

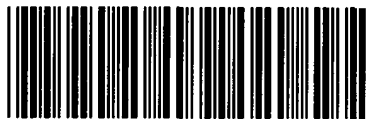
**Company Registration No. 2499006**  
**Registered Charity No. 803428**

**The Foundation and Friends of the  
Royal Botanic Gardens, Kew**

**Trustees' Report and Financial Statements**

**31 March 2016**

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

## **Year ended 31 March 2016**

### **Trustees' Report and Financial Statements 2016**

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

## Year ended 31 March 2016

### Reference and administrative details

#### Directors / Trustees

Mr Marcus Agius * - Chairman	Mr Anish Lalvani
Mr Giles Coode-Adams *+ Treasurer	Mrs Tasha Lalvani
Mrs Hélène David-Weill	Mr George Loudon
Dr Edwin Davies	Mrs Angela Lynch
Lady (Barbara) Davis	Dr Michael Lynch
Sir Michael Davis	Mrs Hélène Marie Shafran
Mr Johan Eliasch – (resigned 8 March 2016)	Mr Jacob Shafran
Mrs Kara Gnodde	Mr Charles Sherwood *
Mr Richard Gnodde	Mr Robert Swannell -
Mr Stephen Hester – (resigned 3 November 2015 )	Mrs Patricia Swannell *+^
Sir Henry Keswick	Mrs Carol Walsh-Knutson *^
Mr Kenneth Khaw (appointed 30 June 2015)	Ms Johanna Waterous *^
Mr Ian Karet (appointed 3 November 2015 )	Ms Ruth Yeoh (appointed 30 June 2015)

\* Denotes member of Finance & General Purposes Committee (FGPC)

+ Denotes member of Investment Committee

^ Denotes member of Remuneration Committee

- Denotes member of Nominations Committee

**Company registered No.** 2499006

**Charity registered No.** 803428

#### Senior Leadership Team – Key management personnel

Chief Executive Officer* (1 October 2015 - 31 May 2016)	Mr Oliver Shiell
Chief Executive Officer (to 30 September 2015)	Mr Michael Murphy
Director of Development	Ms Alison Purvis
Director of Membership and Digital Giving (from 1 February 2016)	Mrs Claire Coussins
Director of Membership, Marketing and Communications (to 31 January 2016)	Mr Aosa Afzal
Director of Public Engagement (1 February 2016 - 20 May 2016)	Mr Aosa Afzal
Director of Operations	Dr Lynne Guyton

\* Alison Purvis and Lynne Guyton are acting Co-Chief Executive Officers from 16 May 2016 until a replacement is recruited.

**Registered & principal office** 47 Kew Green  
Richmond, Surrey  
TW9 3AB

#### Bankers

Lloyds Bank PLC	Barclays Bank PLC
19-21 The Quadrant	1 Churchill Place
Richmond	London
Surrey	E14 5HP
TW9 1BP	

CAF (Charities Aid Foundation)
CAF Bank
25 Kings Hill Avenue
Kings Hill
West Malling
Kent
ME19 4TA

**The Foundation and Friends of the Royal Botanic Gardens, Kew**  
**Year ended 31 March 2016**

**Reference and administrative details (continued)**

**Legal advisers**

Farrer & Co LLP
66 Lincoln's Inn Fields
London
WC2A 3LA

**Auditor**

Deloitte LLP
Chartered Accountants & Statutory Auditor
Abbots House
Abbey Street
Reading
RG1 3BD

**Investment managers**

Heartwood Wealth Management*	Goldman Sachs International
12 Henrietta Street	River Court
London	120 Fleet Street
WC2E 8LH	London
	EC4A 2BE

Cazenove Capital Management
12 Moorgate
London
EC2R 6DA

\*Heartwood Wealth Management changed their name to Handelsbanken Wealth Management in June 2016.

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

## **Year ended 31 March 2016**

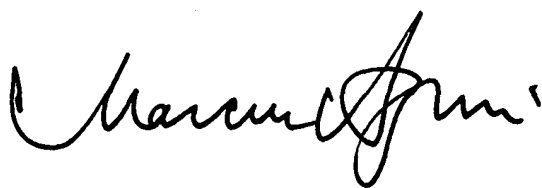
### **Chairman's statement**

On behalf of the Trustees and staff at the Foundation and Friends of the Royal Botanic Gardens, Kew, I am delighted to report that the Foundation achieved another record result during the financial year ended 31 March 2016. Thanks to the combined support of all of our Friends, Kew Fund donors, hundreds of Patrons and Benefactors, as well as numerous major corporations and foundations, and boosted by a number of important legacies, we have continued to raise and grant funds that are vital for supporting Kew's work. In the financial year 2015/16 we have generated over £25 million of income and granted almost £17 million to The Royal Botanic Gardens, Kew.

The Foundation was recently named as the UK's second fastest growing fundraising organisation, with 80% revenue growth in the last 5 years<sup>1</sup>. We believe that still more can be achieved, however, by emphasising the Foundation's role in support – not just of RBG Kew – but of worldwide plant conservation more generally. In this way we will seek to become the leading plant science fundraising organisation in the world with a view to helping Kew to obtain a more sustainable and independent future. Building on the successes of the past, we are aiming to develop a new campaign to increase donations from individual philanthropy, to harness digital technology to drive new ways of sourcing charitable giving, and to continue to expand our reach internationally, specifically in Asia, the USA and Mexico.

I should like to thank all of our Friends and donors, staff, our dedicated group of Kew Foundation Trustees, the Trustees of the American Society for the Royal Botanic Gardens, Kew and the Kew Asia Foundation, for all of their passion, dedication and generosity.

With thanks and best wishes



Marcus Agius

Chairman

Kew Foundation

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<sup>1</sup> Five years 2010-2015, Charity Financials Report, Cathy Pharoah, Centre for Charitable Giving and Philanthropy, Cass Business School. <http://secure.charityfinancials.com/reports.aspx>

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

## **Year ended 31 March 2016**

### **Trustees' report**

### **Objectives and activities**

#### **Introduction**

The Trustees, who are also Directors of the Foundation and Friends of the Royal Botanic Gardens, Kew (the "Foundation") for the purposes of the Companies Act, submit their Trustees' Report, which includes the Directors' Report and Strategic Report for Companies Act purposes and the audited Financial Statements of the Foundation for the year ended 31 March 2016.

#### **Object**

The Foundation's object, set out in its Articles of Association, is to provide support for the Royal Botanic Gardens, Kew ("RBG Kew") in such manner as the Foundation shall think fit. The Foundation is a Public Benefit Entity.

#### **Public benefit**

RBG Kew's general functions are set out in the National Heritage Act 1983 and 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 RBG Kew is concerned;
- provide other services (including quarantine) in relation to plants;
- care for its collections of plants, preserved plant material, other objects relating to plants, books and records;
- keep the collections as national reference collections, ensure that they are available to persons for the purposes of study, and add to and adapt them as scientific needs and RBG Kew resources allow; and
- afford to members of the public opportunities to enter any land occupied or managed by RBG Kew, for the purpose of gaining knowledge and enjoyment from RBG Kew's collections.

The Trustees have reviewed the activities of RBG Kew against the public benefit principles outlined in the guidance issued by the Charities Commission and the Trustees believe that, as these meet the public benefit charitable aims, the Foundation in turn meets the public benefit requirements.

#### **Strategic aims**

The Foundation has a number of strategic aims:

- to maximise net income to support the future plans of RBG Kew;
- to build relationships with key stakeholders who support, or could support, the work of RBG Kew through a gift of money, time or advocacy;
- to continue to position the work of RBG Kew as a 'cause' both in the UK and internationally and to enhance RBG Kew's reputation;
- to manage the cost of fundraising activities, while maintaining reserves in line with policy; and
- to increase understanding of fundraising across RBG Kew and engage all key departments in order to build fundraising effectiveness.

To achieve these goals, the Foundation will:

- ensure that it attracts and retains high quality, committed staff and that it manages operations efficiently and effectively so as to achieve the maximum return on investment;
- gain insight into the key interest areas of existing supporters;

Further detail on the Foundation's detailed plans for taking its strategy forward over the next five years are on page 14.

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

### **Year ended 31 March 2016**

#### **Trustees' report (continued)**

##### **Strategic aims (continued)**

- develop and deliver an effective, relevant and integrated fundraising and communications programme that engages new potential supporters and maintains long-term relationships with existing supporters. The Foundation will continue to articulate appropriate and timely information on RBG Kew projects, their urgency and impact;
- recruit further leadership to the Board and ambassadors for particular projects; and
- strengthen RBG Kew and Kew Foundation working partnerships at all levels.

##### **Grant-making**

Key projects supported by the Foundation in 2015/16 include:

- **Science (£4.2M granted in 2015/16):** RBG Kew's scientific vision is to document and understand global plant and fungal diversity and its uses, bringing authoritative expertise to bear on the critical challenges facing humanity today. Grants from Kew Foundation include funds for multiple projects at the Millennium Seed Bank and key strategic outputs from Kew's Science Strategy including the State of the World's Plants and the Plants of the World Online Portal.
- **Temperate House Restoration (£5.2M granted in 2015/16):** Opened in 1863, the Temperate House is the largest surviving Victorian glasshouse in the world. In August 2013, RBG Kew started a vital five year restoration project.
- **Grow Wild (£3M granted in 2015/16):** The programme aims to motivate people and organisations across the UK to participate in high-profile community-led environmental activities, based around educating, preserving and promoting the importance of the diversity of UK plant species.

##### **Grant policy**

In order to secure the consent of the Foundation Trustees to release funds, RBG Kew submits a grant request to the Foundation for a particular purpose. This request is independently reviewed by the Foundation Trustees. All grants must be in line with the strategic aims of RBG Kew and the Foundation, conform to the wishes of the donor where relevant and conform to the statement of public benefit referred to above. If approved, funds are transferred subject to an appropriate audit trail evidencing use of funds.

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

## **Year ended 31 March 2016**

### **Trustees' report (continued)**

#### **Structure, governance and management**

The Foundation is a Registered Charity (number 803428) and a Company limited by guarantee (number 2499006). It is governed by its Articles of Association (revised in March 2013).

##### **Trustees and Directors**

The Trustees who held office during the year and at the date of signing, except as noted, are listed on page 1.

The Foundation Board of Trustees provide leadership and help generate voluntary income by inspiring donors, staff and other key audiences about RBG Kew's mission.

The Board votes on the election of new members at their regular meetings. Any new Trustee is elected for a period of three years after which time they may be re-appointed.

New Trustees are given an induction to introduce them to the Foundation as well as to the work of RBG Kew at its two sites (Kew and Wakehurst) and around the world. Trustees receive briefings from management and meet staff to understand and review different aspects of the organisation. New projects that are being undertaken by RBG Kew are explained and visits made to projects where practicable.

During 2015/16, the Foundation Board of Trustees, which had 24 members, met four times, one of which was a strategy day with RBG Kew Trustees. The Trustees have agreed two Sub-Committees: the Nominations Committee, chaired by the Chairman and the Finance and General Purposes Committee (FGPC), chaired by the Treasurer. The Nominations Committee met once and the FGPC met three times. The Investment Committee, a sub-Committee of the FGPC, also met three times. The Remuneration Committee, also a Sub-Committee of the FGPC, met once.

The Trustees receive a monthly report which includes a summary of financial information, key activities and actions. The FGPC reviews the annual budget and strategy, the statutory accounts, and the risk register. It also receives reports that show progress against the annual budget, cash flow forecasts and the value of the investments held. The FGPC agrees the use of material restricted legacies and donations and reviews grants to RBG Kew. The FGPC then makes recommendations to the Foundation Board for approval.

##### **Organisational structure**

The Foundation's Chief Executive Officer (CEO) is responsible for the day-to-day operations of the Foundation. With the Foundation Board's approval, the CEO delegates certain tasks to the Senior Leadership Team (SLT). The SLT (listed on page 1) are the Foundation's key management personnel and are responsible for each of the Foundation directorates:

- The Director of Development is responsible for fundraising development and strategy across the Foundation from major and principal gifts to small individual gifts and legacies.
- The Director of Membership and Digital Giving leads on the Friends of Kew and Friends of Wakehurst membership schemes as well as the strategy to move Kew's fundraising online.
- The Director of Operations is the Foundation's Chief Operating Officer and is responsible for Foundation strategy, finance, HR, IT and CRM, research and events.
- The Director of Public Engagement works with teams across both RBG Kew and Foundation to develop initiatives, platforms and programmes for increased audience participation and engagement in RBG Kew's mission and cause.

The SLT attend all Foundation Board Meetings.



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

## **Year ended 31 March 2016**

### **Trustees' report (continued)**

#### **Pay and remuneration arrangements**

The Board of Trustees approve the Foundation's Pay and Reward Policy annually upon recommendation from the Finance and General Purposes Committee and Remuneration Committee. The pay structure provides a fair and consistent basis for rewarding employees, reflecting and reinforcing the aims of the Foundation and supporting the recruitment, retention and motivation of employees. The policy supports the commercial aims of the business with due regard for affordability and transparency.

The Foundation aims to be a median payer in the market place. As part of the annual pay review process, all roles across the Foundation, including key management personnel, are benchmarked using an annual benchmarking survey for the charity sector. Where the pay of an individual is believed to be significantly below the market median, an appropriate salary adjustment may be made subject to affordability, retention in relation to business needs and specific market conditions for a job.

The Remuneration Committee determine the overall policy, remuneration and benefits for the CEO.

#### **Related parties**

The Foundation has related party transactions with RBG Kew and also with RBG Kew Enterprises Ltd (a wholly-owned subsidiary of RBG Kew). The expenditure transactions are for the provision of office premises, IT and other services and associated costs, including *Kew Magazine* which is sent to members and subscribers.

As of 31 March 2016, three Foundation Trustees were also on the Board of RBG Kew. One of these, Mr Marcus Agius, was appointed Chairman of RBG Kew Board of Trustees in October 2009.

The American Society for the Royal Botanic Gardens, Kew and The Joseph Banks Society are registered 501(c) (3) not-for-profit corporations in the United States. Both organisations have no Trustees in common with the Kew Foundation.

The Kew Asia Foundation Limited was incorporated on 4 March 2015 in Hong Kong to support and promote education, scientific research in the science of plants and related subjects through horticulture collaboration between the community of Hong Kong, and RBG Kew by inspiring and delivering science-based plant conservation worldwide. One of the current Directors of The Kew Asia Foundation Limited is a Kew Foundation employee and one of the current Directors is a Kew Foundation Trustee.

#### **Systems of internal controls**

The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include:

- the adoption of a procedures manual, reviewed and amended on a regular basis;
- an annual plan and budget approved by the Trustees;
- regular consideration by the Trustees of financial results, variances from budgets and non-financial performance indicators;
- delegation of authority and segregation of duties, where appropriate; and
- the identification and management of risks.

Key risks for the Foundation are discussed on page 13.

## **The Foundation and Friends of the Royal Botanic Gardens, Kew Year ended 31 March 2016**

### **Trustees' report (continued)**

#### **Pension plan**

The Foundation established a money purchase Group Personal Pension Plan on 1 April 1999 with pension provider Aegon. All permanent staff are invited to join the plan. The Foundation makes a contribution of 6% of annual salary. Members may make voluntary contributions within the remit of the scheme.

#### **Going concern**

The Trustees are confident that the Foundation is a going concern. The Trustees regularly review the Foundation's reserves and investments' policies. They ensure that restricted funds are transferred to RBG Kew in a timely manner and make grants of unrestricted funds conditional on adequate reserves within the Foundation. The Foundation continues to maintain a five year cash flow forecast to enable effective planning and financial management.

The Trustees have reviewed income and expenditure forecasts and believe that there are adequate resources for a period no less than twelve months from the date of approval of these accounts.

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

## Year ended 31 March 2016

### Strategic report

### Achievements and performance

#### Review of activities

The Trustees wish to express their gratitude to all those who continue to provide generous financial support. In 2015/16, in close collaboration with the energetic and committed staff and supporters of RBG Kew, the Foundation raised income of £25.2M (2015: £28.8M)<sup>2</sup> and gave grants totalling £16.9M (2015: £10.7M) to RBG Kew.

The Foundation concluded its five-year Breathing Planet Campaign in March 2015 a major fundraising initiative that raised £102.4M for RBG Kew between April 2010 and March 2015. Following the campaign, 2015/16 has been a time for review. The Foundation has conducted an internal review of the campaign, both from the perspective of its staff and those involved from RBG Kew. The next stage will be an envisaging exercise to work through how RBG Kew's strategy translates to a stable project bank of fundable propositions for the next five years.

In addition to this, fundraising has continued, both in terms of stewarding donors to ensure pledges made during the Breathing Planet Campaign are delivered and also generating new gifts and pledges, particularly for strategic outputs in RBG Kew's Science Strategy. Highlights include pledges totalling £1.7M for State of the World's Plants and £3M for Plants and Fungal Tree of Life as well as a new £0.9M expendable endowment restricted to conservation and research. In addition to this, the Foundation have supported horticulture at Kew, including a £1M donation for the family landscape and learning centre project.

The Trustees are particularly grateful to the Heritage Lottery Fund and the Big Lottery Fund for their continued support, as well as private philanthropy and the support of leading foundations and corporations. These supporters have helped the Foundation to provide funds for RBG Kew so that it can realise its mission. In addition the Trustees extend their gratitude to RBG Kew's family of supporters who provide the unrestricted funding necessary for RBG Kew to meet its most critical needs and maintain its scientific and horticultural excellence.

The following is a selection of programmes initiated and developed during 2015/16:

- **International markets:** Focused major gifts work in targeted international markets is a central strategy for growth in the Foundation. Hong Kong and Singapore are key markets in Asia. A Latin America strategy has been developed and major gift fundraising continues its focus in Mexico.

The Foundation thanks The American Society for RBG Kew and The Joseph Banks Society in the United States for their support and the events they hosted in Chicago.

- **Events:** The events programme continues to become more established, effective and anticipated by the audiences it seeks to engage. Highlights from the last twelve months include the Circle of Benefactor's Dinner with our Patron HRH The Prince of Wales, a debate on Sugar; the world's most dangerous substance and a Garden Party at Wakehurst Place. The programme is moving towards a more digital emphasis which is already manifested in enabling membership event attendees to receive information about events and make bookings themselves.
- **Membership:** The Foundation ended the year with 58,000 Friends of Kew and nearly 12,000 Friends of Wakehurst (2015: 55,000 Friends of Kew and 9,000 Friends of Wakehurst) generating £4.8M (2015 £4.4M) of membership income, including Gift Aid.

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<sup>2</sup> Throughout this report we use "M" for million and "k" for thousand.

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

### Year ended 31 March 2016

#### Strategic report (continued)

##### Income generation

The long-term key efficiency target for the Foundation is a Return on Investment (ROI) that exceeds the industry average reported by the Institute of Fundraising (4.2:1). As a rule of thumb, internally, the Foundation divides total income raised by total costs (excluding grants and gifts in kind). On this basis, the ROI for the year was 6:1. The target to exceed industry average remains in place for the coming year.

Performance against plan is shown in the table below.

	2015/16 Plan	2015/16 Actual	2016/17 Plan
New gifts and pledges made in year	£12.9M	£18.9M	£13.2M
Income	£22.6 M	£25.2M	£21.8M

New gifts and pledges exceeded plan by £6M and income exceeded plan by £2.6M. This is mainly a result of a prudent approach to budgeting following the Breathing Planet Campaign. The new gifts and pledges target for 2016/17 has been set deliberately lower than for 2015/16 due to the envisaging work that will take place in 2016/17 as the Foundation starts to plan for a new campaign.

##### Other strategic priorities

In addition to the income generation targets detailed above, other strategic priorities for 2015/16 included:

*Maximise unrestricted income from Friends and donors to deliver a £2.6M grant to RBG Kew for general support in 2015/16.* This target was achieved and the amount granted was £2.6M. A further £0.285M has been designated for payment to RBG Kew in 2016/17.

*Replace the existing Foundation Customer Relationship Management system.* The new system went live in March 2016. It is a Microsoft Dynamics platform that will allow the Foundation to improve business intelligence, effectiveness and customer experience.

*Steward the property gifted to the Foundation in 2014/15 and make recommendations for the future use of this asset.* The property was sold in March 2016. The funds are held in a designated property fund and during 2016/17 plans will be refined to determine how the funds will be utilised.

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

## **Year ended 31 March 2016**

### **Strategic report (continued)**

#### **Financial review**

##### **Results for 2015/16**

The results for the year are set out in the Statement of Financial Activities (SOFA).

Income received in 2016 was £25.2M (2015: £28.8M). If the exceptional legacy and transfer from the Bentham-Moxon Trust received in 2015 are excluded, income has increased by £5.1M (26%)

Membership income from Friends of Kew was £4.5M (2015: £4.2M) and income from Friends of Wakehurst was £0.2M (2015: 0.2M). Donations from individuals and corporates were £5.8M (2015: £6.6M) and income from corporate membership was £120k (2015: £125k). Grant income rose to £11.7M (2015: £8.1M). Legacy income decreased to £1.9M (2015: £9.4M, of which £7M was a gift in kind).

Net income for the year amounted to £3.2M (2015: £14.7M) after RBG Kew grants of £16.9M (2015: £10.7M). Included in this amount was a surplus of £0.7M (2015: £7.7M) on unrestricted funds, after transfers and losses on investments.

At 31 March 2016, the Foundation's total funds amounted to £41.0M (2015: £37.8M); consisting of £9.6M (2015: £9.3M) in endowments, £3.3M (2015: £3.0M) in unrestricted funds, £7.4M in designated property funds (2015: £7M) and £20.7M (2015: £18.5M) in donor restricted funds. The current fund balances meet the Foundation's reserves policy.

##### **Reserves Policy**

The Foundation's Reserves Policy states that the unrestricted funds (general fund plus funds designated for RBG Kew grants), should be a minimum of six months operating expenditure, excluding grants. Including designated grant reserves, the reserves of £3.3M (2015: £3M) are sufficient to meet the current working capital requirements of the Foundation. The designated property reserve is excluded from this calculation because during 2016/17 a plan will be developed for expenditure and therefore the funds are not available for the Foundation's general use.

Unrestricted reserves are currently £1M in excess of six months of operating expenditure planned for 2016/17. This balance will be reviewed during 2016/17 to determine where funds can be re-invested in the Foundation to help drive growth and where funds can be granted to RBG Kew.

##### **Investment Policy and Statement of Investment Principles**

Acting on behalf of the Trustees, the Investment Committee, a Sub-Committee of the FGPC updated the Investment Policy in 2015/16.

The Foundation holds funds for the short and medium-term to ensure liquidity and to meet the requirements for specific projects and purposes. These funds are invested in short and medium-term deposits and other short and medium term instruments according to the guidelines set out by the Investment Committee, reviewed annually.

The Investment Committee has delegated the investment management role over its investment portfolios to:

- Cazenove Capital for the Sainsbury Orchid Fund endowment;
- Heartwood Investment Managers (Heartwood) for all other endowment funds;
- Goldman Sachs International for cash management.

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

## **Year ended 31 March 2016**

### **Strategic report (continued)**

#### **Investment Policy and Statement of Investment Principles (continued)**

Funds invested by Cazenove Capital have an investment objective to maintain the real value of capital while generating a sustainable level of income to support the Research Fellowships at Kew. The portfolio is invested in the Charity Multi-Asset Fund which has a target of RPI plus 4% per annum, net of fees, over the long term. The Fund targets a stable and sustainable total return distribution of 4% per annum.

For the funds managed by Heartwood, the Foundation adopts an 'Absolute Return' approach to investment, recognising the investment return from income and capital gains or losses. The overall investment objective of the funds managed by Heartwood is to achieve positive real returns in excess of inflation (CPI + 3%) over the long term, while maintaining a medium tolerance to risk. The Trustees have agreed a policy of withdrawing up to 3% of the value of the legacy fund invested with Heartwood from 2013/14 onwards, subject to annual review and at Trustees' discretion. In addition to this, the Trustees agreed that during 2014/15 and 2015/16, all unrestricted legacy income received will be transferred from endowment funds to unrestricted funds. Funds invested by Goldman Sachs International are split between their Sterling Money Market Fund to offer preservation of capital and immediate liquidity, high quality Commercial Paper for short-term (6-12 months) investment and high quality Fixed Income (Bonds) for medium-term (12-24 months) investment.

The Investment Committee reviews annually the performance and service of fund/investment managers, investment principles and guidelines for product investment.

#### **Ethics policy**

The Trustees do not wish to impose any specific ethical investment policy but the assets should be invested in line with the charity's aims and conform to the Donor Engagement Policy.

#### **Investment performance**

Market volatility in a number of regions has meant that portfolio valuations have fluctuated during 2015/16 and the funds invested with both Cazenove Capital and Heartwood have not met their objectives. Western Europe's recovery from the debt crisis three years ago is slower than expected, while Japan's recovery has faltered. The European Union referendum has further dampened interest in the UK while also impacting the Eurozone. The US gives hope for optimism in the future as it continues to emerge from recession with rising employment and low interest rates. The Foundation continues to work closely with investment managers so that a diversified portfolio is maintained and that there is a controlled approach to risk.

The funds with Cazenove Capital were invested in August 2015 with a target of RPI plus 4% per annum. For the period to 31 March 2016, the portfolio has generated a negative total return of -1.2% compared with UK equities - 5.0% and RPI +1.0%. The funds invested with Heartwood where the target is CPI +3% fell 3.5% (gross) and 4.6% (net) where CPI + 3% generated 3.5%.

The objective for the funds invested by Goldman Sachs International is to invest in their Sterling Money Market Fund to offer preservation of capital and immediate liquidity, high quality Commercial Paper for short-term (6-12 months) investment and high quality Fixed Income (Bonds) for medium-term (12- 24 months) investment. The current investment portfolio fulfils these criteria.

#### **Funds for RBG Kew**

During 2015/16, £14.2M (2015: £8.8M) was granted to RBG Kew by the Foundation for specific projects from restricted funds and, in addition, grants of £2.8M (2015: £1.9M) were awarded from unrestricted funds. In total, the Foundation granted RBG Kew £16.9M (2015: £10.7M).

As at 31 March 2016, the Foundation held £20.7M (2015: £18.5M) in restricted funds. A list of those restricted projects with balances or movements of over £50k is shown in note 13.

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

## **Year ended 31 March 2016**

### **Strategic report (continued)**

#### **Risk management**

The Foundation has a robust risk management framework which is updated, presented to and reviewed by Trustees three times a year. Key risks are identified in five areas: operational, financial, people, reputational and regulatory & governance.

Identified risks are given two scores: on likelihood of risk happening and impact if risk occurs. The scores are from 1 to 5 (with 1 being low likelihood and low impact and 5 being high likelihood and high impact. The combined score is colour coded (red = deficient, orange = unsatisfactory, yellow = satisfactory, green = well controlled), (so a 5/5 would be coloured 'red'; 3/3 amber and so on).

Furthermore, in addition to the description of each risk, the risk owner, mitigating response and recent actions are also documented to ensure tight risk management.

The current most significant risks for the Foundation are detailed below.

#### **Temperate House project cost and delay**

The Temperate House restoration project became delayed during 2015/16 due to issues with sub-contractors. This has resulted in parts of the work being re-tendered and the total projected cost of the project is under review. There is a risk that this review identifies a shortfall that will jeopardise the success and completion of the project. The Foundation has raised an additional £1M for the project by developing a 'giving club' where twenty donors have pledged £50k to raise £1M in total. The Foundation is also working with RBG Kew to determine whether funds from the recent property sale can be used to fund any shortfall.

#### **Withdrawal of the UK from the European Union**

The EU referendum in June 2016 resulted in a vote from the UK electorate in favour of leaving the EU. The Foundation's Investment Committee continues to monitor the situation closely, and will work with fund managers to determine a recommended approach for the Foundation's future investment policy.

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

## **Year ended 31 March 2016**

### **Strategic report (continued)**

#### **Plans for future periods**

The Foundation's strategy over the next 5-7 years is to permanently increase the ratio of unrestricted versus restricted revenues in favour of the former and secure significant project-funding for priorities identified by the RBG Kew Executive Board. The strategy asserts the Foundation as the leading plant-science fundraising organisation in the world by engaging RBG Kew's total participant community in the fundraising process and generating revenues from all stakeholder groups.

The strategy has the following key objectives:

1.     **A sustainable cause-based programme that maximises unrestricted giving**  
A sustainable cause-based fundraising activity that maximises giving from RBG Kew's total community by soliciting multiple small gifts from appeals to individuals over time.
2.     **A major gift campaign that maximises restricted giving**  
A major gift campaign that maximises giving from the Foundation's primary funders by soliciting occasional very large gifts for specific projects within a defined time frame.
3.     **A 'business as usual' programme of activity that delivers incremental growth**  
A 'business as usual' programme of activity that delivers incremental growth from the Foundation's membership, patron, legacy and event sponsorship programme.



## **The Foundation and Friends of the Royal Botanic Gardens, Kew Year ended 31 March 2016**

### **Trustees' responsibilities statement**

The trustees (who are also directors of the Foundation for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company [and the group] and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### **Auditor**

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed, at the Annual General Meeting.

The Trustees Annual Report and Strategic Report were approved by the Trustees and signed on their behalf by:



Marcus Agius  
Chairman

19 July 2016

## **Independent auditor's report to the Members and Trustees of The Foundation and Friends of the Royal Botanic Gardens, Kew**

We have audited the financial statements of The Foundation and Friends of the Royal Botanic Gardens, Kew for the year ended 31 March 2016 which comprise the Statement of Financial Activities (including the Income and Expenditure Account), the Balance Sheet, the Statement of Cash Flows and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members and the Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, and the charitable company's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Trustees and auditor**

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

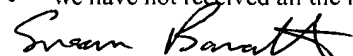
### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Annual Report and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**Susan Barratt BA, ACA (Senior statutory auditor)**

**For and on behalf of Deloitte LLP**

Chartered Accountants and Statutory Auditor

Reading

21 July 2016

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

### Statement of Financial Activities (including the Income and Expenditure Account) Year ended 31 March 2016

		2016				2015 Restated				
	Notes	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total funds £'000	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total funds £'000	
<b>Income and endowments from:</b>										
Donations and legacies	2	6,163	16,424	1,603	24,190	11,846	13,370	3,421	28,637	
Other trading activities		52	-	-	52	14	2	-	16	
Investments	3	16	132	152	300	7	71	109	187	
Other income		625	-	-	625	-	-	-	-	
<b>Total income</b>		<b>6,856</b>	<b>16,556</b>	<b>1,755</b>	<b>25,167</b>	<b>11,867</b>	<b>13,443</b>	<b>3,530</b>	<b>28,840</b>	
<b>Expenditure on:</b>										
Raising funds	4	(2,087)	(60)	-	(2,147)	(1,851)	(342)	-	(2,193)	
Charitable activities	5	(4,624)	(14,419)	-	(19,043)	(3,517)	(8,796)	-	(12,313)	
Fund management		(208)	(6)	(46)	(260)	(16)	(12)	(42)	(70)	
<b>Total expenditure</b>		<b>(6,919)</b>	<b>(14,485)</b>	<b>(46)</b>	<b>(21,450)</b>	<b>(5,384)</b>	<b>(9,150)</b>	<b>(42)</b>	<b>(14,576)</b>	
Net gains/(losses) on investments		(4)	(27)	(487)	(518)	5	40	363	408	
<b>Net income for the year</b>	<b>8</b>	<b>(67)</b>	<b>2,044</b>	<b>1,222</b>	<b>3,199</b>	<b>6,488</b>	<b>4,333</b>	<b>3,851</b>	<b>14,672</b>	
Transfers between funds	13	767	161	(928)	-	1,244	(11)	(1,233)	-	
<b>Net movement in funds</b>		<b>700</b>	<b>2,205</b>	<b>294</b>	<b>3,199</b>	<b>7,732</b>	<b>4,322</b>	<b>2,618</b>	<b>14,672</b>	
<b>Funds brought forward</b>	<b>13</b>	<b>9,954</b>	<b>18,529</b>	<b>9,309</b>	<b>37,792</b>	<b>2,222</b>	<b>14,207</b>	<b>6,691</b>	<b>23,120</b>	
<b>Funds carried forward</b>	<b>13</b>	<b>10,654</b>	<b>20,734</b>	<b>9,603</b>	<b>40,991</b>	<b>9,954</b>	<b>18,529</b>	<b>9,309</b>	<b>37,792</b>	

All of the above results are derived from continued operations. All gains and losses recognised for the year are included above. All restricted funds received and expended relate to income funds. Notes 1 to 19 form part of these accounts.

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

## Balance Sheet as at 31 March 2016

	Notes	2016 £'000	2015 £'000
<b>Fixed assets</b>			
Tangible assets	9	31	7,018
Investments	10	28,759	21,008
<b>Total fixed assets</b>		<u>28,790</u>	<u>28,026</u>
<b>Current assets</b>			
Debtors	11	2,977	3,426
Cash at bank and in hand		11,957	8,928
<b>Total current assets</b>		<u>14,934</u>	<u>12,354</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(2,733)</u>	<u>(2,588)</u>
<b>Net current assets</b>		<u>12,201</u>	<u>9,766</u>
<b>Total assets less current liabilities</b>		<u>40,991</u>	<u>37,792</u>
<b>NET ASSETS</b>		<u><u>40,991</u></u>	<u><u>37,792</u></u>
<b>The funds of the charity:</b>			
Restricted income funds	13	20,734	18,529
Permanent endowment funds	13	2,369	2,477
Expendable endowment funds	13	7,234	6,832
Unrestricted funds - property	13	7,403	6,985
Unrestricted funds – designated	13	2,894	2,023
Unrestricted funds – general	13	357	946
<b>TOTAL FUNDS</b>		<u><u>40,991</u></u>	<u><u>37,792</u></u>

Notes 1 to 19 form part of these accounts.

These financial statements of The Foundation and Friends of the Royal Botanic Gardens, Kew (registered number 2499006) were approved and authorised for issue by the Board of Trustees and signed on their behalf by:



Marcus Agius  
Chairman



Giles Coode-Adams  
Treasurer

19 July 2016

19 July 2016

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

## Statement of cash flows Year ended 31 March 2016

		2016 £'000	Restated 2015 £'000
Net cash flows from operating activities	17	1,960	818
<b>Cash flows from investing activities:</b>			
Dividends and interest from investments		300	187
Purchase of property, plant and equipment		(42)	(10)
Disposal of property, plant and equipment		7,477	-
Proceeds from the sale of investments		240	192
Purchase of investments		(8,509)	(4,095)
Net cash flows from (used in) investing activities		<u>(534)</u>	<u>(3,726)</u>
<b>Cash flows from financing activities:</b>			
Receipt of endowment		<u>1,603</u>	<u>3,421</u>
Net cash provided by financing activities		<u>1,603</u>	<u>3,421</u>
Change in cash in the reporting period		<u><u>3,029</u></u>	<u><u>513</u></u>
Cash at the beginning of the reporting period		<u>8,928</u>	<u>8,415</u>
Cash at the end of the reporting period		<u>11,957</u>	<u>8,928</u>

Notes 1 – 19 form part of these accounts.

All cash and cash equivalents are included in cash at bank and in hand.

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

## **Notes to the accounts**

### **Year ended 31 March 2016**

#### **1. Statement of accounting policies**

The principal accounting policies are summarised below. All have been applied consistently throughout the year and the preceding year.

##### **Basis of preparation**

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP 2015): Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Charities Act 2011. The financial statements present information for The Foundation and Friends of the Royal Botanic Gardens Kew ("Kew Foundation" or "the Foundation") only, i.e. as an individual undertaking.

The Foundation has applied FRS 102 and SORP 2015 for the first time this year. As part of that transition the Foundation has reviewed its accounting policies. As a result of this review no material adjustments to the 2015 figures as previously reported have been identified. The review included a reassessment of legacies notified but not received at 31 March 2015 and no restatement has been necessary. The comparatives in the Statement of Financial Activities (SOFA) have been restated to reflect the new format. The restated comparatives in the SOFA reflect the allocation of governance costs, shown in more detail in note 6.

##### **Foundation status**

The Foundation is a company limited by guarantee. The members of the Foundation are the Trustees. In the event of the Foundation being wound up, the liability in respect of the guarantee is limited to £1 per member of the Foundation.

##### **Going concern**

Having reviewed cash flow forecasts and budgets for 2016/17 and summary forecasts for 2017/18, the Trustees have a reasonable expectation that the Foundation has adequate resources to continue in operational existence for the foreseeable future, not less than 12 months from the date of signing. Accordingly they continue to adopt the going concern basis in preparing the Trustees' Report and Financial Statements.

##### **Reserves**

The Foundation has a Reserves Policy that seeks to maintain reserves (excluding the designated property reserve and Friends of reserve) at around six months of operating expenses (£2.5M). Unrestricted reserves are currently £0.6M in excess of six months of operating expenditure planned for 2016/17. This balance will be reviewed during 2016/17 to determine where funds can be re-invested in the Foundation to help drive growth and where funds can be granted to RBG Kew.

##### **Fund accounting**

General or unrestricted funds are available for use at the discretion of the Trustees in furtherance of the objectives of the Foundation. These are funds that have not been designated for other purposes.

Designated funds comprise unrestricted funds set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which have been raised by the Foundation for particular purposes and are to be used in accordance with specific restrictions imposed by donors. The aim and use of the each material restricted fund is set out in the notes to the financial statements.

Endowment funds are a mix of restricted and unrestricted funds and may be expendable or permanent. Permanent endowment funds are held by the Foundation as a corporate trustee and do not form part of the corporate property of the charitable company.

Legacy income with no other restrictions is assumed by Trustees to be intended as endowment unless otherwise stated. The income earned from associated investments may be re-invested or allocated directly to restricted or unrestricted funds as appropriate. The Trustees have agreed a policy of withdrawing up to 3% of the value of the

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

## **Notes to the accounts**

### **Year ended 31 March 2016**

#### **1. Statement of accounting policies (continued)**

legacy fund from 2013/14 onwards, subject to annual review and at Trustees' discretion. In addition to this, the Trustees agreed that during 2014/15 and 2015/16, all unrestricted legacy income received will be transferred from endowment funds to unrestricted funds.

During 2014/15 the Sainsbury Orchid Trust Fund (£2.4M) was transferred to the Foundation from the Bentham-Moxon Trust. Using this permanent endowment, the Foundation will provide grants to RBG Kew connected with the advancement of education and learning by the promotion of study and enhancement of the orchid collection and orchid work. The Trust deed confers an oversight role on two other sets of Trustees; Robert and Lisa Sainsbury Art Trust Ltd Trustees (previously known as the Art Trustees), the Gatsby Charitable Foundation Trustees (previously known as the Gatsby Trustees).

Investment income, gains and losses are allocated to the appropriate fund.

#### **Incoming resources**

All incoming resources including grants are included in the Statement of Financial Activities (SOFA) when the Foundation is legally entitled to the income, receipt is probable and the amount can be measured with sufficient reliability. For pecuniary legacies, this is upon notification (probate). Residuary legacies are recognised when probate is granted and there is sufficient information to value them (usually receipt of estate accounts). Where legacies include the transfer of property, this is included at valuation.

No amounts are included in the financial statements for services donated by volunteers. Gifts in kind are included at fair value. Donated services or facilities are included in income at a valuation which is an estimate of the financial cost borne by a third party.

Members' subscriptions, season tickets, corporate memberships and Patrons' membership are accounted for in the period when received and are not refundable if membership is cancelled.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation. Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

#### **Resources expended**

Expenditure is accounted for on an accruals basis. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of resources.

Unrestricted grants to RBG Kew are recognised when approved and formally communicated with the recipient. Restricted grants to RBG Kew are recognised and awarded to Kew on approval of a valid claim. Gifts in kind to RBG Kew are recognised when the Foundation donates staff time or other assets.

Fundraising costs are incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

Support costs are those costs incurred directly in support of expenditure on the objects of the Foundation.

Governance costs are incurred in connection with the administration and compliance of the Foundation. One of the key elements of this is setting strategic direction with RBG Kew to target fundraising priorities.

Governance and support costs are allocated across the various activities of the Foundation based on an estimate of the time spent by staff.

#### **Grant making**

The Foundation raises monies for RBG Kew. A request for payment for various projects proposed by RBG Kew is made to the Foundation Trustees. When applications are received, the Foundation gives independent due consideration to granting such funds, considering the strategy and wishes of the donor and, if approved by the Trustees, payment is made. Proper evidence of expenditure is always required, to the satisfaction of the Trustees.

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

## **Notes to the accounts Year ended 31 March 2016**

### **1. Statement of accounting policies (continued)**

#### **Investments**

Investments are stated at market value at the balance sheet date. The SOFA includes the net gains and losses arising on revaluations and disposals throughout the year. Investment movements as disclosed in the Statement of Cash Flows reflect additions to and withdrawals from the investment portfolio.

#### **Taxation accounting**

The Foundation is a registered charity and has no liability to corporation tax on its charitable activities under the Corporation Tax Act 2010 (chapters 2 and 3 of part ii, section 466 onwards) or Section 256 of the Taxation for Chargeable Gains Act 1992, to the extent surpluses are applied to its charitable purposes. No tax charge has arisen in the year ended 31 March 2015 or 31 March 2016.

#### **Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling at the date of the transaction. Exchange differences are taken into account in arriving at the net surplus/(deficit) for the year.

#### **Tangible fixed assets and depreciation**

All assets costing more than £1,000 are capitalised and included at cost including any incidental expenses of acquisition. Depreciation is provided on all tangible fixed assets (excluding freehold property) at rates calculated to write off the cost on a straight-line basis over their expected useful economic lives, usually three years. No depreciation has been provided for freehold property because it has a high residual value. Where functional fixed assets have been donated, they are included in the balance sheet at their current value at the date of the gift.

#### **Pension costs**

For defined contribution schemes the amount charged to the statement of financial activities in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between the contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

#### **Financial instruments**

Investments are accounted for at fair value through profit and loss in accordance with the requirements of FRS 102 sections 11 and 12. Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid net of any trade discounts due. Cash at bank includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

#### **Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Foundation's accounting policies, which are described in this note, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Trustees do not consider there are any critical judgements or sources of estimation uncertainty requiring disclosure.



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

## Notes to the accounts Year ended 31 March 2016

### 2. Income from donations and legacies

	2016			
	Unrestricted £'000	Restricted £'000	Endowment £'000	Total £'000
Donations	1,224	4,540	-	5,764
Legacies	-	264	1,603	1,867
Grants	39	11,620	-	11,659
Friends of Kew memberships	4,540	-	-	4,540
Friends of Wakehurst memberships	240	-	-	240
Corporate memberships	120	-	-	120
	<u>6,163</u>	<u>16,424</u>	<u>1,603</u>	<u>24,190</u>

	2015			
	Unrestricted £'000	Restricted £'000	Endowment £'000	Total £'000
Donations	290	3,914	2,373	6,577
Legacies	-	1,376	1,048	2,424
Legacies - gifts in kind	7,000	-	-	7,000
Grants	5	8,080	-	8,085
Friends of Kew memberships	4,238	-	-	4,238
Friends of Wakehurst memberships	188	-	-	188
Corporate memberships	125	-	-	125
	<u>11,846</u>	<u>13,370</u>	<u>3,421</u>	<u>28,637</u>

As at 31 March 2016, the Foundation had been notified of 32 (2015: 28) legacies which were estimated to be worth £1.9M (2015: £1.7M), £0.3M (2015: £1.2M) of which has been recognised as receipt is probable and the amount can be measured with sufficient reliability. Of these, the Foundation has been notified of 18 (2015: 18) residuary legacies estimated to be worth £1.8M (2015: £1.6M) and £0.2M (2015: £1.2M) has been recognised.

### 3. Income from investments

	2016			
	Unrestricted £'000	Restricted £'000	Endowment £'000	Total £'000
Bank interest	2	16	2	20
Dividends & other distributions	14	116	150	280
	<u>16</u>	<u>132</u>	<u>152</u>	<u>300</u>

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

## Notes to the accounts Year ended 31 March 2016

### 3. Income from investments (continued)

2015

	Unrestricted £'000	Restricted £'000	Endowment £'000	Total £'000
Bank interest	3	32	1	36
Dividends & other distributions	4	39	108	151
	<u>7</u>	<u>71</u>	<u>109</u>	<u>187</u>

### 4. Costs of raising funds

2016

	Staff costs £'000	Marketing and other direct costs £'000	Support and governance costs £'000	Total £'000
Donations	901	274	479	1,654
Legacies	59	20	75	154
Grants	174	2	144	320
Charitable trading	-	19	-	19
	<u>1,134</u>	<u>315</u>	<u>698</u>	<u>2,147</u>

2015 Restated

	Staff costs £'000	Marketing and other direct costs £'000	Support and governance costs £'000	Total £'000
Donations	787	486	465	1,738
Legacies	67	30	66	163
Grants	152	3	129	284
Charitable trading	-	8	-	8
	<u>1,006</u>	<u>527</u>	<u>660</u>	<u>2,193</u>

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

## Notes to the accounts Year ended 31 March 2016

### 4. Costs of raising funds (continued)

	2016			
	Unrestricted	Restricted	Endowment	Total
	£'000	£'000	£'000	£'000
Donations	1,594	60	-	1,654
Legacies	154	-	-	154
Grants	320	-	-	320
Charitable trading	19	-	-	19
	<u>2,087</u>	<u>60</u>	<u>-</u>	<u>2,147</u>

	2015 Restated			
	Unrestricted	Restricted	Endowment	Total
	£'000	£'000	£'000	£'000
Donations	1,396	342	-	1,738
Legacies	163	-	-	163
Grants	284	-	-	284
Charitable trading	8	-	-	8
	<u>1,851</u>	<u>342</u>	<u>-</u>	<u>2,193</u>

### 5. Costs of charitable activities

	2016			
	Activities	Grant	Support and	
	undertaken	funding of	governance	
	directly	activities	costs	Total
	£'000	£'000	£'000	£'000
Membership schemes	1,112	-	445	1,557
Science	104	4,201	16	4,321
Temperate house restoration	-	5,208	20	5,228
Horticulture, learning and operations	51	4,065	15	4,131
Library, art and archives	-	197	1	198
Other support to RBG Kew	324	3,272	12	3,608
	<u>1,591</u>	<u>16,943</u>	<u>509</u>	<u>19,043</u>

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

## Notes to the accounts Year ended 31 March 2016

### 5. Costs of charitable activities (continued)

	Activities undertaken directly	2015 Restated Grant funding of activities	Support and governance costs	Total
Membership schemes	973	-	405	1,378
Science	-	3,789	20	3,809
Temperate house restoration	-	1,548	8	1,556
Horticulture, learning and operations	-	2,743	15	2,758
Library, art and archives	-	166	1	167
Other support to RBG Kew	180	2,451	14	2,645
	<u>1,153</u>	<u>10,697</u>	<u>463</u>	<u>12,313</u>

	2016 Unrestricted £'000	Restricted £'000	Endowment £'000	Total £'000
Membership schemes	1,557	-	-	1,557
Science	16	4,304	-	4,320
Temperate house restoration	20	5,209	-	5,229
Horticulture, learning and operations	15	4,115	-	4,130
Library, art and archives	1	197	-	198
Other support to RBG Kew	3,015	594	-	3,609
	<u>4,624</u>	<u>14,419</u>	<u>-</u>	<u>19,043</u>

	2015 Restated Unrestricted £'000	Restricted £'000	Endowment £'000	Total £'000
Membership schemes	1,378	-	-	1,378
Science	20	3,789	-	3,809
Temperate house restoration	8	1,548	-	1,556
Horticulture, learning and operations	15	2,743	-	2,758
Library, art and archives	1	166	-	167
Other support to RBG Kew	2,095	550	-	2,645
	<u>3,517</u>	<u>8,796</u>	<u>-</u>	<u>12,313</u>

Grants with a balance in excess of £50k are shown in note 13.

During 2016, one (2015: one) Foundation employee was seconded to RBG Kew and the costs were not recharged. This arrangement, as well as other costs paid for by the Foundation on behalf of RBG Kew have been expensed as gifts in kind made to RBG Kew.

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

## Notes to the accounts Year ended 31 March 2016

### 6. Reconciliation of governance costs

As a consequence of adopting FRS 102, governance costs shown on the Statement of Financial Activities in 2015 have been reclassified within support costs. The re-allocation has been calculated using an estimate of time spent on charitable activities and time spent on raising funds.

	As reported under previous UK GAAP	2015 Adjustment for governance costs	As reported under FRS 102
	£'000	£'000	£'000
<b>Expenditure on raising funds</b>			
Donations	1,690	48	1,738
Legacies	157	6	163
Grants	254	30	284
	<u>2,101</u>	<u>84</u>	<u>2,185</u>
Charitable trading	8	-	8
	<u>2,109</u>	<u>84</u>	<u>2,193</u>
<b>Total expenditure on raising funds</b>	<u>2,109</u>	<u>84</u>	<u>2,193</u>
 <b>Expenditure on charitable activities</b>			
Individual membership	1,259	31	1,290
Corporate membership	88	1	89
Grants made	10,732	22	10,754
Gifts in kind made to RBG Kew	180	-	180
	<u>12,259</u>	<u>54</u>	<u>12,313</u>
<b>Total expenditure on charitable activities</b>	<u>12,259</u>	<u>54</u>	<u>12,313</u>

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

## Notes to the accounts Year ended 31 March 2016

### 7. Support and governance costs

	Costs of raising funds	2016 Charitable activities	Total
	£'000	£'000	£'000
Costs incurred			
Finance	184	132	316
HR	85	46	131
IT & CRM	101	167	268
Governance	85	57	142
CEO & Directorate	207	80	287
Office administration	36	27	63
	<u>698</u>	<u>509</u>	<u>1,207</u>

	Costs of raising funds	2015 Restated Charitable activities	Total
	£'000	£'000	£'000
Costs incurred			
Finance	192	132	324
HR	85	46	131
IT & CRM	89	127	216
Governance	84	54	138
CEO & Directorate	164	71	235
Office administration	46	33	79
	<u>660</u>	<u>463</u>	<u>1,123</u>

### 8. Net incoming resources

This is stated after charging:

	Total 2016 £'000	Total 2015 £'000
Depreciation of tangible fixed assets owned by the Foundation:	29	20
Auditor's remuneration:		
Fees payable to the company's auditor for the audit of the Company's annual accounts	26	25
Non-audit fees:		
- Tax filing	2	2
- Fraud awareness workshop	7	-
- VAT review	8	-
	<u>8</u>	<u>-</u>

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

## Notes to the accounts Year ended 31 March 2016

### 9. Tangible fixed assets

	Computer & Office Equipment £'000	Software £'000	Membership Kiosk £'000	Freehold Property £'000	Totals £'000
<b>Cost</b>					
At 1 April 2015	12	78	19	7,000	7,109
Disposals	-	-	-	(7,000)	(7,000)
Additions	4	38	-	-	42
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2016	16	116	19	-	151
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Accumulated depreciation</b>					
At 1 April 2015	(12)	(67)	(12)	-	(91)
Disposals	-	-	-	-	-
Charge for the year	(1)	(21)	(7)	-	(29)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2016	(13)	(88)	(19)	-	(120)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>					
At 31 March 2015	-	11	7	7,000	7,018
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2016	3	28	-	-	31
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The freehold property was valued in July 2015 by Savills (UK) Limited, Chartered Surveyors. It was sold in March 2016 for £7.625M.

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

## Notes to the accounts Year ended 31 March 2016

### 10. Fixed asset investments

	Endowment Investments £'000	Other Investments £'000	Total £'000
At 1 April 2015	6,935	14,073	21,008
Sales	(2,324)	(38,223)	(40,547)
Purchases	5,369	43,213	48,582
Income re-invested	110	124	234
Realised gains re-invested	93	12	105
Unrealised losses	(580)	(43)	(623)
At 31 March 2016	9,603	19,156	28,759

Investments at market value comprise:

	2016 £'000	2015 £'000
Commodities	29	181
Equity	3,955	3,680
Bonds	6,099	3,424
Private equity	10	9
Property	597	557
Hedge funds	133	450
Liquidity funds	101	87
Cash deposits	9,564	5,620
Commercial paper	6,000	7,000
Charity Multi Asset Funds	2,271	-
At 31 March 2016	28,759	21,008

All fixed asset investments are held in the UK.

Investments at historical cost	26,990	19,787
--------------------------------	--------	--------

The Foundation's investment in Agence Centrale des Organismes Commercial Paper valued at £2M at 31 March 2016 represents more than 5% of the Foundation's total investments. The redemption date of this product was 5 May 2016.

### 11. Debtors

	2016 £'000	2015 £'000
Due from related undertakings	55	68
Other debtors	233	249
Accrued income	2,689	3,109
	2,977	3,426



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

## **Notes to the accounts**

### **Year ended 31 March 2016**

#### **12. Creditors: amounts falling due within one year**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Payable to related undertakings	2,235	2,083
Trade creditors	31	135
Accruals	282	221
Social security and other taxes	185	149
	<u>2,733</u>	<u>2,588</u>

The amount outstanding in relation to pension contribution at the year-end is £14k (2015: £13k).

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

### Notes to the accounts Year ended 31 March 2016

#### 13. Statement of funds

	Balance 1 April 2015	Income	Expenditure	Transfers	Recognised gains/(losses)	Balance 31 March 2016	Description
<b>Restricted Funds</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
<b>Science</b>							
MSB - General	1,335	230	(376)	11	(2)	1,198	The Millennium Seed Bank (MSB) supports the collection, storage and viability study of seeds collected in the UK and with our partners worldwide.
MSB - Arcadia Fund	240	281	(214)	-	-	307	To support the critical collection work of the MSB.
MSB - Useful Plants	334	11	(122)	-	(1)	222	To collect, conserve and help communities to use useful plants in a more sustainable way.
MSB - Useful Plants Maite Garcia-Urtiaga	82	-	(43)	-	-	39	To collect, conserve and help communities to use useful plants in a more sustainable way.
MSB - South Africa	295	2	(66)	-	-	231	Funds for seed collecting and livelihoods projects in South Africa.
MSB UK collections - Esmée Fairbairn Foundation	95	-	(69)	-	-	26	Conserving seed from rare and threatened UK flora.
MSB - Madagascar	59	51	(56)	-	-	54	Conserving threatened plants in Madagascar.
MSB - Conservation Training	99	1	(21)	-	-	79	Training in seed banking techniques.
Africa's Great Green Wall	541	3	(132)	-	(1)	411	Funds for reforestation activities in Burkino Faso, Mali and Niger.
MSB - Eastern Afromontane Conservation	108	1	(5)	-	-	104	Collecting seeds of mountain species in Kenya, Tanzania and Uganda.
Mali Cotton	44	51	(26)	-	-	69	Plants for communities - supporting organic cotton producers in southern Mali.

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

### Notes to the accounts Year ended 31 March 2016

	Balance 1 April 2015	Income	Expenditure	Transfers	Recognised gains/(losses)	Balance 31 March 2016	Description
<u>Restricted Funds (continued)</u>	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Science (continued)</b>							
MSB Global Tree Seed Bank	4,822	30	(749)	-	(8)	4,095	Development of the global repository for tree seeds to conserve threatened species.
UK Native Seed Hub	435	3	(88)	-	(1)	349	Producing native seed to enable practical UK conservation initiatives.
UK Native Seed Hub - UK Flora	99	-	(52)	-	-	47	Producing native seed to enable practical UK conservation initiatives.
UK National Tree Seeds - players of The People's Postcode Lottery	292	229	(253)	-	(1)	267	For the collection of UK tree seeds.
Community Seedbanking Madagascar - players of the People's Postcode Lottery	-	200	(12)	-	-	188	Enabling RBG Kew's local team in Madagascar to mobilise local communities to bank the seeds of threatened plant species.
Global Plants Initiative specimen digitisation 5th award	81	-	(74)	-	-	7	For the development of a coordinated digital database of images and information on plants of the world.
Planting Future Peru	45	83	(174)	91	-	45	Establishment of two nurseries, and associated conservation methods for species of economic and ecological importance in Peru.
Peru Sustainable Management	81	-	(9)	(72)	-	-	Agroforestry and livelihoods projects in Peru.
Conservation of UK fungi - Esmée Fairbairn Foundation	98	109	(92)	-	-	115	Funds to support the study and conservation of rare and threatened UK fungi.
Mozambique Livelihoods	52	-	-	-	-	52	Balancing conservation and livelihoods in the Chimanimani Forest Belt, Mozambique.
Mosquitoes & Vegetation Dynamics - Google	502	3	(136)	-	(1)	368	Funds to trial acoustic monitoring technologies, overlaid with vegetation mapping, to detect disease-bearing mosquitoes.
Plants of the World Online Portal	619	4	(178)	-	(1)	444	Delivery of an online global resource for plants.

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

### Notes to the accounts Year ended 31 March 2016

	Balance 1 April 2015	Income	Expenditure	Transfers	Recognised gains/(losses)	Balance 31 March 2016	Description
<u>Restricted Funds (continued)</u>	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Science (continued)</b>							
UK Sorbus Species	245	1	(97)	-	-	149	Examining UK sorbus species.
Megafauna	129	1	(38)	-	-	92	Investigating seed morphology and large herbivore dispersal mechanisms.
Margaret Mee	76	1	(10)	-	-	67	To provide international travelling fellowships for students, study visits to the UK, and support for field research in Brazil.
Threatened Plants Appeal	69	-	(56)	-	-	13	Financing Kew's work on threatened plants in the UK.
RBG Kew MSc Programme	50	150	(86)	-	-	114	MSc Plant and Fungal Taxonomy, Diversity and Conservation, run by RBG Kew and Queen Mary University of London.
State of the World's Plants	-	349	(268)	-	-	81	Annual overview of the global status of the plant kingdom.
Proof of Concept Fund	-	28	(3)	90	-	115	Fund for research ideas to be piloted before the project commences.
The David & Claudia Harding Alpine Plant Conservation & Research Programme	-	752	(65)	-	(1)	686	To support seed conservation and plant/fungal science in the European Alps.
Plants and Fungal Tree of Life	-	401	(20)	-	(1)	380	Utilising collections to produce genome-scale DNA data for a representative of each genus of plant and fungus.
Plants and Fungal Tree of Life - The Sackler Trust	-	1,001	(24)	-	(1)	976	Establishing laboratory facilities for the Plants and Fungal Tree of Life project.
HSBC Tropical Important Plant Areas	-	313	(5)	-	-	308	Identifying and Conserving Tropical Important Plant Areas (TIPAs) in the British Virgin Islands.

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

### Notes to the accounts Year ended 31 March 2016

	Balance 1 April 2015	Income	Expenditure	Transfers	Recognised gains/(losses)	Balance 31 March 2016	Description
<u>Restricted Funds (continued)</u>	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Science (continued)</b>							
Research Assistant - Mosquitos	-	33	-	17	-	50	Assessing the link between mosquito feeding dynamics and plant material identify new mosquito/plant associations that could help control the spread of diseases.
<b>Temperate House Restoration</b>							
Temperate House Restoration	744	2,089	(1,246)	5	(2)	1,590	Monies raised for restoration of the Temperate House.
Temperate House Restoration - Heritage Lottery Fund	383	4,049	(3,627)	-	1	806	Monies raised for restoration of the Temperate House.
Temperate House Horticultural Apprentices	248	77	(224)	-	-	101	Funding for apprentices working on the Temperate House project.
Temperate House Construction Managers	383	2	(112)	-	(1)	272	For project director and hiring two construction managers.
<b>Horticulture, Learning and Operations</b>							
Trees and Woodland	294	9	(86)	1	-	218	Money raised from commemorative trees for expenditure on planting and caring for new trees.
Bonsai Tree Maintenance	95	-	(68)	-	-	27	Funds for the care and maintenance of the bonsai collection.
Horticultural Taxonomist	100	1	(6)	-	-	95	Advancing the monitoring and categorisation of arboretum collections.
Broad Walk	252	361	(610)	-	-	3	Project to create the longest double herbaceous borders in the UK.

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

### Notes to the accounts Year ended 31 March 2016

	Balance 1 April 2015	Income	Expenditure	Transfers	Recognised gains/(losses)	Balance 31 March 2016	Description
	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Restricted Funds (continued)</b>							
<b>Horticulture, Learning and Operations (continued)</b>							
Harcourt Scholarship	140	70	(82)	-	-	128	Funding for two students on the three-year RBG Kew Apprenticeship in Botanical Horticulture.
Freda Howson Award	55	-	(3)	-	-	52	Funds diploma students travel.
Emil Leigh MD MRCP Scholarship	218	1	(15)	-	-	204	Scholarship at the discretion of the Principal of the School of Horticulture.
Sunshine Ramblers	75	14	(20)	-	-	69	Funding received to support the Sunshine Ramblers programme at RBG Kew.
Grow Wild - Big Lottery Fund	1,386	3,110	(2,980)	5	-	1,521	Funding for a national mass participation campaign to inspire individuals, groups & communities to take positive action for conservation.
Family Landscape and Learning Centre	149	1,421	(113)	-	(1)	1,456	The development of a Family Landscape and learning centre, providing a children's garden for a rich and diverse experience to encourage creative play in a natural setting and provide educational, leisure and recreational spaces.
Temperate House Youth Volunteers	-	65	(1)	-	-	64	Educating teenagers from challenged backgrounds about plants and conservation, providing them with world-class training on which to base careers in horticulture and plant science.
<b>Library, Art &amp; Archives</b>							
Joseph Hooker Personal Papers	40	50	(37)	-	-	53	Conserving, digitising and making available online the personal and scientific correspondence of Joseph Hooker.
Library Digitisation	7	8	(15)	51	-	51	Funds for a Digital Image Cataloguer to get metadata added to existing digital images.

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

### Notes to the accounts Year ended 31 March 2016

	Balance 1 April 2015	Income	Expenditure	Transfers	Recognised gains/(losses)	Balance 31 March 2016	Description
Restricted Funds (continued)	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Other</b>							
Legacies holding fund	1,097	51	-	(1,084)	(1)	63	Temporary fund used whilst use of the legacy is established.
Restricted to RBG Kew for any use	431	3	(395)	(6)	-	33	Donations for RBG Kew, to be directed to 'wherever the need is greatest'. Funds granted in 2015/16 are for the Electronic Document Management Project.
Wakehurst development fund	-	52	(46)	900	-	906	Legacy restricted to be used in the gardens at Wakehurst Place for conservation and research.
Other funds with balances or movements below £50k <sup>3</sup>	1,505	801	(1,180)	152	(4)	1,274	
<b>Grand Total</b>	<b>18,529</b>	<b>16,556</b>	<b>(14,485)</b>	<b>161</b>	<b>(27)</b>	<b>20,734</b>	

All of the above funds are available to be granted to RBG Kew upon receipt by the Foundation of the necessary documentation detailing expenditure. Within restricted funds there are various levels of restriction. Transfers between funds are made as appropriate ensuring that requests of the original donor are met. During the year the Peru Sustainable Management fund was transferred to the Planting Futures Peru fund.

<sup>3</sup> Relates to all categories including Science, Horticulture Learning and Operations and Library, Art and Archives.

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

## Notes to the accounts Year ended 31 March 2016

### 13. Statement of funds (continued)

All funds are available to RBG Kew upon appropriate independent approval by the Foundation.

	Balance 1 April 2015 £'000	Income £'000	Expenditure £'000	Recognised gains/(losses) £'000	Transfers £'000	Balance 31 March 2016 £'000
<b>Restricted Income Funds</b>	18,529	16,556	(14,485)	(27)	161	20,734
<b>Endowment funds</b>						
<b>Permanent endowments</b>						
EWA Fund	103	-	-	(6)	-	97
Sainsbury Orchid Fund	2,374	66	(3)	(113)	(52)	2,272
<b>Expendable endowments</b>						
Legacy Fund	6,038	789	(43)	(320)	(876)	5,588
Smythies Fund	162	-	-	(10)	-	152
Lennox Boyd Fund	581	-	-	(35)	-	546
Shawdon Fund	51	-	-	(3)	-	48
Bewsey Fund	-	900	-	-	-	900
	<u>9,309</u>	<u>1,755</u>	<u>(46)</u>	<u>(487)</u>	<u>(928)</u>	<u>9,603</u>
<b>Total restricted and endowment funds</b>	<u>27,838</u>	<u>18,311</u>	<u>(14,531)</u>	<u>(514)</u>	<u>(767)</u>	<u>30,337</u>
<b>Unrestricted designated funds</b>						
Grant to RBG Kew 2015/16	2,000	-	(2,491)	-	776	285
Grant to RBG Kew 2016/17	-	-	-	-	2,605	2,605
Friends of Wakehurst	23	240	(259)	-	-	4
Property Fund	6,985	625	(207)	-	-	7,403
	<u>9,008</u>	<u>865</u>	<u>(2,957)</u>	<u>-</u>	<u>3,381</u>	<u>10,297</u>
<b>Unrestricted funds</b>						
General Fund	<u>946</u>	<u>5,991</u>	<u>(3,962)</u>	<u>(4)</u>	<u>(2,614)</u>	<u>357</u>
<b>Total unrestricted funds</b>	<u>9,954</u>	<u>6,856</u>	<u>(6,919)</u>	<u>(4)</u>	<u>767</u>	<u>10,654</u>
<b>Total funds</b>	<u>37,792</u>	<u>25,167</u>	<u>(21,450)</u>	<u>(518)</u>	<u>-</u>	<u>40,991</u>

See note 18 for details of general support to RBG Kew.

### Funds information

During the year, a number of transfers were made between restricted funds, as detailed above.

The transfer from endowment funds represents the Trustees' decision to transfer the value of the unrestricted legacies received in 2014/15 to unrestricted funds, as well as their policy of withdrawing up to 3% of the value of the expendable legacy fund from 2013/14 onwards, subject to annual review and at Trustees' discretion.



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

## Notes to the accounts Year ended 31 March 2016

### 13. Statement of funds (continued)

Restrictions on the endowment funds are as follows:

- The **EWA** fund is for Kew to carry out essential conservation and research work throughout the world. The Foundation is free to allocate the income from the invested sum to whatever it feels appropriate.
- The **Sainsbury Orchid** Fund is used to provide grants to RBG Kew connected with the advancement of education and learning by the promotion of study and enhancement of the orchid collection and orchid work. The Trust deed confers an oversight role on two other sets of Trustees; Robert and Lisa Sainsbury Art Trust Ltd Trustees (previously known as the Art Trustees) and the Gatsby Charitable Foundation Trustees (previously known as the Gatsby Trustees). Income is transferred to the related restricted fund on a quarterly basis.
- The **Legacy** Fund is an accumulation of legacies that are expendable endowments, free from specific restrictions. The Trustees have agreed a policy of withdrawing up to 3% of the value of the legacy fund invested with Heartwood from 2013/14 onwards, subject to annual review and at Trustees' discretion. In addition to this, the Trustees agreed that during 2014/15 and 2015/16, all unrestricted legacy income received will be transferred from endowment funds to unrestricted funds.
- The **Smythies** Fund is an unrestricted expendable endowment. Part of the fund should be used to support botanical illustration. The interest is used for budget relief.
- The **Lennox Boyd** Fund is used by Kew to provide education for overseas students through the Lennox Boyd Programme. In particular emphasis is placed on promoting exchanges of people between British institutions and their counterparts in Commonwealth countries.
- The **Shawdon** Fund is used to support Kew's annual winter lecture series with an emphasis, but not exclusively on any aspects of the uses of plants for medicine.
- The **Bewsey** Fund was received by the Foundation in 2015/16. It is an expendable endowment restricted to conservation and research.

A transfer of £2.6M was made from the Unrestricted General Fund to the Designated Fund for a proposed grant to RBG Kew in 2016/17.

Income from Friends of Wakehurst is available to RBG Kew as an unrestricted grant.

The Property Fund is gift in kind of freehold property received during 2014/15. The property was included at valuation at 31 March 2015. The property was sold in 2015/16 and income is the profit made on disposal of the asset. Resources expended are property maintenance costs and costs incurred by the Foundation on the sale of the asset. The funds have been designated because plans will be developed in 2016/17 for expenditure and therefore the funds are not available for the Foundation's general use.

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

## Notes to the accounts Year ended 31 March 2016

### 14. Analysis of net assets between funds

Fund balances at 31 March are represented by:	2016			
	Unrestricted £'000	Restricted £'000	Endowment £'000	Total £'000
Tangible fixed assets	31	-	-	31
Investments	6,502	12,654	9,603	28,759
Cash at bank	4,342	7,615	-	11,957
Debtors	700	2,277	-	2,977
Creditors	(921)	(1,812)	-	(2,733)
	<u>10,654</u>	<u>20,734</u>	<u>9,603</u>	<u>40,991</u>

Fund balances at 31 March are represented by:	2015			
	Unrestricted £'000	Restricted £'000	Endowment £'000	Total £'000
Tangible fixed assets	7,018	-	-	7,018
Investments	1,944	12,129	6,935	21,008
Cash at bank	1,183	5,371	2,374	8,928
Debtors	741	2,685	-	3,426
Creditors	(932)	(1,656)	-	(2,588)
	<u>9,954</u>	<u>18,529</u>	<u>9,309</u>	<u>37,792</u>

### 15. Salary and staff costs

	2016 £'000	2015 £'000
Gross salaries	2,097	1,830
Employers NIC	228	211
Employers pension contributions	116	99
	<u>2,441</u>	<u>2,140</u>

Included in the accounts are the costs of agency and temporary staff of £15k (2015: £87k).

The number of employees whose emoluments, excluding pension contributions and Employer's National Insurance contributions were in excess of £60,000 were:

	2016	2015
£60,001-£70,000	5	1
£70,001-£80,000	-	1
£80,001-£90,000	2	-
£110,001-£120,000	-	1

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

## Notes to the accounts Year ended 31 March 2016

### 15. Salary and staff costs (continued)

Changes to the Senior Leadership Team in 2014/15 and 2015/16 have meant that posts fall outside of the salary reporting bands in both years.

The key management personnel are listed on page 1. The total remuneration (including pension contributions) of the key management personnel for the year totalled £369k (2015: 363k). Employer's National Insurance contributions for key management personnel were £44k (2015: £43k).

In 2015/16, the Foundation paid £30k to Mr. Richard Deverell, Director of RBG Kew and £15k to Professor Katherine Willis, Director of Science, RBG Kew (in 2014/15 £30k was paid to Mr Richard Deverell and £15k was paid to Professor Katherine Willis). Both payments are for ambassadorial services on behalf of the Foundation, acting in a capacity of fundraising consultants. The Trustees deem this essential in supporting the fundraising effort of the charity.

During the year Trustees received no remuneration or benefits in kind (2015: £nil). Reimbursement of Trustee expenses for travel, subsistence and donor meetings totalled £155 (2015: £608), paid to one Trustee (2015: one).

The average monthly number of full-time equivalent employees during the year was as follows:

	2016 No.	2015 No.
Cost of raising funds	28	28
Charitable activities	19	15
	<u>47</u>	<u>43</u>

### 16. Related party transactions

Income includes donations totalling £1,890k (2015: 763k) from 19 (2015: 19) Trustees. None of these donations had attached conditions which would or might require the Foundation to alter significantly the nature of its existing activities if it were to accept the donation.

The Foundation has related party transactions with RBG Kew and also with RBG Kew Enterprises Ltd.

Expenditure includes an amount of £17,716k (2015: £11,357k) and creditors include an amount of £2,235k (2015: £2,083k) relating to RBG Kew and RBG Kew Enterprises Ltd.

Income includes an amount of £nil (2015: £nil) and debtors include an amount of £55k (2015: £68k) relating to RBG Kew and RBG Kew Enterprises Ltd.

Expenditure in 2015 included £16k of setup costs for The Kew Asia Foundation Limited. In 2016 Kew Foundation received a grant of £90k from The Kew Asia Foundation Limited to support activities in Asia.

One Trustee is employed by Goldman Sachs International. The Trustee has no involvement in the decision to appoint investment managers and is not a member of the Investment Committee.

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

## Statement of cash flows Year ended 31 March 2016

### 17. Reconciliation of net income to net cash flow from operating activities

	2016 £'000	2015 £'000
Net income for the reporting period (as per the statement of financial activities)	3,199	14,672
<b>Adjustments for:</b>		
Income from the disposal of property, plant and equipment	(625)	-
Cost to sell property, plant and equipment	148	-
Losses/(gains) on investments	518	(408)
Gift in kind	-	(7,000)
Dividends and interest from investments	(300)	(187)
Receipt of endowment	(1,603)	(3,421)
Depreciation charges	29	20
Decrease/(increase) in debtors	449	(2,394)
Increase/(decrease) in creditors	145	(464)
<b>Net cash provided by operating activities</b>	<b>1,960</b>	<b>818</b>

### 18. Grants awarded to RBG Kew

	Unrestricted £'000	Restricted £'000	2016 £'000
RBG Kew 2014/15 Support	-	-	-
RBG Kew 2015/16 Support	2,491	109	2,600
Friends of Wakehurst	259	-	259
Specific purpose grants	-	14,074	14,074
<b>Grants awarded</b>	<b>2,750</b>	<b>14,183</b>	<b>16,933</b>

	Unrestricted £'000	Restricted £'000	2015 £'000
RBG Kew 2014/15 Support	1,861	539	2,400
RBG Kew 2015/16 Support	-	-	-
Friends of Wakehurst	165	-	165
Specific purpose grants	-	8,118	8,118
<b>Grants awarded</b>	<b>2,026</b>	<b>8,657</b>	<b>10,683</b>

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

## Statement of cash flows Year ended 31 March 2016

### 18. Grants awarded to RBG Kew (continued)

	2016 £'000	2015 £'000
<b>Reconciliation of unrestricted grants payable</b>		
Commitments as at 31 March 2015	-	-
Commitments made in the year	2,750	2,026
Grants paid during the year	(2,750)	(2,026)
	<hr/>	<hr/>
Commitments as at 31 March 2016	-	-

### 19. Explanation of transition to FRS 102

This is the first year that the Foundation has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under previous UK GAAP were for the year ended 31 March 2015 and the date of transition to FRS 102 was therefore 1 April 2014. As a consequence of adopting FRS 102, a number of accounting policies have changed to comply with that standard.

Governance costs - these have been reclassified within support costs (see note 6). The impact of the reclassification is that £84k has been allocated to the cost of raising funds and £54k has been allocated to expenditure on charitable activities.

Holiday pay – a liability is now recognised for paid annual leave which was due, but not taken at the balance sheet date. The impact of the liability is an increase of £53k in employee costs in the 2015/16 financial year. A corresponding liability of £53k is recognised at 31 March 2016. Due to the materiality of the liability in 2014/15, prior year comparatives have not been restated.

As part of the transition to FRS 102, legacies notified but not received at 31 March 2015 were reviewed and no restatement has been necessary.

There are no changes to fund balances at 31 March 2015 as reported under previous UK GAAP and the surplus as reported under FRS 102. The surplus as reported for the year ended 31 March 2015 is also unchanged under FRS 102.