

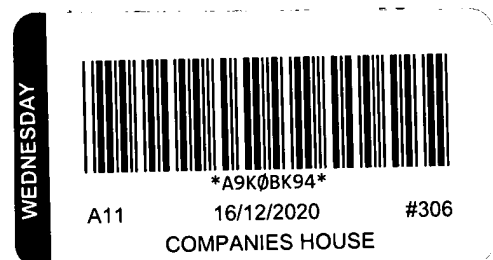
Company Registration No. 2499006

Registered Charity No. 803428

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

Trustees' Report and Financial Statements

31 March 2020



The Foundation and Friends of the Royal Botanic Gardens, Kew
Year ended 31 March 2020

Trustees' Report and Financial Statements 2020

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The Foundation and Friends of the Royal Botanic Gardens, Kew

Year ended 31 March 2020

Reference and administrative details

Mr Ian Karet
Mrs Kristina Kenworthy
Mr Jan Pethick – Chairman
Mr Marcus Agius (until 25 October 2019)
Mr Nick Baird (from 26 October 2019)
Mr Charles Sherwood

Company registered No. 2499006

Charity registered No. 803428

Key Management Personnel

The key management personnel are the Foundation's Trustees.

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

Bankers

Lloyds Bank PLC	CAF (Charities Aid Foundation)
19-21 The Quadrant	25 Kings Hill Avenue
Richmond	Kings Hill
Surrey	West Malling
TW9 1BP	Kent
	ME19 4TA

Legal advisers

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

Auditor

Haysmacintyre LLP
Statutory Auditor
10 Queen Street Place
London
EC4R 1AG

Investment managers

Handelsbanken	Goldman Sachs International
3 Thomas More Square	Plumtree Court
London	25 Shoe Lane
EC1W 1WY	London
	EC4A 4AU
Cazenove Capital Management	
1 London Wall Place	
London	
EC2Y 5AU	

The Foundation and Friends of the Royal Botanic Gardens, Kew

Year ended 31 March 2020

Trustees' report

Objectives and activities

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 2020.

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 and activities

The Foundation fundraises for RBG Kew, focusing on legacy fundraising and the management of investments. RBG Kew Enterprises Ltd provides legacy fundraising services and services to support the management of grants and investments to the Foundation. RBG Kew provides back office support services to the Foundation including finance and legal services.

Grant-making

Key projects supported by the Foundation in 2019/20 include:

- **Science (£5.7M granted in 2019/20, £4.7M in 2018/19):** 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 Plant and Fungal Tree of Life and the Tropical Important Plant Areas (TIPAs).
- **Agius Evolution Garden and Children's Garden (£0.6M granted in 2019/20, £1.7M in 2018/19)** Kew has developed two new garden areas, supported by grants from the Foundation. The Children's Garden, which opened in May 2019, is especially designed for children from 2 to 12 years old and is a unique and inspiring area where children can learn about the importance of plants and the value of nature and the environment. The Agius Evolution Garden opened in July 2019 and gives visitors an insight into the current understanding of plant evolutionary relationships, as told by their DNA, as well as highlighting aspects of Kew's science research and discoveries relating to the evolutionary history of plants.

The Foundation and Friends of the Royal Botanic Gardens, Kew

Year ended 31 March 2020

Trustees' report

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. All grants must be in line with the strategic aims of RBG Kew, 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.

Fundraising approach and performance

The Trustees oversee all fundraising activities undertaken by the Foundation. The Foundation has engaged RBG Kew Enterprises Ltd to provide legacy fundraising services and services to support the management of grants held by the Foundation but has not worked with other professional fundraising agents in the year. RBG Kew Enterprises Ltd adheres to the Code of Fundraising Practice issued by the Fundraising Regulator and the Trustees receive progress reports on fundraising at each Board meeting in order to review and oversee aspects of fundraising undertaken on their behalf. No fundraising complaints have been received by the Foundation in 2019-20 regarding its fundraising practices.

Achievements and performance

In 2019/20, in close collaboration with the staff and supporters of RBG Kew, the Foundation raised income of £5.6M (2019: £7.9M)¹ and gave grants totalling £7.7M (2019: £8.2M) to RBG Kew.

Investments income was £0.3M. Investments recorded unrealised losses of £0.8M for the financial year, reflecting the volatility in markets seen in March as the impact of COVID-19 coronavirus affected asset values.

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 July 2017).

Trustees and Directors

The Trustees who held office during and at the end of the year are listed on page 1.

The Board votes on the election of new members at its 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 2019/20, the Foundation Board of Trustees held three meetings (including one by correspondence) and attended a strategy day with RBG Kew Trustees.

Organisational structure

The Foundation has no employees and the trustees are considered the Key Management Personnel. Services and support to manage legacy, grant and investment income are purchased from RBG Kew and RBG Kew Enterprises Ltd.

The Foundation and Friends of the Royal Botanic Gardens, Kew

Year ended 31 March 2020

Trustees' report

Pay and remuneration arrangements

The Trustees are not remunerated for their role.

Related parties

The Foundation Board has a maximum of six Trustees; up to two Trustees can be recommended for appointment by RBG Kew, and up to four trustees are independent. As at 31 March 2020, Nick Baird and Ian Karet were Trustees of both RBG Kew and the Foundation. In addition, there were three independent Trustees.

Following the changes in governance outlined above, it is deemed that the Foundation has an associate relationship with RBG Kew, based on the number of Trustees who are appointed by RBG Kew. As such, in accordance with accounting standards, a share of the Foundation's net assets are consolidated into the accounts of RBG Kew reflecting the proportion of Trustees appointed by RBG Kew, which was 40% at 31 March 2020 (31 March 2019: 40%). RBG Kew does not have the ability to exercise control over the net assets recognised, which remain subject to decision-making by the Foundation's independent Board of Trustees, and these assets are therefore shown as restricted assets in RBG Kew's financial statements.

The Foundation has related party transactions with RBG Kew and also with RBG Kew Enterprises Ltd (a wholly owned subsidiary of RBG Kew). RBG Kew Enterprises Ltd provides legacy fundraising services and services to support the management of grants and investments to the Foundation. RBG Kew provides back office support services to the Foundation including finance services.

The following Kew Foundation Trustees (Ian Karet, Charles Sherwood and Jan Pethick) are also members of the Foundation Council. The Council promotes and supports RBG Kew's success in fundraising and provides advice on all aspects of RBG Kew's fundraising and membership activities.

Kew Foundation America and The Joseph Banks Society were registered 501(c)(3) not-for-profit corporations in the United States, until their closure in December 2019. Neither organisation had 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. The Kew Asia Foundation Limited does not have Trustees in common with the Kew Foundation.

Systems of internal control

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

- an annual 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 6.

Going concern

The Trustees are confident that the Foundation is a going concern. This assessment is based on:

- budgets and forecasts prepared for 2020/21 financial year and beyond, based on known pledged income and forecasts of legacy and investment income
- reserves held which allow the Foundation to meet grant and other expenditure commitments, with healthy unrestricted reserves providing security against any unforeseen operating risks
- cash and liquid investment holdings are sufficient to meet operating cash requirements for the next twelve months

The potential impact of the Covid-19 coronavirus pandemic has been assessed, and is not expected to have a significant impact on the Foundation's operations, or on this going concern assessment, given the Foundation's low risk operating model, and its healthy reserves and cash positions.

The Foundation and Friends of the Royal Botanic Gardens, Kew

Year ended 31 March 2020

Strategic report

Financial review

Results for 2019/20

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

Income received in the year ended 31 March 2020 was £5.6M (2019: £7.9M).

Grants and donations income was £1.4M (2019: £5.3M). Legacy income increased to £3.8M (2019: £2.1M).

Net deficit for the year amounted to £3.1M (2019: £0.7M net deficit) after RBG Kew grants of £7.7M (2019: £8.2M), including a £0.8M unrestricted grant.

At 31 March 2020, the Foundation's total funds amounted to £23.7M (2019: £26.8M); consisting of £4.0M (2019 as restated: £4.4M) in endowments, £4.5M (2019 as restated: £9.4M) in unrestricted funds, £6.8M (2019: £11.7M) in donor restricted funds and £8.3M (2019: £1.3M) in designated funds. The current fund balances meet the Foundation's Reserves Policy.

Reserves Policy

The Foundation's policy is to hold at least £0.3M of reserves. This is the anticipated annual expenditure budget of the Foundation going forward. Given that legacy income is variable, reserves will be held at a level to ensure all costs can be covered even if no legacies are received in any one year.

Unrestricted reserves are currently £4.2M in excess of £0.3M. This balance will be reviewed during 2020/21 to determine if funds should be granted to RBG Kew.

Investment Policy and Statement of Investment Principles

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 Board, reviewed annually.

The Trustees have delegated the investment management role over its investment portfolios to:

- Cazenove Capital for the Sainsbury Orchid Fund endowment;
- Heartwood Investment Managers for other endowment funds and unspent legacy funds;
- Goldman Sachs International for cash management.

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 primarily in the Charity Multi-Asset Fund, with some lower risk holdings of bonds and cash investments. The Trustees reduced the target return in June 2019 to RPI plus 3% per annum, net of fees, over the long term (to June 2019: RPI +4%). The Fund targets a stable and sustainable total return distribution of 3% 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 + 2%) 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 the Trustees' discretion.

Funds invested by Goldman Sachs International are all held in the Sterling Money Market Fund, with final holdings of Commercial Paper investments maturing in the year. The Trustees have decided not to reinvest holdings in non-cash holdings at the present time, to preserve liquidity.

The Trustees review annually the performance and service of fund/investment managers, investment principles and guidelines for product investment.

The Foundation and Friends of the Royal Botanic Gardens, Kew

Year ended 31 March 2020

Strategic report

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

The Trustees meet each investment advisor annually and the commentary below reflects their reporting on performance.

The end of the 2019/20 financial year was marked by significant market volatility and decline in the final months of the year as markets responded to the Covid-19 coronavirus pandemic and oil price shocks. This wiped out positive returns seen up to that point and resulted in total investment losses for the Foundation's investment portfolio in the year of £0.8M.

The Handelsbanken portfolios returned total annual falls in value of between -4.5% and -7.8% in the financial year (2019: +2%), while funds invested with Cazenove returned a fall in value of -5.6% (2019: 3.7%) compared to CPI+3% target return of 4.6%.

Investment values have recovered some of these losses in the first months of the 2020/21 financial year, reflecting improved market optimism for recovery of economic activity in the second half of 2020.

Fundraising

The Trustees thank the following for their generous support of our vital work:

Individuals and Trusts: April Trust, The Calleva Foundation Phylogenomics Research Programme, Esmée Fairbairn Foundation, Steve Lansdown CBE and Maggie Lansdown, Sfumato Foundation, Jake and Hélène Marie Shafran.

Legacies: Mr Stuart Greenway, Ms Betty Cairns, Miss Lynda Elms, Mr Arthur Rees, Ms Gloria Reeder, Mr Robert Sallis, Miss and Mr Jean and Arthur Davenport, Mr Michael Garston, Mr Alfred Turley, Mr Henry Burgess, Dr Jeremy Laing, Ms Birgitta Cleve, Miss Florence Thomson, Mr Thomas Buxton, Mrs Lois Warner, Miss Molly Roe, Miss Jeanne Morley, Mr Peter Goll, Mr Robert Williams, Mr Colin Beck, Ms Cynthia Reast, Mr John Webber, Miss Jennifer Fry, Mr Frederick Guy, Ms Maureen Raison, Mrs Doreen Dodd, Ms Lois Ellen Graessle, Miss Sheila Marwood, Mr Hugh Platt, Mrs Sheila Thompson, Mrs Ann Dannatt, Mrs Ha Tang, Mrs Mary Upstone, Ms Barbara Purvis, Dr Michael Reece, Ms Eileen Wright, Ms Patricia Chapman, Mr Anthony Johnston, Ms Joan Goodwins, Ms Muriel Crocker, Mr Christopher Black, Ms Joan Cullen, Miss Vera Marston, Mr Alasdair Burroughs, Mr John Matthews, Mrs Mary Hawkins, Mr Dennis Rose, Mrs Joyce Ord, Dr Patricia Painter, Rev Andrew Reid, Ms Beryl Money, Mr John Balson, Ms Margaret Kerr, Mrs Dorothy Raeburn

And all other supporters, including those who have chosen to remain anonymous.

Funds for RBG Kew

During 2019/20, £6.8M (2019: £7.4M) was granted to RBG Kew by the Foundation for specific projects from restricted funds and, in addition, grants of £0.8M (2019: £0.8M) were awarded from unrestricted funds. In total, the Foundation granted RBG Kew £7.7M (2019: £8.2M).

As at 31 March 2020, the Foundation held £6.8M (2019: £11.7M) in restricted funds.

Risk management

The Foundation has a robust risk management framework which is updated, presented to and reviewed by Trustees once a year. Each risk has an assigned risk owner who will coordinate actions to mitigate the risk and record progress made and actions completed. The current most significant risks for the Foundation are detailed below:

The Foundation and Friends of the Royal Botanic Gardens, Kew

Year ended 31 March 2020

Strategic report

The General Data Protection Regulation (GDPR) came into effect on 23 May 2019. In conjunction with RBG Kew, a data protection compliant framework has been built in order to mitigate the risk of breach of data protection legislation. There is continuing work to embed the framework into operational practice to ensure ongoing compliance.

The Foundation is now reliant on legacy income for its continued activities. Legacy income has inherent risk due to its variability, long lead time and the fact that it can be restricted. This risk is mitigated by the fact that the Foundation has healthy unrestricted reserves. The Foundation's reserves policy is to retain £0.3M in unrestricted funds, which is sufficient to cover twelve months of expenditure, should no legacy income be received.

Plans for future periods

The Foundation's focus is on developing and growing the legacy programme and stewarding donors to ensure income due from existing donor pledges is delivered. The Foundation will also continue to manage its investment portfolio.

The Foundation will continue to pay grants to RBG Kew from unrestricted funds and historic restricted funds.

The Foundation and Friends of the Royal Botanic Gardens, Kew

Year ended 31 March 2020

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 judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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.

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



Jan Pethick
Chairman

13th July 2020

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of The Foundation and Friends of the Royal Botanic Gardens, Kew for the year ended 31 March 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Summary Income and Expenditure Account, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 2020 and of the charitable company's net movement in funds, including the 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 11, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

Report on the audit of the financial statements (continued)

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report and Strategic Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report (which incorporates the strategic report and the directors' report).

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

- adequate accounting records have not been kept by the charitable company; or
- the charitable company 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.

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

Report on the audit of the financial statements (continued)

Use of our report

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 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, for our audit work, for this report, or for the opinions we have formed.



Richard Weaver (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP,

Date: 24 August 2020

10 Queen Street Place
Statutory Auditor
London
EC4R 1AG

The Foundation and Friends of the Royal Botanic Gardens, Kew

**Statement of Financial Activities
Year ended 31 March 2020**

		2019/20			
	Notes	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total funds £'000
Income and endowments from:					
Donations and legacies	3	3,478	1,774	-	5,252
Investments	4	147	63	113	323
Total income		3,625	1,837	113	5,575
Expenditure on:					
Raising funds	5	(243)	-	(16)	(259)
Charitable activities	5	(847)	(6,844)	-	(7,691)
Total expenditure		(1,090)	(6,844)	(16)	(7,950)
Net gains/(losses) on investments		(393)	-	(372)	(765)
Net (expenditure)/income for the year	7	2,142	(5,007)	(275)	(3,140)
Transfers between funds	11	-	126	(126)	-
Net movement in funds		2,142	(4,881)	(401)	(3,140)
Funds brought forward	11	10,738	11,702	4,399	26,839
Funds carried forward	11	12,880	6,821	3,998	23,699

All gains and losses recognised for the year are included above. All restricted funds received and expended relate to income funds. Notes 1 to 16 form part of these accounts.

The Foundation and Friends of the Royal Botanic Gardens, Kew

**Statement of Financial Activities
Year ended 31 March 2020**

	Notes	2018/19			Total funds (as restated) £'000
		Unrestricted funds (as restated) £'000	Restricted funds (as restated) £'000	Endowment funds (as restated) £'000	
Income and endowments from:					
Donations and legacies	3	1,661	5,801	-	7,462
Investments	4	338	9	125	472
Total income		1,999	5,810	125	7,934
Expenditure on:					
Raising funds	5	(263)	(6)	(16)	(285)
Charitable activities	5	(769)	(7,432)	-	(8,201)
Total expenditure		(1,032)	(7,438)	(16)	(8,486)
Net gains/(losses) on investments		(102)	-	3	(99)
Net (expenditure)/income for the year	7	865	(1,628)	112	(651)
Transfers between funds	11	-	130	(130)	-
Net movement in funds		865	(1,498)	(18)	(651)
Funds brought forward	11	9,873	13,200	4,417	27,490
Funds carried forward	11	10,738	11,702	4,399	26,839

The Foundation and Friends of the Royal Botanic Gardens, Kew

Summary income and expenditure account Year ended 31 March 2020

	2020	2019
	£'000	(as restated) £'000
Income		
Donations and legacies	5,252	7,462
Interest and investment income	210	347
Gains/(losses) on investments	(393)	(102)
Gross income in the reporting period	5,069	7,707
Total expenditure in the reporting period	(7,934)	(8,470)
Net expenditure for the reporting period	(2,865)	(763)

As required the Companies Act 2006, this statement presents the movements on income and expenditure excluding endowment funds.

The Foundation and Friends of the Royal Botanic Gardens, Kew

Balance Sheet as at 31 March 2020

	Notes	2020 £'000	2019 £'000 (as restated)
Fixed assets			
Investments	8	20,092	20,886
Total fixed assets		20,092	20,886
Current assets			
Debtors	9	1,574	4,776
Cash at bank and in hand		4,845	3,826
Total current assets		6,419	8,602
Creditors: amounts falling due within one year	10	(2,812)	(2,649)
Net current assets		3,607	5,953
Total assets less current liabilities		23,699	26,839
NET ASSETS		23,699	26,839
The funds of the charity:			
Restricted income funds	11	6,821	11,702
Permanent endowment funds	11	2,263	2,485
Expendable endowment funds	11	1,735	1,914
Unrestricted funds – designated	11	8,333	1,300
Unrestricted funds – general	11	4,547	9,438
TOTAL FUNDS		23,699	26,839

Notes 1 to 16 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:



Jan Pethick
Chairman

13th July 2020

The Foundation and Friends of the Royal Botanic Gardens, Kew

Statement of cash flows Year ended 31 March 2020

	Note	2019/20 £'000	2018/19 (as restated) £'000
Net cash flows from operating activities	15	674	(4,832)
Cash flows from investing activities:			
Dividends and interest from investments		316	468
Proceeds from the sale of investments		3,985	15,390
Purchase of investments		(3,956)	(9,509)
Net cash flows from investing activities		1,019	1,517
Change in cash in the reporting period		1,019	1,517
Cash at the beginning of the reporting period		3,826	2,309
Cash at the end of the reporting period		4,845	3,826

Notes 1 – 16 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 2020

1. Statement of accounting policies

The principal accounting policies are summarised below. All have been applied consistently throughout the year. One change in accounting policy compared to the preceding year is outlined in Note 2.

Basis of preparation

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at fair 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").

Foundation status

The Foundation is a private company limited by guarantee, incorporated in England and Wales and is a charity registered in England and Wales. It is a Public Benefit Entity. 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 2020/21 and beyond, 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 unrestricted reserves (excluding the designated property reserve) at around one year of future operating expenditure (£0.3M). Unrestricted reserves are currently £4.2M in excess of £0.3M. This balance will be reviewed during 2020/21 to determine when 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 are 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 each material restricted fund are 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.

Unrestricted legacy income is recognised directly to unrestricted funds in the 2019/20 accounts. This represents a change in accounting policy from previous years whereby unrestricted legacies were treated as expendable endowments until designated for future spend by the trustees. Undesignated legacy funds held as expendable endowments in prior years have been transferred from expendable endowments to unrestricted funds. Comparatives have been restated to reflect the change in accounting policy.

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

The Foundation and Friends of the Royal Botanic Gardens, Kew

Notes to the accounts Year ended 31 March 2020

1. Statement of accounting policies (continued)

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.

Income

All income 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.

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.

Expenditure

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. 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.

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 2019 or 31 March 2020.

The Foundation and Friends of the Royal Botanic Gardens, Kew

Notes to the accounts Year ended 31 March 2020

1. Statement of accounting policies (continued)

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 other critical judgements or sources of estimation uncertainty requiring disclosure.

2. Prior year restatement

Legacy income received prior to 2019/20 with no other restrictions had been deferred for spend on future needs by the Trustees and was treated as expendable endowment funds in the Foundation's accounts. From 2015/16 onwards, the Trustees had designated all unrestricted legacy income received in each year towards general unrestricted funds, and an annual transfer from expendable endowments to unrestricted reserves was effected in the accounts.

From 2019/20 the Trustees have changed the accounting policy to recognise all unrestricted legacy income directly to unrestricted funds, simplifying the treatment and removing the subsequent annual transfer of legacy income between funds. Given this represents a change in accounting policy, all prior year income, transfers and fund balances carried forward have been restated to reflect this treatment.

The Foundation and Friends of the Royal Botanic Gardens, Kew

Notes to the accounts Year ended 31 March 2020

3. Income and endowments from donations and legacies

	2019/20			
	Unrestricted £'000	Restricted £'000	Endowment £'000	Total £'000
Grants and donations	2	1,438	-	1,440
Legacies	3,476	336	-	3,812
	<u>3,478</u>	<u>1,774</u>	<u>-</u>	<u>5,252</u>
	2018/19			
	Unrestricted (as restated) £'000	Restricted (as restated) £'000	Endowment (as restated) £'000	Total (as restated) £'000
Grants and donations	3	5,335	-	5,338
Legacies	1,658	466	-	2,124
	<u>1,661</u>	<u>5,801</u>	<u>-</u>	<u>7,462</u>

As at 31 March 2020, the Foundation had been notified of 43 (2019: 41) legacies which were estimated to be worth £1.17M (2019: £0.59M), £0.26M (2019: £0.35M) 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 28 (2019: 32) residuary legacies estimated to be worth £1.13M (2019: £0.57M) and of which £0.24M (2019: £0.33M) has been recognised.

4. Income from investments

	2019/20			
	Unrestricted £'000	Restricted £'000	Endowment £'000	Total £'000
Bank interest	7	-	-	7
Dividends & other distributions	140	63	113	316
	<u>147</u>	<u>63</u>	<u>113</u>	<u>323</u>
	2018/19			
	Unrestricted £'000	Restricted £'000	Endowment £'000	Total £'000
Bank interest	4	-	-	4
Dividends & other distributions	334	9	125	468
	<u>338</u>	<u>9</u>	<u>125</u>	<u>472</u>

The Foundation and Friends of the Royal Botanic Gardens, Kew

Notes to the accounts Year ended 31 March 2020

5. Expenditure

	2019/20			
	Marketing and other direct costs £'000	Grant funding of activities £'000s	Support and governance costs £'000	Total £'000
Raising funds – donations and legacies	150	-	91	241
Raising funds – investment income	18	-	-	18
Charitable activities				
- Science	-	5,682	-	5,682
- Horticulture and Learning	-	1,033	-	1,033
- Other support to RBG Kew	-	976	-	976
Total Charitable activities	-	7,691	-	7,950
Support costs	91	-	(91)	-
Total	259	7,691	-	7,950

	2018/19			
	Marketing and other direct costs £'000	Grant funding of activities £'000s	Support and governance costs £'000	Total £'000
Raising funds – donations and legacies	114	-	146	260
Raising funds – investment income	25	-	-	25
Charitable activities				
- Science	-	4,691	1	4,692
- Horticulture and Learning	-	2,109	-	2,109
- Other support to RBG Kew	-	1,400	-	1,400
Total Charitable activities	-	8,200	1	8,201
Support costs	147	-	(147)	-
Total	286	8,200	-	8,486

The Foundation and Friends of the Royal Botanic Gardens, Kew

Notes to the accounts Year ended 31 March 2020

6. Support and governance costs

	2019/20	
Costs incurred	Costs of raising funds £'000	Charitable activities £'000
Governance	17	-
Office administration and other support	74	-
	<u>91</u>	<u>-</u>
	<u>91</u>	<u>-</u>

	2018/19	
Costs incurred	Costs of raising funds £'000	Charitable activities £'000
Governance	12	-
Office administration and other support	134	1
	<u>146</u>	<u>1</u>
	<u>146</u>	<u>1</u>

7. Net (expenditure)/income

This is stated after charging:

	Total 2019/20 £'000	Total 2018/19 £'000
Auditor's remuneration:		
Fees payable to the company's auditor for the audit of the Foundation's annual accounts	17	14
Non-audit fees:		
- Tax filing	<u>2</u>	<u>3</u>

The Foundation and Friends of the Royal Botanic Gardens, Kew

Notes to the accounts Year ended 31 March 2020

8. Fixed asset investments

	Endowment Investments £'000	Other Investments £'000	Total £'000
At 1 April 2019	4,399	16,487	20,886
Sales proceeds	(700)	(3,285)	(3,985)
Purchases	648	3,101	3,749
Income re-invested	23	184	207
Realised gains/losses	33	-	33
Unrealised losses	(405)	(393)	(798)
At 31 March 2020	<u>3,998</u>	<u>16,094</u>	<u>20,092</u>

	Endowment Investments (as restated) £'000	Other Investments (as restated) £'000	Total (as restated) £'000
At 1 April 2018	4,414	22,452	26,866
Sales proceeds	(32)	(15,358)	(15,390)
Purchases	-	9,172	9,172
Income re-invested	14	323	337
Realised gains/losses	-	-	-
Unrealised losses	3	(102)	(99)
At 31 March 2019	<u>4,399</u>	<u>16,487</u>	<u>20,886</u>

	2020 £'000	2019 £'000
Investment at fair value comprise:		
Commodities	343	249
Equity	2,805	2,726
Bonds	2,491	3,411
Private equity	-	9
Property funds	638	476
Hedge funds	676	905
Liquidity funds (including cash and cash equivalents)	10,876	7,542
Commercial paper	-	3,083
Charity Multi Asset Funds	2,263	2,485
At 31 March	<u>20,092</u>	<u>20,886</u>
All fixed asset investments are held in the UK.		
Investments at historical cost	<u>16,774</u>	<u>16,982</u>

The Foundation and Friends of the Royal Botanic Gardens, Kew

Notes to the accounts Year ended 31 March 2020

9. Debtors: amounts due within one year

	2020	2019
	£'000	£'000
Other debtors	-	132
Accrued income	1,574	4,644
	<u>1,574</u>	<u>4,776</u>

10. Creditors: amounts falling due within one year

	2020	2019
	£'000	£'000
Payable to related undertakings	2,388	2,596
Trade creditors	-	7
Accruals	424	46
	<u>2,812</u>	<u>2,649</u>

The Foundation and Friends of the Royal Botanic Gardens, Kew

Notes to the accounts Year ended 31 March 2020

11. Statement of funds

	Balance 1 April 2019 £'000	Income £'000	Expenditure £'000	Recognised gains/(losses) £'000	Transfers £'000	Balance 31 March 2020 £'000
Restricted Income Funds	11,702	1,837	(6,844)	-	126	6,821
Endowment funds						
Sainsbury Orchid Fund	2,485	74	(6)	(196)	(94)	2,263
Expendable endowments						
Smythies Fund	173	-	-	(16)	-	157
Lennox Boyd Fund	622	-	-	(55)	-	567
Shawdon Fund	55	-	-	(5)	-	50
Bewsey Fund	1,064	39	(10)	(100)	(32)	961
Total endowment funds	<u>4,399</u>	<u>113</u>	<u>(16)</u>	<u>(372)</u>	<u>(126)</u>	<u>3,998</u>
Total restricted and endowment funds	<u>16,101</u>	<u>1,950</u>	<u>(6,860)</u>	<u>(372)</u>	<u>-</u>	<u>10,819</u>
Unrestricted designated funds						
Property Fund	1,300	-	-	-	-	1,300
Family Restaurant Project	-	-	(6)	-	3,000	2,994
Director of Science Research	-	-	(41)	-	1,500	1,459
Other	-	-	-	-	2,580	2,580
	<u>1,300</u>	<u>-</u>	<u>(47)</u>	<u>-</u>	<u>7,080</u>	<u>8,333</u>
Unrestricted funds						
General Fund	9,438	3,625	(1,043)	(393)	(7,080)	4,547
Total unrestricted funds	<u>10,738</u>	<u>3,625</u>	<u>(1,090)</u>	<u>(393)</u>	<u>-</u>	<u>12,880</u>
Total funds	<u>26,839</u>	<u>5,575</u>	<u>(7,950)</u>	<u>(765)</u>	<u>-</u>	<u>23,660</u>

The Foundation and Friends of the Royal Botanic Gardens, Kew

Notes to the accounts Year ended 31 March 2020

	Balance 1 April 2018 (as restated) £'000	Income (as restated) £'000	Expenditure (as restated) £'000	Recognised gains/(losses) (as restated) £'000	Transfers (as restated) £'000	Balance 31 March 2019 (as restated) £'000
Restricted Income Funds	13,200	5,810	(7,438)	-	130	11,702
Endowment funds						
Permanent endowments						
Sainsbury Orchid Fund	2,489	103	(6)	(4)	(97)	2,485
Expendable endowments						
Smythies Fund	173	-	-	-	-	173
Lennox Boyd Fund	622	-	-	-	-	622
Shawdon Fund	55	-	-	-	-	55
Bewsey Fund	1,078	22	(10)	7	(33)	1,064
Total endowment funds	<u>4,417</u>	<u>125</u>	<u>(16)</u>	<u>3</u>	<u>(130)</u>	<u>4,399</u>
Total restricted and endowment funds	<u>17,617</u>	<u>5,935</u>	<u>(7,454)</u>	<u>3</u>	<u>-</u>	<u>16,101</u>
Unrestricted designated funds						
Property Fund	1,238	-	-	-	62	1,300
Guildroom	34	-	-	-	(34)	-
Woodland Walk	28	-	-	-	(28)	-
	<u>1,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,300</u>
Unrestricted funds						
General Fund	8,573	1,999	(1,032)	(102)	-	9,438
Total unrestricted funds	<u>9,873</u>	<u>1,999</u>	<u>(1,032)</u>	<u>(102)</u>	<u>-</u>	<u>10,738</u>
Total funds	<u>27,490</u>	<u>7,934</u>	<u>(8,486)</u>	<u>(99)</u>	<u>-</u>	<u>26,839</u>

See Note 16 for details of general support to RBG Kew.

The Foundation and Friends of the Royal Botanic Gardens, Kew

Notes to the accounts Year ended 31 March 2020

11. Statement of funds (continued)

Funds information

Restrictions on the endowment funds are as follows:

- 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). The transfer from this fund represents realised income which is transferred to the related restricted fund on a quarterly basis.
- 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. The transfer from this fund represents a 3% annual drawdown to fund Science related projects.

Designations of unrestricted funds are as follows:

- The Property fund represented funds designated in 2016/17 for RBG Kew's capital projects, which at the time included renovation of the Temperate House. The residual balance is held for Kew's use on other improvement work around the estate.
- Family Restaurant - £3m was been transferred to designated funds in 2019/20 to support RBG Kew's construction of a new catering and retail facility which will generate increased revenue to fund Kew's charitable activities.
- Director of Science research - £1.5m was transferred to designated funds in 2019/20 to support the Kew Director of Science's research programme in furtherance of Kew's objectives.
- Other transfers to designated funds of £2.58m represent unrestricted legacy income recognised in 2019/20 which the Trustees wish to designate for future use in line with the donors' non-binding wishes. This will be subject to proposals for use to be submitted by RBG Kew.

The Foundation and Friends of the Royal Botanic Gardens, Kew

Notes to the accounts

Year ended 31 March 2020

	Balance 1 April 2019 £'000	Income £'000	Expend- iture £'000	Transfers between funds £'000	Balance 31 March 2020 £'000
Restricted Funds					
Science					
Seed conservation – supporting the collection, storage and viability of seeds, particularly at RBG Kew's Millennium Seed Bank	5,220	69	(4,125)	-	1,164
Tropical Important Plant Areas (TIPAs) – supporting identification and conservation of TIPAs	545	102	(293)	150	504
Plant and Fungal Tree of Life (PAFTOL)	1,062	406	(613)	-	855
State of the World's Plants	324	349	(110)	-	563
Orchid Fellow	166	1	(55)	94	206
Other scientific research and associated activity	1,012	149	(579)	634	1,216
Horticulture and botanic gardens					
Evolution Garden	386	1	(360)	-	27
Children's Garden	-	401	(207)	-	194
Broadwalk Borders	126	-	(72)	-	54
Wakehurst Place	836	4	(98)	-	742
Other horticultural activity	717	4	(157)	-	564
Education and outreach					
Grow Wild	55	-	-	-	55
Other education and outreach activity	223	1	(122)	-	102
Other					
Library, Art and Archives – supporting acquisition and access to RBG Kew's Library collections	139	1	(52)	8	96
Other activity in support of RBG Kew	891	349	(1)	(760)	479
Grand Total	11,702	1,837	(6,844)	126	6,821

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 and reflect allocation to specific activity as confirmed with the donor.

The Foundation and Friends of the Royal Botanic Gardens, Kew

Notes to the accounts Year ended 31 March 2020

	Balance 1 April 2018 £'000	Income £'000	Expend- iture £'000	Transfers between funds £'000	Balance 31 March 2019 £'000
Restricted Funds					
Science					
Seed conservation – supporting the collection, storage and viability of seeds, particularly at RBG Kew's Millennium Seed Bank	4,708	3,295	(2,783)	-	5,220
Tropical Important Plant Areas (TIPAs) – supporting identification and conservation of TIPAs	664	91	(461)	251	545
Plant and Fungal Tree of Life (PAFTOL)	1,237	400	(575)	-	1,062
State of the World's Plants	172	347	(195)	-	324
Orchid Fellow	119	-	(51)	98	166
Other scientific research and associated activity	1,369	49	(607)	201	1,012
Horticulture and botanic gardens					
Evolution Garden	502	-	(116)	-	386
Children's Garden	1,168	425	(1,593)	-	-
Broadwalk Borders	183	-	(57)	-	126
Temperate House	1	609	(609)	-	1
Wakehurst Place	925	1	(90)	-	836
Other horticultural activity	852	-	(136)	-	716
Education and outreach					
Grow Wild	56	-	(1)	-	55
Other education and outreach activity	227	85	(89)	-	223
Other					
Library, Art and Archives – supporting acquisition and access to RBG Kew's Library collections	162	34	(57)	-	139
Other activity in support of RBG Kew	855	474	(18)	(420)	891
Grand Total	13,200	5,810	(7,438)	130	11,702

The Foundation and Friends of the Royal Botanic Gardens, Kew

Notes to the accounts Year ended 31 March 2020

12. Analysis of net assets between funds

Fund balances at 31 March are represented by:

	2020			
	Unrestricted	Restricted	Endowment	Total
	£'000	£'000	£'000	£'000
Long-term investments	10,745	5,349	3,998	20,092
Cash at bank	3,168	1,677	-	4,845
Debtors	238	1,336	-	1,574
Creditors	(1,271)	(1,541)	-	(2,812)
	<u>12,880</u>	<u>6,821</u>	<u>3,998</u>	<u>23,699</u>

	2019			
	Unrestricted	Restricted	Endowment	Total
	£'000	£'000	£'000	£'000
Long-term investments	2,874	7,510	10,502	20,886
Cash at bank	1,555	2,271	-	3,826
Debtors	412	4,364	-	4,776
Creditors	(206)	(2,443)	-	(2,649)
	<u>4,635</u>	<u>11,702</u>	<u>10,502</u>	<u>26,839</u>

13. Salary and staff costs

No staff are employed by the Foundation. The total remuneration (including pension contributions) of the key management personnel for the year was £nil (2019: £nil).

During the year Trustees received no remuneration or benefits in kind (2019: £nil). No Trustees were reimbursed expenses for travel, subsistence or donor meetings (2019: £nil).

14. Related party transactions

No donations were received from the Trustees in the year (2019: £13k, 1 Trustee). Donations received in the previous year did not have attached conditions which required the Foundation to alter significantly the nature of its existing activities due to acceptance of the donations. There were no other related party transactions with trustees in either year.

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

Expenditure includes an amount of £4,922k (2019 £8,409k) and creditors include an amount of £3,228k (2019: £2,596k) relating to RBG Kew and RBG Kew Enterprises Ltd.

Income includes an amount of £nil (2019: £nil) and debtors include an amount of £nil (2019: £nil) relating to RBG Kew and RBG Kew Enterprises Ltd.

In 2019/20 Kew Foundation received grants of £nil (2019: £nil) from The Kew Asia Foundation Limited.

The Foundation and Friends of the Royal Botanic Gardens, Kew

Notes to the accounts Year ended 31 March 2020

15. Reconciliation of net income to net cash flow from operating activities

	2019/20 £'000	2018/19 (as restated) £'000
Net income for the reporting period (as per the statement of financial activities)	(3,140)	(651)
Adjustments for:		
Losses on investments	765	99
Dividends and interest from investments	(316)	(468)
Operating cash flow before movement in working capital	(2,691)	(1,020)
(Increase)/decrease in debtors	3,202	(3,039)
Decrease in creditors	163	(773)
Net cash provided by operating activities	674	(4,832)

16. Grants awarded to RBG Kew

	Unrestricted £'000	Restricted £'000	2020 £'000
RBG Kew 2019/20 Support	847	-	847
Specific purpose grants	-	6,844	6,844
Grants awarded	847	6,844	7,691

	Unrestricted £'000	Restricted £'000	2019 £'000
RBG Kew 2018/19 Support	768	-	768
RBG Kew grant from reserves brought forward	-	-	-
Specific purpose grants	-	7,432	7,432
Grants awarded	768	7,432	8,200

	2020 £'000	2019 £'000
Reconciliation of unrestricted grants payable		
Commitments as at 1 st April	-	-
Commitments made in the year	847	768
Grants paid during the year	(1)	(768)
Commitments as at 31 st March	846	-