



**Royal
Botanic Garden
Edinburgh**

ANNUAL REPORT AND CONSOLIDATED ACCOUNTS

for the year ended 31 March 2016

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Trustees' Report

The Royal Botanic Garden Edinburgh (RBGE) since its inception in 1670 has grown into one of the world's most esteemed centres for botany and horticulture and a cherished visitor destination. Thanks to our passion, expertise, drive and innovation we are renowned for our science, our horticulture, and the excellence of our education and engagement programmes.

The global challenge of increasing destruction of natural habitats and associated loss of plant species provides RBGE with the real and immediate mission of exploring, conserving and explaining the world of plants for a better future. This requires us to work at different scales: from leading single species and habitat recovery programmes in Scotland and DNA sequencing of bryophytes, to the mapping of medicinal plants in Nepal and producing inventories of the most threatened habitats in the Tropics. Such work is vital if we are to sustain the natural systems upon which all life depends.

At the national level, as Scotland's botanical institute, we play a significant role in delivering the Scottish Biodiversity Strategy, and as a Non Departmental Public Body we give the Government access to scientific excellence and support the delivery of the Programme for Government. As a charity and an information hub working in many partnerships, RBGE is well placed to inspire a very wide audience to engage with the natural world that underpins our health, wealth and wellbeing, and to encourage people to discuss, and get involved with, current environmental issues.

At the international level we are a global resource, providing expertise, training and information to help people around the world to conserve ecosystems and protect natural capital. Through our extensive partnerships, particularly in South East Asia, tropical South America, Nepal and the Middle East, we strengthen the global capacity to address the issues of plant conservation, undertaking joint projects and seeking and sharing examples of best practice. We have a strong focus on species-rich economically important plant groups such as the ginger family (Zingiberaceae), legumes (Fabaceae), begonias (Begoniaceae), conifers, and the Gesneriaceae and the Sapotaceae.

Plants give people pleasure and our four gardens – Edinburgh, Dawyck, Logan and Benmore – are collectively one of Scotland's top visitor attractions with nearly 900,000 visits per year. There is always something new in our gardens to stimulate the senses, and their stunning landscapes with over 13,000 species of plants continue to delight domestic and international visitors.

RBGE is very well placed to continue providing leadership in the fields of plant science, horticulture and education. Our Corporate Plan provides a course for the whole organisation to follow over the next four years. It presents our priorities and a focus for our Board, staff, volunteers, and stakeholders, building on our successes and ensuring that we remain dynamic and in a good strategic position to make a valuable contribution to society in the decades ahead.

To achieve the plan we need to be appropriately resourced, and much effort is required over the next four years to increase current sources of income and to develop new ones to supplement the Scottish Government's investment. Our buildings and facilities require considerable capital expenditure to ensure that they are fit for purpose and our collections remain secure and in good condition. We must also continue to invest in developing our staff and to further strengthen our national and international partnerships.

The RBGE continues to maximise value for money through prudent expenditure decisions; significant investment from the Scottish Government and the success of our strategies has enabled the RBGE to make a positive contribution to National Outcomes. It continues to make strenuous efforts to increase delivery by building upon the Government Grant-in-Aid it receives through strategies for increasing self-generated income.

This has been particularly important in the current climate of restricted public funding. Sustained investment in our infrastructure and people will allow us to maintain our position as a world leading institution and RBGE has significant future capital investment plans including the modernisation of the Edinburgh garden's ageing North East Corner glasshouses and buildings (the Masterplan).

The RBGE is a Scottish charity under the provisions of the Charities and Trustee Investment (Scotland) Act 2005 and is registered as Scottish Charity number SC007983. RBGE has a wholly owned subsidiary, the Botanics Trading Company Ltd (BTC) which carries out retail and catering activities across the four gardens. BTC donates its taxable annual profits available for distribution to RBGE in accordance with the Government's Gift Aid legislation and the company's financial results are consolidated into the RBGE Annual Report and Accounts.

The remit of RBGE is set out in the National Heritage (Scotland) Act 1985, which empowers the Board of Trustees, who are appointed by Scottish Ministers to:

- a) carry out investigation and research into the science of plants and related subjects and to disseminate the results of the investigation and research,
- b) maintain and develop collections of living plants and preserved plant material, books, archives and other related objects,
- c) keep the collections as national reference collections, and secure that they are available to persons for the purposes of study.
- d) provide advice, information and education, in any manner which seems appropriate to them, in relation to any aspect of the science of plants or of any related subject,
- e) provide other services (including quarantine) in relation to plants, and
- f) afford members of the public opportunities to enter any land occupied or managed by the Board for the purpose of gaining knowledge and enjoyment from the Board's collections.

From the 1985 Act the Royal Botanic Garden Edinburgh derives its mission: "*To explore, conserve and explain the world of plants for a better future*"

Strategy and Planning

The Corporate Plan 2015/20 was completed following a strategic review carried out under the leadership of the Regius Keeper and is now in its second year. Our Plan can be viewed on our website:

http://www.rbge.org.uk/assets/files/about_us/Corporate_Info/The%20RBGE%20Corporate%20Plan%202015-2020..pdf

Particular emphasis has been placed on continuing the number of collaborative projects with partner organisations in Scotland and elsewhere, thereby leveraging increased value for money from our scarce resources. We continued to contribute to the Government's Programme for Scotland including the maintenance of gender balance on our Board of Trustees, paying the Scottish National Living Wage, and running an apprenticeship programme.

The re-development of the North East Corner (Inverleith) is a strategic planning priority in order to re-furbish our heritage glasshouses; replace the ageing research glasshouses; improve the visitor attraction and to ensure the research and education facilities are fit for purpose and meet future needs. The Masterplan was reviewed in 2014/15 as part of a Garden wide appraisal of future capital projects and spend to achieve better value for money from what will be an expensive project. Architectural Stage C was completed and approved by the Board in March 2016. Further funds are now required to advance planning to a more detailed stage and apply for planning permissions.

Income generation remains a key component of our strategy to support the on-going activities of the RBGE as well as capital projects and increased priority will be given to this area during the next few financial years. We will also build on our international reputation and develop a comprehensive programme of fundraising to support our contribution to the natural capital of the planet.

Our strategy management framework is constructed to demonstrate the value that we provide to our stakeholders, particularly in the fields of biodiversity research, collections management, education, and as one of Scotland's top visitor attractions. Additionally, it is helpful for communicating the mission and strategy internally and externally, and uses measures/indicators to drive RBGE's current and future success. In the RBGE's Strategy Map our objectives are linked to show the cause-and-effect relationships between RBGE's Impacts, Activities, Resources and Governance. These are shown to be aligned upward to contribute to the Scottish Government National Outcomes in order to help make Scotland a better place to live and a more prosperous and successful country. Consequently, improved alignment of staff to purpose has been achieved and our staff's personal objectives and career development requirements are fully aligned to our revised mission.

Visiting Group

The role of the RBGE is assessed periodically to review the quality and impact of its activities, strategies and future plans. The 2015 review comprised experts with a wide range of experience in areas relevant to RBGE. The Visiting Group found that RBGE is an efficient and effective organisation punching above its weight, especially in international science. The review identified the following key strengths, strategic and operational issues, and made recommendations for actions to strengthen the operation and resilience of RBGE.

The Board is delighted and encouraged to see that the Visiting Group report affirms that RBGE is a “Scottish asset of Global significance” and highlights the institute’s strengths and accomplishments across its full range of activities including:

- A plant collection, herbarium and library and archives that are unique and world leading in quality and innovation, with a gold-standard of specimen collection and records.
- Science output that is remarkable in quality and quantity for a relatively small staff and of great domestic and international importance, and is at the international cutting edge of combining plant systematics and taxonomy.
- Research and conservation projects that clearly address priority issues of relevance to society, underpinning capacity and scientific excellence.
- A resource which represent long term investment in Scotland and its ability to respond to environmental challenges such as plant health and climate change and to protect and restore native biodiversity.
- Innovative and cutting edge education programmes that make a significant contribution to the Scottish Government’s outcome for a smarter Scotland, promotes inclusion, and addresses some worldwide skills gaps.
- An international dimension that plays an important role in connecting Scotland to the world.
- A highly knowledgeable, motivated and experienced staff and very successful volunteer programme and four gardens of very high horticultural quality that are first rate visitor destinations, enhance health and wellbeing and reach and engage with all socio-economic and geographic sectors of society.

The Report highlighted three strategic matters that the Board looks forward to addressing in collaboration with the Scottish Government:

- Safeguarding the unique living collection – investing in the glasshouses.
- Developing the visibility and profile of the RBGE and the contribution it makes on behalf of Scotland locally, nationally, and internationally.
- Playing a coordinating role in the natural capital agenda.

Performance Management

Directly linked to the Corporate Plan, RBGE employs a performance management system, the Executive Strategy Manager™, which has been in use since 2010/11 and is used primarily to assist the Senior Management Team with its decision making. Staff feed information on their achievements and challenges in each of their areas, which are linked and aligned to our strategic objectives. This information is presented, along with outcome costs, to the Senior Management on a quarterly basis to provide the richest possible information for decision-making purposes.

The second year of Outcome Costing (pioneered at RBGE) has been completed and we will continue gathering data to enable improved decision-making by the SMT in future, thereby informing future operational plans. Furthermore, when sufficient data sets have been collected outcome cost-effectiveness analysis will be possible, which will give increased insights to resource allocations.

We have been assisting Historic Environment Scotland with their initial setting up of a similar project and will continue to help as they make progress. The Government of Malaysia's Ministry of Finance has also sought our direct assistance in implementing a government wide application of outcome budgeting and we are in contact with HM Treasury and the US Federal Accounting Standards Advisory Board.

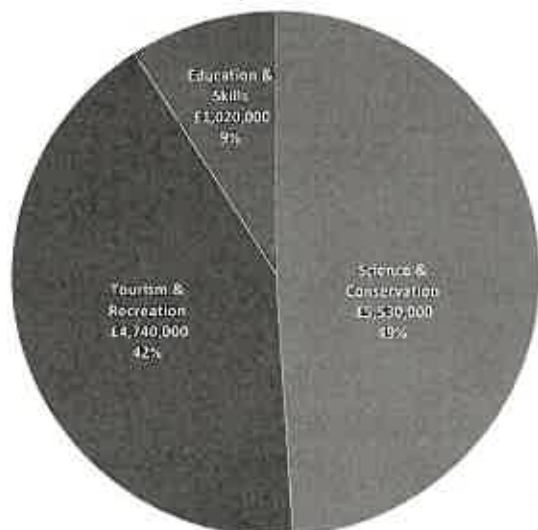
Impact Costs Summary

A key component in determining value for money, also known as cost effectiveness, of an outcome is to know how much resource was allocated to its achievement. Our Strategic Objective Costing model is based on calculating the staff effort (time-sheets providing the requisite data to calculate the costs) allocated to tasks directly supporting the achievement of a specific strategic objective. Added to the staff costs are non-salary expenditures, which are identified by double-coding all such costs to both cost centres and to the relevant objective. By aggregating the staff and non-salary cost allocations the total cost of the objective is calculated. By tracking the cost chain from input through output to outcome objective it is possible to determine outcome costs.

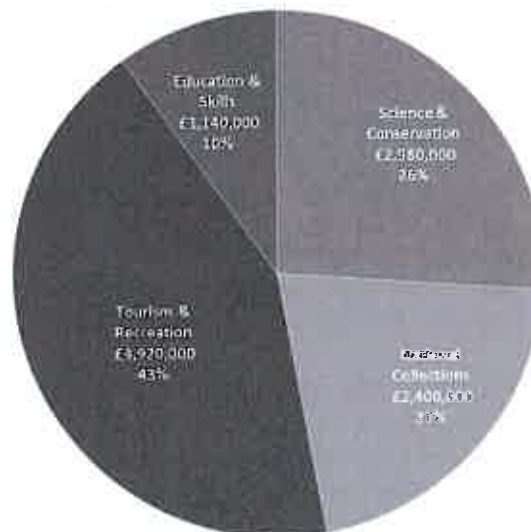
Outcome costs can be seen as a proxy for effort allocated to the achievement of the specified outcome and RBGE's outcome costs are shown below for the two years that we have been collating outcome costs. It will be noted that we increased the number of outcomes by splitting Science & Conservation to set up a separate Outcome entitled National Collections. We did this to improve transparency and to provide a more insightful analysis of our performance in these related but distinct outcomes.

Moreover, whilst the effort allocated to Tourism & Recreation (T&R) has decreased this is in large part due to allocating some of the horticultural effort previously assigned to T&R to Collections Management; the plants in our Gardens are designated as National Collections by statute. We increased our effort in educational activities due to an increasing demand but of course, there are consequences to those staff from outside the Education Department who contribute directly to this activity. It is also worth noting that the resources expended in 2014/15 were £11.3m and in 2015/16 were £11.4m – an increase of £0.1m.

RBGE Outcome Costs Financial Year 2014/15



RBGE Outcome Costs Financial Year 2015/16



The staff performance management process ensures that mid-year and end-of-year meetings with Reporting Officers ensure that staff objectives remain on course for completion.

Key Impacts

The RBGE describes its outcomes as Impacts to provide a better understanding of how our work makes a difference to our various stakeholders. The table below shows the Key Results Indicators for our principal impacts (outcomes) for 2015/16. These are Science & Conservation, National Collections, Tourism & Recreation, and Education & Skills. We spend the highest proportion of our non-salary budget on our Land & Buildings activity (output) and so we have included a report on this component of our performance. As developments with the Scottish Government's National Performance Framework emerge it will be possible to make meaningful linkages to them.

Science and Conservation

Our science has focused on increasing understanding of plant diversity, providing the evidence base to underpin conservation interventions, and developing capacity and knowledge in taxonomy and biodiversity science. Our research has been tightly integrated with our herbarium, archive and living collections. We have had active projects in >35 countries, with a major focus in Scotland, tropical South America, the Sino-Himalaya, the Middle East and South-East Asia.

Major publications documenting the flora of some of the world's most poorly known countries and plants included "Rhododendron subgenus Vireya", "Gingers of Cambodia, Laos and Vietnam", a checklist of 276 species of potato and tomato wild relatives in Peru based on 14,000 georeferenced specimen records, and 20 new species of Begonia. A major field programme in Indonesia involved successful negotiation of complex permits and yielded 160 herbarium specimens and 114 living accessions of Begoniaceae, Gesneriaceae, Sapotaceae and Zingiberaceae and Pteridophytes, many of which are in cultivation for the first time. To engage the public

in Edinburgh with our tropical diversity programme, we built a new exhibition on Sapotaceae in the John Hope Gateway highlighting the global importance of a poorly known group of tropical trees.

RBGE completed a 3 year Darwin project 'building capacity for in-situ conservation in Iraq' which supports assessment and evaluation of priority areas for conservation and protected area networks. We also made a significant contribution to botanical knowledge in Iraq through the online publication of a complete checklist to Peramagroon Mountain a Key Biodiversity Area, an interactive image based guide to 578 of its vascular plants and a provisional Red List of all Iraq's 121 endemic plants. Data have also been collated, verified and cleaned over 30,000 plant distribution records from Socotra, a UNESCO World Heritage Site. These data are being used to re-define Protected Areas and will input directly into a Global Environment Facility programme delivering increased environmental protection on the island.

We appointed a new plant health mycologist and this was supported with improved laboratory facilities to increase our capacity in plant health research. We developed Indicators of Climate Change Adaptation to support the Scottish Climate Change Adaptation Programme and established ourselves as a case study for effective climate change adaptation promoted by Adaptation Scotland.

As part of the Edinburgh Living Landscape Project we worked with the Conservation Volunteers to develop a new suite of air pollution indicators for the city. These lichen indicators allow individuals and communities to assess the health of their local environment, to review their findings as citizen scientists, to make positive change for improved air quality and to submit their data for long-term monitoring.

We published the Plants of the Woods and Forests of Chile – featuring 81 unique commissioned water colour paintings by three talented award-winning artists. The book was supported by an exhibition and served to communicate information on the incredible plant biodiversity of the Chilean flora via stunning paintings. Another significant publication evaluated the spread and consequences of rubber plantations in SE Asia: this served to identify risk zones, where establishing rubber plantations may not be economically sustainable whilst also causing loss of important forest.

A landmark review was published on our current understanding of the natural and human environment of Nepal. We also led on the establishment of the Biodiversity Education Garden at the National Botanic Garden in Nepal commemorating the bicentenary of the Britain-Nepal relationship. This new educational resource combines international standard interpretation with engaging plantings to inspire and educate the 70,000 school children who visit each year. RBGE has been a major partner in other Bicentenary activities in UK and Nepal, building on our ambassadorial roles, e.g. co-organising the Biodiversity Bicentenary Conference at ZSL, March 2016.

Our Key Results for FY 15/16 are shown below:

Impacts	Measure	Target	Actual
Research	Articles written over the last 5 years cited more than 50 times	32	40 (48 inc associates)
Conservation	Threatened Scottish species in conservation programmes	N/A	181

National Collections

142 specialist visitors from 29 countries consulted specimens in the herbarium. The number of specimens digitised doubled this year compared to last. The direct impact of this has been a parallel doubling of specimen record downloads per year, demonstrating the growing demand for digital access to our specimens. A major priority is to secure further funding for digitisation as it will be another 54 years before the collection is digitised based on current throughput.

We have continued to make progress on linking collections. A blog on Conan Doyle allowed us to virtually link RBGE collections in the archives and herbarium with other collections in Edinburgh from National Galleries of Scotland, Historic Environment Scotland and the Edinburgh University Library (<http://stories.rbge.org.uk/archives/author/ehaston>).

Protocols for recovering DNA sequences from herbarium specimens were further developed. We used a 'hybrid baits' technique to recover large amounts of sequence data from specimens as old as 180 years and from a little as 16 nano grams of degraded starting DNA. This technological development is a significant breakthrough for accessing genetic data from the herbarium, enabling sampling from extinct species and allowing genetic studies to be undertaken that directly measure historical change.

The Living Collection being one of Scotland's and RBGE's national collections, contributes to the diversity of each of the garden landscapes whilst also creating and providing an educational, amenity and visitor attraction resource. New wild collected plant material is the lifeblood of the Living Collection and a key requirement is ensuring that all collections are fully compliant with the Nagoya protocol.

Over the course of the year new plant material particularly from Chile and Japan has been added to the Living Collection with fieldwork by RBGE staff being undertaken in Indonesia, the Russian Far East and Morocco.

Continuing improvements have been made to the physical and intellectual access at each garden with new improved hard surfaced paths and new interpretation being installed. The horticultural staff continue to participate in fieldwork as part of monitoring and reintroduction programmes and continue to develop cultivation protocols for key Scottish species including; montane *Salix* species, the Arran Sorbi and *Cicerbita alpina*. The impacts of climate change continue to be monitored closely and influence considerably work and planting programmes.

Our Key Results for FY 15/16 are shown below:

Impacts	Measure	Target	Actual
Herbarium Collection	Herbarium specimen downloads in year	270,000	485,675

Tourism and Recreation

RBGE provides first-class visitor attractions to enable more communities, families and individuals to enjoy and be inspired by our four Gardens. The total of visits for the financial year 2015/16 across all four RBGE Gardens was 967,224 exceeding our target of 950,000. The increase reflects excellent attendance at a number of major events including Cake Fest, John Chamberlain exhibition and Botanic Lights which attracted high volumes of visitors, the flowering of *Amorphophallus* and an increase in marketing aimed at tourists from the UK and overseas.

We continue to work collaboratively with VisitScotland and RBGE is a founder member of the new national tourism organisation Discover Scottish Gardens. We are committed to inclusive tourism, welcoming all visitors and providing the best possible access to everyone. RBGE is also committed to attaining and sustaining five-star quality tourism standards to further enhance the visitor experience.

Our Key Results for FY 15/16 are shown below:

Impacts	Measure	Target	Actual	Total
Edinburgh	Visitor numbers	950,000	861,332	967,224
Benmore	Visitor numbers		48,923	
Dawyck	Visitor numbers		34,326	
Logan	Visitor numbers		22,643	

Included in the figures above:

Impacts	Measure	Actual
Edinburgh Glasshouses	Visitor numbers	103,019
Inverleith House	Visitor numbers	24,153

Education and Skills

The goal of Education at RBGE is to offer outstanding experiences that meet and exceed our current and future learners needs, provide people with the skills and knowledge for a greener planet, and are a major contributor to RBGE's reputation, revenues, and relationships. 2015/16 has been another highly successful year for our students studying at RBGE and around the world. It has also been a year of major financial growth and increased reach through PropaGate, our online learning platform. RBGE's well-earned reputation as leaders in the field continues to grow.

2015/16 was a record year for student numbers, particularly for post-secondary programmes with the highest ever numbers of students in HND year 1 and MSc, as well as a large number of students returning for 2nd, 3rd, and 4th year HNC/BSc. Propagate learning continues to grow, with two new programmes under development to launch in 2016. Students from all over the world are learning with RBGE every day. RHS is particularly popular with over 400 students at a time and more applications coming in daily.

The Visiting Group was struck by the number of learner contact hours (an average of 316 each day per annum) and the professionalism of the programmes offered by RBGE. As highlighted by the Visiting Group report, the Education offer at RBGE is a key strength of the organisation. Through courses, programmes, and studies, our students learn about conservation, horticulture, botany, ecology, wellbeing, and art.

These students also learn practical skills that really make a difference in their lives and for the environment: school children grow and cook their own vegetables, adults on short courses design their gardens, HND students are applying their skills in work experience with Horticulture staff, Masters students are conducting meaningful and valuable plant science research, PhD candidates are completing original research based on RBGE collections and science, Certificate students learn the practical skills of

horticulture, botanical art, herbology and field botany, and diploma students both in person and online spend up to three years in intensive study of the world of plants through art, history, and design, leading to credentials upon which they can base their careers. These are just a few of the examples of individual learners' experiences with RBGE this year. Overall in 2015/16, the average number of hours when a student is learning directly with an RBGE tutor was an impressive 115,000.

Many of our students go on to employment in the field or undertake further studies (often with RBGE), and all become ambassadors for RBGE's world famous collections, inspiring tutors, and encompassing learning offer.

This financial year, the income for student fees exceeded targets by over £150,000 for a total of £807,000. This extra income for RBGE is all the more important given the current financial picture. The fundraising department has also brought in donations directly linked to the education offer. Income from student fees is by far the single largest contributor to RBGE's earned income. This is a huge accomplishment and a credit to the quality of the programmes that are all based on RBGE's staff expertise and collections.

While teaching, marking, and student contact was ongoing and growing, behind the scenes, work progressed on establishing structures and processes to support the experiences we offer to our students, particularly in building tools and gathering financial information, stabilising the human resources to deliver our successful programmes, and planning for the future based on audience research. Overall, RBGE's Education and Skills impacts in 2015/16 were exceptionally strong.

Our Key Results for FY 15/16 are shown below:

Impacts	Measure	Actual
HND/BSc/MSc	Course participants	85
RBGE Diploma	Course participants	48
RHS	Course participants (taught and distance)	243
School groups & Teacher CPD	Course participants	9,304

Our Key Results for FY 15/16 are shown below:

Impacts	Measure	Actual
Adult Short Courses	Course participants	1,107
Adult Certificate	Course participants	108

Land and Buildings

We are fully dependent upon our land and buildings to fulfil our functions. Land, which extends to 116 hectares across four sites, provides rich and natural beauty that is our signature as a world leading Botanic Garden. RBGE's property portfolio as at 1st April 2015 comprised nearly 30,000m² of built environment over 100 properties, across the four Gardens, with an asset book value of circa £40M. Many of RBGE's buildings are of significant architectural interest including the iconic Victorian and Front Range Glasshouses in Edinburgh and other historic listed buildings and structures across the estate, the John Hope Gateway, the restored Benmore Fernery and the newly reconstructed Botanic Cottage.

We aim over the short to medium term to ensure the property portfolio is optimised to meet corporate priorities identified through its strategic plans. Inevitably, this means that significant amounts of our financial resources must be spent to maintain and develop our built environment. Significant progress on addressing the maintenance issues has been made during the year.

Our Key Results for FY 15/16 are shown below:

Impacts	Measure	Target	Actual
Revenue Spend	£000	550	580
Capital Spend	£000	2,400	2,400

Once again a mild autumn/winter period and previous well targeted pro-active maintenance helped minimise our reactive and damaged based maintenance. As previously reported via condition survey the Garden is carrying an approximate backlog maintenance requirement of circa £14 million.

Projects carried out in the year include the full internal refurbishment of Garden Cottage at Benmore, reconstruction of the Botanic Cottage and the ongoing infrastructure phases of the Edinburgh Nursery. The new Glasshouse for the Nursery commenced on site in January 2016, with completion set for the Autumn.

The RBGE has reflected in its Corporate Plan a number of developments some of which will require funding before they are taken forward. Earlier capital investments show how investment will enhance RBGE's long term viability. Much progress has been made on the Edinburgh North East Corner Masterplan project with the attainment of RIBA Stage C. Further development of the Business Case is scheduled for the forthcoming year.

Financial Review

The accounts have been prepared in a form directed by Scottish Ministers under paragraph 20(3) of Schedule 1 to the National Heritage (Scotland) Act 1985 and on the basis of the accounting policies set out in Note 1 to the accounts.

During the year the Garden received revenue grant in aid of £8.5m (£8.6m 2014/15) and capital grant of £1.1m (£1.2m 2014/15). Other grants, gifts and donations of £2.9m (£2.4m 2014/15) were received including grants towards capital projects; £1.8m (£1.5m 2014/15) was generated from admissions to the Regional Gardens and Glasshouses, education courses, rents, concessions, membership income and other activities; trading and commercial activity contributed £0.7m (£0.7m 2014/15). Staff costs amounted to £8.2m (£8.1m 2014/15) and £4.6m (£4.8m 2014/15) was spent on other operating costs excluding depreciation. Capital expenditure of £2.4m (£1.7m 2014/15) was incurred.

The Statement of Financial Activities for RBGE (page 34) shows a surplus of £174k. This reduces to a deficit of £626k for the year, after a one off transfer of accumulated unrestricted reserves as at 31 March 2016 to an independent charity, the Botanic Foundation. Scottish Government gave permission for this donation of funds from RBGE to occur, enabling the Botanic Foundation to support the objectives of RBGE, as the Board of that charity see fit.

The Botanic Trading Company made a profit of £434k (£404k in 2014/15) and £436k was Gift Aided to RBGE (£386k in 2014/15). This represents an increase of 13% compared to the prior year and was in line with budget.

Uncertainty continues around the level of longer-term funding from Scottish Government which makes future planning difficult.

No significant events have occurred since 1 April 2016 that will have an impact on these accounts.

Land and Buildings

Land and Buildings are owned by Scottish Ministers. The land and buildings occupied by the Garden are leased to the Board with such conditions as permit adequate operational freedom for their needs. Information on land and buildings can be found in Note 11.

Estates Management Strategy

The property portfolio, as at 1 April 2015, comprised nearly 30,000m² of built environment over 100 buildings across four Gardens, including approximately 270 acres of land, with an asset book value of circa £40 million. Estates operational costs are second only to Employee costs in magnitude and represent almost 16% of the total Revenue Budget.

Relevant financial information relating to valuation, depreciation etc. on land and buildings can be found in Note 11.

Funding for the Estate is provided from both Revenue and Capital sources. Revenue provides the means to operate the Estate in terms of building maintenance, waste management, non-domestic rates, cleaning and utilities. These costs are closely managed by analysing monthly financial reports and adjusting commitments to spend accordingly.

The repairs and maintenance budget for Estates 2015/16 was set at £550k which has had a beneficial impact in terms of property maintenance compared to previous years. Total outturn was closer to £580k as a result of utilising an underspend in utility costs due to the mild winter and lower energy costs in place at during the period. Backlog maintenance across the Estate still remains at circa £14 million.

Capital funding has been used to carry out several essential projects over the year including completion of Phase 2 of the Nursery Infrastructure and Enabling Works project along with commencing the new Glasshouse there (Phase 3). In addition small works projects included an upgrade to the Herbarium de-humidification plant, plus works commenced on the replacement of the Herbarium lift.

The first draft of the RBGE Estates Strategy was produced for Senior Management and this is currently being further developed to incorporate some minor changes before final publication.

Finally, RBGE totally rationalised its Estates related services provision over the year for both Soft and Hard Facilities Management (FM) services. The new all-inclusive Soft FM contract for concession catering, staff canteen catering, cleaning and waste management commenced in February 2016. The Hard FM contract which picks up all building related maintenance services neared the end of its procurement journey with an appointment to be made in April 2016.

Other Fixed Assets

Significant changes in other fixed assets are shown in Notes 11 and 12.

Volunteers

Volunteer numbers continue to grow year on year. Our volunteers contribute greatly to the work of RBGE by providing additional support in a number of areas - particularly Education, Horticulture and Science development. At the end of March 2016, there were a total of 326 volunteers (318 in 2014/15) across the organisation, contributing on average around 1,300 hours per month to RBGE. Within Horticulture there are a number of regular volunteers working throughout the gardens and glasshouses, helping to maintain plant specimens and contributing to the overall appearance of the four gardens. Included within this group is the continued expertise and assistance of the Garden Guides.

In addition, in Education, Events, Science and the Library a large number of volunteers continue to lead and assist with a variety of events, from interactive demonstrations and educational mini tours of the Garden, to the preparation of specimens for the Herbarium as well as the regular maintenance of documentation in the Library. Further valuable contributions are received from RBGE's Friends Committee and office based volunteers who play a vital role in our income generation and marketing initiatives. RBGE continues to be greatly indebted to its volunteers for their commitment and hard work.

Sustainability Report

The Climate Change (Scotland) Act 2009

In 2009 the Scottish Government set what remains, one of the most ambitious pieces of climate change legislation anywhere in the world, namely:

The Climate Change (Scotland) Act 2009 commits Scotland to reduce its emissions by at least 80% from 1990 levels by 2050; with an interim emissions reduction target of at least 34% by 2020, increasing to 42% if the EU increases its 2020 target to 30% in the event of a global deal on climate change.

Section 44 of Act places duties on Scottish public bodies in relation to climate change. From 1 January 2011 any public body, has, in exercising its functions, to act:

- in the way best calculated to contribute to the delivery of the Act's emission reduction targets;
- in the way best calculated to help deliver any statutory programme for adapting to the impacts of climate change; and
- in a way that it considers most sustainable.

In meeting these duties RBGE will report separately to Scottish Government and publish the results on its website.

Carbon Emissions 2015/16

Category		Volume of Carbon emitted (tCO ₂) 2015/16	Percentage of total Carbon emitted (%)	Cost of Carbon emitted (£)	
Buildings	Edinburgh	2,896	82%	£477,123	
	Benmore	241	7%		
	Dawyck	10	0%		
	Logan	56	2%		
Transport	Fleet	21	0%	£140,174	
	Business	277	8%		
Further Sources	Waste	Landfill	35	1%	£7,838
		Recycled	5		£2,806
	Water	14	0%	N/A	
Renewable energy	Generated	(13)			
		3,542	100%		

The carbon footprint has increased by 26% on 2014/15. This is in part due to improvements in data capture and reporting.

Dawyck hydro power turbine generates more than 23,000 kWh of electricity which is exported to the grid. This is a considerable contribution to the reduction of use of finite resources for use at this site. The turbine was improved further in FY 15/16 and will have improved generation in FY 16/17. The Edinburgh garden has recently installed two sets of solar PVs on two recently refurbished buildings. These will contribute to the reduction in use of finite resources to power these buildings in the future.

All ICT data storage is being moved over to a purpose-built facility off site. This represents a saving in energy consumption by reducing the need for storing data with high energy cooling systems.

Recycling for all major waste streams is in place across all four sites.

A new collaborative Travel Contract was implemented in the gardens with benefits including management of information CO2 emissions and transparency on travel. A new Vehicle Hire contract was implemented with benefits including environmentally friendly vehicles. A new Stationery contract was implemented with benefits including a wider range of distribution centres to cut down on delivery miles/ emissions, range of recycled items, consolidated deliveries, reduction in packaging to cut down on waste, take waste back and recycle.

Biodiversity Group

The Dawyck BioBlitz was held from 5 p.m. on Friday 24 July to 5 p.m. on Saturday 25 July 2015. It proved to be an extremely successful event, yielding the highest species total of the three BioBlitzes held so far, 561. The success of the event would not have been possible without the help of Dawyck staff on the day. Feedback was positive and public engagement was good, with about 200 visitors. Planning the Benmore BioBlitz began almost as soon as the Dawyck one had ended and the event is scheduled to take place over a 48 hour period from 4 p.m. on Friday 15 July 2016 to 4 p.m. on Sunday 17 July 2016. Because of the size of the Benmore site it was thought necessary to have a 48-hour event.

Regular wildlife recording continued at Edinburgh throughout the year. Forty-five species were added to the Garden's wildlife list (covering all vertebrates and invertebrates) during the year, taking it from 746 on 1 April 2015 to 791 on 31 March 2016.

The Biodiversity Group Report submitted to Scottish Government was praised as an excellent example of good practice and will be used to provide an example to other institutions as guidance on how to produce such a report.

Key Management Personnel and Remuneration

The Trustees consider the Board of Trustees, the Regius Keeper and the Directors as comprising the key management personnel of the charity in charge of directing and controlling the charity and running and operating the charity on a day to day basis. Details of the Regius Keeper and Directors' remuneration are set out in the Remuneration report on page 23.

All Trustees give of their time freely. Details of trustee expenses and related party transactions are disclosed in notes 9a and 24 to the accounts.

Legal and Administrative Details

PRINCIPAL OFFICE

The Royal Botanic Garden, Edinburgh
20A Inverleith Row
Edinburgh, EH3 5LR

BANKERS

The Royal Bank of Scotland
Davidsons Mains Branch
38 Cramond Road South
Edinburgh, EH4 6AA

SOLICITORS

Shepherd & Wedderburn W.S.
Saltire Court
20 Castle Terrace
Edinburgh, EH1 2EG

Brodies LLP Solicitors
15 Atholl Crescent
Edinburgh, EH3 8HA

AUDITORS

External

Audit Scotland
4th Floor
102 West Port
Edinburgh EH3 9DN

Internal

Henderson Loggie
34 Melville Street
Edinburgh EH3 7HA

INVESTMENT ADVISERS

Adam & Company Investment Management Limited
25 St Andrew Square
Edinburgh EH2 1AF

Appointment of Auditors

In terms of Schedule 1 to the National Heritage (Scotland) Act 1985, an auditor appointed by the Auditor General for Scotland audits the statement of accounts prepared by the Board of Trustees in respect of each financial year. Scottish Ministers lay copies of it and the auditor's report before the Scottish Parliament.

Payment Policy

It is the Garden's policy to settle all debts with its creditors within 30 days but wherever possible to comply with the Scottish Government requirement to pay within 10 days.

The average had been 8 days; however 'downtime' due to the implementation of a new payment system in March increased the overall average time to 15 days.

Investment Policy and Performance

It is the policy of the Royal Botanic Garden Edinburgh to keep capital balances intact, and use only the income generated for expenditure related to the charity. However, in exceptional circumstances Trustees may, at their discretion, consider the use of capital for specific projects. The portfolio is managed by Investment Managers using a Total Return approach. During the year dividend income of £20k was received; the investment portfolio increased in value by 5.67% against a benchmark of 5.01%.

Reserves Policy

The Reserves of the organisation are explained in Note 1 of the accounts. The Trustees view is that a target level of £100k of unrestricted reserves is desirable to give the organisation flexibility to cope with funding fluctuations. The unrestricted funds as at 31 March 2016 were £96k (£1,257k 2014/15, restated to £1,084k) made up of £0k on the General Fund and £96k on the Board Reserve.

Equal Opportunities Policy

RBGE is actively committed to ensuring that all staff, volunteers, students and customers are treated equally irrespective of their sex, marital status, age, race, ethnic origin, sexual orientation, disability, religion or social background, any pregnancy or maternity, gender reassignment, or marriage / civil partnership status.

Although not covered by the specific duty of the Equalities Act, RBGE is committed to the general duty. To this end we endeavour to ensure the organisation has due regard for the need to eliminate unlawful discrimination, continue to advance equality of opportunity, and continue to foster good relations between people regardless of their background.

As part of this, RBGE recently became a member of the Athena Swan network and submitted an application for their bronze award charter.

Employee Consultation

The management of RBGE consults collectively with the representatives of our two recognised trades unions, Prospect and Unite. Although the formal Whitley Committee mechanisms are still in place, a slightly less formal Partnership agreement has been agreed and put in place. Partnership meetings, involving the Regius Keeper and a Director along with the Head of HR, take place with staff representatives twice each year.

Following on from our staff surveys, significant work has also been undertaken in the area of general staff engagement. A number of workshops have taken place with new initiatives in areas such as communication, employee voice etc. have been produced. Overall, the level of engagement at RBGE remains high at around 80%.

Mental health has also been part of our work, recognising this as an increasingly important issue. We have run a number of awareness sessions for line managers and plan to train a small number of staff as recognised 'mental health first aiders' going forward.

Employee Gender Analysis

Gender	Directors / Senior Managers	Other Staff
Male	4	118
Female	1	126

Senior managers are defined as 'any member of staff at Senior Civil Service (SCS) level or equivalent'. This only applies to the Regius Keeper and Directors within RBGE.

Personal Data Related Incidents

There were no personal data related incidents during the year.

Sickness Absence Data

During 2015/16 the average number of day's absence per employee was 5.71, lower than the 6.32 days reported for 2014/15, and significantly lower than the national average reported by CIPD of 9.1 days in the public sector. Short term absence in 2015/16 has reduced significantly compared to 2014/15, from 862 days to 663 days. Long term sickness (defined as over 20 consecutive days of absence), has also reduced from 749 days in 2014/15 to 719 in 2015/16.

Disclosure of Relevant Audit Information

All reasonable steps have been taken to ensure that all relevant audit information has been disclosed to the auditors and to the best of our knowledge there is no relevant audit information of which the auditors are unaware.



Sir Muir Russell KCB FRSE
Chairman of the Board of Trustees

5 October 2016



Mr Simon Milne MBE
Regius Keeper and Accountable
Officer

5 October 2016

Remuneration Report 2015-16

Remuneration Policy

The remuneration of the Regius Keeper is set by the Board of Trustees but requires the agreement of the Scottish Government. This remuneration is reviewed annually by the Remuneration Committee. The following were members of the Remuneration Committee during the period covered by the Accounts:

Sir Muir Russell KCB DL FRSE
Diana Murray MA FRSE FSA FSAScot MIFA
Tim Rollinson CBE

The Regius Keeper and Director of Corporate Services attend meetings of the Committee as required to provide advice/information when requested, but are not involved in the decision making process.

The remuneration of the senior management is reviewed annually. The Garden operates delegated pay and grading arrangements and is responsible for negotiating pay settlements within a pay remit agreed with the Scottish Government. A formal annual review process is in place for all staff, including senior management.

As part of its advisory and review role, the Remuneration Committee considers the following:

- The need to recruit, retain and motivate suitably able and qualified people;
- Government policies for improving public services;
- The affordability of recommendations for salary review.

Service Contracts

Although senior management are not civil servants, RBGE follows the principles of the Civil Service Commissioners' Recruitment Code, which requires all indefinite appointments to be made on merit on the basis of fair and open competition.

The employees covered by this report hold indefinite appointments. Early termination, other than for misconduct, may result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

The following sections of the Remuneration Report are subject to audit by Audit Scotland.

Benefits in kind

No benefits in kind were received by senior management during the year.

Pension

Pension benefits are provided to senior management on the same basis as all other staff in the Principal Civil Service Pension Scheme which is described in Note 9(f) in the accounts.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme.

A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

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

CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real Increase in CETV

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

Name/Title/Age	Salary 15-16 including performance pay	Salary 14-15 including performance pay	Value of pension benefits for single total figure 2015-16	Value of pension benefits for single total figure 2014-15	Single total figure of remuneration 2015-16	Single total figure of remuneration 2014-15	Real increase in pension and related lump sum at pension age	Accrued pension at pension age as at 31/3/16 and related lump sum	CETV at 31/3/15	CETV at 31/3/16	Real increase in CETV
Mr S Milne Regius Keeper 57	£90 - £95k	£90 - £95k	£36,445 (Alpha)	£33,881 (PCSPS)	£130 - £135k (Alpha)	£125 - £130k (PCSPS)	£0 - £5k. No lump sum (Alpha)	£0-£5k. No lump sum (PCSPS) £0-£5k. No lump sum (Alpha)	£32k	£34k (PCSPS) £30k (Alpha)	-£1k (PCSPS) £24k (Alpha)
Dr A Macnab, Director of Corporate Services 61	£75 - £80k	£75 - £80k	£19,970	£18,497	£95 - £100k	£90 - £95k	£0 - £5k plus £0 - £5k lump sum	£15-£20k plus £45 - £50k lump sum	£335k	£350k	£19k
Ms H Jackson Director of Enterprise 55	£70 - £75k	£70 - £75k	£18,603 (PCSPS) £9,514 (Alpha)	£26,221	£90-95k (PCSPS) £80 - £85k (Alpha)	£95 - £100k (PCSPS)	£0 - £5k. No lump sum (PCSPS & Alpha)	£10-£15k. no lump sum (PCSPS) £0-£5k. No lump sum (Alpha)	£121k	£149k (PCSPS) £7k (Alpha)	£10k (PCSPS) £6k (Alpha)
Dr P Hollingsworth, Director of Science 47	£70 - £75k	£65 - £70k	£9,549 (PCSPS) £27,755 (Alpha)	£21,455	£80 - £85k (PCSPS) £95k-£100k (Alpha)	£90 - £95k (PCSPS)	£0 - £5k plus £0 - £5k lump sum (PCSPS) £0 - £5k. No lump sum (Alpha)	£15-£20k plus £45 - £50k lump sum £0-£5k. No lump sum (Alpha)	£236k	£265k (PCSPS) £17k (Alpha)	£7k (PCSPS) £12k (Alpha)
Mr K Reid Director of Horticulture 52 (from 03/08/15 until 31/03/16)	£65 - £70k (£43 - £47k Actual)	N/A	£17,135 (Alpha)	N/A	£80k - £85k (Alpha)	N/A	£0 - £5k. No lump sum (Alpha)	£0 - £5k. No lump sum (Alpha)	N/A	£12k (Alpha)	£9k (Alpha)

The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

Remuneration Comparison

The banded remuneration of the highest paid 'director' at RBGE in the financial year 2015-16, taken as a full year equivalent, was £90-95k (2014-15 was £90-95k). The median of this range was 3.5 times (2014-15 4 times) the median remuneration of the workforce, which was £26,104 (2014-15 £23,162).

In 2015-16, no employees received remuneration in excess of the highest paid director, the same figure as for 2014-15. Remuneration ranged from £15,366 FTE to £90-95k (2014-15 - £14,975 to £90-95k).

Total remuneration includes salary, non-consolidated performance-related pay, and benefits in kind, as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

No performance-related payments were made in 2015-16 or in 2014-15 in accordance with Scottish Government pay policy.

Compensation for Loss of Office

No Directors have been paid compensation to leave during 2015-16. Two members of staff left under a Voluntary Exit Scheme during 2015-16 (see note 9g for details).



Mr Simon Milne MBE
Regius Keeper and Accountable Officer
5 October 2016

Statement of Board's And Regius Keeper's Responsibilities

Under paragraph 20 of Schedule 1 of the National Heritage (Scotland) Act 1985, the Board of Trustees of the Royal Botanic Garden Edinburgh is required to prepare, in accordance with best commercial practice, a consolidated statement of accounts dealing with the RBGE and its subsidiary companies (together referred to as the "group") for each financial year in the form and on the basis determined by Scottish Ministers. The accounts are prepared on an accruals basis and give a true and fair view of the group's state of affairs at the year-end and of its income and expenditure and cash flows for the financial year.

In preparing the accounts the Board is required to:

- Observe the accounts direction issued by Scottish Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards have been followed, and disclose and explain material departures in the financial statements;
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Group will continue in operation.

The Accountable Officer for the Scottish Government Rural and Environment, Science and Analytical Services Division (RESAS) has designated the Regius Keeper as the Accountable Officer for the Royal Botanic Garden Edinburgh. His relevant responsibilities as Accountable Officer, including his responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the Financial Memorandum of the Royal Botanic Garden Edinburgh issued by Scottish Ministers.

Governance Statement

STRUCTURE, GOVERNANCE AND MANAGEMENT

Board of Trustees

Scottish Ministers appoint the Trustees of the Royal Botanic Garden Edinburgh. The following were members of the Board during the period covered by the Accounts:

Chairman

Sir Muir Russell KCB FRSE

Trustees

Professor Iain Gordon F Biol FRSE (Retired 31 August 2015)

Patricia Henton FRSE

Angela McNaught BSc FCCA

Professor Thomas Meagher

Diana Murray MA FRSE FSA FSAScot MIFA

Tim Rollinson CBE

Professor Beverley Glover

Professor Ian Wall FRSE, FRICS, Hon FRIAS

The Board of Trustees is responsible for developing and approving policy and strategy for RBGE. In practice, both are developed jointly by Trustees and management, and adopted formally by the Board. Management has a responsibility for ensuring effective processes and deployment of resources for optimum performance. Implementation and operation are solely the responsibility of the Regius Keeper and Senior Management Team. The Corporate and Business Plans, along with the Framework Document are in place to enable RBGE and the Scottish Government to develop a shared understanding of the joint priorities over the medium term which contribute towards delivery of the Scottish Government's National Outcomes, and to ensure that RBGE's corporate communications and engagement strategies fully reflect these. The Corporate Plan runs for a period of five years and following approval by the Board of Trustees is submitted for final approval to the Cabinet Secretary for Rural Affairs, Food and Environment. The current Plan is valid from 2015-2020. The RBGE develops an Annual Operational (Business) Plan which reflects our strategic goals contained in the Corporate Plan and provides the necessary guidance and performance measures for our staff to achieve our aims. There are clear links between our staffs' objectives and those contained in the Business Plan, thereby ensuring full alignment.

None of the Board members have any financial interests in the Royal Botanic Garden Edinburgh. Details of relationships between RBGE and related parties are provided in Note 24 to the accounts. We have met the Scottish Government's Partnership for Change agenda by having 50/50 gender split on our Board.

When a requirement arises to appoint a new Trustee the RBGE works with the Scottish Government's sponsor team and Public Appointment Centre of Excellence (PACE) to ensure appointment rounds and other appointment activity is conducted in line with the Codes of Practice for Ministerial Appointments to Public Bodies in Scotland. On appointment Trustees sign a code of conduct and complete a Register of Interests. The latter is renewed annually. They are given a Trustee Handbook that includes the National Heritage (Scotland) Act 1985 that sets out the remit of RBGE, Scottish Government's 'On Board: A Guide for Board Members of Public Bodies in Scotland', the Framework Document, Risk Register, Staff Handbook, Statement of Roles and Responsibilities of RBGE Trustees and the latest Corporate Plan. New Trustees meet with the Regius Keeper, Chairman of Trustees and Board Secretary and are invited to an induction tour of the Garden. According to their skills and aptitude they take

responsibility for activity areas by appointment to a committee. Training needs are assessed and met and Trustees participate in an annual strategy day, held in October, where major risks are reviewed.

The Board met four times during the period covered by the accounts. The Board operates in accordance with the 'Principles of Corporate Governance' as set out in 'On Board: A Guide for Board Members of Public Bodies in Scotland' published by the Scottish Government.

The Royal Botanic Garden Edinburgh also has a **Science Advisory Committee**. The aim of the group is to advise the RBGE Board of Trustees, the Regius Keeper, and the Director of Science, on:

- RBGE's science and conservation strategy
- The wider scientific, environmental and policy context in which RBGE's science sits, to inform its remit and collaborative opportunities
- Opportunities for increasing research grant income
- Opportunities for increasing the international profile and impacts of the scientific and biodiversity activities of RBGE

The members of this committee are:

Professor Thomas Meagher
Professor Beverley Glover
Professor Janet Sprent FRSE (Emeritus)
Professor Simon Hiscock
Professor Susanne Renner
Dr Ian Bainbridge
Professor John Grace (Emeritus) FRSE
Professor Janis Antonovics, PhD, FRS, FLS

The Regius Keeper and Accountable Officer

The Regius Keeper and Accountable Officer is Mr Simon Milne MBE.

Audit Committee

The following were members of the Audit Committee during the period covered by the accounts:

Angela McNaught BSc FCCA (Chair)
Tim Rollinson CBE
Professor Ian Wall FRSE, FRICS, Hon FRIAS

The Committee met four times during the period covered by the accounts.

Investment Committee

The following were members of the Investment Committee during the period covered by the accounts:

Professor Ian Wall FRSE, FRICS, Hon FRIAS (Chair)
Angela McNaught BSc FCCA

The Committee met once during the period covered by the accounts.

Scope of Responsibility

The Regius Keeper, as Accountable Officer, and the Board of Trustees, have joint responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives, set by Scottish Ministers, whilst safeguarding the public funds and assets for which the Regius Keeper is responsible in accordance with the responsibilities assigned to him in the Scottish Public Finance Manual (SPFM).

The SPFM is issued by the Scottish Ministers to provide guidance to the Scottish Government and other public bodies on the proper handling of public funds. It is mainly designed to ensure compliance with statutory and Parliamentary requirements, promote value for money and high standards of propriety, and secure effective accountability and good systems of internal control.

In addition, the Regius Keeper is accountable to the Principal Accountable Officer, the Director General for Enterprise, Environment and Innovation within Scottish Government, to enable him to discharge his overall responsibility for ensuring that RBGE, as a Scottish Government Non-Departmental Public Body, has adequate financial systems and procedures in place.

Purpose of the System of Internal Control

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve the organisation's policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an on-going process designed to identify the principal risks to the achievement of the organisation's policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

The process within the organisation accords with the SPFM and has been in place for the year ended 31 March 2016 and up to the date of approval of the annual report and accounts and accords with guidance from the Scottish Ministers. The Regius Keeper has received assurances from all Directors about operations and internal controls under their remit and no issues have been identified.

Organisational Risk Management

Risk Strategy and Risk Management

With the wide range of activities at RBGE and the diverse groups of stakeholders it serves it is essential that RBGE's approach to, and appetite for, risk is carefully assessed. The objectives set out in RBGE's Corporate Plan are directly aligned with 5 of the National Outcomes determined by Scottish Ministers to ensure maximum benefit from the RBGE's activities.

Strategic leadership on risk management comes from the Senior Management Team with oversight by the Board of Trustees. The Strategic Risk Register is updated by the Senior Management Team on a quarterly basis. Annually the Board of Trustees complete a review of the Key Strategic Risks; this review coincides with the Trustees' annual strategic review.

The risk appetites for both the Board and the Senior Management Team have been identified and the aim of the risk management process is to ensure that risks are contained within these limits. Where they are unable to be so managed specific

reports are provided. High risks are reported quarterly, medium risks six monthly, and low risks annually in our performance reports to ensure that the risk management process is embedded in our operational management of the Institution.

At the detailed level, individual Directors are responsible for the implementation of risk management within their Division and the Senior Management Team monitors the progress of action taken to manage these risks and for the emergence of new risks which are then updated in the quarterly performance report. The current major risks are reported below.

Comprehensive guidance has been produced and widely disseminated, including via the Intranet, on risk awareness and risk management, and a robust risk assessment methodology has been implemented. The Senior Management Team and managers are responsible for assessing risk appetite, using a framework of key documents including the Corporate Plan, Financial Regulations, Collections Management Policies, Procurement Manual, Staff Handbook and the Health and Safety Policies.

Major Risks to RBGE Strategy

The major risks faced by the Royal Botanic Garden were reviewed by the Directors on a quarterly basis and their findings reported to the Board of Trustees. The Board carries out their own independent assessment once per year and the most serious risks that face the RBGE have been determined by the Board as follows:

Failure to maintain the built environment and infrastructure services at all four sites in conditions that facilitate our strategic objectives

Mitigating actions are:

- Develop and implement Strategic Asset Management Plan
- Identify extent and location of maintenance need by Condition Survey
- Develop a prioritised maintenance plan, seeking to target key areas accordingly
- Ensure Statutory Compliance takes priority at all times
- Consider closing non mission critical assets if cannot be adequately maintained
- Ensure facilities meet operational requirements
- Ensure Scottish Government aware of maintenance backlog and seek appropriate funding
- Emergency response to replace glass in accordance with current safety procedures until nursery glasshouse is complete (late 2016)

Failure to deliver and fund the North East Corner Masterplan project if approved

Mitigating actions are:

- Ensure clear internal Governance structure and processes in place
- Gateway Review process is fully adhered to
- Develop robust business case to ensure Board and Government support
- Seek support from external agencies for grant funding

Financial Management and Control

RBGE maintains systems of internal financial control which are managed by the Finance Department. Guidance on all financial systems is available to staff on the Intranet. Financial management is supported through monthly management accounts to the Senior Management Team, and quarterly reporting to the Board of Trustees.

Financial information is frequently reviewed during monthly meetings of the Senior Management Team and is available to all budget holders so that they can monitor their performance against budgets at any time.

Fraud Risk Management

RBGE's policies relating to fraud are set out in the Staff Handbook and available on the intranet. These detail the steps taken to manage the risk of fraud and how to respond to fraudulent activity if it is suspected or discovered. Processes are in place to ensure that policies for counter-fraud are consistent with Scottish Government guidance, including a review of current counter-fraud activity. Robust reporting procedures have been adopted by RBGE.

There is also a Whistleblowers Procedure set out in the Staff Handbook and a member of the Board of Trustees is appointed so as to be directly available to whistleblowers.

Project Management

For major capital projects a Project Board involving representatives of Scottish Government is established and a separate risk register is maintained for each such project. Smaller projects are managed directly by RBGE Directors and the Estates Management Department. Major capital projects have gateway reviews and post project appraisals carried out. Non-capital projects, including externally funded research projects and consultancy work are managed through line managers within the Divisions and progress is monitored and significant financial variances are reported within the monthly management accounts.

Best Value

In accordance with the principles of Best Value, the RBGE aims to foster a culture of continuous improvement. As part of this regime, Directors and managers are encouraged to review, identify and improve the efficient and effective use of resources. Arrangements have been made to secure Best Value, as set out in the Scottish Public Finance Manual. Business cases for major capital investment are produced where spending limits require it.

A member of the Scottish Government Shared Procurement Service has been embedded at RBGE and assists with all procurement activities to ensure compliance with regulations, directives and guidelines. As a consequence we anticipate obtaining best value and making substantial savings from public expenditure in our procurement processes.

Other Government Policies

The RBGE subscribes to diversity initiatives in the Boardroom but also is putting in place a process under the auspices of Athena SWAN (Scientific Women's Academic Network) to increase opportunities for equalities within the workplace. We pay, as a minimum, the Scottish Living Wage and have required all new bids for contracts to provide evidence that a similar intention exists by the bidding contractor. The RBGE engages with Scotland's Digital Future as much as resources can permit and we will be reporting separately under the Climate Change (Scotland) Act.

Information Management

As one of Scotland's National Collections, RBGE holds unique information resources relating to its living and preserved collections of plants, its library and archives. Increasingly these information resources are being captured in digital form, which

provides for the wider dissemination of information via the internet and also for digital archives to be securely backed up and managed within a Business Continuity Plan.

In addition RBGE undertakes to ensure correct management of any personal data and is not aware of any sensitive personal data related incidents during the year 2015/16.

Workforce

A workforce plan is in place and is reproduced in our annual Corporate and Business Plans. This shows assumptions about staffing turnover. Our Human Resources Department undertakes an annual survey to measure levels of employee engagement.

Publication Scheme

The RBGE has a publications scheme that is available on our website.

Review of Effectiveness

The Regius Keeper (as Accountable Officer) and the Board of Trustees have responsibility for reviewing the effectiveness of the system of internal control. RBGE's review of the effectiveness of the system of internal control is informed by the work of the Senior Management Team, supported by the findings of the programme of internal audit and comments made by the external auditors in their management letter and other reports.

At each quarterly Board of Trustees meeting, the Trustees receive an update on key operational matters including risks from the Regius Keeper, and a copy of the quarterly Performance Report.

The Internal Auditors reviewed two areas during the year:

- Core Financial Systems
- Project Management

In addition there was a follow up report on the status of previous recommendations.

The Internal Auditor's Reports made recommendations in a number of areas, none of which were classified as fundamental issues which required review by the Board.

Assessment of Corporate Governance

The RBGE's arrangements for corporate governance comply with generally accepted best practice principles and relevant guidance as set out in the Scottish Public Finance Manual and therefore meet the governance requirements of the Board of Trustees and Scottish Government. There are no significant issues of governance / internal control to be reported.



Sir Muir Russell KCB FRSE
Chairman of the Board of Trustees

5 October 2016



Mr Simon Milne MBE
Regius Keeper and Accountable
Officer

5 October 2016

Independent auditor's report to the members of the Board of Trustees of the Royal Botanic Garden Edinburgh, the Auditor General for Scotland and the Scottish Parliament.

I have audited the financial statements of the Royal Botanic Garden Edinburgh and its group for the year ended 31 March 2016 under the National Heritage (Scotland) Act 1985 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the RBGE Statement of Financial Activities, Consolidated Statement of Financial Activities, Consolidated Balance Sheet, Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Financial Reporting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Auditor General for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of Accountable Officer and auditor

As explained more fully in the Statement of Board's and Regius Keeper's Responsibilities, the Accountable Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and is also responsible for ensuring the regularity of expenditure and income. My 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) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors. I am also responsible for giving an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

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 body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accountable Officer; and the overall presentation of the financial statements. It also involves obtaining evidence about the regularity of expenditure and income. In addition, I read all the financial and non-financial information in the Annual Report and Consolidated Accounts 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 me in the course of performing the audit. If I become aware of any apparent material misstatements, irregularities, or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view in accordance with the National Heritage (Scotland) Act 1985 and directions made thereunder by the Scottish Ministers of the

state of the body'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 National Heritage (Scotland) Act 1985 and directions made thereunder by the Scottish Ministers, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Opinion on regularity

In my opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Opinion on other prescribed matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the National Heritage (Scotland) Act 1985 and directions made thereunder by the Scottish Ministers; and
- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required by the Charities Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

- proper accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- the Governance Statement does not comply with guidance from the Scottish Ministers.

I have nothing to report in respect of these matters.

Rachel Browne

Rachel Browne
Senior Audit Manager
Audit Scotland
4th Floor
102 West Port
Edinburgh
EH3 9DN

7 October 2016

Rachel Browne is eligible to act as an auditor in terms of section 21 of the Public Finance and Accountability (Scotland) Act 2000.

RBGE Statement of Financial Activities for the year ended 31 March 2016

2014/15 comparatives can be found at note 2a to the accounts

	Note	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	2015/16 Total Funds £000	2014/15 Restated Total Funds
Income and Endowments from:						
Scottish Government	3	8,495	1,110		9,605	9,795
Donations and Legacies	4	977	1,958		2,935	2,431
Charitable activities	5	1,601	162		1,763	1,494
Other trading activities		548	107		655	506
Investments		14		23	37	39
Total income and Endowments		11,635	3,337	23	14,995	14,265
Expenditure on:						
Raising funds		188			188	373
Charitable activities						
Collections		4,019	429		4,448	6,154
Visitor offer		2,952	818		3,770	2,129
Education		1,240	253	8	1,501	1,048
Scientific research		3,047	1,811		4,858	4,913
Total Expenditure		11,446	3,311	8	14,765	14,617
Net gains/(losses) on investments				(56)	(56)	36
Net income/(expenditure)		189	26	(41)	174	(316)
Extraordinary items – donation to Botanic Foundation	8b	(800)			(800)	
Transfer between Funds	17	(376)	376		0	
Other recognised gains/(losses):						
Gains/(losses) on revaluation of fixed assets			715		715	414
Net movement in funds		(987)	1,117	(41)	89	98
RESERVES AS AT 1 APRIL 2015		1,082	46,651	1,202	48,935	48,837
RESERVES AS AT 31 MARCH 2016		95	47,768	1,161	49,024	48,935

All recognised gains and losses have been included within the Statement of Financial Activities.
All activities are classed as continuing.

The notes on pages 38 to 60 form part of these accounts.

Consolidated Statement of Financial Activities for the year ended 31 March 2016

2014/15 comparatives can be found at note 2b to the accounts

	Note	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	2015/16 Total Funds £000	2014/15 Restated Total Funds £000
Income and Endowments from:						
Scottish Government	3	8,495	1,110		9,605	9,795
Donations and Legacies	4	977	1,958		2,935	2,431
Charitable activities	5	1,601	162		1,763	1,494
Other trading activities	6	580	107		687	685
Investments	7	13		23	36	37
Total Income and Endowments		11,666	3,337	23	15,026	14,442
Expenditure on:						
Charitable activities						
Collections		4,019	429		4,448	6,154
Visitor offer		2,952	818		3,770	2,129
Education		1,240	253	8	1,501	1,048
Scientific research		3,047	1,811		4,858	4,913
Raising Funds		220			220	533
Total Expenditure	8a	11,478	3,311	8	14,797	14,777
Net gains/(losses) on investments				(56)	(56)	36
Net income/(expenditure)		188	26	(41)	173	(299)
Extraordinary items – donation to Botanic Foundation	8b	(800)			(800)	
Transfer between Funds	17	(376)	376		0	
Other recognised gains/(losses):						
Gains/(losses) on revaluation of fixed assets	19		715		715	414
Net movement in funds		(988)	1,117	(41)	88	115
RESERVES AS AT 1 APRIL 2015	1a	1,084	46,651	1,202	48,937	48,822
RESERVES AS AT 31 MARCH 2016		96	47,768	1,161	49,025	48,937

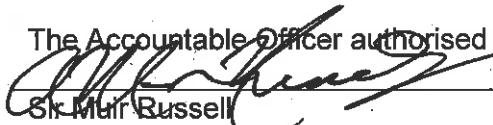
All recognised gains and losses have been included within the Statement of Financial Activities.
All activities are classed as continuing.


The notes on pages 38 to 60 form part of these accounts.

Consolidated Balance Sheet as at 31 March 2016

	Notes	RBGE		Consolidated	
		2016 £000	2015 Restated £000	2016 £000	2015 Restated £000
Fixed Assets					
Other tangible assets	11	46,484	45,340	46,486	45,344
Intangible assets	12	22	34	22	34
Investments	13a	644	939	579	870
		<u>47,150</u>	<u>46,313</u>	<u>47,087</u>	<u>46,248</u>
Current Assets					
Stock	14	124	101	124	101
Debtors	15	1,007	1,436	649	1,093
Current asset investments	13b	106	655	106	655
Cash at bank and in hand	23	3,847	2,958	4,278	3,377
		<u>5,084</u>	<u>5,150</u>	<u>5,157</u>	<u>5,226</u>
Current Liabilities					
Creditors: Amounts falling due within one year	16	(2,829)	(2,062)	(2,838)	(2,071)
		<u>2,255</u>	<u>3,088</u>	<u>2,319</u>	<u>3,155</u>
Net Current Assets					
Total Assets less Current Liabilities		<u>49,405</u>	<u>49,401</u>	<u>49,406</u>	<u>49,403</u>
Creditors: Amounts falling due after more than one year					
	16	(381)	(466)	(381)	(466)
Total Assets less Liabilities		<u>49,024</u>	<u>48,935</u>	<u>49,025</u>	<u>48,937</u>
CAPITAL AND RESERVES					
General Funds					
Accumulated surplus on the general fund	17		458		458
Board reserve fund: trustee funds	17	95	624	96	626
Total Unrestricted Funds		<u>95</u>	<u>1,082</u>	<u>96</u>	<u>1,084</u>
Restricted Funds					
Capital revaluation reserve	17	16,130	15,415	16,130	15,415
Capital grants fund	17	30,683	30,362	30,683	30,362
Project fund	17	955	874	955	874
Total Restricted Funds		<u>47,768</u>	<u>46,651</u>	<u>47,768</u>	<u>46,651</u>
Endowment Funds					
Ferguson Bequest	17	1,017	878	1,017	878
Education Endowment	17	35	29	35	29
QMMG Endowment	17	29	30	29	30
Investments Revaluation Reserve	17	80	265	80	265
Total Endowment Funds		<u>1,161</u>	<u>1,202</u>	<u>1,161</u>	<u>1,202</u>
		<u>49,024</u>	<u>48,935</u>	<u>49,025</u>	<u>48,937</u>

The Accountable Officer authorised these statements for issue on 5th October 2016


 Sir Muir Russell
 Chairman of the Board of Trustees
 5 October 2016


 Mr Simon Milne
 Regius Keeper and Accountable Officer
 5 October 2016

The notes on pages 38 to 60 form part of these accounts.

Consolidated Statement of Cash Flows for the year ended 31 March 2016

		2015/16	2014/15
	Notes	£000	£000
Net cash (used in) / provided by operating activities	23	553	(118)
Cash flows from investing activities			
Interest received		14	17
Dividends received	7	0	20
Payments to acquire fixed assets	11 & 12	(2,358)	(1,685)
Payments to acquire investments		0	(69)
Receipts from sale of investments		250	97
Decrease/ (increase) in current asset investments	13b	549	224
Net cash provided by (used in) investing activities		(1,545)	(1,396)
Cash flows from financing activities			
Capital funding from Scottish Government	3	1,110	1,200
Other capital grants	4	783	431
Endowment Funds		0	61
Cash provided by (used in) financing activities		1,893	1,692
Change in cash and cash equivalents in the reporting period		901	178
		2015/16	2014/15
		£000	£000
Change in cash and cash equivalents in the reporting period		901	178
Cash and cash equivalents at the beginning of the reporting period		3,377	3,199
Cash and cash equivalents at the end of the reporting period		4,278	3,377

The notes on pages 38 to 60 form part of these accounts.

Notes to the Accounts for the year ended 31 March 2016

1. ACCOUNTING POLICIES

a) Basis of accounting

The accounts have been prepared under the historical cost convention modified by the revaluation of tangible fixed assets and investments at their market value. The accounts have been prepared in accordance with an Accounts Direction given by Scottish Ministers in accordance with paragraph 20(3) of Schedule 1 of the National Heritage (Scotland) Act 1985. The Accounts Direction can be found at the end of these accounts.

The Accounts Direction requires RBGE to prepare the accounts in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM) which is in force for the year for which the statement of accounts are prepared. As a non-departmental public body which is also a registered charity, the FReM requires that the accounts comply with the Charities and Trustee Investment (Scotland) Act (2005), the Charities Accounts (Scotland) Regulation (2006) and the Statement of Recommended Practice Accounting and Reporting by Charities (SORP FRS102) (effective January 2015) and provide any additional disclosures as required by the Manual. In addition to the requirements of the SORP, our sponsoring department has also directed us to prepare an Income and Expenditure Summary which can be seen at note 27.

In preparing the accounts, the trustees have considered whether, in applying the accounting policies required by the Charities SORP FRS102, the restatement of comparative items was required. Following the introduction of the new SORP, RBGE was required to identify the 'cost' of holiday entitlement carried forward for the financial year (2014/15), which was estimated at £175,000. Whilst RBGE would not be likely to pay out this level of carry forward holiday with actual payments amounting to £3,742 in 2015/16 (£11,876 in 2014/15), we are required to present this as a short term liability in our 2014/15 accounts and review on an annual basis.

Reconciliation of group funds and balances

	Unrestricted £000	Restricted £000	Endowment £000	Total £000
Fund balances as previously stated at 31 March 2015	1,259	46,651	1,202	49,112
Short-term compensated absences	(175)			(175)
Fund balances restated as at 31 March 2015	1,084	46,651	1,202	48,937

The accounts are prepared on the going concern basis which provides that the entity will continue in operational existence for the foreseeable future.

The accounts are prepared in sterling which is the functional currency of the charity. Monetary amounts are to the nearest £1,000.

The charity's legal form and address of main office are shown at pages 4 and 18 of the Trustees' Report.

In preparing the accounts we have complied with FRS102 and SORP FRS102.

b) Basis of consolidation

The consolidated accounts, ("the Group") include the accounts of the Royal Botanic Garden Edinburgh ("RBGE") and its subsidiary company, The Botanics Trading Company Limited ("BTC"), for the year ended 31 March 2016. The accounts were consolidated on a line by line basis for assets and liabilities.

c) Asset Policy

- i) The title to the land and buildings administered by the Board is held in the name of the Scottish Ministers. The Board holds a 99 year lease covering the use of these assets. Nevertheless, on the direction of the Scottish Ministers, these fixed assets have been valued and are included in the Balance Sheet. The method of valuation for specialised properties, that is land and buildings for which there is effectively no market, is depreciated replacement cost. Other properties are valued at open market value for existing use.
- ii) All items of capital expenditure greater than £5,000 are treated as additions to tangible fixed assets. Land and buildings are subject to 5 yearly full revaluation by a valuer with indexation applied annually in the intervening years. Depreciation is charged on the basis of the revalued amounts for land and buildings and on historic cost for other tangible fixed assets. Historic costs are not disclosed as required by the SORP as, in accordance with the Government Financial Reporting Manual, this adds no information of value to the accounts.
- iii) Land is not depreciated. Depreciation is provided on all other fixed assets at rates calculated to write off their valuation, less estimated residual value, evenly over the remainder of their expected lives. The principal rates used are based on estimated lives as follows:

Buildings	10-50	Years
Garden Machinery	5-10	Years
Scientific Equipment	4-5	Years
Office Equipment	3-5	Years
Motor Vehicles	4	Years
Intangible Assets	3-5	Years

d) Heritage Assets

A heritage asset is defined as a tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

The collections of specimens, reference books and other material related to work at the Royal Botanic Garden Edinburgh as at 31 March 2001 have not been capitalised in these accounts in line with HM Treasury Guidance for non-operational heritage assets. Individual items acquired after 1 April 2001 with a value at the date of acquisition in excess of £5,000 are capitalised. Under HM Treasury guidance, capitalised collection items are not depreciated or revalued.

The collections are truly "priceless" in that they cannot be valued meaningfully due to the number of items, lack of comparative market values and the diverse nature of the collections. It is not possible to obtain reliable cost or valuation information.

e) Income Policy

In the Statement of Financial Activities (SOFA), Grant in Aid including Capital Grant is credited to income in the year for which it is received. Income from donations and other grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.

Income from activities is accounted for on a receivable basis, net of VAT, with the exception of income from the Membership Scheme that is accounted for on a cash basis net of VAT. Gifts in Kind and Donated Services and Facilities have been included in the SOFA when they can be quantified with reasonable certainty.

f) Expenditure Policy

Within the Statement of Financial Activities the costs of the development and membership departments are shown as expenditure on raising funds. Staff and operating costs incurred in relation to governance are included within expenditure on charitable activities. These include internal and external audit, Trustees expenses and meeting costs. Charitable activities are those in furtherance of the RBGE's objectives. Indirect costs have been allocated on the basis of activity recording analysis.

Liabilities and provisions are recognised as expenditure as soon as there is a legal or constructive obligation committing RBGE to the expenditure.

g) Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of RBGE. Designated funds are unrestricted funds which the trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are to be used for the purpose specified by the donor.

h) Reserves

Reserves are analysed under the headings Restricted, Unrestricted and Endowment Funds. Restricted funds are those given to RBGE for specific purposes. Unrestricted funds are divided into the Board Reserve Fund and the General Fund. Each fund is described below.

i) Board Reserve Fund

The Board of Trustees, with the approval of Scottish Ministers, may undertake certain activities, the profits from which, together with donations and funds from other sources, including the results of the Botanics Trading Company, are taken to the Board Reserve. These funds may be used at the Board's discretion under the terms of the National Heritage (Scotland) Act 1985.

ii) General Fund

The General Fund represents the surplus or deficit on the Income and Expenditure Account after taking into account the movement attributed to other specific funds (including the Board Reserve).

iii) Endowment Fund

These are donations to RBGE that have been made by way of endowment. The Trustees either have no power to convert the capital to income (permanent endowment funds) or they do have the power to convert the capital into expendable income (expendable endowments). All of the RBGE endowment funds are expendable.

i) Stocks

Stocks are stated at the lower of cost or net realisable value or, if this is different by a material amount, their value to the business by reference to current costs.

j) Debtors

Trade and other debtors represent balances due from customers at the year end, less any specific doubtful debts.

k) Liabilities and Provisions

Liabilities and provisions, including trade creditors, are recognised as resources expended as soon as there is a legal or constructive obligation committing the charity to the expenditure.

l) Cash and cash equivalents

Cash is made up by balances held with the charity's bankers which are available on demand. It also includes petty cash and float balances.

m) Investments

Investments are carried in the balance sheet at market value in accordance with the SORP. The unrealised surplus or deficit relative to cost is dealt with in the revaluation reserve. Investment in subsidiary companies represents share capital and long term loans.

n) Taxation

RBGE is a charity within the meaning of the Charities and Trustee Investment (Scotland) Act 2005 and as such is a charity within the meaning of Para 1 of Schedule 6 to the Finance Act 2010 and is recorded on the index of charities maintained by the Office of the Scottish Charity Regulator (Charity Number SC007983). Accordingly, RBGE is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 (CTA 2010) (formerly enacted in Section 505 of the Income and Corporation Taxes Act 1988 (ICTA)) or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

RBGE is registered, as a group, for Value Added Tax and claims partial recovery of input VAT.

o) Pensions

RBGE participates in the Principal Civil Service Pension Scheme (PCSPS). This scheme is an unfunded multi-employer defined benefit scheme and participating organisations are unable to identify their share of the underlying assets and liabilities on a consistent and reliable basis. The cost recognised within the Statement of

Financial Activities will be equal to the contribution payable to the schemes for the year. Further details about the pension scheme is available at note 9f.

In the past RBGE has also provided enhanced pensions to former employees who accepted early retirement and provision is made on an actuarial basis for the liability to those former employees at the time of their retirement.

p) Financial Instruments

Financial assets (represented by lending and receivables) are carried in the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining period of the instrument, using the following assumptions:

- No early repayment or impairment is recognised
- Where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

q) Foreign Currency Policy

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the date of the transactions.

r) Intra Group Transactions

Gains or losses on any intra-group transactions are eliminated in full. Amounts in relation to debts and claims between undertakings included in the consolidation are also eliminated.

2. PRIOR YEAR COMPARATIVES

2a. RBGE Statement of Financial Activities for the year ended 31 March 2015

	Note	Unrestricted Funds	Restricted Funds	Endowment Funds	2014/15 Restated Total Funds £000
		£000	£000	£000	£000
Income and Endowments from:					
Scottish Government		8,595	1,200		9,795
Donations and Legacies		853	1,578		2,431
Charitable activities		1,408	86		1,494
Other trading activities		442	64		506
Investments		18	1	20	39
Total income and Endowments		11,316	2,929	20	14,265
Expenditure on:					
Raising funds		307	66		373
Charitable activities					
Collections		5,091	1,063		6,154
Visitor offer		1,840	289		2,129
Education		921	117	10	1,048
Scientific research		3,119	1,794		4,913
Total Expenditure		11,278	3,329	10	14,617
Net gains/(losses) on investments				36	36
Net income/(expenditure)		38	(400)	46	(316)
Transfer between Funds		(85)	85		
Other recognised gains/(losses):					
Gains/(losses) on revaluation of fixed assets			391	23	414
Net movement in funds		(47)	76	69	98
RESERVES AS AT 1 APRIL 2014		1,129	46,575	1,133	48,837
RESERVES AS AT 31 MARCH 2015		1,082	46,651	1,202	48,935

2b. Consolidated Statement of Financial Activities for the year ended 31 March 2015

	Note	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	2014/15 Restated Total Funds £000
Income and Endowments from:					
Scottish Government		8,595	1,200		9,795
Donations and Legacies		853	1,578		2,431
Charitable activities		1,408	86		1,494
Other trading activities		619	66		685
Investments		16	1	20	37
Total Income and Endowments		11,491	2,931	20	14,442
Expenditure on:					
Charitable activities					
Collections		5,091	1,063		6,154
Visitor offer		1,840	289		2,129
Education		921	119	8	1,048
Scientific research		3,119	1,794		4,913
Raising Funds		467	66		533
Total Expenditure		11,438	3,331	8	14,777
Net gains/(losses) on investments				36	36
Net income/(expenditure)		53	(400)	48	(299)
Transfer between Funds		(83)	85	(2)	
Other recognised gains/(losses):					
Gains/(losses) on revaluation of fixed assets			391	23	414
Net movement in funds		(30)	76	69	115
RESERVES AS AT 1 APRIL 2014		1,114	46,575	1,133	48,822
RESERVES AS AT 31 MARCH 2015		1,084	46,651	1,202	48,937

3. GRANT-IN-AID

	2016	2015
	£000	£000
Revenue Grant in Aid	8,495	8,595
Capital Grant	1,110	1,200
Total Grant from RESAS	9,605	9,795

4. DONATIONS AND LEGACIES

	2016	2015
	£000	£000
Income from Botanics Foundation	58	251
Gift Aid from BTC	436	386
Grants from UK Government entities	338	489
Grants from EU	101	148
Other grants	876	572
Donations	343	154
Capital grants – non-Grant-in-Aid	783	431
	2,935	2,431

5. INCOME FROM CHARITABLE ACTIVITIES

	2016	2015
	£000	£000
Admissions	497	377
Education charges	969	737
Rents receivable	34	23
Membership income	194	222
Other income from third parties	69	135
	1,763	1,494

6. OTHER TRADING ACTIVITIES

	2016	2015
	£000	£000
Trading company income	111	265
Commercial development	522	366
Commemorative programme	54	54
	687	685

Commercial development consists of theatrical events, venue hire, licensing and commercial publishing.

7. INVESTMENT INCOME

	2016	2015
	£000	£000
Dividends	23	20
Interest receivable	13	17
	36	37

8. EXPENDITURE

a)

	Staff costs £000	Dep'n £000	Other Direct Costs £000	Allocated Costs £000	2015/16 Total £000	2014/15 Restated £000
Charitable activities						
Collections	2,950	429	248	821	4,448	6,154
Visitor offer	882	817	504	1,567	3,770	2,129
Education	488	253	275	485	1,501	1,048
Scientific research	2,484	448	1,068	858	4,858	4,913
Raising Funds	159	1	60		220	533
Support Costs	1,271		2,460	(3,731)	0	0
Total	8,234	1,948	4,615	0	14,797	14,777

Support costs have been allocated as per note 1f. The cost of charitable activities includes the cost of support services (facilities management, finance, human resources, ICT, corporate services management, press and marketing) of £3,731k (2014/15 £3,613k).

b) The extraordinary item represents a donation of £800k from RBGE reserves to the Botanics Foundation.

9. TRUSTEES' REMUNERATION AND STAFF COSTS

a) Trustees' remuneration

Trustees do not receive any remuneration for their services. Travelling and subsistence expenses of £1,460 (2014/15 £870) in relation to eight trustees have been charged as part of other direct costs – Note 10.

b) Regius Keeper's remuneration

	2015/16 £000	2014/15 £000
Remuneration excluding pension contributions	93	91
Pension contributions	23	22
	116	113

Key management remuneration is included at page 23.

c) Employees with earnings above £60,000

Numbers of employees at	2015/16	2014/15
£60,000 - £69,999	3	4
£70,000 - £79,999	3	2
£80,000 - £89,999	0	0
£90,000 - £99,999	1	1
£100,000-£109,999	0	0

All of the above are members of the Principal Civil Service Pension Scheme.

d) Staff salaries and social security

	2015/16	2014/15
	£000	Restated
		£000
Salaries	6,504	6,532
Social security costs	447	432
Staff pensions	1,283	1,162
	<u>8,234</u>	<u>8,126</u>

e) The average number of full-time equivalent employees during the year analysed by function

	2015/16	2014/15
Horticulture	99.25	99.5
Science	52.75	53.5
Corporate Services	29.75	31.5
Externally funded	11.00	15.5
Directorate	2.00	2.00
Enterprise	26.25	26.5
	<u>221.0</u>	<u>228.5</u>

The average headcount during the year analysed by function

	2015/16	2014/15
Horticulture	108	108
Science	60	59
Corporate Services	33	34
Externally funded	13	18
Directorate	2	2
Enterprise	32	34
	<u>248</u>	<u>255</u>

f) Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials

show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 3% and 8.05% of pensionable earnings for members of classic (and members of alpha who were members of classic immediately before joining alpha) and between 4.6% and 8.05% for members of premium, classic plus, nuvos and all other members of alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% up to 30 September 2015 and 8% and 14.75% from 1 October 2015 (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary up to 30 September 2015 and 0.5% of pensionable salary from 1 October 2015 to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) - known as "alpha" are unfunded multi-employer defined benefit schemes but RBGE is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2012. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation [here](#).

For 2015-16, employers' contributions of £1,262,167.28 were payable to the PCSPS (2014-15 £1,117,985.22) at one of four rates in the range 20.0% to 24.5% of

pensionable earnings, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2015-16 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £19,424.59 were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable earnings up to 30 September 2015 and from 8% to 14.75% of pensionable earnings from 1 October 2015. Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £837.10, 0.8% of pensionable pay up to 30 September 2015 and 0.5% of pensionable pay from 1 October 2015, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £0. Contributions prepaid at that date were £0.

g) Compensation for Loss of Office

The total value of voluntary exit payments made was £46,000, under an RBGE voluntary exit scheme approved by Scottish Government. Payments were accounted for and paid in full during 2015/16, from RBGE in year-resources, for staff leaving on 31 December 2015 as follows:

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
£10,000 - £25,000	0 (0)	1 (0)	1 (0)
£25,000 - £50,000	0 (0)	1 (0)	1 (0)
Total cost /£	0 (0)	£46,254 (0)	£46,254(0)

Figures in brackets represent 2014/15 comparison.

10. OTHER DIRECT COSTS

	2015/16 £000	2014/15 £000
Botanics Trading Company	110	214
Materials	487	605
Direct Project Costs	780	731
Repairs and Maintenance	796	688
Rates and Utilities	739	786
Trustees travel and subsistence	1	1
Staff travel and subsistence	153	195
General services	838	733
External Audit fees	16	16
Internal Audit fees	6	9
Legal, consultancy and other professional fees	689	785
	4,615	4,763

11. TANGIBLE FIXED ASSETS

	Land & Buildings	Assets under construction	Garden Machinery	Scientific Equipment	Office Equipment	Motor Vehicles	RBGE Total	BTC	Group Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation									
At 1 April 2015	44,535	1,949	1,149	1,257	2,341	162	51,393	56	51,449
Additions	870	1,051	17	68	345		2,351		2,351
Disposals	760							(51)	(51)
Revaluation									760
Transfers	1,404	(1,404)							
At 31 March 2016	47,569	1,596	1,166	1,325	2,686	162	54,504	5	54,509
Depreciation									
At 1 April 2015	2,408		972	1,047	1,505	121	6,053	53	6,106
Charge for the period	1,431		55	60	358	24	1,928	1	1,929
Disposals								(51)	(51)
Backlog accumulations	39								39
At 31 March 2016	3,878		1,027	1,107	1,863	145	8,020	3	8,023
Net book value									
At 31 March 2016	43,691	1,596	139	218	823	17	46,484	2	46,486
At 31 March 2015	42,127	1,949	177	210	836	41	45,340	4	45,344

Land and buildings were revalued on 31 March 2013 by Ryden International Property Consultants on the basis of open market value for existing use, except for those properties and land which have such specialised use that they have no market value. Such properties and land are valued at depreciated replacement cost representing their value in use to the Group. Replacement costs were derived by the valuers on the basis of land values and estimated current construction costs, including professional fees and finance costs, for each individual property. The amount by which replacement cost for each property was discounted to arrive at depreciated replacement cost was assessed by the valuers on the basis of the current condition and state of repair of the property concerned (rather than by time apportioning over the total estimated life of the property).

12. INTANGIBLE ASSETS

	RBGE and Group 2015/16 £000	RBGE and Group 2014/15 £000
At 1 April 2015	260	260
Software acquired during the year	7	0
As at 31 March 2016	267	260
Amortisation:		
As at 1 April 2015	225	192
Charge for the year	20	34
As at 31 March 2016	245	226
Net Book Value		
As at 31 March 2015	34	68
As at 31 March 2016	22	34

13. INVESTMENTS**a) Fixed asset investments**

	Group Total £000	Listed £000	Subsidiary Undertakings £000	RBGE Total £000
Investments at cost as at 1 April 2015	605	605	69	674
Revaluation reserve as at 1 April 2015	265	265		265
Investments at valuation as at 1 April 2015	870	870	69	939
Add: Additions at cost	512	512		512
Less: Repayment of loan/conversion to grant			(4)	(4)
Less: Disposals	(560)	(560)		(560)
Unrealised gain on revaluation at 31 March 2016	(185)	(185)		(185)
Add Cash movement	(58)	(58)		(58)
Investments at valuation as at 31 March 2016	579	579	65	644
Cost as at 31 March 2016	499	499	69	568
Less: Repayment of loan/conversion to grant			(4)	(4)
Revaluation reserve as at 31 March 2016	80	80		80
Investments at valuation as at 31 March 2016	579	579	65	644

Subsidiary companies

The investment in the Botanics Trading Company Ltd represents a long term loan of £64,000 and £1,000 of share capital of the Botanics Trading Company Ltd which is a wholly owned subsidiary of the Trustees of the Royal Botanic Garden Edinburgh. The loan to the Botanics Trading Company Ltd is being repaid over twenty five years.

It is secured by a floating charge over the assets of the company. Interest was applied at 3.5%.

Listed investments

Listed company investments form part of the Ferguson Bequest and the Education Endowment. The investment portfolio is invested in a range of securities. As at 31 March 2016 the portfolio was made up of 15% fixed interest, 5% index linked, 74% equities, 5% alternative and 1% cash. The corresponding figures for 2014/15 were 13% fixed interest, 4% index linked, 74% equities, 1% alternative and 8% cash

The Investment Holdings which are over 5% of the Portfolio Value are:

- Standard Life Investment Company 5.38%

b) Current asset investments

As at 31 March 2016 £106,057 of cash was held in term deposit accounts (2015 £654,802):

	RBGE		Group	
	2015/16	2014/15	2015/16	2014/15
	£000	£000	£000	£000
Term deposits	106	655	106	655

Current asset investments represent term deposits held with commercial banks in line with the credit risk policy. The deposit relates to deferred VAT on the John Hope Gateway retained under the Lennartz Mechanism.

c) Financial instruments disclosures

i) Credit Risk

Credit risk arises from the short-term lending of surplus funds to banks, building societies and other third parties as well as credit exposures to RBGE's customers. RBGE restricts deposits to the following banks (HSBC, Royal Bank of Scotland, Barclays, Lloyds TSB, Bank of Scotland, Co-Operative and Clydesdale) to a maximum counterparty limit of £300k. The treasury management policy is reviewed annually.

RBGE reviews the credit risk associated with financial institutions on a monthly basis and more regularly if market conditions are volatile or other information is made available on the financial security of UK banks and building societies.

ii) Liquidity Risk

RBGE does not have any external borrowings.

iii) Market Risk

Changes in market interest rates influence the interest payable on borrowings and on interest receivable on surplus funds invested. RBGE is not considered dependent on interest receivable.

14. STOCKS

	RBGE		Group	
	2015/16	2014/15	2015/16	2014/15
	£000	£000	£000	£000
Heating oil	37	22	37	22
Publications	87	79	87	79
	<u>124</u>	<u>101</u>	<u>124</u>	<u>101</u>

The current cost value of stocks is not materially different from historic cost and accordingly no adjustment has been made to reflect current costs.

The stock of heating oil is held for precautionary purposes to ensure the protection of the living collections in the event of power loss, gas supply interruption or a national emergency.

15. DEBTORS

	RBGE		Group	
	2015/16	2014/15	2015/16	2014/15
	£000	£000	£000	£000
Prepaid expenditure and accrued income	371	687	371	690
Sundry debtors	173	333	278	403
Due by other group entities	463	416	0	0
	<u>1,007</u>	<u>1,436</u>	<u>649</u>	<u>1,093</u>

	RBGE		Group	
	2015/16	2014/15	2015/16	2014/15
	£000	£000	£000	£000
Balances with central government	50	120	50	120
Balances with local authorities		118		118
Subtotal of intra government balances	<u>50</u>	<u>238</u>	<u>50</u>	<u>238</u>
Balances with bodies external to government	957	1,198	599	855
	<u>1,007</u>	<u>1,436</u>	<u>649</u>	<u>1,093</u>

16. CREDITORS

Amounts falling due within one year	RBGE		Group	
	2015/16 £000	Restated 2014/15 £000	2015/16 £000	Restated 2014/15 £000
Accrued charges	561	360	561	360
Holiday pay	193	175	193	175
Creditors – social security	134	134	134	134
Creditors - other	358	432	366	441
Creditors - VAT	95	100	95	100
Trade creditors – revenue	350	385	350	385
Trade creditors - capital	655	340	656	340
Botanics Foundation	487	111	487	111
Deferred severance costs	(4)	25	(4)	25
	<u>2,829</u>	<u>2,062</u>	<u>2,838</u>	<u>2,071</u>

Amounts falling due within one year	RBGE		Group	
	2015/16 £000	Restated 2014/15 £000	2015/16 £000	Restated 2014/15 £000
Balances with central government	368	399	833	815
Balances with local authorities	3	1		1
Subtotal of intra government balances	<u>371</u>	<u>400</u>	<u>833</u>	<u>816</u>
Balances with bodies external to government	2,458	1,662	2,005	1,255
	<u>2,829</u>	<u>2,062</u>	<u>2,838</u>	<u>2,071</u>

Amounts falling due after more than one year	RBGE		Group	
	2015/16 £000	2014/15 £000	2015/16 £000	2014/15 £000
VAT	375	435	375	435
Deferred severance	6	31	6	31
	<u>381</u>	<u>466</u>	<u>381</u>	<u>466</u>

Amounts falling due after more than one year	RBGE		Group	
	2015/16 £000	2014/15 £000	2015/16 £000	2014/15 £000
Balances with central government	375	435	375	435
Balances with bodies external to government	6	31	6	31
	<u>381</u>	<u>466</u>	<u>381</u>	<u>466</u>

17. STATEMENT OF RESERVES (see note 1a for opening balances restatement)

	As at 31 March 2015 Restated £000	Income £000	Expendi- ture £000	Transfers £000	Gains/ Losses £000	Group As at 31 March 2016 £000
Unrestricted						
General fund	458	11,543	12,132	131		0
Board reserve	626	123	146	(507)		96
Total	1,084	11,666	12,278	(376)		96
unrestricted funds						
Restricted						
Capital revaluation reserve	15,415				715	16,130
Capital grants fund	30,362	1,893	1,948	376		30,683
Projects fund	874	1,444	1,363			955
Total	46,651	3,337	3,311	376	715	47,768
restricted funds						
Endowments						
Ferguson bequest	878	23	7		123	1,017
Education endowment	29				6	35
QMMG endowment	30		1			29
Investments revaluation	265				(185)	80
Total	1,202	23	8		(56)	1,161
endowments						
Total	48,937	15,026	15,597		659	49,025

The Reserves of the organisation are explained in Note 1 of the accounts. The Capital Grants Fund represents funding for expenditure which has been capitalised as Tangible Assets in the balance sheet where either the funds received were subject to restrictions or the funds were Government Capital Grant in Aid. This reserve will fund the future depreciation costs arising from those assets. The transfer represents funding for IT and other capital projects in 2015/16 from the Board reserve.

Projects are where the Royal Botanic Garden Edinburgh receives money from third parties to fund various activities such as specific areas of research and developments in the Garden. The Ferguson Bequest is an endowment fund for botanical projects. The Education Endowment was established to support the educational activities of the RBGE. The QMMG Endowment is the Queen Mothers Memorial Garden endowment and was established to support the maintenance of the Queen Mothers Memorial Garden.

18. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Unrestricted £000	Restricted £000	Endowments £000	Total £000
Fixed Assets		46,508	579	47,087
Current Assets	3,315	1,260	582	5,157
Current Liabilities	(2,838)			(2,838)
Creditors > 1 year	(381)			(381)
Total	96	47,768	1,161	49,025

19. REVALUATION RESERVE

	Tangible Fixed Assets 2015/16 £000	Investments 2015/16 £000	Total 2015/16 £000	Total 2014/15 £000
At 1 April 2015	15,415	265	15,680	15,183
Surplus/(deficit) arising on revaluation in year	715	(185)	530	414
Difference between depreciation based on revalued amounts and historic cost				83
At 31 March 2016	16,130	80	16,210	15,680

The revaluation reserve relating to investments is attributable to the Ferguson Bequest and the Education Endowment.

20. CAPITAL GRANTS FUND

	RBGE		Group	
	2015/16 £000	2014/15 £000	2015/16 £000	2014/15 £000
At 1 April 2015	30,362	30,703	30,362	30,703
RESAS capital grant	1,110	1,200	1,110	1,200
Other capital grants	783	431	783	431
Transfer from unrestricted funds	376		376	
Less depreciation	(1,948)	(1,972)	(1,948)	(1,972)
At 31 March 2016	30,683	30,362	30,683	30,362
Scottish Government capital grant	14,329	14,427	14,329	14,427
Gateway capital grants	14,449	14,335	14,449	14,335
Other capital grants	1,905	1,600	1,905	1,600
	30,683	30,362	30,683	30,362

21. TRADING SUBSIDIARY

A summary of the results of the wholly owned subsidiary the Botanics Trading Company Ltd. is shown below. All values are historic costs.

Profit and Loss Account	2015/16 £000	2014/15 £000	Balance Sheet	2015/16 £000	2014/15 £000
Turnover	546	652	Fixed assets	2	3
Cost of sales	(2)	(126)	Current assets	536	492
Gross Profit	544	526	Current liabilities	(477)	(429)
Other expenses	(109)	(119)	Loan from RBGE	(60)	(64)
Interest receivable	1	0			
Interest payable	(2)	(3)			
Net profit	434	404		1	2
Gift aid to RBGE	(436)	(386)			
Tax on profit	0	(2)	Share capital	1	1
Retained (loss) / profit for the year	(2)	16	Accumulated (loss)/profit	0	1
				1	2

The company donates its taxable profits, allowable for distribution from reserves, to RBGE under the gift aid scheme on an annual basis.

22. CONSULTANCY SUBSIDIARY

A summary of the results of the wholly owned subsidiary the Centre for Middle Eastern Plants Ltd. is shown below. All values are historic costs. This is now a dormant company.

Profit and Loss Account	2015/16 £000	2014/15 £000	Balance Sheet	2015/16 £000	2014/15 £000
Turnover	0	0	Fixed assets	0	0
Cost of Sales	0	0	Current assets	0	0
Gross Profit	0	0	Current liabilities	(1)	(1)
Other expenses	0	0	Loan from RBGE	0	0
Interest receivable	0	0	Deferred capital grants	0	0
Interest payable	0	0	Net liabilities	(1)	(1)
Net (Loss)/Profit	0	0	Share capital	0	0
Gift Aid to RBGE	0	0	Accumulated profit	(1)	(1)
Retained (loss)/profit for the year	0	0		(1)	(1)

23. CASH FLOW STATEMENT

Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2015/16	2014/15
	£000	£000
Net income/(expenditure) as per SOFA	173	(124)
Extraordinary item	(800)	
Depreciation charge	1,949	1,887
Capital GIA	(1,110)	(1,200)
Other capital grants	(783)	(431)
(Gain)/loss on sale of investments	56	6
Unrealised gain on investment		(31)
Dividends, interest and rents from investments	(36)	(37)
Decrease in stocks	(24)	258
Decrease/(increase) in debtors	444	(345)
Increase/(decrease) in creditors	684	15
Reserve movements (Board, Project, Endowments)		(116)
	<hr/>	<hr/>
Net cash provided by (used in) operating activities	553	(118)

Analysis of cash and cash equivalents

	2015/16	2014/15
	£000	£000
Cash in hand	4,278	3,377
Total cash and equivalents	<hr/> 4,278	<hr/> 3,377

24. RELATED PARTY TRANSACTIONS

The Royal Botanic Garden Edinburgh is a non-departmental public body of the Scottish Government Rural and Environment Science and Analytical Services Division (RESAS) which is regarded as a related party. During the year, RBGE has had a number of material transactions with RESAS.

The Regius Keeper is, ex officio, a Trustee of the Sibbald Trust and the Botanic Foundation and a Director of the Botanic Trading Company Ltd (BTC) and the Centre for Middle Eastern Plants Limited (CMEP). The Director of Corporate Services and Director of Enterprise are Directors of BTC. Floristics Scientist Tony Miller is a Director of CMEP. Two RBGE Trustees are appointed to the Botanic Foundation Board in accordance with the Trust Deed of the Foundation. In 2015/16 Sir Muir Russell and Angela McNaught held these positions. A donation of £800,000 was made to the Botanic Foundation. This represented a one off transfer of accumulated unrestricted reserves as at 31 March 2016. Scottish Government gave permission for this donation of funds from RBGE to occur, enabling the Botanic Foundation to support the objectives of RBGE, as the Board of that charity see fit.

During the year, none of the Trustees, members of key management staff or other related parties has undertaken any material transactions with RBGE.

Donations from the Trustees to RBGE amounted to £1,331 in 2015/16.

25. CAPITAL COMMITMENTS

As at 31 March 2016 there were capital commitments contracted for but not provided for in the accounts of £910k (2015: £1,027k).

26. CONTINGENT LIABILITY

In 2013/14 RBGE reached agreement with HMRC regarding the operation of the Lennartz VAT mechanism with regard to the John Hope Gateway and as a result a refund of £265k was received from HMRC. Over the remainder of the 10 year life span (2013 – 2023) of the Lennartz mechanism it is likely that future payments to HMRC will be significantly reduced. The reduction will depend upon the purposes for which the Gateway building is used in the future together with the rate of VAT prevailing at the time of any payment to HMRC. There is a contingent liability that we would need to repay a proportion of the £265k, should the building use change significantly.

27. INCOME AND EXPENDITURE SUMMARY

	Notes	2015/16 £000	2014/15 Restated £000
Income			
Scottish Government - Revenue grant in aid	3	8,495	8,595
Donations and Legacies excl capital grants	4	2,152	2,000
Charitable activities	5	1,763	1,494
Other trading activities	6	687	685
Investments	7	36	37
		13,133	12,811
Expenditure			
Staff costs	8	8,234	8,126
Other operating costs	10	4,615	4,763
		12,849	12,889
Extraordinary items – donation to Botanic Foundation		(800)	
Surplus/(Deficit) for the year		(516)	(78)

Accounts Direction

ROYAL BOTANIC GARDEN, EDINBURGH

DIRECTION BY THE SCOTTISH MINISTERS

The Scottish Ministers, in pursuance of paragraph 20(3) of Schedule 1 of the National Heritage (Scotland) Act 1985, hereby give the following direction.

The statement of accounts for the financial year ended 31 March 2006, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FRM) which is in force for the year for which the statement of accounts are prepared.

The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.

This direction shall be reproduced as an appendix to the statement of accounts. The direction given on 17 October 2002 is hereby revoked.

A handwritten signature in black ink, appearing to be 'A. D. M.', written in a cursive style.

Signed by the authority of the Scottish Ministers

Dated: 9 December 2005

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