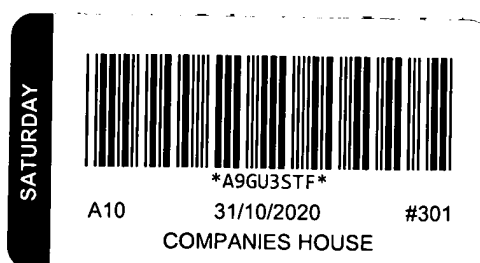


Registration No 2798886

RBG KEW ENTERPRISES LIMITED

Report and Financial Statements

31 March 2020



REPORT AND FINANCIAL STATEMENTS

31 MARCH 2020

CONTENTS	PAGE
Officers and professional advisers	1
Strategic Report	2
Directors' report	4
Statement of Directors' responsibilities	6
Independent Auditor's report	7
Profit and loss account	9
Balance sheet	10
Statement of Changes in Equity	11
Notes to the accounts	12-17

REPORT AND FINANCIAL STATEMENTS
31 March 2020

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Adam Farrar (resigned 26/06/2019)
Adam Thow (appointed 02/12/2019)
Fern Stoner
Meredith Pierce Hunter
Marcus Agius (resigned 25/10/2019)
Richard Deverell
Sandra Caroline Botterell
Sarah Flannigan (appointed 07/10/2019)
Valerie Gooding

SECRETARY

Magda North (resigned 11/10/2019)
Rachel Pan (appointed 04/03/2020)

REGISTERED OFFICE

Royal Botanic Gardens, Kew
Richmond
Surrey
TW9 3AB

BANKERS

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

AUDITORS

Grant Thornton UK LLP
30 Finsbury Square
London
EC2A 1AG

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020

The Directors present their annual report and the audited financial statements for the year ended 31 March 2020.

BUSINESS REVIEW

ACTIVITIES

The company's main activities are the provision of fundraising services, and retailing and commercial development which includes concerts, licensing, events and venue hire at RBG Kew's sites at Kew Gardens and Wakehurst. The licensing business gives rise to royalties based on product sales volumes by third party partners and these are included in Other Operating Income (Note 3).

Fundraising services are provided by RBG Kew Enterprises, primarily to RBG Kew but also to the Foundation and Friends of RBG Kew, and are recharged at cost in line with the relevant service level agreements. RBG Kew Enterprises receives income in relation to corporate memberships and sponsorships and associated costs.

RBG Kew Enterprises also generates income through the Commercial Phytochemistry Unit (CPU), which charges fees for services relating to the authentication of botanical extracts for commercial use and undertaking commercial research.

The company's activities were impacted at the end of the year by the COVID-19 coronavirus pandemic which led to the closure of Kew Gardens and Wakehurst Place and associated retail facilities on 22 March 2020, through to their reopening on 1 June 2020.

RESULTS AND GIFT AID PAYMENT

The key performance indicators by which the company measures its success are its total turnover and the level of net profit which it is able to gift to RBG Kew. In this financial year, total turnover of £20,262k (2018-19 £17,499k) was achieved, with a gross profit of £15,620k (2018-19 £13,368k). Turnover comprised commercial sales of £15,865k (2018-19 £13,635k), recharges for fundraising services of £4,011k (2018-19 £3,534k), and other fundraised income of £241k (2018-19 £255k). Fee income received for authentication services and commercial research was £145k (2018-19 £75k).

The increase in turnover reflected increased visitor numbers compared to prior year, strong performance in retail across both sites and increased income generated by Christmas commercial events. The commercial division achieved a gross profit margin of 71% (2018-19 70%). Fundraising is almost entirely recharged, at cost, to RBG Kew or the Foundation & Friends of RBG Kew and as such there is minimal profit or loss left within RBG Kew Enterprises Ltd.

The company also generated other operating income of £2,499k (2018-19 £1,403k) with the increase due primarily to income from trademark license partnerships.

The company made a profit after taxation and before the gift aid payment of £6,873k (2018-19 £4,927k). Gift Aid of £6,873k (£4,927k) was payable to the Royal Botanic Gardens, Kew.

In accordance with the Company's Articles of Association, RBG Kew Enterprises has an obligation to distribute equity through a Gift Aid payment, which is equal to distributable reserves at the time of approval of the financial statements, and is payable to Royal Botanic Gardens, Kew.

The Directors do not recommend the payment of a dividend.

KEY BUSINESS RISKS

The company's key identified business risks are its dependence on visitors to Kew Gardens and Wakehurst Place (for Retail, Venue Hire and other commercial income), and the success of commercial events held in the gardens. Risk in these areas has increased in light of the COVID-19 coronavirus pandemic and its impact on visitor numbers, including the closure of both gardens from 22 March to 31 May 2020, and reopening from 1 June 2020, with a gradual increase in visitor numbers seen through the summer, and subsequent reopening of retail facilities on 15 June 2020. The potential on-going impact of the coronavirus means key business risks are identified as:

- Further required closure of Kew Gardens or Wakehurst Place or reduced visitor capacity to meet social distancing requirements, further reducing Retail, Venue Hire and other commercial income;
- Social distancing restrictions requiring the cancellation of, or reduced capacity at, ticketed events (Christmas at Kew, Glow Wild), reducing net contribution from these activities;

- Cashflow and solvency in light of income risks noted above, and with regards to expenditure commitments, including the gifting of annual profits to RBG Kew.

The company's response to these risks is as follows:

- A revised budget for 2020-21, cashflow forecasts, and scenario modelling have been prepared to quantify potential financial impact from reductions in income, and to ensure capacity to meet financial risks is understood;
- Utilisation of the government's Coronavirus Job Retention Scheme to assist with covering the costs of furloughed staff;
- Expenditure plans reviewed, a vacancy freeze introduced, and costs reduced in line with lower income;
- Regular forecasts to be undertaken through the coming year to revise budget and cashflow assumptions as necessary. This will ensure additional risks are identified as they arise, and allow mitigating actions including further cost reductions to be implemented as required.

The future impact of the COVID-19 pandemic is unclear, which means there is a relatively high degree of uncertainty built into the company's financial forecasts. However, other non-visitor-related income streams (including licensing income, e-commerce income and recharge of fundraising services) are currently not expected to be as vulnerable to the impact of COVID-19 in the coming years. These income streams provide some assurance of the company's financial resilience in the face of the identified risks.

FUTURE PROSPECTS

The company plans to continue its current operations in the immediate future, with a number of key risks and opportunities identified that will impact performance over the coming year and beyond. As noted above, the COVID-19 pandemic is expected to significantly impact commercial income streams dependent on visitor numbers in the coming financial year and may continue to impact performance in future years.

Commercial events income will also be impacted. The Kew the Music event planned for summer 2020 has been cancelled and while Christmas at Kew and Glow Wild events are still planned to take place in 2020, these may be subject to cancellation or reduced capacity due to social distancing requirements. It is recognised that the format, nature and appeal of commercial events may be adversely impacted beyond the next financial year.

The company sees opportunity to further develop income from non-visitor and non-event income. The company has had a very successful start to its trademark licensing partnership with Proctor & Gamble and is exploring opportunities to further grow this income stream. This work is supported by the Enterprises' Commercial Phytochemistry Unit which will also look to grow income from its authentication and commercial research activities.

Approved by the Board of Directors
and signed on behalf of the Board


Richard Deverell
Director

8th October 2020

DIRECTORS' REPORT**GOING CONCERN**

The Directors have reviewed the appropriateness of preparing these accounts on a going concern basis, particularly in light of the financial risks and uncertainties outlined in this report, and in response to the COVID-19 pandemic. The Directors have a reasonable expectation that there are no material uncertainties that cast significant doubt about the Company's ability to continue in operation and meet its liabilities as they fall due for the foreseeable future, being a period of at least 12 months from the date of approval of the financial statements. Accordingly, the Company has prepared the accounts on a going concern basis.

To reach this assessment, the Directors have considered the impact on income from closure of the gardens on 22 March through to the reopening of the gardens on 1 June 2020 and subsequent reopening of retail facilities on 15 June 2020. They have considered revised forecasts, cashflow projections and scenarios modelled for commercial income over the next twelve months based on significantly reduced visitor numbers and turnover. The Directors recognise the uncertainty and risk inherent in these projections, including the continued impact of social distancing on visitor numbers and potential changes to commercial events. However, the Directors believe this uncertainty and risk is adequately covered over the next twelve months by the commercial income expected to be generated and other income streams over which there is less risk, including licensing income, recharges of fundraising services, and income received under the government's Coronavirus Job Retention Scheme. This income enables Enterprises to continue its operations for at least the next twelve months from the date of approval of the financial statements.

Performance will be closely monitored through monthly results and reforecasts as the situation evolves, particularly with regards to visitor numbers and commercial events, identifying any further risks to the company's financial sustainability. If required, action would be taken to mitigate these additional risks, including through further cost saving measures.

DIRECTORS AND THEIR INTERESTS

The following were in office during the year under review:

Adam Farrar (resigned 26/06/2019)
Adam Thow (appointed 02/12/2019)
Fern Stoner
Meredith Pierce Hunter
Marcus Agius (resigned 25/10/2019)
Richard Deverell
Sandra Caroline Botterell
Sarah Flannigan (appointed 07/10/2019)
Valerie Gooding

None of the directors had any interests in the shares of the company.

DISCLOSURE OF INFORMATION TO THE AUDITORS

Each of the directors has confirmed that so far as they are aware, there is no relevant audit information of which the company's auditors are unaware, and that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

FINANCIAL INSTRUMENTS

The company does not actively use financial instruments as part of its financial risk management. It is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures. The nature of its financial instruments means that they are not subject to price risk. Liquidity risk is managed through budgets, regular forecasts and an assessment of any impact to the company's cashflow. Based on current forecasts, the company considers existing cash reserves to be sufficient to meet its short term commitments.

PAYMENT TO CREDITORS

It is RBG Kew Enterprises' policy to settle all debts with its creditors within 30 days unless otherwise specified in the contract. Creditor days for 2019-20 are calculated to be 30 days (2018-19 20 days).

AUDITORS

The Comptroller and Auditor General, National Audit Office, resigned as Auditor to the Company on 29 November 2019. Grant Thornton UK LLP were appointed as Auditor by the Board in March 2020.

Approved by the Board of Directors
and signed on behalf of the Board

Richard Deverell

Richard Deverell
Director

8 October 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), Financial Reporting Standard 102 and in compliance with the Companies Act 2006. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The directors confirm that so far as they are aware, there is no relevant audit information (as defined by section 418(3) of the Companies Act 2006) of which the company's auditors are unaware. They have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.



Richard Deverell
Director

8 October 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RBG KEW ENTERPRISES LIMITED**Opinion**

We have audited the financial statements of RBG Kew Enterprises Limited (the 'company') for the year ended 31 March 2020, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice). In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis of opinions

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

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

Conclusions relating to going concern

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

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

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business model, including effects arising from Brexit and Covid-19, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

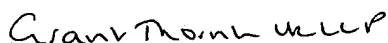
Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



Carol Rudge
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
Date: 8/10/2020

PROFIT AND LOSS ACCOUNT
Year ended 31 March 2020

	Notes	2019-20	2018-19
		£'000	£'000
Turnover	3	20,262	17,499
Cost of sales		(4,642)	(4,131)
GROSS PROFIT		15,620	13,368
Distribution costs		(10,057)	(8,864)
Administrative expenses		(1,216)	(994)
Other operating income	4	2,499	1,403
OPERATING PROFIT	6	6,846	4,913
Interest receivable		28	16
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		6,874	4,929
Taxation for the financial year	12	(1)	(2)
PROFIT FOR THE FINANCIAL YEAR		6,873	4,927

All activities arise from continuing operations.

There are no gains or losses other than the profit for the year and consequently no Statement of Recognised Gains and Losses has been prepared.

The notes on pages 12 to 17 form part of these financial statements.

BALANCE SHEET
31 March 2020

	Notes	2019-20 £'000	2018-19 (as restated) £'000
FIXED ASSETS			
Investments	7	-	-
CURRENT ASSETS			
Stocks: goods for sale	8	891	868
Debtors	9	5,715	4,971
Cash at bank and in hand		4,490	3,247
		<u>11,096</u>	<u>9,086</u>
CREDITORS: amounts falling due within one year	10	<u>(10,771)</u>	<u>(8,761)</u>
NET CURRENT ASSETS		325	325
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>325</u>	<u>325</u>
CAPITAL AND RESERVES			
Called up share capital	11	325	325
Profit and loss account		-	-
EQUITY SHAREHOLDERS' FUNDS		<u>325</u>	<u>325</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 8th October 2020.

Richard Deverell

Richard Deverell
Director

The notes on pages 12 to 17 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
31 March 2020

	Profit and loss account	Share capital	Total
	£'000	£'000	£'000
AT 1 APRIL 2018	-	325	325
Profit for the financial year	4,927	-	4,927
Amount to be distributed under Gift Aid	(4,927)	-	(4,927)
AT 31 MARCH 2019	-	325	325
AT 1 APRIL 2019	-	325	325
Profit for the financial year	6,873	-	6,873
Amount to be distributed under Gift Aid	(6,873)	-	(6,873)
AT 31 MARCH 2020	-	325	325

NOTES TO THE ACCOUNTS
Year ended 31 March 2020**1. ACCOUNTING POLICIES****General information**

The company is a private company registered in the United Kingdom and is limited by shares. It is a wholly owned trading subsidiary of Royal Botanic Gardens, Kew. The address of its registered office is Royal Botanic Gardens, Kew, Richmond, Surrey, TW9 3AB.

The financial statements are prepared on the going concern basis in accordance with Financial Reporting Standard 102 and in compliance with the Companies Act 2006. The particular accounting policies adopted are described below.

Going concern

The Directors have reviewed the appropriateness of preparing these accounts on a going concern basis, particularly in light of the financial risks and uncertainties outlined in this report, and in response to the COVID-19 pandemic. The Directors have a reasonable expectation that there are no material uncertainties that cast significant doubt about the Company's ability to continue in operation and meet its liabilities as they fall due for the foreseeable future, being a period of at least 12 months from the date of approval of the financial statements. Accordingly, as detailed in the Directors' Report on page 4, the Company has prepared the accounts on a going concern basis.

Accounting convention

The financial statements are prepared under the historical cost convention. The functional and presentational currency of the company is Sterling (£).

Turnover and revenue recognition

Revenue is recognised at the point of sale of goods, or point of delivery of services, and is measured at the fair value of the consideration received.

Turnover comprises retail sales of merchandise and souvenirs relating to Royal Botanic Gardens, Kew net of trade discounts and value added tax.

Fundraising services are recharged at the cost to the business. Corporate memberships are included in turnover to the extent that RBG Kew Enterprises Ltd have provided the associated services. Where the service has not been provided the income is deferred.

Other commercial income, including the Commercial Phytochemistry Unit (CPU), represents amounts receivable for goods and services provided in the normal course of business net of trade discounts and value added tax. Turnover is deferred where income is received in advance of performance of services and accrued where entitlement has occurred before the income has been received.

Investments

Investments are stated at current market value at the balance sheet date unless this cannot be measured reliably in which case it is measured at cost less impairment.

Stock and cost of sales

Stock is stated at the lower of cost and net realisable value on a weighted average basis. Provision is made for slow moving items where appropriate. Cost of sales represents the direct costs involved in the sale of retail products and direct expenditure in relation to events.

Distribution costs

Distribution costs include staff engaged on trading activities, fundraising activities, equipment hire, marketing, security, commission payments and other costs associated with trading activities.

Administrative expenses

Administrative expenses include a management charge from the parent entity. This represents apportioned costs for staff and services provided to Enterprises.

Leases/ Hire policy

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

Fixed assets

Capital items costing less than £2k are written off in the year of purchase. All other capital expenditure is capitalised as fixed assets.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rates ruling at the date of the transaction. Assets and liabilities are translated at the year-end exchange rate.

Cash flow statement

The company is a 100% owned subsidiary of the Royal Botanic Gardens, Kew and has availed itself of the exemption under Financial Reporting Standard 102 section 1.12(b) not to prepare a cash flow statement.

Pensions

RBG Kew Enterprises operates a Group Personal Pension Plan for its employees, which is a defined contribution scheme. It made pension contributions of £408k to this scheme during the year. 190 staff were members of the defined contribution scheme at 31 March 2020 and the remaining staff were members of the PCSPS.

In 2018-19, RBG Kew Enterprises Ltd operated a separate Group Personal Pension Plan for its fundraising employees which was also a defined contribution scheme. The two schemes were combined in 2019-20. Total contributions to the two schemes in 2018-19 were £256k.

Pension costs are charged to the profit and loss account as incurred.

Gift Aid

Distribution of equity through a Gift Aid payment is equal to distributable reserves at the time of approval of the financial statements and is payable to Royal Botanic Gardens, Kew in accordance with the Company's Articles of Association.

Taxation

The Royal Botanic Gardens, Kew and RBG Kew Enterprises Limited are group registered for VAT purposes and are able to recover part of their input VAT and all VAT balances are processed through RBG Kew. Taxable profits are payable to the Royal Botanic Gardens, Kew under gift aid and consequently there is minimal corporation tax payable.

Critical judgements and estimates

The company makes estimates on the value of income and expenditure to be realised in the future based on historical information and other factors including expectations of future events. Key estimates relate to recoverability of debt, and income and expenditure accruals. Differences between estimates and actual realised values are recognised to income and expenditure in subsequent periods.

Financial instruments

RBG Kew Enterprises Ltd has financial instruments comprising cash, trade debtors and creditors and other receivables and payables, which are measured initially at fair value and subsequently at amortised cost. Provisions are made against receivable balances where risk in realising their fair value is identified.

2. PRIOR YEAR RESTATEMENT

Prior to this year's report, balances owed between the Company and its parent, RBG Kew, had been accounted for gross, with all amounts owed to RBG Kew shown in Creditors and all amounts owed from RBG Kew shown in Debtors. In these accounts, the treatment has changed with amounts grouped by type of transaction to reflect different settlement considerations, including the netting off of any VAT owed between the two entities. To ensure the debtors & creditors balances are consistently presented, the prior year split of intercompany balances has been restated, decreasing the value of intercompany balances within both Debtors and Creditors by £1.5m. There was no change required in the Profit and Loss Account comparatives. The Directors believe this is a more appropriate accounting treatment for the split of the intercompany balances.

3. TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax. All turnover arises in the United Kingdom. Other turnover mainly relates to concerts, licensing and venue hire.

	2019-20	2018-19
	£'000	£'000
Retail	7,693	6,556
Fundraising services and other income	4,252	3,789
Events and venue hire	6,705	5,741
Other commercial	1,467	1,338
Fees for authentication services	145	75
	<u>20,262</u>	<u>17,499</u>

4. OTHER OPERATING INCOME

	2019-20	2018-19
	£'000	£'000
Royalties	2,216	1,345
Other sponsorship	283	58
	<u>2,499</u>	<u>1,403</u>

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES
Directors' emoluments

Sandra Botterell is an employee of RBG Kew Enterprises. RBG Kew funds 50% of her remuneration and pension.

Adam Farrar (resigned June 2019) was an employee of RBG Kew Enterprises. The company funded 100% of his remuneration.

Meredith Pierce Hunter is also an employee of RBG Kew Enterprises. The company funded 100% of her remuneration.

Adam Thow (appointed December 2019) is also an employee of RBG Kew Enterprises. The company funded 100% of his remuneration.

Richard Deverell is an employee of Royal Botanic Gardens, Kew. RBG Kew Enterprises pays Richard for fundraising services amounting to £20,000 in 2019-20 (2018-19 £27,500) on a fee paid basis and as such is not eligible for a bonus.

They are all members of the company's group personal pension plan and all are entitled to a bonus with the exception of Richard Deverell due to his fee paid status.

The remuneration and pension contributions payable to Sandra Botterell, Adam Farrar, Meredith Pierce Hunter, Adam Thow and Richard Deverell by the company were as follows:

	Remuneration		Pension	
	2019-20	2018-19	2019-20	2018-19
	£000	£000	£000	£000
Sandra Botterell ¹	73	70	6	5
Adam Farrar ²	20	82	2	6
Meredith Pierce Hunter ³	130	128	10	8
Richard Deverell ⁴	20	28	-	-
Adam Thow ⁵	26	-	2	-
	<u>269</u>	<u>308</u>	<u>20</u>	<u>19</u>

1. Annual equivalent salary £145,604 including bonus of £16,178. RBG Kew Enterprises funds 50% with RBG Kew funding the remaining 50%.
2. Annual equivalent salary £85,000.
3. Annual equivalent salary £130,000.
4. Annual equivalent fees for fundraising services £20,000
5. Annual equivalent salary £72,000.

No other directors received any fees or other emoluments from the company during the period. Post holders do not receive any benefits provided by the employer that would be treated as a taxable emolument by HM Revenue & Customs.

Staff costs

Some staff are directly employed by the company and some are seconded from the Royal Botanic Gardens, Kew. The amounts relating to seconded employees, included in the costs below, are £277k (2018/19: £141k) Their aggregate remuneration comprised:

	2019-20	2018-19
	£'000	£'000
Wages and salaries	4,628	3,918
Social security costs	449	357
	<u>5,077</u>	<u>4,275</u>
Pension costs	408	256
	<u>5,485</u>	<u>4,531</u>
Pay redundancy costs	62	0
	<u>5,547</u>	<u>4,531</u>

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

Retailing	42	36
Fundraising	54	46
Other	50	38
	<u>146</u>	<u>120</u>

The company subscribes to two group personal pension plans for its staff, which are both defined contribution schemes.

6. OPERATING PROFIT

	2019-20	2018-19
	£'000	£'000
Operating profit is after charging:		
Hire of equipment	512	553
Auditors' remuneration (audit of financial statements) ¹	<u>27</u>	<u>20</u>

1. No other services were provided by the auditors during the year.

7. INVESTMENTS

	2019-20	2018-19
	£'000	£'000
At 1 April 2019	-	-
Ordinary share capital – Polypharmakos Limited	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

On 3 January 2017, RBG Kew Enterprises exercised its option to acquire 2,113 ordinary shares in the share capital of Polypharmakos Limited at a price of £0.01 per share. The total cost was £21.13. The shares have no market value and have therefore been valued at cost. RBG Kew Enterprises and Royal Botanic Gardens, Kew continue to work with Polypharmakos Limited to undertake scientific research.

8. STOCKS

	2019-20	2018-19
	£'000	'000
Opening balance as at 01 April 2019	868	718
Purchases	4,429	3,328
Cost of goods sold	(4,406)	(3,178)
Closing balance as at 31 March 2020	<u>891</u>	<u>868</u>

9. DEBTORS

	2019-20	2018-19
	£'000	(as restated) £'000
Trade debtors – gross	561	832
Less: provision for bad debts	(76)	(39)
Amounts owed from parent	3,817	3,371
Prepayments and accrued income	1,405	804
Other debtors	8	3
	<u>5,715</u>	<u>4,971</u>

10. CREDITORS

	2019-20	2018-19
	£'000	(as restated) £'000
Trade creditors	99	176
Amounts owed to parent undertaking	8,736	6,674
Other creditors including tax and social security	217	266
Accruals and deferred income	1,719	1,645
	<u>10,771</u>	<u>8,761</u>

The majority of the amounts owed to the parent undertaking relates to the Gift Aid payment, management charges and transfers of VAT relating to the group registration. These amounts will be paid to Kew in 2020.

11. CALLED UP SHARE CAPITAL

	2019-20	2018-19
	£'000	£'000
Called up, allotted and fully paid		
50,000 ordinary shares of £1 each	50	50
275,000 redeemable ordinary shares of £1 each	275	275
	<u>325</u>	<u>325</u>

The redeemable ordinary shares are redeemable at any time at an unspecified price at the instigation of the company. It is not the intention of the company to instigate redemption in the foreseeable future.

12. TAX ON PROFIT ON ORDINARY ACTIVITIES

Taxable profits are payable to Royal Botanic Gardens, Kew under Gift Aid and hence, there is no corporation tax or minimal corporation tax payable.

13. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption conferred by Financial Reporting Standard 102, section 33.1(a) and does not disclose details of transactions with its parent undertaking.

The Foundation and Friends of RBG Kew is consolidated into the RBG Kew group accounts as an associate. RBG Kew Enterprises provides legacy fundraising services and services to support the management of grants and investments to the Foundation. RBG Kew Enterprises made charges for fundraising services to the Foundation in 2019-20 totalling £193k (2018-19: £146k). During the

year RBG Kew Enterprises Ltd made payments to the Foundation of £0k (2018-19: £0k) and received payments of £0k (2018-19: £124k).

The balance owed to the Foundation at 31 March 2020 is £nil (2019: £nil), and the balance owed to Enterprises by the Foundation at 31 March 2020 is £368k (2018: £146k).

14. ULTIMATE PARENT UNDERTAKING

The company is wholly owned by the Royal Botanic Gardens, Kew, whose principal place of business is Royal Botanic Gardens, Kew, Richmond, Surrey, TW9 3AB. The Royal Botanic Gardens, Kew is an exempt charity and a Non Departmental Public Body under the Department for Environment, Food and Rural Affairs. Copies of group accounts can be obtained from the Royal Botanic Gardens, Kew.

15. POST BALANCE SHEET EVENTS

The Directors have monitored events after the Balance Sheet date, particularly with regards to the impact of Covid-19, and do not believe there have been any events which impact the values stated in these accounts, or require any additional disclosure.