Enterprises Ltd operates a Group Personal Pension Plan for its employees, which is a defined contribution scheme. It made pension contributions of £0.1m (£0.1m in 2017-18) to this scheme during the year. 123 staff were members of the defined contribution scheme at 31 March 2019 and the remaining staff were members of the PCSPS.

In addition, following the integration of the Foundation, RBG Kew Enterprises Ltd operates a further Group Personal Pension Plan for its fundraising employees which is a defined contribution scheme. RBG Kew Enterprises Ltd makes a contribution of 6% of annual salary. It made pension contributions of £0.1m (£0.1m in 2017-18) to this scheme during the year. 51 staff were members of the defined contribution scheme at 31 March 2019.

## 22. Commitments

At 31 March 2019 there were major financial commitments in relation to capital development expenditure of £2.4m. The amount payable within one year is £2.4m (£7.9m in 2017-18).

## 23. Connected Charities and other related party transactions

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

### Connected Charities

RBG Kew recognises in its accounts its share of the net assets of material associates. As stated in the Statutory Information the purpose of the Foundation and Friends of RBG Kew is to provide support for RBG Kew.

Fundraising services are provided by RBG Kew Enterprises primarily to RBG Kew but also to the Foundation. To support its activities, RBG Kew Enterprises has two divisions – Commercial and Foundation. All fundraising costs (pay and other costs) are incurred by RBG Kew Enterprises – Foundation division and the majority are recharged to either RBG Kew or Foundation at cost in line with the relevant service level agreements.

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

The Foundation made grants to RBG Kew in the year totalling £8.2m (£23.7m in 2017-18).

RBG Kew Enterprises made charges for fundraising services to the Foundation totalling £0.1m (2017-18: £0.1m); RBG Kew made charges for back office support services to the Foundation totalling £0.03m (£0.03m in 2017-18).

There are a maximum of six trustees on the Foundation Board; two trustees can be appointed by RBG Kew, four trustees are independent. At 31 March 2019, Marcus Agius was the Chair of the Board of Trustees of RBG Kew and a trustee of the Foundation and Ian Karet was a trustee of both organisations. In addition, there were three independent trustees. No control of the Foundation by RBG Kew is indicated at 31 March 2019.

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

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

In addition to the material associates, there are a number of other charitable organisations with which RBG Kew has a relationship. These include Kew Foundation America and The Joseph Banks Society, which are registered 501(c) (3) not-for-profit corporations in the United States. The Kew Asia Foundation Limited was incorporated on 4 March 2015 in Hong Kong to support and promote education, scientific research in the science of plants and related subjects through horticultural collaboration between the community of Hong Kong, and RBG Kew by inspiring and delivering science-based plant conservation worldwide. RBG Kew also has the right to appoint three Trustees to the Castle Howard Arboretum Trust and one Trustee to the Marks Hall Estate.

## Other Related Party Transactions

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

Marcus Agius, Chairman of the Trustees, is also Deputy Chairman at PA Consulting. In 2018-19 expenditure incurred with PA Consulting was £55,000 (2017-18 £112,000) and income received was £0 (2017-18 £0). The chairman was not involved at any stage in the selection or appointment of PA Consulting, or the subsequent work.

Nick Baird, Trustee, is also Group Corporate Affairs Director at Centrica. In 2018-19 expenditure incurred with Centrica was £55,000 (2017-18 £56,000) and income received was £0 (2017-18 £0)

Catherine Dugmore and Professor Sue Hartley, Trustees, are both Board Members of Natural England. In 2018-19 expenditure incurred with Natural England was £0 (2017-18 £0) and income received was £55,000 (2017-18 £31,500)

Valerie Gooding, Trustee, was also a Non-executive Director of Vodafone PLC. In 2018-19 expenditure incurred with Vodafone was £31,000 (2017-18 £40,000) and income received was £0 (2017-18 £0)

Professor Liam Dolan, Trustee, is also Professor at the University of Oxford. In 2018-19 expenditure incurred with University of Oxford was £34,000 (2017-18 £0) and income received was £0 (2017-18 £0)

Sarah Flannigan, Trustee, was also Chief Information Officer for EDF Energy. In 2018-19 expenditure incurred was £937,000 (2017-18 £1,084,000) and income received was £0 (2017-18 £0)

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

## 24. Financial instruments

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

## 25. Events after the reporting date

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

## 26. Losses and special payments

Losses and special payments during the year totalled £0.1m (2017-18 £0.1m). This covers stock losses and adjustments and bad debt provisions.

# Annex

## Royal Botanic Gardens, Kew five-year financial summary

### Statement of Financial Activities

	2014-15 £m	2015-16 £m	2016-17 £m	2017-18 £m	2018-19 £m
<b>Income</b>					
Grant-in-aid	26.0	26.2	33.0	40.8	36.3
Grants and donations – RBG Kew	13.4	20.8	23.2	31.2	19.5
Grants and donations – Gain/(loss) from increased/(decreased) share of net assets of associates	-	-	0.5	11.0	-
Income from activities	17.7	18.5	21.7	28.4	37.1
Investment income	0.1	0.1	0.0	0.1	0.1
Share of associates' results	-	0.0	0.2	0.2	-
<b>Total income</b>	<b>57.2</b>	<b>65.6</b>	<b>78.6</b>	<b>111.7</b>	<b>93.0</b>
<b>Expenditure</b>					
Charitable expenditure	48.6	50.8	59.6	70.5	66.9
Raising funds – trading / fundraising	5.7	6.2	7.0	10.9	12.8
Share of associates' results	0.8	-	-	-	0.4
<b>Total expenditure</b>	<b>55.1</b>	<b>57.0</b>	<b>66.6</b>	<b>81.4</b>	<b>80.1</b>
<b>Net income</b>	<b>2.1</b>	<b>8.6</b>	<b>12.0</b>	<b>30.3</b>	<b>12.9</b>
Revaluation of fixed assets	10.5	15.4	6.6	8.0	8.9
<b>Net movement in funds</b>	<b>12.6</b>	<b>24.0</b>	<b>18.6</b>	<b>38.3</b>	<b>21.8</b>
Funds at 1 April	144.3	156.9	180.9	199.5	237.8
<b>Funds at 31 March</b>	<b>156.9</b>	<b>180.9</b>	<b>199.5</b>	<b>237.8</b>	<b>259.6</b>

### Summary Balance Sheet

<b>At 31 March</b>	2015 £m	2016 £m	2017 £m	2018 £m	2019 £m
Fixed assets	153.0	176.8	192.6	227.0	243.4
Current assets	14.4	13.5	20.5	29.3	33.1
Creditors	(10.5)	(9.4)	(13.6)	(18.5)	(16.9)
<b>Total assets less liabilities</b>	<b>156.9</b>	<b>180.9</b>	<b>199.5</b>	<b>237.8</b>	<b>259.6</b>
Unrestricted	132.6	146.0	153.6	161.0	170.2
Restricted	24.1	34.7	45.7	76.6	89.2
Endowment	0.2	0.2	0.2	0.2	0.2
<b>Total funds</b>	<b>156.9</b>	<b>180.9</b>	<b>199.5</b>	<b>237.8</b>	<b>259.6</b>









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