



**Royal
Botanic Garden
Edinburgh**

ANNUAL REPORT AND CONSOLIDATED ACCOUNTS

for the year ended 31 March 2018

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Trustees' Report

“To explore, conserve and explain the world of plants for a better future”

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 public engagement programmes.

The global challenge of the increasing destruction of natural habitats and associated loss of plant species drives RBGE's 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 Government's 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 and access 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.

Plants give people pleasure and our four gardens – Edinburgh, Dawyck, Logan and Benmore – are collectively one of Scotland's top visitor attractions with 1,008,819 visits during financial year (FY) 2017/18. There is always something new in our gardens to stimulate the senses, and their stunning landscapes with over 13,525 species of plants continue to delight domestic and international visitors.

RBGE continues to provide leadership in the fields of plant science, horticulture and education. Our Corporate Plan 2015-20 provides a course for the whole organisation to follow over the next two 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 in coming years to increase current sources of income and to develop new ones to supplement the Scottish Government's investment. Our buildings and facilities continue to require considerable capital expenditure to ensure that they are fit for purpose and that our collections remain secure and in good condition. We must maintain our investment in developing our staff and to further strengthen our national and international partnerships.

The RBGE maximises 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. By making strenuous efforts to increase self-generated income we are able to build upon the foundation provided by Scottish Government's Grant-In-Aid

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 foremost of which is the redevelopment of the Edinburgh garden's ageing North East Corner.

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 ensure they are secure and 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.

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 fourth year. Our Plan can be viewed on our website:

<https://www.rbge.org.uk/media/4507/rbge-corporate-plan-2015-2020.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 striving to maintain the gender balance on our Board of Trustees and on our Leadership Group, paying the Scottish National Living Wage, and running an apprenticeship programme; the last has been achieved through external sponsorship from Wheatley Group and other sources.

The re-development of the North East Corner (Edinburgh) is a strategic planning priority in order to develop a state of the art Plant Health Suite and replace the ageing research glasshouses; re-furbish our heritage glasshouses; significantly enhance the visitor attraction and to ensure the education facilities are fit for purpose and to meet future needs. The Outline Business Case was submitted to the Scottish Government

Gateway Review in summer 2017. The OBC described the strategic need for this project along with costs and financial modelling to allow Scottish Ministers to determine if funding should be forthcoming for implementation of same. Following submission the Scottish Government allocated the sum of £1 million to enable further design work to be carried out to progress towards Full Business Case and outline Planning – RIBA Stage 3.

Income generation remains a key component of our strategy to support the on-going activities of the RBGE and increased priority will be given to this area in coming years. We will also build on our international reputation and develop a comprehensive programme of fundraising to support the funding of the North East Corner redevelopment, which is fundamental to the delivery of our long term strategy.

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 our purposes is ongoing and our staff's personal objectives and career development requirements are aligned to our mission. This work will continue in 2018/19.

Performance Management

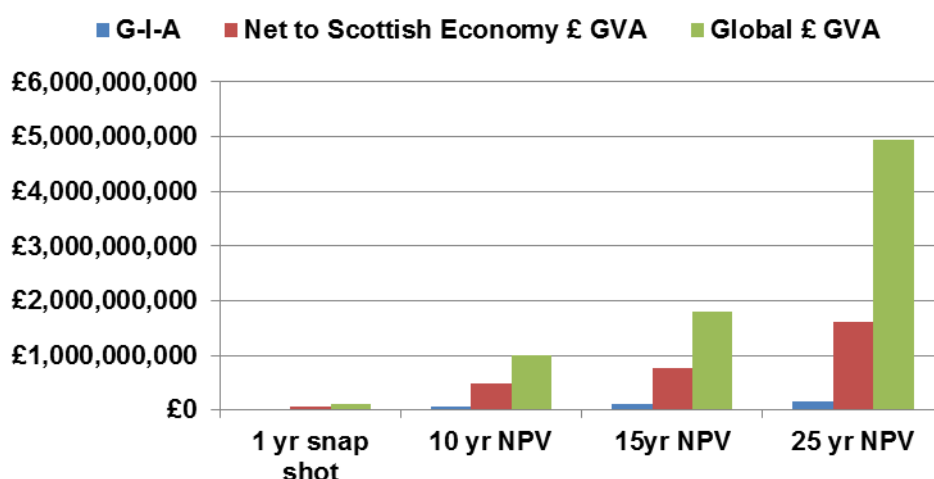
RBGE uses a robust performance management system to assist the Senior Managers with their decision making. Staff feed information on their achievements and challenges in each of their areas, which are linked and aligned to our strategic objectives. Performance across all areas is monitored quarterly against annual targets with exception reporting and action tracking undertaken by the Senior Management Team on a monthly basis. In addition, staff performance is monitored via mid-year and end-of-year appraisal meetings with line managers to ensure that colleagues' objectives remain aligned to organisational objectives and on course for completion.

The Strategic Objective Costing model was discontinued in 2017/18 however we continue to work closely with the Scottish Government to best evidence the considerable contribution RBGE makes in fulfilling the Government's desired national outcomes for Scotland.

Economic Impact Analysis

An economic impact assessment of RBGE was carried out during FY 16/17 by Arcadis Consultants, Brookdale Consulting Ltd, Adroit Economics Ltd, all working in partnership. This review took account of the scientific impact that RBGE has nationally and globally. The Gross Value Added (GVA) and Economic Return on Investment (Scottish Government's Grant-In-Aid) (ERoI) are shown graphically below. These demonstrate that RBGE has a significant economic impact both in the short and long terms. A copy of the full report can be requested from RBGE's Planning and Resource department.

Total RBGE Economic Value including Long Term Science Benefits



	1yr snap shot	10yr NPV	15yr NPV	25yr NPV
G-I-A	£8,495k	£73,122k	£101,265k	£144,911k
Net to Scottish Economy £GVA	£37,140k	£346,961k	£509,990k	£845,068k
ERol Scotland	4.37	4.74	5.04	5.83
Global £ GVA	£102,702k	£996,644k	£1,788,867k	£4,952,470k
ERol Global	12.09	13.63	17.67	34.18

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 narrative describes our principal impacts (outcomes) for 2017/18. 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.

Science and Conservation

Our science focuses 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 is tightly integrated with our herbarium, archive and living collections, all of which are essential to the delivery of our objectives. We have active projects in more than 35 countries, with a major focus in Scotland, tropical South America, the Sino-Himalaya, the Middle East and South-East Asia. Understanding the diversity and distribution of plant species is a pre-requisite to their conservation.

National Biodiversity Research

In 2017/18 RBGE continued with our delivery of key strands of the Scottish Biodiversity Strategy and Scottish plants conservation. Highlights included:

- Experimental translocation of rainforest epiphytes into Forestry Commission native oakwood in the Loch Lomond and Trossachs National Park.
- Genetically-mixed *Cicerbita alpina* populations from RBGE's nursery stock were used to reintroduce 240 plants into 3 carefully chosen locations in the Cairngorms

National Park. These translocations will serve as a trial to understand the importance of genetic diversity and land management for creating healthy, viable and self-sustaining plant populations.

- More than 260,000 seeds from Scottish herbaceous plant species were collected for storage in the Millennium Seed Bank supporting research and a wider range of future uses including conservation and re-introduction.
- Scotland's temperate rainforest is globally rare and one of Scotland's most important habitats in an international context; however it survives as fragmented remnant patches that have old and senescent trees, and its future is at risk. A PhD project was completed which assessed how new rainforest habitat should be positioned in the landscape to be within the colonisation range of rare and threatened epiphyte species.
- The rare British moss *Orthodontium gracile* was discovered in the Sino-Himalayan region (Yunnan, Sikkim and Nepal), further strengthening understanding of the remarkable biogeographic linkages between the Scottish and Himalayan bryophyte floras.
- Working with Adaptation Scotland we examined public attitudes to the green-infrastructure solutions for flood risk in residential areas, as part of our wider work to Chair and deliver the Edinburgh Adapts climate change strategy.

International Biodiversity Research

We continue to help countries meet targets of International conventions such as Global Strategy for Plant Conservation 2020 and the Convention on Biodiversity Aichi 2020 Targets. In 2017/18 this has included:

- Describing 46 species new to science as well as delivering taxonomic revisions of 289 species and checklist coverage of 16291 species to provide baseline biodiversity data for conservation planning. Major programmes include research on economically and culturally important conifers, threatened tropical habitats, flora of Nepal, cacao in Colombia and *Solanum* (tomato, potato and aubergine), gingers, begonias and Gesneriaceae, and a draft Checklist of the Flora of the Arabian Peninsula and Socotra.
- The International Conifer Conservation Policy (ICCP) provides global leadership for conifer taxonomy and conservation assessments. This includes chairing the International Union for Conservation of Nature (IUCN), the Conifer Specialist Group, and being in charge of the World Checklist for conifers. Thirty ICCP's conifer 'safe sites' were visited for monitoring purposes and 450 conifers were distributed for planting in these sites. Another highlight was the first successful germination of wild origin seed of *Glyptostrobus pensilis* for in-situ restoration of depleted populations in Lao PDR.
- Undertaking conservation assessments and capacity building in developing countries including Nepal, Middle East, Laos and Latin America. This included leading workshops to Red List the endemic and regionally important plants of Arabia (>95% of the ca. 845 endemic plant species of the Arabian Peninsula completed). This information enables careful targeting of conservation funding and more sustainable use of plant resources (medicines, food and products).
- A £484K 3 year project funded by the British Council Cultural Protection Fund started in 2017/18. This builds on our long term research programme on Socotra,

Yemen entitled “Integrating Cultural Heritage into Conservation and Development Planning on Soqatra” - the aim of the project is to integrate natural and cultural heritage assets into a single protected areas system.

- A paper was published in the Proceedings of the Royal Society analysing global changes in tree cover and also the returns from China’s multibillion dollar afforestation programmes. This paper serves to provide key benchmark data to understand current global forest stocks, and the degree to which tree planting programmes are offsetting deforestation losses.
- A permanent monitoring plot network has been established to integrate neglected dry forests of NE Brazil into global databases, to enable understanding of floristic patterns and their influence on carbon dynamics.
- A report was presented to Tanzanian Forest Authorities on the scale of logging and impacts on natural capital in the coastal forests of Tanzania to facilitate targeted policy interventions.
- Major fieldwork was undertaken which obtained 260 bamboo samples from 34 of the 47 species known to occur in giant panda habitat and 50 giant panda faecal samples were collected for analysis to provide information on giant panda habitat and diet.
- RBGE hosted a ground breaking workshop on the recovery of DNA sequence data from preserved natural history collections. The workshop was live streamed to delegates in 13 countries.
- RBGE co-organised the International Barcode of Life Conference held in South Africa, attended by delegates from 72 countries. Our practical applications of DNA barcoding have included assessing the taxonomic status of Scottish bryophytes and lichens, testing the plant ingredients of herbal medicines, through to DNA based identification of the different bamboo species in the diet of giant panda.
- We have commenced a new project with researchers and wildlife protection agencies in South Africa using DNA fingerprinting to support law enforcement against illegal removal and sale of threatened cycad species.
- To support genetic and genomic research new laboratory equipment for high throughput DNA sequencing has been purchased and installed. The molecular labs have been re-organised to accommodate high throughput sequencing projects and the associated lab equipment and work practises.
- A long term study looking at different preservation methods of plant material for genetic research was expanded to include samples for Next Generation Sequencing. The results from this study will form a benchmark for using Herbarium collections in Genomic studies and further expands our in house expertise.

Plant Health

2017/18 has seen RBGE make significant progress in bio-security and plant health, highlights include:

- The establishment of the Scottish Government Centre of Expertise in Plant Health with RBGE as the lead for Horticulture and the Natural Environment.
- The award of a European Phytosanitary Research Co-ordination (EUPHRESKO) grant to enable the monitoring and management of pathogen risk within horticultural settings.

Our Key Results indicators for 17/18 are:

<i>Impacts</i>	<i>Measure</i>	<i>Target</i>	<i>Actual</i>
<i>Research</i>	<i>Articles written over the last 5 years cited more than 50 times</i>	<i>33</i>	<i>47</i>
<i>Conservation</i>	<i>Threatened Scottish species in conservation programmes</i>	<i>136</i>	<i>156</i>

National Collections

We hold a world leading living collection of some 13,500 plant species, a herbarium of 3 million preserved plant specimens, and specialist botanical library and archive.

Continued progress has been made on the curation, conservation and enrichment of our herbarium collection. By March 2018, 430,000 herbarium specimens were imaged and made available online, representing nearly 15% of the total specimens in the herbarium. In addition 10,000 specimens were digitised as image requests. RBGE's leadership in the use of persistent identifiers to link biodiversity data has resulted in a letter in *Nature*, and a growing number of natural history institutions adopting this reference system for their collections.

In 2017/18 visitor days to the Herbarium increased by 58% on the previous year. We have undertaken various outreach activities to further promote these collections, including a film on preparation of silica gel dried leaf material for DNA studies, a Taxonomy Course for 120 sixth year pupils preparing for Advanced Higher Biology, a visit from 14 MSc students studying social sciences and digital preservation from universities of Aberdeen and Glasgow.

A major focus of activity on the living collection has been in the field of plant health. A combination of increased global trade coupled with rapid environmental change is leading to an increased frequency of plant pest and pathogen outbreaks. 2017/18 brought several plant health challenges however we further improved our biosecurity practices, in-house testing protocols and workflows to minimise risks to our living collection. This has resulted in the development of best-practice approaches which have greatly strengthened our preparedness for future plant health outbreaks.

In Edinburgh notable highlights during year included the refurbishment of the traditional Alpine House, the second flowering of the *Amorphophallus titanum*, the creation of the willow sculpture garden adjacent to the Terrace Café and the installation of the Life of a Tree near the pond through felling a large moribund *Castanea sativa*.

At Benmore the focus on plant health and protection was enhanced by a modified system of deer protection being rolled out which is proving to be very successful and biosecurity and propagation facilities being upgraded in the Isolation house. Notable

highlights at Benmore in 2017/18 include the squirrel and wildlife hide being opened to visitors at the start of the 2017 season and further developing the lichen study and trail.

At Dawyck considerable development work and replanting was carried out to freshen and improve the collections and with a close eye on future lifting of plant movement restrictions. Areas of scrub rhododendron were tackled, removed and replanting carried out using plants re-spaced from other areas of the garden and herbaceous perennials split therefore increasing plant holdings.

At Logan plant health has also been a priority with the Isolation house completed to minimise the risk of spreading pests and diseases. Additional beds in the Walled garden have been renovated and replanted to enhance the visitor experience and improve plant health.

In the Library and Archive, 10 historic plans of the RBGE Glasshouses were conserved and prepared for exhibition in Inverleith house, four collections of original botanical art were photographed for preservation and the Image Management Working Group reviewed a range of options for the long-term management of digital images. This work was carried out as part of the ongoing effort to ensure the long-term preservation of RBGE's current and future collections by creating digital surrogates and conserving the originals.

More than 150 books and related items were purchased for the Library collection including an album of historical paintings and photographs; we also received a large number of donations.

Our Key Results Indicators for FY 17/18 are shown below:

Impacts	Measure	Target	Actual
Herbarium Collection	Herbarium specimen record downloads in year	375,000	1,454,648

NB the above actual is accurate due to a mass one-off download exercise carried out by GBIF.

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 2017/18 across all four RBGE Gardens was 1,008,819 exceeding our target of 965,000. Visitor growth helped to support an increase in admissions income from the Glasshouses and regional Gardens and secondary spend such as retail income. The percentage of overseas visitors during the peak summer months has increased to 30%. The customer experience has been enhanced by the introduction of a Garden Map which includes an introduction in different foreign languages. This year's visitor survey revealed that 77% of visitors were 'very satisfied' with their visit.

RBGE's new illuminated light trail, Christmas at the Botanic, took place in November and December. The event enjoyed a high profile and, with a new festive theme, attracted ticket sales of over 60,000 and a profit of £31,000.

RBGE has worked in collaboration with VisitScotland throughout the year in order to maintain its quality tourism standards and 'Taste Our Best' accreditation. Both Logan and Dawyck were successful in maintaining their five-star status while Benmore and Edinburgh maintained four star status. Work will continue at Edinburgh to achieve five-star status with the implementation of the Royal Charter customer service programme. 'Taste our Best' accreditation was achieved at all four Gardens. More widely the work of RBGE has been recognised in 2017 with several new prestigious awards including;

Logan 'Tourist Champion Award' for Dumfries and Galloway Life and our Edinburgh Edible Garden team winning the 'Best Food-Growing Initiative award' and Benmore winning the 'Best Tree Team at the Horticulture Week Custodian Awards.

Communication and engagement

The year afforded many good occasions for national and international coverage – from science publications such as *Nature* to US broadcast channels and the UK pages of The Guardian, Times, Sun and Daily Mail with subject matter such as the first ever verified checklist of plant diversity in the Amazon and the flowering of the *Amorphophallus titanum*.

Social media channels grew at a fast rate throughout 2017/18 and targets were exceeded. Instagram has seen particularly strong growth - with 40,000 followers, it is RBGE's second biggest social media channel. The introduction of the digital storytelling project, using short films to bring RBGE's science and horticulture to life, has been positively received on social media sites. The illuminated trail event contributed 2,500 new contacts to RBGE's email database which grew to 22,500 contacts in 2017/18.

The establishment of a small market garden, which has achieved Soil Association organic standard, in the RBGE nursery has provided produce not only to the Gateway restaurant but to the many community groups based in the Botanics Cottage.

In the first year of operation the Botanic Cottage, in the heart of the community and educational garden, achieved over 80% occupancy and hosted more than 2,400 people from a wide spectrum of the community including: disadvantaged adults and families; people with autism, dementia, Parkinson's disease and mental health issues; adults and teenagers with learning disabilities; ethnic minorities and refugees; and community gardening and cooking initiatives. There has been increased activity in volunteering, with 21 new volunteers joining the Edible Gardening, Botanic Cottage and Market Garden volunteer team. More seasonal community events have been delivered throughout the year, to create more growing spaces and provide more extensive training and support for community gardening initiatives across Edinburgh and the Lothians. By setting an example in achieving greater self-sufficiency, supplying organic, home-grown salads, vegetables and fruit for consumption in our cafes and restaurant we have been able to promote positive messages on the health benefits of growing, sharing and eating fresh, locally-sourced produce.

During 2017/18 the RBGE events and exhibitions programme promoted the themes of Scottish Biodiversity and Year of Young People reaching more than 110,000 people of all ages and backgrounds. Major popular events, notably Christmas at the Botanics, reached new audiences who had not previously visited the Botanic Garden increasing our profile and interest in our work. Events such as the Science Festival and public open evening, and the flowering of the Titan Arum which attracted over 10,000 additional visitors, enabled people to gain a deeper insight into our research and conservation work in UK and overseas. The exhibition programme spanned both the arts and the sciences, with exhibitions on the conservation of Scotland's flow country, the important, but often overlooked tropical Sapotaceae family and international standard botanical art, plus Plant Scenery of the World, an Edinburgh Art Festival exhibition to relaunch the Inverleith House programme with six artists responding directly to the collections and glasshouses of the RBGE.

New comprehensive orientation and welcome signage was installed across the Edinburgh Garden and updated orientation and threshold signage improvements at Benmore.

The Arts Working Group (a fixed term working group), comprising experts from a range of bodies providing advice on developing a strategy for RBGE, including the usage of Inverleith House, reported to the Board of Trustees in 2017 and implementation of the recommendations agreed has commenced. An Arts Advisory Committee has subsequently been established to oversee the implementation of the agreed recommendations.

Our Key Results for FY 17/18 are shown below:

Impacts	Measure	Target	Actual	Total
Edinburgh	Visitor numbers	965,000	898,303	1,008,819
Benmore	Visitor numbers		50,286	
Dawyck	Visitor numbers		35,055	
Logan	Visitor numbers		25,175	

Included in the figures above:

Impacts	Measure	Actual
Edinburgh Glasshouses	Visitor numbers	103,019
Inverleith House	Visitor numbers	9,193

NB Inverleith House was closed until July 2017 and held only 1 rather than 4 exhibitions in 17/18 hence the drop in visitor numbers.

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.

2017/18 has been a successful year for our students studying at RBGE and around the world. Our adult short and online courses are continually expanding. Our schools programme strongly supports a Curriculum for Excellence, diversifying activities and topics and pupil development programmes.

PropaGate (online) learning continues to grow, three new short courses are up and running on PropaGate, two of which are free "tasters" which can be used for marketing. 2017/18 saw the largest ever Adult Short Course offer of 137 courses. A new Certificate of Botanical Illustration online is so popular that extra sessions have been added and are also full. New STEM teacher CPD programmes, and an advanced higher programme were offered in conjunction with Science division.

In addition we have started to develop into the area of commercial consultancy and outreach in up skills training with the first tranche of staff from the Wheatley Group, a major public and private sector housing provider across the Scottish Central Belt. This has gone well and we are now working on rolling out the programme to potentially 250 grounds maintenance staff and we are exploring similar options with the City of Edinburgh Council and Heriot Watt University.

This financial year education continues to be a significant revenue stream for RBGE. A gross income of over £877k created an overall contribution of £34k to RBGE.

Our Key Results for FY 17/18 are shown below:

Impacts	Measure	Actual 15/16	Actual 16/17	Actual 17/18
HND/BSc/MSc	Course participants	85	71	57
RBGE Diploma	Course participants	48	99*	37
RHS	Course participants (taught and distance)	243	344	385
School groups & Teacher CPD	Course participants	9,304	8,647	9,033

*number of students currently enrolled, although only one new intake (8 students) was planned to start this year.

Our Key Results for FY 17/18 are shown below:

Impacts	Measure	Actual 15/16	Actual 16/17	Actual 17/18
Adult Short Courses	Course participants	1,107	1,170	1,234
Adult Certificate	Course participants	108	415	827

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

The property portfolio, as at 1 April 2017, comprised nearly 30,000m² of built environment over 100 buildings across four Gardens, including approximately 116 hectares of land, with an asset book value of circa £52 million. Estates operational costs are second only to Employee costs in magnitude and represent almost 15% of the total Revenue Budget.

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 2017/18 was set at £698k incl. VAT which has had a beneficial impact in terms of property maintenance compared to previous years. Total outturn was closer to £828k as a result of emergency structural roof repairs to the Front Range glasshouses. Backlog maintenance across the Estate still remains at circa £15 million.

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 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.

Our Key Results for FY 17/18 are shown below:

Impacts	Measure	Target	Actual
Revenue Spend	£000	£698	£828
Capital Spend	£000	£1,137	£1,014

Development and management of Capital projects: the following are some of the capital projects carried out and delivered across the RBGE Estate; Edinburgh – garden wide electrical infrastructure works to provide a network of electrical circuits strategically placed across the garden to facilitate events such as Christmas at the Botanic; fireproofing and cooling to ITC frame room which will reduce reliance on existing expensive air-conditioning and provide a more secure environment; Dawyck – provision of a new low maintenance access ramp to the Visitor Centre; provision of insulation to the machinery and tractor shed to reduce heat loss and condensation; provision of new CCTV, intruder and access control system; Benmore – provision of new footbridge within the garden; Logan – provision of new purpose built Tractor and machinery shed.

Financial Review

The statement of Financial Activities on page 35 shows an overall movement on funds of £5,714k mostly due to the revaluation of fixed assets of £6,644. When this is excluded the net income / expenditure position is a net deficit of (£930k). The majority of this is within restricted funds (£906k) and is due to an excess of depreciation over capital funds (£883k); impairment of two fixed assets (£164k - Botanic Cottage & Public Toilets) and a prior year adjustment to income & expenditure of (£122k) for transactions that should have been included in the 2016/17 results. These have been offset by a surplus of £142k on restricted projects in 2017/18. Endowment funds are in deficit of (£14k) for the year with net losses on investments outstripping investment and education income. Unrestricted funds have an excess of expenditure over income of (£10k) for the year.

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 (£8.5m 2016/17) and capital grant of £1m (£1.1m 2016/17). Other grants, gifts and donations of £2.9m (£3.9m 2016/17) were received including grants towards capital projects and legacy income of over £0.3m; £2m (£1.8m 2016/17) was generated from admissions to the Regional Gardens and Glasshouses, education courses, rents, concessions, membership income and other activities; trading and commercial activity contributed £1.5m (£1.2m 2016/17). Staff costs amounted to £8.56m (£8.6m 2016/17) and £6.2m (£5.6m 2016/17) was spent on other operating costs excluding depreciation. Capital expenditure of £1m (£1.4m 2016/17) was incurred.

In 2017/18 we received research grant income of £1.4 million (including £240k 'overhead/salary recharges')

The Statement of Financial Activities for RBGE (page 34) shows an overall net movement on funds of £5,715k due the impact of the 5-yearly revaluation of land and buildings. The Botanic Trading Company made a profit of and Gift Aid donation to RBGE of £620k (£566k in 2016/17). This represents an increase of almost 10%

compared to the prior year and was slightly down on budget and forecast.

The reserves remain healthy despite a small reduction in unrestricted funds from £107k to £97k. Project funds have increased from £558k to £822k due to receiving grants and donations to support future restricted expenditure.

An unanticipated VAT inspection took place from September 2017 to May 2018. This has now been satisfactorily concluded with a number key learning points for RBGE.

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 2018 that will have an impact on these accounts.

Estates Management Strategy

The RBGE Asset Management Plan 2018-23 and update of the associated Estates Strategy was developed in 2017/18. This key document adopted a holistic approach to the RBGE Estate assessing it in terms of Condition; Suitability; Sufficiency and Sustainability - effectively assessing its fitness for purpose for the organisation it supports. The resulting ratings applied to each property (asset) will assist management in its decision making and resource allocation in terms of the built environment.

Other Fixed Assets

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

Volunteers

As in every year in recent times our volunteer numbers have continued to grow, and at the end of March 2018 there were just over 400 people (400 in 2016/17) giving their time to us. While volunteers continue to appear across all our divisions, our science, education and horticulture teams in particular have benefitted from their considerable expertise and assistance over the last 12 months.

In 2017/18 volunteers undertook more than 2,200 hours of work on projects in the Library and Archives. This programme of activity aims to engage more individuals with our collections while, at the same time, helping to open up those collections to an even wider audience.

Of special mention amongst others are our long-serving Garden Guides, as well as our Friends Committee who continue to play a big role in our income generation and marketing initiatives. As always, RBGE continues to be hugely indebted to our 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 2017/18

Category		Volume of Carbon emitted (tCO₂) 2017/18	Percentage of total Carbon emitted (%)	Cost of Carbon emitted (£)
Buildings	Edinburgh	1,797	85	479,546
	Benmore	29		
	Dawyck	36		
	Logan	73		
Transport	Fleet	18	13	258,989
	Business	277		
Further Sources	Waste	Landfill	2	45,183
		Recycled		
	Water	Consumption not supplied	0	46,817
Renewable energy	Generated	23	N/A	7,498
Total including subtraction 23 tonnes renewable electricity generated		2,264	100	

RBGE overall carbon footprint is 2,264 tonnes of CO₂ emitted. This figure is an increase of 6% from last year's emissions. The most significant change from last year is the proportional increase in emissions attributed to business travel. This could be because last year there was a change of contract and the provision of mileage data. This contract is now established, and data provision is comprehensive. It is likely that travel data is more accurate for this year than last year. It should be noted that the buildings emissions from Edinburgh are down on 16/17 although the cost has increased.

Use of Finite Resources

Two events, in particular, contributed to an increase in the cost of buildings emissions: 1) The main boiler house was shut down for some weeks for the essential removal of asbestos. Portable and less efficient heaters fuelled by heating oil provided supplemental heating at this time. 2) A burst heating pipe to the glasshouses required the commission of portable heaters. These need large quantities of heating oil to maintain tropical temperatures in the glasshouses. Winter was also colder than

average (and colder than 2016/17) and lasted for longer than usual. For example, there were unusually low temperatures throughout April and early May.

Dawyck hydropower turbine generated 59,212 kWh in 2017/18, an increase of 44% from 2016/17. This energy is exported to the grid as electricity: a considerable contribution to a reduction in the use of finite resources at this site. The turbine was improved further in 2016/17, and this has facilitated improved generation in 2017/18. The Edinburgh garden has recently installed two sets of solar PVs on two buildings. One of these is the Botanics Cottage, a centre for education and visitor activities. The solar PVs have generated over 1000kWh since commissioning in 2016, meaning an annual harvest of 400kWh per year. These will contribute to the reduction in the use of finite resources to power these buildings in the future.

In 2017/18 ICT storage was improved with the installation of a new cooling system which relies on forced air from outside to provide 'free' cooling on most days of the year by circulating more cooling air drawn from outside. The air conditioning only operates on warmer days, thereby reducing the requirement for finite resources.

Plastic straws have been removed from RBGE Edinburgh site with the exception of for use by disabled people. Draught drinks have been introduced into the John Hope Gateway and other cafes and 500ml soft drinks plastic bottles have been replaced with cans. A solution to plastic water bottles is actively being sought including considering the provision of water stations across Edinburgh, Dawyck and Benmore. A water source is available at Logan. Recycling for all waste streams is in place across all four sites.

An electrical vehicle charge point was installed in Logan at the end of 17/18, plans are in place to introduce vehicle charge points to the other gardens in 18/19.

Procurement

Sustainability is considered in the procurement of supplies and services. In three areas improvements can be identified:

- A new electronic point of sale (EPOS) system for the Botanics Trading Company shop has been installed. The terminals are designed with energy efficiency in mind, in the choice of internal components and with energy efficient LED screens.
- The memorial benches contract was re-let in 2017, and the supplier confirmed that he uses locally sourced wood where possible.
- The catering contract at Logan Botanic Garden was also awarded to a supplier which has committed to purchase local produce where possible.

Biodiversity Group

All four Gardens of RBGE have hosted a BioBlitz whereby the animal and plant life of the site has been measured and recorded over a 24 or 48 hour period. We now have a sound basis for each from which to continue measuring and monitoring biodiversity. At Edinburgh, members of staff are extremely active, making daily records of birds, insects, butterflies and moths. They provide information to the visitors, for visitor engagement, and horticultural staff, to inform management plans so that the garden can be managed to enhance wildlife. 999 species of animals and plants (not intentionally planted) have now been recorded at Edinburgh, including many rare species or species which were previously unknown for Scotland. Monthly reports are posted on the RBGE blog here: <https://stories.rbge.org.uk/archives/category/garden-wildlife>

RBGE published its Biodiversity Duty Report for 2015-2017 and a copy of the report can be requested from RBGE's Planning and Resource department.

All activities and events delivered are highly sensitive to environmental needs and sensitivities e.g. badgers, bats etc.

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 Athenaeum Building
8 Nelson Mandela Place
Glasgow G2 1BT

Internal

Henderson Loggie
34 Melville Street
Edinburgh EH3 7HA

INVESTMENT ADVISERS

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

Brewin Dolphin (from 23 May 2018)
Atria One
144 Morrison Street
Edinburgh EH3 9BR

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 for 2017/18 was 20 days (13 days 2016/17). We are also increasing the number of credit cards available to staff to speed up the purchasing and payment of lower value transactions.

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 £31k was received; the investment portfolio increased in value by 0.24% against a benchmark of 1.33%.

Following the tender of the contract to provide investment management services in late 2017/18, an ethical investment policy will be presented for Trustees' consideration in 2018/19.

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 2018 were £97k (£107k 2016/17) made up of £0k on the General Fund and £97k on the Board Reserve.

People

Equal Opportunities, Diversity & Inclusion

RBGE continues to be 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 in accordance with the Equalities Act 2010.

Although not covered as a listed authority under the specific duty of the Equalities Act 2010, 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.

Having achieved the Athena Swan bronze award accreditation in 2016, we are currently putting our action plan in place to further equal opportunities, diversity and inclusion across the organisation.

While Athena Swan focussed initially on gender bias specifically in scientific and technical career roles, as part of our work in this area we are re-evaluating all our equality and diversity work and initiatives. As part of this, as well as continued regular meetings of the Athena Swan Self-Assessment team, we have established a wider staff-led group focussing on work around equalities, diversity and inclusion (EDI) and are developing ways to mainstream EDI across RBGE.

In addition we have developed a series of 7 values for the organisation, and will be rolling these out across RBGE through 2018. Taking feedback from a variety of surveys of staff over the past few years, these values are as follows:

- **Inclusive** – we recognise, reward and celebrate each other’s unique contribution and treat everyone with dignity and respect
- **Pride** – we have a strong sense of belonging and demonstrate this through what we say and what we do
- **Purpose** – we are clear on the long and short term priorities of RBGE and align our contribution, responses and actions to these
- **Communicative** – we are open, respectful, and consultative, creating an environment of transparency and trust
- **Collaborative** – we respect expertise and actively seek opportunities to improve how we work together
- **Customer-focussed** – we understand the needs of our customers and colleagues, and meet and exceed their expectations
- **Curiosity** – we are inquisitive and engaged with the world around us, constantly exploring, expanding our expertise and sharing our knowledge

Employee Consultation

The management of RBGE consults collectively with the representatives of our recognised trade union, Prospect. Our partnership agreement remains in place and biannual partnership meetings, involving the Regius Keeper and a Head of Division along with the Head of HR, continue to take place with Prospect staff representatives.

Alongside this an informal monthly meeting takes place between Prospect representatives among the staff and the Head of HR and HR Manager. Employee relations remain generally positive, with last year’s very positive discussions around pay resulting in a recommendation of RBGE’s offer by Prospect to their members.

Employee Gender Analysis

Gender	Directors / Senior Managers	Other Staff
Male	3	107
Female	1	129

As at 31st March 2018

Personal Data Related Incidents

There were no personal data related incidents during the year.

Sickness Absence Data

During 2017/18 the average number of day’s absence per employee was 8 days, a slight increase on the 7.7 days reported for 2016/17. Although increasing, this figure remains below the public sector average of 8.5 days of absence per employee published by CIPD.

Short term absence in 2017/18 has decreased compared to 2016/17, from 778 to 540 days. Conversely, long term sickness absence (defined as over 20 consecutive days of absence), has increased significantly from 1,094 days in 2016/17 to 1,418 in 2017/18, and it is this area that has increased our overall absence levels. In total, 2017/18 saw 1,958 days of reported staff absence compared to 1,872 in 2016/17.

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

3 October 2018



Mr Simon Milne MBE
Regius Keeper and Accountable
Officer

3 October 2018

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

Patricia Henton MBE, FRSE

Professor Thomas Meagher

Diana Murray MA FRSE FSA FSAScot MIFA

Professor Beverley Glover

Professor Ian Wall FRSE, FRICS, Hon FRIAS

Chris Wallace

David Hamilton appointed July 2017

Robert Wilson appointed July 2017 resigned March 2018

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 Operational Delivery 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 Delivery (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 Operational Delivery 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.

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:

Professor Ian Wall FRSE, FRICS, Hon FRIAS
Patricia Henton MBE, FRSE
Chris Wallace (Chair)

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)
David Hamilton appointed August 2017

The Committee has not met during the period covered by the accounts as investments have been considered by the Board as a whole. However the members of the Investment Committee have been actively working with senior management to secure new investment managers through a rigorous procurement process to develop RBGE's ethical investment approach.

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 Accountable Officer, the Director General Economy 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 2018 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: achieve adequate Grant In Aid

Mitigating actions are:

- Communicate plans and our achievements, ensuring linkage with Scottish Government and RESAS priorities
- Ensuring high media profile for RBGE's outcomes
- One to one engagement with key politicians and Scottish Government Officials
- Engagement with RESAS through EELG (Environment & Economy Leaders Group)

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
- Consider closing non mission critical assets if cannot be adequately maintained
- 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
- Ensure facilities meet operational requirements
- Ensure Scottish Government aware of maintenance backlog and seek appropriate funding
- Ensure sufficient funding is made available within budget constraints

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

Failure to: provide adequate lab facilities and services for research

Mitigating actions are:

- Quarterly review of status of labs and equipment by STS Manager and implementation of recommendations as agreed by SMT
- Rigorous prioritisation of activities, and ongoing efficiency drive to make best use of resources
- Further develop strategies for standardising data collection / working processes to minimise curatorial work load for silica gel / DNA collections
- Seek external funding for the purchase of equipment
- Request for capital funds to improve the ventilation in the mouse house approved for 2018/19. A review by relevant Science and Horticultural staff of our Plant Health facilities will take place.
- Funds secured from the Foundation to renovate the Science space in the canteen corridor. A clean, well ventilated ergonomic space is planned

Failure to control and react to known pathogens and identify new plant health diseases/outbreaks

Mitigating actions are:

- Staff expertise and training
- Undertaking and monitoring INNS actions in determining work plans
- Working collaboration between RBGE, SASA, FC within Centre for Plant Health Expertise including research on current and new potential threats
- Temporary restriction on the movement of plant material between and out with RBGE and the four gardens

Loss of and Failure to maintain ICT systems

Mitigating actions are:

- Provide, operate and maintain systems to minimise risk of failure
- Operate monitoring systems to detect actual and impending faults
- Provide secondary/standby systems where funds are available
- Prioritise critical areas for development / funding through annual Business Plan
- Assess longer term requirements and include in Corporate Planning process

Failure to maintain data related to collections / research

Mitigating actions are:

- Provide and maintain reliable storage systems
- Maintain backup copy of necessary data
- Avoid corruption of data and systems by providing and maintaining firewall, anti-virus and related systems
- Assess longer term requirements and include in Corporate Planning process

Failure to prevent deliberate or accidental cyber-attack on our ICT systems

Mitigating actions are:

- Ensure cyber security systems are kept up to date
- Comply with the recommendations of Scottish Government's cyber security plan when it is launched later this year
- Provide reports to SG to comply with the requirements of their cyber security plan
- Post 17/18 year end a detailed programme of work was developed to address the findings of the Scottish Government cyber essentials pre-assessment audit. Due to the interrelatedness of the work and compliance issues, it was decided to implement the GDPR action plan in close conjunction. This is currently underway.

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 and a Fraud Committee is in place to oversee and manage any issues that arise.

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 (valued at in excess of £2M) a Project Board, involving the Board of Trustees (and representatives of Scottish Government, as required), 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 Scottish Government sponsored 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 obtain 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 and has put 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 2017/18. RBGE has also been preparing for the new General Data Protection Regulations (GDPR) by updating and strengthening policies and procedures, delivering training for Information Asset Owners and Administrators, understanding data flows in and out of the organisation and updating the Information Asset Register and Privacy Statements. RBGE's approach to GDPR is also on the Internal Audit Plan for 2018/19.

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 these areas during the year:

- Debtors/Income: Cash and Bank
- Asset Management
- Credit Card Processes

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. The Asset Management report highlighted contingency arrangements for safeguarding the living collections. Senior management continue to address this by reviewing, developing and testing disaster recovery procedures.

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

3 October 2018

Mr Simon Milne MBE
Regius Keeper and Accountable
Officer

3 October 2018

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

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 120 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.

Report on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and accounts of the Royal Botanic Garden Edinburgh for the year ended 31 March 2018 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 notes to the financial statements, including the accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion the accompanying 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 2018 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.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

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

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

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of Board's and Regius Keeper's Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for assessing the body's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

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

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

Other information in the annual report and accounts

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

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

Report on regularity of expenditure and income

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.

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. I am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Report on other requirements

Opinions on matters prescribed by the Auditor General for Scotland

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

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the National Heritage (Scotland) Act 1985 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the National Heritage (Scotland) Act 1985 and directions made thereunder by the Scottish Ministers.

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:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.



Paul Craig, CA
Senior Audit Manager
Audit Scotland
4th Floor
8 Nelson Mandela Place
Glasgow
G2 1BT

5 October 2018

Paul Craig 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 2018

2016/17 comparatives can be found at note 2a to the accounts

		2017/18	Restated 2016/17			
	Note	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total Funds £000	Total Funds £000
Income and Endowments from:						
Scottish Government	3	8,495	1,000	-	9,495	9,595
Donations and Legacies	4	1,286	1,544	-	2,830	4,015
Charitable activities	5	1,961	82	-	2,043	1,797
Other trading activities		276	386	-	662	754
Investments		3	-	31	34	31
Total income and Endowments		12,021	3,012	31	15,064	16,192
Expenditure on:						
Raising funds		460	-	-	460	1,564
Charitable activities						
Collections		4,853	647	-	5,500	5,493
Visitor offer		2,281	647	-	2,928	2,952
Education		1,337	263	8	1,608	1,584
Scientific research		3,099	2,197	-	5,296	5,271
Impairment of fixed assets		-	164	-	164	-
Total Expenditure		12,030	3,918	8	15,956	16,864
Net gains/(losses) on investments		-	-	(37)	(37)	87
Net income/(expenditure)		(9)	(906)	(14)	(929)	(585)
Other recognised gains/(losses):						
Gains/(losses) on revaluation of fixed assets		-	6,644	-	6,644	1,437
Net movement in funds		(9)	5,738	(14)	5,715	852
RESERVES AS AT 1 APRIL 2017		106	48,503	1,267	49,876	49,024
RESERVES AS AT 31 MARCH 2018		97	54,241	1,253	55,591	49,876

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

•The restated figures and prior year adjustment are explained further at note 2a on page 42.

The notes on pages 38 to 59 form part of these accounts.

Consolidated Statement of Financial Activities for the year ended 31 March 2018

2016/17 comparatives can be found at note 2b to the accounts

				2017/18	Restated 2016/17	
	Note	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total Funds £000	Total Funds £000
Income and Endowments from:						
Scottish Government	3	8,495	1,000	-	9,495	9,595
Donations and Legacies	4	1,286	1,544	-	2,830	4,015
Charitable activities	5	1,961	82	-	2,043	1,797
Other trading activities	6	1,154	386	-	1,540	1,195
Investments	7	3	-	31	34	32
Total Income and Endowments		12,899	3,012	31	15,942	16,634
Expenditure on:						
Raising Funds	28	1,339	-	-	1,339	2,006
Charitable activities						
Collections		4,853	647	-	5,500	5,493
Visitor offer		2,281	647	-	2,928	2,952
Education		1,337	263	8	1,608	1,584
Scientific research		3,099	2,197	-	5,296	5,271
Impairment of fixed assets		-	164	-	164	-
Total Expenditure	8	12,909	3,918	8	16,835	17,306
Net gains/(losses) on investments		-	-	(37)	(37)	87
Net income/(expenditure)		(10)	(906)	(14)	(930)	(585)
Other recognised gains/(losses):						
Gains/(losses) on revaluation of fixed assets	19	-	6,644	-	6,644	1,437
Net movement in funds		(10)	5,738	(14)	5,714	852
RESERVES AS AT 1 APRIL 2017		107	48,503	1,267	49,877	49,025
RESERVES AS AT 31 MARCH 2018		97	54,241	1,253	55,591	49,877

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

•The restated figures and prior year adjustment are explained further at note 2a on page 42

The notes on pages 38 to 59 form part of these accounts.

Consolidated Balance Sheet as at 31 March 2018

	Notes	RBGE		Consolidated	
		2018 £000	Restated 2017 £000	2018 £000	Restated 2017 £000
Fixed Assets					
Other tangible assets	11	52,728	47,253	52,728	47,255
Intangible assets	12	2	7	2	7
Investments	13a	979	997	922	936
		<u>53,709</u>	<u>48,257</u>	<u>53,652</u>	<u>48,198</u>
Current Assets					
Stock	14	82	88	232	217
Debtors	15	2,663	3,165	2,057	2,531
Current asset investments	13b	106	106	106	106
Cash at bank and in hand	23	1,333	1,094	1,950	1,747
		<u>4,184</u>	<u>4,453</u>	<u>4,345</u>	<u>4,601</u>
Current Liabilities					
Creditors: Amounts falling due within one year	16	<u>(2,047)</u>	<u>(2,513)</u>	<u>(2,151)</u>	<u>(2,601)</u>
Net Current Assets		<u>2,137</u>	<u>1,940</u>	<u>2,194</u>	<u>2,000</u>
Total Assets less Current Liabilities		<u>55,846</u>	<u>50,197</u>	<u>55,846</u>	<u>50,198</u>
Creditors: Amounts falling due after more than one year	16	<u>(255)</u>	<u>(321)</u>	<u>(255)</u>	<u>(321)</u>
Total Assets less Liabilities		<u>55,591</u>	<u>49,876</u>	<u>55,591</u>	<u>49,877</u>
CAPITAL AND RESERVES					
General Funds					
Accumulated surplus on the general fund	17	-	-	-	-
Board reserve fund: trustee funds	17	97	106	97	107
Total Unrestricted Funds		<u>97</u>	<u>106</u>	<u>97</u>	<u>107</u>
Restricted Funds					
Capital revaluation reserve	17	24,204	17,560	24,204	17,560
Capital grants fund	17	29,216	30,263	29,216	30,263
Project fund	17	821	680	821	680
Total Restricted Funds		<u>54,241</u>	<u>48,503</u>	<u>54,241</u>	<u>48,503</u>
Endowment Funds					
Ferguson Bequest	17	1,062	1,036	1,062	1,036
Education Endowment	17	35	35	35	35
QMMG Endowment	17	30	29	30	29
Investments Revaluation Reserve	17	126	167	126	167
Total Endowment Funds		<u>1,253</u>	<u>1,267</u>	<u>1,253</u>	<u>1,267</u>
		<u>55,591</u>	<u>49,876</u>	<u>55,591</u>	<u>49,877</u>

The Accountable Officer authorised these statements for issue on 3 October 2018

 Sir Muir Russell
 Chairman of the Board of Trustees
 3 October 2018

 Mr Simon Milne
 Regius Keeper and Accountable Officer
 3 October 2018

The notes on pages 38 to 59 form part of these accounts.

Consolidated Statement of Cash Flows for the year ended 31 March 2018

		2017/18	2016/17
	Notes	£000	£000
Net cash (used in) / provided by operating activities	23	81	(2,541)
Cash flows from investing activities			
Interest received		1	4
Dividends received		-	-
Payments to acquire fixed assets	11 & 12	(1,017)	(1,379)
Payments to acquire investments		-	(250)
Receipts from sale of investments		-	-
Decrease/ (increase) in current asset investments	13b	-	-
Net cash provided by (used in) investing activities		(1,016)	(1,625)
Cash flows from financing activities			
Capital funding from Scottish Government	3	1,000	1,100
Other capital grants	4	138	535
Endowment Funds		-	-
Cash provided by (used in) financing activities		1,138	1,635
Change in cash and cash equivalents in the reporting period		203	(2,531)
		2017/18	2016/17
		£000	£000
Change in cash and cash equivalents in the reporting period		203	(2,531)
Cash and cash equivalents at the beginning of the reporting period		1,747	4,278
Cash and cash equivalents at the end of the reporting period		1,950	1,747

The notes on pages 38 to 59 form part of these accounts.

Notes to the Accounts for the year ended 31 March 2018

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.

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 Botanic Trading Company Limited ("BTC"), for the year ended 31 March 2018. 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) Infrastructure from 2017/18 has been separated from land and buildings and is held at depreciated replacement cost.
- iv) 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 measure 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 RESTATEMENT

2a. RBGE Statement of Financial Activities for the year ended 31 March 2017

	2016/17				
	Note	Unrestricted	Restricted	Endowment	Total
		Funds	Funds	Funds	Funds
		£000	£000	£000	£000
Income and Endowments from:					
Scottish Government		8,495	1,100	-	9,595
Donations and Legacies		2,302	1,713*	-	4,015
Charitable activities		1,747	50	-	1,797
Other trading activities		663	91	-	754
Investments		5	-	26	31
Total income and Endowments		13,212	2,954	26	16,192
Expenditure on:					
Raising funds		1,564	-	-	1,564
Charitable activities					
Collections		4,833	660	-	5,493
Visitor offer		2,292	660	-	2,952
Education		1,309	268	7	1,584
Scientific research		3,203	2,068**	-	5,271
Total Expenditure		13,201	3,656	7	16,864
Net gains/(losses) on investments		-	-	87	87
Net income/(expenditure)		11	(702)	106	(585)
Other recognised gains/(losses):					
Gains/(losses) on revaluation of fixed assets		-	1,437	-	1,437
Net movement in funds		11	735	106	852
RESERVES AS AT 1 APRIL 2016		95	47,768	1,161	49,024
RESERVES AS AT 31 MARCH 2017		106	48,503	1,267	49,876

* Income from Donations & Legacies within restricted funds has increased by £100k due to income from Natural Environment Research Council & Leverhume Trust not being included in the 2016/17 financial statements as they were originally classed as 2017/18 transactions.

** Scientific research within restricted funds has decreased by £22k due to duplicate accruals being posted for Safari Funds and James Hutton institute, with this being offset by the omission of an accrual for More Partnership

*** The SOFA; Consolidated SOFA and consolidated balance sheet have also been updated to reflect this with notes 4; 8; 10; 15; 16; 17; 23 & 27 restated.

2b. Consolidated Statement of Financial Activities for the year ended 31 March 2017

	2016/17				
	Note	Unrestricted	Restricted	Endowment	Total
	Funds	Funds	Funds	Funds	Funds
	£000	£000	£000	£000	£000
Income and Endowments from:					
Scottish Government	8,495	1,100	-	-	9,595
Donations and Legacies	2,302	1,713	-	-	4,015
Charitable activities	1,747	50	-	-	1,797
Other trading activities	1,104	91	-	-	1,195
Investments	6	-	26	-	32
Total Income and Endowments	13,654	2,954	26	-	16,634
Expenditure on:					
Raising Funds	2006	-	-	-	2006
Charitable activities					
Collections	4,833	660	-	-	5,493
Visitor offer	2,292	660	-	-	2,952
Education	1,309	268	7	-	1,584
Scientific research	3,203	2,068	-	-	5,271
Total Expenditure	13,643	3,656	7	-	17,306
Net gains/(losses) on investments	-	-	87	-	87
Net income/(expenditure)	11	(702)	106	-	(585)
Other recognised gains/(losses):					
Gains/(losses) on revaluation of fixed assets	-	1,437	-	-	1,437
Net movement in funds	11	735	106	-	852
RESERVES AS AT 1 APRIL 2016	96	47,768	1,161	-	49,025
RESERVES AS AT 31 MARCH 2017	107	48,503	1,267	-	49,877

* The prior year adjustment relates to 2016/17 only and reserves at 1 April 2016 and before are not impacted.

** The SOFA; Consolidated SOFA and consolidated balance sheet have also been updated to reflect this with notes 4; 8; 10; 15; 16; 17; 23 & 27 restated.

3. GRANT-IN-AID

	2018	2017
	£000	£000
Revenue Grant in Aid	8,495	8,495
Capital Grant	1,000	1,100
Total Grant from RESAS	<u>9,495</u>	<u>9,595</u>

4. DONATIONS AND LEGACIES

	2018	Restated
	£000	2017
		£000
Income from Botanics Foundation	147	-
Gift Aid from BTC	620	566
Grants from UK Government entities	419	559
Grants from EU	148	295
Other grants	797	719
Donations and Legacies	561	1,341
Capital grants – non-Grant-in-Aid	138	535
	<u>2,830</u>	<u>4,015</u>

5. INCOME FROM CHARITABLE ACTIVITIES

	2018	2017
	£000	£000
Admissions	657	532
Education charges	930	832
Rents receivable	23	18
Membership income	215	195
Other income from third parties	218	220
	<u>2,043</u>	<u>1,797</u>

6. OTHER TRADING ACTIVITIES

	2018	2017
	£000	£000
Trading company income	958	520
Commercial development	189	659
Commemorative programme	393	16
	<u>1,540</u>	<u>1,195</u>

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

7. INVESTMENT INCOME

	2018	2017
	£000	£000
Dividends	31	26
Interest receivable	3	6
	<u>34</u>	<u>32</u>

8. EXPENDITURE

	Staff costs £000	Dep'n £000	Other Direct Costs £000	Allocated Costs £000	2017/18 Total £000	Restated 2016/17 £000
Raising Funds	121		1,218		1,339	2,006
Charitable activities						
Collections	3200	647	433	1,220	5,500	5,493
Visitor offer	948	647	113	1,220	2,928	2,952
Education	565	263	284	496	1,608	1,584
Scientific research	2,500	465	1,454	877	5,296	5,271
Total	7,334	2,022	3,502	3,813	16,671	17,306

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 £3,787k (2016/17 £3,824k).

9. TRUSTEES' REMUNERATION AND STAFF COSTS

a) Trustees' remuneration

Trustees do not receive any remuneration for their services. Travelling and subsistence expenses of £4,407 (2016/17 £2,131) in relation to eight trustees have been charged as part of other direct costs – Note 10.

b) Regius Keeper's remuneration

	2017/18 £000	2016/17 £000
Remuneration excluding pension contributions	98	96
Pension contributions	24	23
	122	119

The total amount paid to key personnel amounted to: £522,793

c) Employees with earnings above £60,000

Numbers of employees at	2017/18	2016/17
£60,000 - £69,999	-	4
£70,000 - £79,999	2	3
£80,000 - £89,999	-	-
£90,000 - £99,999	1	1
£100,000-£109,999	-	-

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

d) Staff salaries and social security

	2017/18 £000	2016/17 £000
Salaries	6,629	6,672
Social security costs	631	619
Staff pensions	1,295	1,322
	8,555	8,613

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

	2017/18	2016/17
Horticulture	94.25	95.75
Science and IT	50.5	49.5
Resources & Planning/Corporate Services	13.5	29.0
Externally funded	13.5	10.75
Directorate and Estates	12.5	2.00
Enterprise	25	24.5
Botanics Trading Company	14.75	14.00
	224.0	225.5

The average headcount during the year analysed by function

	2017/18	2016/17
Horticulture	106	104
Science and IT	61	59
Resources & Planning/Corporate Services	16	33
Externally funded	16	13
Directorate and Estates	13	2
Enterprise	32	32
Botanics Trading Company	22	21
	266	264

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 4.6% and 8.05% for members of **classic**, **premium**, **classic plus**, **nuvos** and **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 8% and 14.75% (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 0.5% of pensionable salary 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 PCSPS as at 31 March 2012. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation [here](#).

For 2017-18, employers' contributions of £1,272,635.72 were payable to the PCSPS and CSOPS (2016-17 £1,302,337.21) 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 2017-18 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 £21,817.37 were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and ranged from 8% to 14.75%.

Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £896.04, 0.5% of pensionable pay, 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 £1,617.48. Contributions prepaid at that date were £0.

h) Compensation for Loss of Office

There were no voluntary exit/compulsory redundancy departures during 2017/18. One member of staff left on an efficiency departure. Three members of staff left RBGE and received an ex-gratia payment.

Reporting of Civil Service and other compensation schemes – exit packages

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)	2 (0)	2 (0)
£25,000 - £50,000	0 (0)	2 (0)	2 (0)
Total number of exit packages	0 (0)	4 (0)	4 (0)
Total cost /£	£0 (£0)	£92,079 (£0)	£92,079 (£0)

Figures in brackets represent 2016/17 comparison.

10. OTHER DIRECT COSTS

	2017/18	Restated
	£000	2016/17
		£000
Botanics Trading Company	879	519
Depreciation	2,022	2,062
Impairment of fixed assets	164	-
Materials	514	498
Direct Project Costs	681	1,904
Repairs and Maintenance	1,090	1,048
Rates and Utilities	724	685
Trustees travel and subsistence	4	2
Staff travel and subsistence	347	214
General services	1,053	958
External Audit fees	16	16
Internal Audit fees	8	12
Legal, consultancy and other professional fees	778	775
	<u>8,280</u>	<u>8,693</u>

11. TANGIBLE FIXED ASSETS

	Land & Buildings	General Infrastructure	Assets under Construction	Garden Machinery	Scientific Equipment	Office Equipment	Motor Vehicles	RBGE Total	BTC	Group Total
Cost or Valuation										
At 1 April 2017	49,203	1,299	1,602	1,154	1,342	2,707	180	57,487	5	57,492
Additions	675	-	78	82	53	118	8	1,014	-	1,014
Disposals	-	-	-	(24)	(6)	-	(4)	(34)	-	(34)
Impairment	(164)	-	-	-	-	-	-	(164)	-	(164)
Revaluation	(229)	-	-	-	-	-	-	(229)	-	(229)
At 31 March 2018	49,485	1,299	1,680	1,212	1,389	2,825	184	58,074	5	58,079
Depreciation										
At 1 April 2017	5,356	286	-	1,065	1,199	2,167	161	10,234	4	10,238
Charge for the period	1,516	130	-	51	72	243	6	2,018	1	2,019
Disposals	-	-	-	(24)	(6)	-	(4)	(34)	-	(34)
Revaluation	(6872)	-	-	-	-	-	-	(6,872)	-	(6,872)
At 31 March 2018	-	416	-	1,092	1,265	2,410	163	5,346	5	5,351
Net book value										
At 31 March 2018	49,485	883	1,680	120	124	415	21	52,728	-	52,728
At 31 March 2017	43,847	1,013	1,602	89	143	540	19	47,253	2	47,255

Land and buildings were revalued on 31 March 2018 by The City of Edinburgh Council on the basis of fair value or 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).

Infrastructure assets have been separated from land and buildings and are held at depreciated replacement costs.

12. INTANGIBLE ASSETS

	RBGE and Group 2017/18 £000	RBGE and Group 2016/17 £000
At 1 April 2017	250	267
Software acquired during the year	-	-
Disposals	(2)	(17)
As at 31 March 2018	248	250
Amortisation:		
As at 1 April 2016	243	245
Charge for the year	5	15
Disposals	(2)	(17)
As at 31 March 2017	246	243
Net Book Value		
As at 31 March 2018	2	7
As at 31 March 2017	7	22

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

	Group Total £000	Listed £000	Subsidiary Undertakings £000	RBGE Total £000
Investments at cost as at 1 April 2017	769	769	61	831
Revaluation reserve as at 1 April 2017	167	167	-	167
Investments at valuation as at 1 April 2017	936	936	61	997
Add: Additions at cost	98	98	-	98
Less: Repayment of loan/conversion to grant	-	-	(4)	(4)
Less: Disposals	(99)	(99)	-	(99)
Unrealised gain on revaluation at 31 March 2018	(12)	(12)	-	(12)
Add Cash movement	(1)	(1)	-	(1)
Investments at valuation as at 31 March 2018	922	922	57	979
Cost as at 31 March 2018	796	796	61	857
Less: Repayment of loan/conversion to grant	-	-	(4)	(4)
Revaluation reserve as at 31 March 2018	126	126	-	126
Investments at valuation as at 31 March 2018	922	922	57	979

Subsidiary companies

The investment in the Botanics Trading Company Ltd represents a long term loan of £56,000 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 2018 the portfolio was made up of 20% fixed interest, 76% equities, 3% alternative and 1% cash. The corresponding figures for 2016/17 were 18% fixed interest, 77% equities, 3% alternative and 2% cash.

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

- TwentyFour Corporate Bond Fund 5.27%

b) Current asset investments

As at 31 March 2018 £106,098 of cash was held in term deposit accounts (2016 £106,098):

	RBGE		Group	
	2017/18	2016/17	2017/18	2016/17
	£000	£000	£000	£000
Term deposits	106	106	106	106

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	
	2017/18	2016/17	2017/18	2016/17
	£000	£000	£000	£000
Heating oil	24	36	24	36
RBGE Shops (retail goods for resale)	-	-	150	129
Publications	58	52	58	52
	<u>82</u>	<u>88</u>	<u>232</u>	<u>217</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	
	2017/18	Restated 2016/17	2017/18	Restated 2016/17
	£000	£000	£000	£000
Prepaid expenditure and accrued income	1,532	2,246	1,532	2,246
Sundry debtors	455	279	525	285
Due by other group entities	676	640	-	-
	<u>2,663</u>	<u>3,165</u>	<u>2,057</u>	<u>2,531</u>

	RBGE		Group	
	2017/18	Restated 2016/17	2017/18	Restated 2016/17
	£000	£000	£000	£000
Balances with central government	110	164	180	164
Balances with local authorities	2	1	2	1
Subtotal of intra government balances	112	165	182	165
Balances with bodies external to government	2,551	3,000	1,875	2,366
	<u>2,663</u>	<u>3,165</u>	<u>2,057</u>	<u>2,531</u>

16. CREDITORS

	RBGE		Group	
	Restated		Restated	
	2017/18	2016/17	2017/18	2016/17
Amounts falling due within one year	£000	£000	£000	£000
Accrued charges	687	404	687	404
Holiday pay	114	183	114	183
Creditors – social security	155	142	159	146
Creditors - other	275	245	289	316
Creditors - VAT	132	217	132	230
Trade creditors – revenue	352	422	438	422
Trade creditors - capital	30	59	30	59
Botanics Foundation	302	845	302	845
Deferred severance costs	-	(4)	-	(4)
	2,047	2,513	2,151	2,601

	RBGE		Group	
	Restated		Restated	
	2017/18	2016/17	2017/18	2016/17
Amounts falling due within one year	£000	£000	£000	£000
Balances with central government	287	531	948	1,175
Balances with local authorities	2	6	2	-
Subtotal of intra government balances	289	537	950	1,175
Balances with bodies external to government	1,758	1,976	1,201	1,426
	2,047	2,513	2,151	2,601

	RBGE		Group	
	Restated		Restated	
	2017/18	2016/17	2017/18	2016/17
Amounts falling due after more than one year	£000	£000	£000	£000
VAT	255	315	255	315
Deferred severance	-	6	-	6
	255	321	255	321

	RBGE		Group	
	Restated		Restated	
	2017/18	2016/17	2017/18	2016/17
Amounts falling due after more than one year	£000	£000	£000	£000
Balances with central government	255	315	255	315
Balances with bodies external to government	-	6	-	6
	255	321	255	321

17. STATEMENT OF RESERVES

	Restated as at 31 March 2017	Income	Expendi- ture	Transfers	Impair- ment	Reval- uation	Group As at 31 March 2018
	£000	£000	£000	£000		£000	£000
Unrestricted							
General fund	-	11,938	11,949	(11)	-	-	-
Board reserve	107	961	960	11	-	-	97
Total unrestricted funds	107	12,899	12,909	-	-	-	97
Restricted							
Capital revaluation reserve	17,560	-	-	-	-	6,644	24,204
Capital grants fund	30,263	1,138	2,021	-	(164)	-	29,216
Projects fund	680	1,874	1,733	-	-	-	821
Total restricted funds	48,503	3,012	3,754	-	(164)	6,644	54,241
Endowments							
Ferguson bequest	1,036	30	8	-	-	4	1,062
Education endowment	35	-	-	-	-	-	35
QMMG endowment	29	1	-	-	-	-	30
Investments revaluation	167	-	-	-	-	(41)	126
Total endowments	1,267	31	8	-	-	(37)	1,253
Total	49,877	15,942	16,671	-	(164)	6,607	55,591

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.

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	-	52,730	922	53,652
Current Assets	2,503	1,511	331	4,345
Current Liabilities	(2,151)	-	-	(2,151)
Creditors > 1 year	(255)	-	-	(255)
Total	97	54,241	1,253	55,591

19. REVALUATION RESERVE

	Tangible Fixed Assets 2017/18 £000	Investments 2017/18 £000	Total 2017/18 £000	Total 2016/17 £000
At 1 April 2017	17,560	167	17,727	16,210
Surplus/(deficit) arising on revaluation in year	6,644	(41)	6,603	1,524
Difference between depreciation based on revalued amounts and historic cost	-	-	-	(7)
At 31 March 2018	24,204	126	24,330	17,727

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

20. CAPITAL GRANTS FUND

	RBGE		Group	
	2017/18 £000	2016/17 £000	2017/18 £000	2016/17 £000
At 1 April 2017	30,263	30,683	30,263	30,683
RESAS capital grant	1,000	1,100	1,000	1,100
Other capital grants	138	535	138	535
Transfer to revaluation reserve		7		7
Less depreciation	(2,021)	(2,062)	(2,021)	(2,062)
Impairment of fixed assets	(164)	-	(164)	-
At 31 March 2018	29,216	30,263	29,216	30,263
Scottish Government capital grant	12,879	13,604	12,879	13,604
Gateway capital grants	14,259	14,354	14,259	14,354
Other capital grants	2,078	2,305	2,078	2,305
	29,216	30,263	29,216	30,263

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	2017/18 £000	2016/17 £000	Balance Sheet	2017/18 £000	2016/17 £000
Turnover	1,578	1,086	Fixed assets	-	1
Cost of sales	(481)	(194)	Current assets	837	828
Gross Profit	1,097	892	Current liabilities	(784)	(772)
Other expenses	(475)	(325)	Loan from RBGE	(52)	(56)
Interest receivable	-	1			
Interest payable	(2)	(2)			
Net profit	620	566		1	1
Gift aid to RBGE	(620)	(566)			
Tax on profit	-	-	Share capital	1	1
Retained (loss) / profit for the year	-	-	Accumulated (loss)/profit	-	-
				1	1

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

The wholly owned subsidiary the Centre for Middle Eastern Plants Ltd. is now a dormant company.

23. CASH FLOW STATEMENT

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

	2017/18	Restated 2016/17
	£000	£000
Net income/(expenditure) as per SOFA	(930)	(585)
Depreciation charge	2,021	2,062
Impairment of fixed assets	164	-
Capital GIA	(1,000)	(1,100)
Other capital grants	(138)	(535)
(Gain)/loss on sale of investments	37	(87)
Unrealised gain on investment		
Dividends, interest and rents from investments inc fees	(34)	(24)
Decrease in stocks	(14)	(92)
Decrease/(increase) in debtors	477	(1,882)
Increase/(decrease) in creditors	(516)	(298)
Reserve movements (Board, Project, Endowments)	14	-
Net cash provided by (used in) operating activities	81	(2,541)

Analysis of cash and cash equivalents

	RBGE		Group	
	2017/18	2016/17	2017/18	2016/17
	£000	£000	£000	£000
Cash in hand	1,333	1,094	1,950	1,747
Total cash and equivalents	1,333	1,094	1,950	1,747

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 Botanics Foundation and a Director of the Botanics Trading Company Ltd (BTC) and the Centre for Middle Eastern Plants Limited (CMEP). The Director of Corporate Services and Director of Enterprise were Directors of BTC to 2 October 2017 and 10 January 2018 respectively. The Director of Science and IT was appointed as a Director of BTC and of CMEP on 9 November 2017. Two RBGE Trustees are appointed to the Botanics Foundation Board in accordance with the Trust Deed of the Foundation. In 2017/18 Sir Muir Russell, and Diana Murray held these positions. At the RBGE Board meeting of 28 February 2018, the Trustees agreed that any unapplied self-generated income should be donated to the Botanics Foundation, in addition to legacies received, to support the objectives of RBGE, as the Foundation Board see fit. As a result a donation of £612,000 was made to the Botanics Foundation and a bequest containing £956,000 of shares transferred directly into the Foundation's name.

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 £1,898 in 2017/18.

25. CAPITAL COMMITMENTS

As at 31 March 2018 there were capital commitments contracted for but not provided for in the accounts of £0 (2017: £45k).

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	2017/18 £000	Restated 2016/17 £000
Income			
Scottish Government - Revenue grant in aid	3	8,495	8,495
Donations and Legacies excl capital grants	4	2,692	3,480
Charitable activities	5	2,043	1,797
Other trading activities	6	1,540	1,195
Investments	7	34	32
		14,804	14,999
Expenditure			
Staff costs	9d	8,555	8,613
Other operating costs		5,482	5,583
		14,037	14,196
Donation to Botanics Foundation		(612)	(1,048)
Surplus/(Deficit) for the year		155	(245)

The surplus of £155k comprises a deficit of (£10k) transferring to the Board reserve, a surplus of £23k transferring into endowments and £142k funded from restricted project funds. In addition to this, the Restricted Capital Grants fund relating to depreciation overspent by (£883k); there was an impairment of fixed assets of (£164k) and the endowment had a (£38k) revaluation loss. Once this is taken into account the deficit for the year – as recorded in the Consolidated SOFA at page 35 – is (£930k).

28. RAISING FUNDS EXPENDITURE

Reconciliation of RBGE total to consolidated expenditure within the statement of financial activities.

	2017/18 £000	2016/17 £000
RBGE total expenditure per SOFA	460	1,564
BTC Cost of Sales	481	194
BTC Expenses	476	326
BTC Interest payable	2	2
Less inter group transactions		
Rental	(30)	(30)
Accountancy Fees	(10)	(10)
Salary Allowance	(33)	(33)
Support Services	(7)	(7)
Total consolidated amount per SOFA	1,339	2,006

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, consisting of a series of loops and a long horizontal stroke at the end.

Signed by the authority of the Scottish Ministers

Dated: 9 December 2005

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