

The Zoological Society of London

Trustees' Report and Financial Statements

31 December 2011

Registered Charity No. 208728

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1. Trustees' Report 31 December 2011

The Trustees are pleased to submit this report and the financial statements for the year to 31 December 2011. Further information about the Society's activities is given in a separate document, Zoological Society of London Annual Review ('Annual Review'), which can be obtained from the Finance Director or online from www.zsl.org.

Objectives of the Society and Mission Statement

The objectives of the Zoological Society of London (ZSL), also referred to in this report as 'the Society', 'the Charity' and 'the Zoos', as set out in its Charter, are: 'The advancement of zoology by, amongst other things, the conducting of scientific research, the promoting of conservation of biological diversity and the welfare of animals, the care for and breeding of endangered and other species, the fostering of public interest, the improvement and dissemination of zoological knowledge and participation in conservation worldwide.'

In shaping our objectives for the year and planning our activities, the Trustees have considered the Charity Commission's guidance on public benefit, including guidance on public benefit and fee charging. Initiatives include educational visits at heavily discounted prices, or free under the scheme we run in conjunction with the Greater London Authority (GLA); free visits as part of the Junior Citizen initiative; and Special Children's Day at discounted prices. We also fund and run a world-renowned zoological library, with open access at no charge.

Unfortunately, due to budget cuts within the GLA, their education sponsorship scheme, as above, was brought to an end in April 2011. However, in offering heavily discounted visits to schools in the GLA area, we had good success in encouraging educational visits from affected schools and, in addition, continued our discounted offers to all other schools.

In addition, the Society has adopted a Mission Statement, which reads:

'To promote and achieve the worldwide conservation of animals and their habitats'

Guiding Principles

In carrying out its mission, ZSL has adopted five guiding principles:

- 1. Respecting and valuing animals and the natural world.**
Our belief is that a diverse and healthy natural world is valuable in its own right and is essential for ensuring secure and healthy lives for people. This motivates ZSL's vision and mission, and our other core values follow from this.
- 2. Inspiring conservation action.**
We seek to motivate others to take conservation action in their daily lives.
- 3. To achieve excellence in our field.**
Building on our heritage and reputation as a learned society, we aim to be an authoritative source of information and good practice for the scientific study, conservation and husbandry of animals; and to make efficient and effective use of available resources to achieve the highest possible standards in everything we do in the operation of a successful and innovative conservation organisation.
- 4. Acting ethically, responsibly and sustainably.**
We aim to operate in fair and justifiable ways that do not conflict with our mission/objectives and which respect the environment.
- 5. Valuing everyone we work with.**
We support and value teamwork and collaboration, strive for fair and equitable treatment of everyone with whom we work and come into contact, and aim to act with respect and courtesy in all our dealings.

Strategic Aims

ZSL pursues its mission with five key strategic aims:

1. To undertake and promote relevant high-quality zoological and conservation research, to help us achieve our conservation objectives and to inform and influence conservation policy.

ZSL will achieve this strategic aim by:

- Encouraging and rewarding excellence in the performance and communication of science, conservation and animal husbandry
- Using our unique convening role as a leading learned society to foster and achieve international excellence in science relevant to our core conservation priorities
- Attracting and engaging a diverse range of people and organisations in the science of zoology and conservation – from students to leaders in their field
- Managing and developing a relevant and useful body of zoological knowledge
- Raising the profile of conservation issues and priorities and ensuring they are well represented at policy level and in the media
- Providing policy makers, conservationists and the general public with the information needed to make informed decisions on conservation issues.

2. To encourage and motivate all our stakeholders to support and engage in conservation.

ZSL will achieve this strategic aim by:

- Enabling and inspiring all ZSL's staff, students and volunteers to become ambassadors for our conservation mission
- Ensuring that all visitors have an enjoyable, inspiring and educational experience
- Communicating science-based conservation messages
- Improving and developing our contributions to the education and conservation awareness of groups of all ages and to education providers
- Raising and maintaining our profile amongst target audiences
- Using our research and field activities to inspire and educate people about conservation
- Enhancing the value delivered to ZSL members.

3. To implement and achieve effective and appropriate 'in situ' and 'ex situ' conservation programmes for priority species and habitats.

ZSL will achieve this strategic aim by:

- Ensuring that conservation efforts are informed by the best science
- Developing and applying objective criteria for setting priorities for our conservation activities
- Measuring conservation efforts and evaluating their outcomes to enable more effective management
- Developing our own and others' capabilities, expertise and resources in order to build capacity in zoology and conservation
- Predicting, prioritising and responding effectively to new conservation issues
- Engaging and working with communities in support of conservation and sustainable livelihoods
- Working with other organisations and across disciplines to achieve our common conservation objectives
- Working with government and industry in support of conservation.

4. To lead and deliver exemplary Zoos to advance ZSL's mission.

ZSL will achieve this strategic aim by:

- Inspiring our visitors through world-class animal exhibits that are linked to science and conservation
- Evaluating all our activities to inform a visitor charter committed to excellence in customer satisfaction
- Implementing and surpassing globally recognised standards in our Zoos
- Ensuring and promoting best practice in the welfare of Zoo animals and delivering conservation breeding
- Integrating and maximising the conservation and research contribution of the Zoos to ZSL
- Maximising the unique learning and enabling opportunities that our Zoos offer across all sectors of the Society
- Using our Zoos to increase the financial contribution ZSL makes to science, conservation and education.

5. To further ZSL's mission by maximising opportunities to generate funds.

ZSL will achieve this strategic aim by:

- Making continued investment in our sites and infrastructure
- Ensuring best practice in the care and welfare of animals and species population management
- Developing innovative opportunities to generate revenue
- Building up and extending our supporter base
- Raising our charitable profile to increase funding to ZSL
- Using ZSL assets and resources to generate funds within the framework of a registered charity.

Plans and Objectives for the Year 2011

These plans, set within our overall aims and objectives, and the activities undertaken to achieve them, are set out below:

1. By raising our charity profile and improving our customer service we will maximise our opportunities to generate funds while further striving to improve our cost efficiency, in these difficult economic circumstances.

- With more than 1,090,000 visitors, 2011 was the second best year at ZSL London Zoo in the past 20 years, which was narrowly behind the year when *Gorilla Kingdom* was opened. However, this year we lost the GLA free visit scheme, which resulted in 42,000 fewer school visits. A very successful year growing visits by 8% and ticket yield by 11% combined to grow admission income by 19%. Key factors were the strong marketing campaigns for Easter followed by the launch of *Penguin Beach*, good weather particularly in spring, nine sold out Zoo Lates events generating nearly 50,000 visits, strong publicity throughout the year, an increasing membership base, stronger education and groups marketing, and better online marketing and web functionality – all combined with increasing visitor satisfaction scores, which means people are more likely to recommend visits.
- At ZSL London Zoo the increase in admission spends was driven by the 2011 price increase and management of the ticket yield. We saw strong performance from paying individuals, groups and paid-for education visits (with the loss of the GLA free school visit scheme). Additional Zoo Lates events this year have also increased spends. The Marketing Team are very focused on achieving the maximum ticket yield – advances in online booking and marketing have increased advanced sales, plus with a buoyant market there was less need to discount using promotions.
- With more than 500,000 visitors it was the best year at ZSL Whipsnade Zoo since 1974 and the best performing Zoo in the UK on year-on-year performance in 2011. The strong year at Whipsnade has been a result of good spring weather combined with a strong marketing campaign for the full year – promoting the core strengths of the Zoo in a year with no new capital development to launch. The price freeze was a good strategic move to promote a value message in difficult economic times and in a year when our major competitor (Woburn) significantly increased their prices. An increasing membership base has also contributed to visitor growth along with stronger education marketing, plus a focus on events at key times such as Halloween and Christmas to increase visits in shoulder periods.
- The 'Visitor Attraction Quality Assurance Scheme' (VAQAS), run by Visit England, produced a glowing report of both Zoos and classified them as outstanding visitor attractions. Notable improvements had been made across both sites from the previous year's reports.
- Our visitor research showed that visitors were rating our Zoos higher than ever before in the four main categories of 'Overall Enjoyment', 'Would Recommend a Visit', 'Value for Money' and 'Would Return within 12 months'. This continues the trend over recent years of improving customer satisfaction to the extremely positive results we are now seeing. Notably, the new *Penguin Beach* exhibit at ZSL London Zoo scored very highly with visitors – with more than nine out of 10 people on average rating it good or excellent.
- Our Business Development Team had a very successful year, with 2011 income and net surplus greater than expected. Key success areas have been the development and growth of experience-based premium products, such as sleepovers and animal encounters. These generated three times what we generated the previous year. Keeper for a Day income remains stable year on year. The animal adoption market continues to be very competitive and income decreased by 25%, and we also saw a 50% decrease in unit-based car parking revenues due to fewer opportunities in the market.
- The ZSL website – www.zsl.org – continues to go from strength to strength. Visited by more than four million people in 2011, it is an important method of communication about our Zoos, our scientific research and our conservation programmes. It is also used for transactions and the site now generates a turnover of more than £4.6m – a growth of nearly 40% on the previous year. The ZSL social media channels of YouTube, Facebook and Twitter are continuing to grow in support – and we will be making sure we continue to grow these communication channels in 2012.
- 2011 was an excellent year for the ZSL PR Team. During the year, PR with an equivalent advertising value of £21.7m was generated through a mixture of proactive and reactive work, both creating opportunities and responding to them quickly for maximum benefit. This was up £3m on the previous year – even without the ITV1 documentary series that was broadcast in 2010. A total of 6,608 articles, broadcasts and mentions of ZSL, ZSL London Zoo, ZSL Whipsnade

Zoo or Institute of Zoology (IoZ) were generated. This equates to an average of 550 articles each month, worth an average £1.8m per month in equivalent advertising value. The PR Team assisted with the promotion of the Royal Wedding Charitable Gift Fund, which highlighted ZSL as a charitable organisation that was a beneficiary of the fund – the story was included in *The Sun*, the *Evening Standard*, *Hello* magazine, *ITV's Daybreak*, the *Ham & High* and internationally in the Thailand and Bangladesh press. The PR Team assisted with media activity for many corporate partners of the Society, including Santander, Exodus, Giraffe and Ketchum Pleon. The PR Team helped to promote challenge events, generating coverage for the Zoo Stampede and the Cycletta event at ZSL Whipsnade Zoo and the British 10k run. The events were also promoted to members via ZSL's *Wild About* magazine.

- Significant efforts are made to publicise, and include on all documentation, our charity status, and in addition, during 2011, we produced a new leaflet giving reasons to support ZSL's charitable mission.
- Our Zoological Director was appointed as Chairman of the British and Irish Association of Zoos and Aquaria and to the Council of the World Association of Zoos and Aquaria.
- Discovery and Learning Teams have been integral to on-site fundraising. The teams have been raising money for the European Association of Zoos and Aquaria (EAZA) Ape Campaign, Vulture Awareness Day, Elephant Appreciation Day and Tiger SOS. For Elephant Appreciation Day, volunteers helped with elephant encounters, the Graphics Team framed images of the elephants and the elephants' own artwork to be sold, and Explainers provided additional talks. £7,000 was raised in just one weekend. At ZSL London Zoo, the Explainers have raised more than £5,000 for Tiger SOS in collections at the end of lions and tigers talks. They also assisted in the launch of Tiger SOS, donning the furry tiger costume.
- *Penguin Beach* showed how corporate sponsorship can be appropriately incorporated into an exhibit. Working closely with the Development Team and our travel partner Exodus, the team provided signage about Exodus, which was still in keeping with the rest of the interpretation.
- By increasing the profile of our membership scheme to our visitors and the general public we raised just under £4m and increased our member numbers to 72,000.
- During 2011 we started a trial of high street fundraising. This helped us to raise the profile of ZSL as a conservation charity and provided a new income stream to ZSL. We are currently looking at increasing our activity in this area to further promote the importance of our work.
- We increased the number of challenge events that we participated in as a charity, raising our profile and bringing in additional funds to support our work.
- Gate donations from day visitors were extremely strong, with around 80% of eligible visitors to both Zoos making the donation and allowing the potential for Gift Aid from those who are UK taxpayers. The combination of donations and Gift Aid from day visitors, both at the gate and online, generated in excess of £3m revenue in the year – a 20% increase year on year.
- 2011 was an important year for ZSL London Zoo's Retail Team, with the construction and opening of a significant extension to and revamping of the main shop and the addition of a new exit from the Zoo. The shop opened on time, with the new exit opening a few weeks later with our new *Penguin Beach* exhibit. The result of this, and the routing of exiting visitors via the shop, significantly increased both shop footfall and visitor spend despite the difficult year being experienced by the retail sector generally. ZSL Whipsnade Zoo fared less well but the Retail business across both Zoos increased its sales by 18% and gross contribution to the Society by more than 30% year on year, while improving its ratings in our visitor surveys to best-ever levels.
- Catering sales to Zoo day customers benefited from the increase in visitor numbers to both Zoos and managed to grow sales slightly ahead of the percentage visitor increase. Contribution from this business across both Zoos was just up on that achieved in 2010, affected in part by significant increase in food costs. Ratings by visitors in our exit surveys produced the best-ever scores, including, crucially, customer service and value for money.
- Our Conference and Banqueting businesses had a tough year, in common with many other hospitality venues. Some changes in the way the London business is managed by our partner did help steady performance there, but the Whipsnade business found it very difficult to win as much business as planned and at the price levels previously experienced. While the contribution from these businesses based at both Zoos remained good, the lower pricing coupled with increased food costs meant there was a reduction in revenue of around 20% from that achieved in 2010.

2. We will continue our commitment to performing high-quality scientific research to help understand how the natural world works, and to provide a rigorous scientific underpinning for conservation policy and practice.

- IoZ staff published 118 scientific papers in 2011, including two in journals with impact factors greater than 10.
- IoZ staff successfully obtained 49 grants to carry out scientific research, with a monetary value of more than £2.7m. This is in addition to our core income from Higher Education Funding Council for England (HEFCE), which stands at just over £2.2m.
- IoZ attracted 10 new PhD students in 2011, and now has 57 PhD students in total.

- 56 MSc students were educated on courses co-managed by IoZ. This includes 23 overseas students.
- ZSL held three scientific symposia in 2011, attended by 351 people in total.
- ZSL held 10 free public scientific meetings in 2011, attended by a total of 1,729 people.
- Contracts were signed for two titles in the ZSL Conservation Science and Practice series:
 - a. *Biodiversity Conservation and Poverty Reduction: Exploring the Evidence for a Link* (Editors: Dilys Roe, Matt Walpole and Joanna Elliott)
 - b. *Protected Areas: Are They Safeguarding Biodiversity?* (Editor: Lucas Joppa)
- Two titles in this series will be published in early 2012:
 - a. *Reintroduction Biology: Integrating Science and Management* (Editors: John Ewen, Doug Armstrong, Kevin Parker and Philip Seddon)
 - b. *Tropical Forest Conservation and Industry Partnership: An Experience from the Congo Basin* (Editors: Connie Clark and John Poulsen)
- More than 150 enquiries were received from researchers wanting to use the animal collection at ZSL London Zoo and ZSL Whipsnade Zoo during 2011 for projects.

3. Our scientific priorities for the coming year continue to include wildlife health and disease and our core contributions to biodiversity indicators, which will be particularly important in defining progress towards the 2020 biodiversity targets from the Convention on Biological Diversity (CBD) meeting in Nagoya. It will also be a priority to plan our science strategy for the coming five years, as a consequence of changes following from the outcome of the HEFCE review of funding to the IoZ.

- The PR Team devoted significant attention to highlighting the work of the IoZ and achieved significant coverage. Just some of the stories that were covered in national, regional, international and specialist media are listed below:
 - A story was released about a new and deadly disease wiping out populations of British garden birds.
 - A call-to-action news story was released about the Avian Pox spreading to the UK.
 - The PR Team highlighted a paper published in the Proceedings of the Royal Society about the cleaner wrasse fish, and the males' preference for non-greedy females.
 - The PR Team arranged for an adder health check expedition to be accompanied by a journalist, helping to raise awareness of the worrying decline of Britain's only venomous snake.
 - The Cetacean Strandings Investigation Programme (CSIP) was promoted throughout the year, with the PR Team managing all media interest in individual cetacean strandings, and promoting key work of the team, including raising awareness in national and regional media of the CSIP summary report in December 2011.
 - The PR Team, alongside L'Oréal, led on the Soapbox Science event, which was held in July 2011. ZSL and the L'Oréal-UNESCO for Women in Science programme joined forces with the help of some of the UK's most prominent female scientists, to bring science to the people.
 - ZSL publications continued to bring focus to the research undertaken at the IoZ.
- **Biodiversity indicators for 2020**
 - It became clear in 2010 that the target adopted by world leaders signatory to the CBD to reduce the rate of biodiversity loss was not met. Nevertheless, the 2010 target stimulated the development of scientifically robust techniques to evaluate biodiversity change, providing policy makers with the means to create a more structured and focused plan for biodiversity conservation over the coming decade. As the transition takes place to the CBD 2020 strategic plan for biodiversity, what shape should it take?
 - In 2011, we published three journal articles detailing potential responses that might help policy makers form the most appropriate framework for biodiversity in 2020. These covered a gap in analysis of regions and species where data is lacking, linking indicators in a pressure-state-response framework, and focusing on biodiversity indicators that could discern between competing policies to enable better decision making. The latter of these provides an intriguing way forward, as while the current set of biodiversity indicators offers good information on how biodiversity is changing, it provides little information on what we should be doing about biodiversity loss. By linking indicators to explicit monitoring objectives, it is possible to make decisions about which monitoring schemes require additional support, which can be informed by predictions of the value of such schemes to enable better policy decision making.
- **Wildlife health**
 - We made significant advances in our research relating to the health of wild birds, bats, amphibians and whales.
 - Infectious disease in common British birds:
 - Few studies have demonstrated the extent to which emerging diseases can affect populations of common species. We assessed the impact of an emerging protozoal disease on greenfinch and chaffinch, *Fringilla coelebs*, two of the most

common birds in Britain. Morphological and molecular analyses revealed that the disease was caused by *Trichomonas gallinae*. *Trichomonosis* emerged as a novel fatal disease of finches in Britain in 2005 and rapidly became epidemic in greenfinch, and to a lesser extent chaffinch, populations in 2006. By 2007, breeding populations of greenfinches and chaffinches in the geographic region of highest disease incidence had decreased by 35% and 21% respectively, representing mortality in excess of half a million birds. Declines were less pronounced or absent in regions where the disease was found in intermediate or low incidence. Populations of dunnock, *Prunella modularis*, which similarly feeds in gardens, but in which *Trichomonosis* was rarely recorded, did not decline. This is the first *Trichomonosis* epidemic reported in literature to negatively affect populations of free-ranging non-columbiform species, and such levels of mortality and decline due to an emerging infectious disease are unprecedented in British wild bird populations. This disease emergence event demonstrates the potential for a protozoan parasite to jump avian host taxonomic groups with dramatic effect over a short time.

- Long-term survival of an urban fruit bat seropositive for *ebola* and Lagos bat viruses:
 - *Ebolaviruses* (EBOV) cause viral haemorrhagic fevers in humans and non-human primates when they spill over from their wildlife reservoir hosts, with case fatality rates of up to 90%. Fruit bats may act as reservoirs of the viruses. The migratory fruit bat, *Eidolon helvum*, is common across sub-Saharan Africa and lives in huge colonies, often situated in cities, and is a source of bushmeat. We screened sera from 262 *E. helvum* for antibodies against EBOV. We detected a seropositive bat from Accra, Ghana, suggesting that this bat had been previously infected with this virus and survived. We confirmed this by testing the sample in an independent laboratory using a different type of test. The bat was also seropositive against Lagos bat virus, a rabies-related *Lyssavirus*. The bat was fitted with a radio transmitter and was last detected in Accra 13 months after release post-sampling, demonstrating long-term survival following exposure to viruses, which may be highly pathogenic to humans and other primates. This is the first time that evidence of the EBOV infection has been found in an urban dwelling bat and therefore poses interesting questions regarding public health, especially given the species is also harvested for bushmeat.
- Climate change, *Chytridiomycosis* or condition: an experimental test of amphibian survival:
 - Field studies have shown how climate warming has exacerbated the negative effects that emerging *Batrachochytrium dendrobatidis* (Bd) has on amphibian populations. We experimentally examined the potential for Bd to interact with climate warming and used the recently metamorphosed common toads (*Bufo bufo*) as our model amphibian. By experimentally altering winter hibernation temperatures and exposing toads after hibernation, we could examine the effects of changing temperature on host responses while controlling for climate effects on Bd. Results were unexpected. The amount of mass lost by toads was not directly influenced by hibernation conditions, as would be predicted based on field studies of adult toads. Additionally, disease dynamics were decoupled: poor winter hibernation conditions increased the probability of infection but good winter time conditions lead to heavier, more lethal, infections. Even more unexpectedly, altered temperature and exposure to Bd were not the most important predictors of mortality. Instead, body mass and the amount of mass lost during hibernation were the most important correlates of mortality. Altering hibernation temperature did not influence mass loss, and mass was determined before we started the experiment, so growth during the larval period must be the most important factor influencing mass and mass loss, and, thus, mortality. While Bd and climate change both have the ability to negatively affect amphibian populations and act synergistically, our experiment shows that the threat is not omnipresent, and substantial mortality in amphibian populations can arise through simple, demographic processes.
- Acute sun damage and photoprotective responses in whales:
 - Despite a marked deceleration in the amount of ozone lost at the poles each year, high levels of solar ultraviolet radiation (UVR) continue to reach our biosphere, potentially threatening living organisms. Species such as whales, whose skin is uncovered by fur, feathers or scales and whose life-history traits force them to continuous exposure to the Sun, are believed to be particularly sensitive to UVR. We investigated the prevalence of sunburn lesions in 156 blue, fin and sperm whales, three seasonally sympatric species with dissimilar skin colour and surface behaviour. By using high-quality photographs and microscopic skin sections, we were able to detect lesions commonly associated with acute severe sun damage in humans. Interspecific variation in sensitivity to solar exposure was explained by dissimilar skin colour and duration of exposure, two factors known to increase the risk of acute sunburn in humans. Individual skin pigmentation predicted cellular lesions and apoptotic cells, suggesting that darker pigmentation protects whales from sun irradiation and plays a role in the elimination of potentially precancerous cells, as is known to occur in humans. Interestingly, blue whale epidermal apoptotic cells and melanocytes increased in time, a trend that also occurred in fin whales, the darkest species studied. If exposure to UVR increases the number of melanocytes, stimulates the synthesis of melanin and leads to augmented apoptosis, it is possible that our results indicate that cetaceans are able to elicit quick responses to high levels of UVR.
 - Rob Deaville and Paul Jepson were awarded a further three-year funding period from the Department for Environment, Food and Rural Affairs to continue managing the work of the CSIP in the UK. The grant award is for more than £1m and is due to run from 20 April 2011 through to 31 March 2014, with a further three-month report-writing period to make the end of contract date 30 June 2014.

- **IoZ Research Strategy 2012-16**

The aim of the IoZ Research Strategy is to help us to maximise what we achieve in relation to funding, and add value to our bids for support. All funding bodies that do and could support IoZ require evidence of excellent work and fit to their priority areas. If we are to continue to achieve sufficient external funding, we need to maintain the quality and focus of our work. Hence, we need to ensure that we have a strategy in place against which we can describe our work and outputs. The IoZ Research Strategy was a requirement for the Research Assessment Exercise in 2008, which looked explicitly at our strategies and plans under their assessment of the research environment, and is likely to be so for the Research Excellence Framework in 2014. The new IoZ Research Strategy is currently in development. A draft strategy was written in late 2011 in consultation with all IoZ research and support staff, and this draft is now in the process of internal review prior to wider consultation with a range of IoZ stakeholders.

4. We will continue our commitment to field conservation initiatives, strengthening activities in 12 core conservation hubs throughout Europe, Africa and Asia.

- With the rising number of conservation field programmes, the ZSL central support contribution to field programmes continues to grow and, during 2011, additional space was allocated to conservation staff.
- **In the UK**
 - a. The Corncrake Species Recovery Programme continues into its 11th year. 2011 saw 153 eggs laid, 111 eggs incubated, 93 chicks hatched and successfully reared, 87 chicks sent to the Nene Washes for release (61 in 2010) and 15 chicks returned to ZSL Whipsnade Zoo for breeding in 2012. All this was achieved with the smallest number of breeding females Whipsnade have had. Though slow to start, the corncrake breeding and release season proved to be very successful. With our partners in this programme, The Royal Society for the Protection of Birds and English Nature, we will continue the programme for at least another two years.
 - b. During the Red-barred Ant Breeding and Release Species Recovery Programme work of 2009, we collaborated with Surrey Wildlife Trust colleagues to assess the status of the UK mainland populations and to further develop the conservation action plan for the species.
- In addition to our maintaining the international *Partula* programme studbook and helping to extensively review the conservation action plan, Biodiversity Underpinning Global Survival (B.U.G.S!) exhibit Senior Keeper Donald McFarlane conducted field conservation work in French Polynesia, which focused on the commencement of a *Partula* snail reserve on Tahiti as the first stage of the reintroduction programme.
- At the invitation of Frégate Island, B.U.G.S! exhibit Qualified Keeper Kate Pearce undertook field work to help assess the conservation status of the famous Frégate beetles that are only found on this one Seychelles island.
- Andrew Routh, Chief Veterinary Officer, visited Asia twice, both to provide veterinary expertise to the vulture programmes and also to represent ZSL at the launch of Saving Asia's Vultures from Extinction in India and Nepal. March saw the conclusion of the contract of our first Vulture Veterinary Intern Melissa Nollet, and she was succeeded later in the year by fellow MSc WAH graduate Thalita Calvi.
- **Communication, Education, Participation and Awareness**
 - The Discovery and Learning Team oversees this programme and the team has assisted with various evaluation and social science elements to several of ZSL conservation projects. This included the evaluation materials for the EDGE of Existence training course in Indonesia and Nepal.
 - Conservation efforts focused on the 12 core conservation hubs and an extensive training workshop was held at ZSL for the first time to help strengthen the conservation capacity of our teams in these regions.

5. The conservation focus of the Society will be on defining the status and trends of the world's species and ecosystems, ensuring the protection of priority EDGE of Existence species, expanding the global marine protected area system, and addressing five crisis issues, including reversing the global decline of amphibians, coral reefs, great apes, freshwater fish and large Asian mammals.

- ZSL publications reported on the launch of EDGE of Existence Coral Reefs and included regular updates on the programme's developments.
- The PR Team assisted the National Environment Research Council with a PR story about a link in the frog trade with the increased spread of the chytrid fungus.
- The PR Team launched the EDGE Instant Wild smartphone app in December 2011, generating coverage in specialist and national media – raising the profile of a new app that encourages citizen science monitoring of camera-traps around the world.

- ZSL's important conservation work and new arrivals were featured on the BBC's *Nature's Miracle Babies* television programme on 4 and 11 September 2011 – the programmes included ZSL's work with the critically endangered Amur leopard and Western Lowland gorillas.
- Features in ZSL publications helped raise the profile of the Society's field conservation work, with topics including:
 - How ZSL's conservation department is successfully working with business
 - The work underway to ensure the survival of the Ganges River dolphin
 - Camera-trapping and how it is used in the field
 - The success of Project Ocean
 - A profile piece about ZSL conservationist Tim Wachter and his work with desert antelopes
 - Insight into the work underway to protect black rhinoceros.
- Our amphibian fieldwork was focused on our Dominican mountain chicken conservation programme, which included establishing a population of surviving wild frogs in the island's field breeding facility, thanks to a four-month field placement by our new Deputy Team Leader Ben Tapley.
- Our freshwater fish conservation work included a month-long set of survey work in Liberia by Curator Brian Zimmerman, who led a Liberian team to undertake a freshwater fish biodiversity assessment in the Putu mountain range in the east of the country. The full report was submitted to government and will hopefully help to secure a conservation plan for the area. It is likely that at least two new species will be described as a result of the survey. Our Fish Net initiative gained momentum, with formal partnerships being established with Hacettepe University and Doga Dernegi in Turkey and the submission of a Stage 2 Darwin application for work on five threatened freshwater killifish species.
- In 2011, ZSL defined the conservation status of 3,500 species. EDGE of Existence Coral Reefs was launched and two training workshops were held for the next cohort of EDGE Fellows (in-country conservationists), one group focusing on marine species and the other on terrestrial. ZSL helped to create a new marine protected area in the Philippines through Project Ocean, a unique collaboration with Selfridges & Co, focusing on promoting marine protected areas and sustainable fisheries. The project was the largest retail activism initiative focusing on ocean conservation and reached more than 12 million people. Large-scale projects are also underway for each of the crisis areas.

6. The Society will increase its efforts to address the growing threat of climate change by conducting robust science on the topic as it relates to biodiversity, implementing initiatives to reduce deforestation and making our own operations more sustainable.

- ZSL formed a climate change working group to help coordinate climate change work across the Society. This has led to a stronger climate change research focus and a range of exciting new projects. Initiatives to reduce deforestation were also further developed, such as our Reducing Emissions from Deforestation and Forest Degradation project in Berbak National Park, which has now been adopted as a national pilot project. This project is looking at the value of a particular site not only in terms of carbon capture and storage, but also in terms of biodiversity. The Berbak project has a tiger as its flagship species and when carbon credits are sold in the future there will ideally be a premium for the added biodiversity value. Research is currently being conducted by ZSL to understand how much more the market might be willing to pay for biodiversity premiums. ZSL research is also helping to highlight the importance of mangroves for carbon capture and storage, and, on the ground, ZSL's community-based mangrove project is helping to replant areas that have been degraded, such as abandoned fishponds. So far, the project has planted more than 100 hectares with young seedlings and, in January 2011, launched the Ibahay eco-park in the Philippines. These parks provide local employment, educate about the importance of mangroves and, in doing so, help to secure the future of the sites.
- At home, ZSL has developed a sustainability strategy that is helping us reduce our carbon footprint across our sites. For example, ZSL has reduced electricity consumption and resultant carbon emissions by 6.38% over the past year, saving 300,527 tonnes of carbon (of this, ZSL Whipsnade Zoo reduced electricity consumption by 12.51% and ZSL London Zoo by 3.38%). We have reduced electricity costs by 12.72% overall, with a saving of £125,000.

7. We will assist in coordinating the conservation community to ensure that policy makers have access to the best information on species and ecosystems.

- ZSL helped host many influential meetings feeding conservation science into policy, such as the Project Ocean summit on the EU Common Fisheries Policy. This was opened by Queen Noor of Jordan, with presentations from Richard Benyon, Minister for the Natural Environment and Fisheries, and Maria Damanaki, the EU fisheries chief.

- Out of Project Ocean the Marine Reserves Coalition was also formed, which is working to develop a national and global marine protected area strategy supported by the major non-governmental organisations. This is done with the aim of making the priorities as clear as possible to policy makers.
- ZSL continued to lead on the Living Planet Index in collaboration with WWF, and manages the largest species population time series database in the world. This database can be used to generate trends for taxonomic groups or for biodiversity in specific regions or ecosystems.
- The Living Planet Index is currently the main biodiversity indicator used for the Convention on Biological Diversity. In 2011, ZSL also expanded the National Red List website, and helped coordinate the Mongolian Red List of Birds and the Mongolian Red List of Medicinal Plants, as well as the Nepal Red List for Mammals.
- In addition, ZSL helped assess more than 3,500 species for the International Union for Conservation of Nature Red List. All these Red List Assessments are important for conservation planning and priority setting, and also contribute to the national biodiversity action plans of individual countries.

8. Priorities for development at the Zoos will be the launch of *Penguin Beach*, the extended shop and new exit to Regent's Park at ZSL London Zoo, and a focus on the 'Big Ticket' at ZSL Whipsnade Zoo. We are strengthening the Events Team to benefit both Zoos and Zoo Lates will grow in London. We will also focus on further animal welfare-related projects, completion of Zoo Licence conditions and addressing infrastructure and backlog maintenance issues at both sites.

- The successful launch of *Penguin Beach*, with an innovative and integrated marketing and PR campaign, helped deliver a great year for London in terms of commercial success and visitor numbers, and also helped drive visitor satisfaction. A *Penguin Beach* section was created on the website, including a new popular live-streaming web cam, game, video and picture content. The new '*Penguin Beach Live!*' daily feed proved extremely popular, with visitors flocking to see the penguin feed. Also new was the 'Meet the Penguins' encounter launched in August, which generated more than £30,000 of income in a few months and is sure to be a popular experience in the future. Zoo Lates events increased from four to nine nights in 2011, running every Friday night in June and July for adults only. Nearly 60,000 tickets were sold and more than £1m income was generated across the nine nights. Visitors also loved the new improved experience, with more than 85% of visitors rating them good or excellent. A new Events Manager position was created in Marketing to help grow the Events programme at both Zoos to attract new markets, increase visit frequency and repeat visits, and drive increased membership. Along with Zoo Lates, the team helped deliver 'Zoo Nights' at ZSL Whipsnade Zoo, as well as 'Boo at the Zoo' Halloween half term and 'Meet Santa' Christmas events across both Zoos. Plans were also put in place for increased events in future years.
- The Big Ticket marketing campaign for 2011 helped achieve the most successful year at ZSL Whipsnade Zoo for 37 years. Using various different media channels, the event marketing helped to communicate all that was great about Whipsnade Zoo – even using the familiar 'Big' voice of Brian Blessed on all radio adverts to help convey the Big Ticket campaign.
- **Penguin Beach**
 - 2011 was dominated by *Penguin Beach* at ZSL London Zoo. The largest penguin exhibit in the UK was opened on 27 May 2011 to great acclaim. On opening we had 54 adult Humboldt penguins, which were the key exhibit focus, six one-year-old hand-reared African penguins, 'Ricky' the rockhopper penguin, who provided a great deal of press interest, and five male macaroni penguins. Finally, we also had two Humboldt penguin chicks that were being hand-reared.
 - For ZSL London Zoo, the creation of *Penguin Beach* has allowed us to realise some long-term outstanding aims in the department. It has given an opportunity to link penguins directly to IoZ work being carried out in the southern hemisphere by penguinologist Dr Tom Hart, to continue raising animal exhibit standards and providing an excellent environment for our penguin colony, and to ensure we offer an outstanding visitor experience.
 - From the visitor experience perspective it has been an extremely successful year. There is no doubt that *Penguin Beach* has been a great hit with visitors of all ages: penguin feeding times have been filled to capacity, 'Meet and Greet' sessions a great hit, and the highlight for many has been the incredible views of the penguins underwater.
- **Zoo Projects**
 - *Happy Families* – Following the refurbishment of the Round House for the Rodrigues fruit bat, the group was transferred into the new exhibit. Five new females from Chester settled well and a birth has already occurred in the new exhibit. The exhibit was opened to visitors for Halloween and has proven to be a popular addition to the *Happy Families* area; as have the four female reindeer that arrived just in time for the start of the festive season and complemented the Christmas events at the Zoo.
 - *Red River Hogs* – To enable the section to keep the red river hogs in a suitable facility year-round and avoid moving them for the winter, a stable in the adjacent paddock was upgraded in time for the winter. This included providing

heating and lighting. A new female recently arrived and having a larger area for the species should enable the group to grow and allow a good number to be on exhibit.

- *Passage Thru Asia* – is a great space for the deer. The animals are vulnerable to bad weather during the winter due to a lack of shelter and protection from the wind. To reduce this, two new field shelters were installed. Twenty new hazel screens have been mounted on existing chain link fences to provide wind-breaks in areas already popular with the deer. Two large-bale feeding racks are being used in the area, with the aim of reducing waste hay and giving the deer better access to clean hay in a holder that keeps the hay off the ground.
- *Tigers at ZSL Whipsnade Zoo* – Because of the location and the species, it was decided to upgrade the tiger exhibit at Whipsnade. This addressed several issues relating to health and safety, the visitor experience and potential welfare shortcomings. At the lower level, new footpaths were constructed running along the perimeter fence from the house towards the café using both gravel and plastic (simulated wood) decking. Two new viewing areas were constructed, one at the highest point of the pathway close to the bridge, and the other a large area on the lower level that proved a great success through the season as an area for visitor talks. New graphics and stunning large images added to the visitor experience. The most complex part of the project was to make the trees inside and along the perimeter of the area safe. Wood chips from the tree work were used to provide new substrates inside the enclosure.
- *White Lion* – Acer Conservation was contracted by ZSL to undertake a project to clean the chalk cut-out on the face of the downs of the 'white lion'. The work included trimming the outline of the lion back to the original line, weeding the chalk, filling in rabbit burrows and rotovating the surface to bring to the top fresh chalk of a whiter colouration. A rabbit-proof stock fence was completed around the lion to allow controlled access to the area by the grazing stock, which were introduced through the year to manage the grass on the Site of Special Scientific Interest.
- *Sealions* – Following the Zoo inspection, it was decided to improve the water management system for the sealions earlier in the year, even though plans were agreed to renew the filtration system. The filter medium was changed and a new chlorine dosing system was installed. This improved the water quality and reduced the incidence of eye problems with the sealions. Also, a new haul-out area was constructed by extending the decking area to the side and laying an artificial rock face at the back of that area, with rocks for basking. This looks really good and has already enhanced the whole arena area ahead of further work to be done in early 2012.
- *Hard-stands* – Several hard-stands in stable yards have been repaired or resurfaced after many years of heavy use with the hoof-stock such as Grevy's zebra. This has proved to be valuable both in terms of an improved substrate for the stock and to ease cleaning for the keepers.
- *Chimpanzees* – Through the welfare audit process several improvements were identified by the section staff that would benefit the chimpanzees' quality of life and, in turn, the management of the group. Towards the end of the year a major project was completed with the aim of providing greater protection from the elements in the outside cage and to give the chimps a greater level of comfort in that area, particularly when the moat was frozen and they could not be given access to the island. Translucent screens were mounted on a framework along one side of the cage and an opposite corner that gave shelter from the wind and rain but allowed sun to reach the chimps. The platforms under the covers were upgraded with shelf heaters to give some warmth to the chimps when outside.
- *Lake Daedulus* – During the autumn, the lake was drained to allow the silt to be dug out, getting the floor of the lake back to the clay and cement areas. New ramps were laid to give the birds easier movement in and out of the lake, and the island was cleaned and bushes pruned. Further plant work was done on the land side, with more planned for the spring. The lake has proved to be vulnerable to fox incursions during periods when the lake froze, resulting in the loss of many birds in some winters. To reduce this risk a new electric fence was installed around the whole area, including through the water at the front of the exhibit. To supplement the fencing an air-pipe system was installed to prevent the formation of ice in a section of water. The aim is to provide the birds with access to open water during cold weather when ice may form.
- *The Woodland Bird Walk* – has now reopened and, although access is no longer available to the entire wood, it does again give the opportunity to view the owl aviaries. New arrivals are a male great grey owl from Paignton Zoo and a female from Prague. This is a new species to be exhibited at ZSL Whipsnade Zoo and complements the Eurasian species currently kept there.
- *Bird Conservation Breeding Centre Aviaries* – With the planned closure of the aviaries on the North Bank at ZSL London Zoo, it was agreed to build a bank of new aviaries in the Bird Conservation Breeding Centre at ZSL Whipsnade Zoo to accommodate some of the species that will be kept within ZSL.
- Eight aviaries were built in the autumn, each with an insulated and heated inside area into which birds can be shut with access to good-sized outside flights. This will allow small to medium-sized birds to be managed as part of Zoo breeding programmes or for new conservation breeding initiatives for ZSL.
- *Herpetology* – Continued animal care facilities included additional animal quarantine rooms and improved breeding units. Provision has also been made for extensive improvement works to our amphibian exhibit and care facilities in early 2012. New exhibits realised over 2011 have included Philippine monitors, New Guinea Boelen's pythons,

Caribbean rhinoceros iguanas and a termite-themed Australian lizards feature. The large python exhibit was completely refurbished with a 'Pythons of Southeast Asia' theme.

- *The Aquarium* – A major set of exhibit improvements were realised in the first exhibit hall, which received a nearly complete exhibit makeover, with eight newly refurbished exhibits featuring unique and threatened freshwater habitats from around the globe, including: Mekong River, Lakes Tanganyika and Malawi, Sumatran peat bogs and others. This work included converting the old temperate water system to a warm water system, which, in addition to the significant water quality and welfare advantages, has also resulted in a significantly reduced energy footprint.

9. Assessment and implementation of a restructured education service will be designed to convert as many as possible of the free school visits to paid-for visits, following the loss of GLA funding. Evaluation of the effectiveness of the Zoos' learning programmes will remain a priority for Discovery and Learning.

- The Education Service was restructured following the loss of the GLA funding. Unfortunately, this resulted in some redundancies, but the programme to convert free into paid-for visits was extremely successful. Other initiatives have been developed, such as Zoo Academy on both sites, and the Keeper for a Day programme at ZSL Whipsnade Zoo will be expanded from three to five days per week in 2012.
- With the loss of the GLA free school visit scheme at the end of the spring term, a lot of effort from the Education and Marketing Teams was focused on converting GLA school visits into paid-for education visits, plus growing non-GLA school visits. With more than 107,000 school visits achieved at ZSL London Zoo in 2011 (compared to 149,000 in 2010) this does bode well for the future. Across both Zoos income from school visits increased by 40% over 2010. One other factor in the success of education visits in 2011 was the increased capacity for ZSL to take and process school bookings through the new Customer Contact Centre launched in April 2011.
- Education visits at ZSL Whipsnade Zoo also saw an increase in 2011, to almost 40,000 visits.

• **Discovery and Learning (D&L)**

By the end of 2011, a department-wide consultation had been held to review the current D&L strategy and to formulate a new three-year plan for the department. The strategic aims fall into six categories: informal learning; formal learning; Communication, Education and Public Awareness (CEPA); evaluation; arts and culture; and putting D&L at the heart of ZSL. The aim is to develop and expand these areas to become world leaders in learning to help achieve ZSL mission targets.

• **Informal Learning**

- 2011 saw the opening of *Penguin Beach*. The new exhibit increased the size of pool for the penguins, and also enabled visitors to find out more about ZSL's field conservation work through the eyes of a penguinologist. Daily penguin feeds and talks, including a special version for school groups, have been very well attended, with about 94,000 visitors participating since it opened in May. The exhibit and live interpretation was enjoyed by visitors (it was the highest-scoring exhibit in the Summer VAQAS report), but there was also evidence that visitors learnt about the threats to penguins and the work of ZSL.
- ZSL Whipsnade Zoo celebrated its 80th birthday in style, with photo exhibitions, a booklet and heritage signs created by the Interpretation Team. The Explainers had special birthday treats and talks for a different animal each week of the summer holidays, which was especially popular among members. In the Discovery Centre, volunteers manned touch tables celebrating the Zoo's history with press cuttings, old veterinary instruments and replica Zoo uniforms for children to try on.

• **Formal Learning**

- 2011 has seen some huge changes in formal learning at ZSL London Zoo. The funding providing for subsidised visits to London Zoo ended in March, along with taking education into school through the outreach scheme. However, despite this funding cut, the number of schools prepared to pay entrance fees has been very encouraging. 107,606 individuals took part in educational visits during 2011, which is a reduction of 28% on 2010, but nevertheless a very positive retention of level. Educational visits to ZSL Whipsnade Zoo have increased for a second year running, with 39,515 attending in 2011 – a 6% increase on 2010. The demand for formal taught sessions at Whipsnade has increased to such an extent that a second classroom space is being developed in 2012. A major contributing factor to the high level of school visits at both Zoos was the launch of a new schools brochure. This not only highlighted the taught sessions available, but also gives teachers a clear picture of the other exciting educational opportunities and activities available to them during their school's visit.
- Both formal education teams have been involved in the planning and delivery of a new practical course for 15 to 17-year-olds. ZSL Zoo academy is an eight-day course for 12 students per course, which includes both practical and theory sessions. Students learn about all aspects of working at ZSL, from zookeeper duties and conducting a behavioural research project, to finding out more about the work of ZSL Conservation Programmes. Pilot schemes

were run during 2011, with six courses running at both sites during 2012. It not only fulfils a gap in young people trying to gain work experience and evidence to apply for employment or university, but is also an additional revenue stream, with each student paying £550 to attend the course.

- Education officers from ZSL London Zoo delivered another very successful 'Living Nativity' for school children in December. More than 4,000 children and 900 adults enjoyed the interactive story and once again gave consistently excellent feedback on the event. Other events in 2011 included Junior Citizen, Westminster Schools Biodiversity Summit and Sustainable Schools conference.

- **Evaluation**

- A summative evaluation of *Penguin Beach* used various techniques to assess how successful the exhibit, live interpretation and Base Camp were at conveying messages to visitors. A mean of 77% of visitors reported learning new things from a visit to *Penguin Beach*. Nearly half of those who had visited Base Camp could specify how ZSL is involved in conservation; this increased to 66% in visitors who watch *Penguin Beach Live* and 81% in visitors who went to both Base Camp and *Penguin Beach Live*. Visitors were also asked how they could help penguins and how likely they were to do so; the most popular were specific and relatively easy actions, such as eating sustainable fish and buying naturally sourced omega 3.
- Front-end evaluation for the new tiger exhibit and training for the team was conducted to carry out simple, useful evaluation. The front-end evaluation revealed large differences in the knowledge of Zoo visitors about tigers and their threats (ie 6% thought they lived in Africa, while one visitor stated we can help tigers by choosing products with sustainable palm oil and encouraging others to do so). It also revealed that most visitors would prefer the interpretation to take a positive tone, although 61% of visitors stated they were pessimistic about the long-term future of tigers. The evaluation will serve as a baseline for measuring changes in knowledge, attitude and behaviour once the exhibit opens, as well as influencing the interpretation plans.
- The Explainer Team has been using the techniques to evaluate its talks programmes and identify and improve the weakest talks.
- It is hoped that the team will be able to build on this evaluation work, so that engagement initiatives can be based on evidence of what works and what doesn't, and we can effectively encourage pro-environmental attitudes and behaviour in our visitors. Meetings were held with Professor Roy Ballantyne (University of Queensland) and Dr Jen Dewitt (King's College, London) to discuss possible collaborations and student projects. Members of the department now belong to the Visitor Studies Group (VSG) and Visitor Studies Association, and attended the VSG AGM.

10. We will help to raise the profile of the need for tiger conservation through a fundraising campaign to both support tiger conservation and research in the field, and develop a state-of-the-art Sumatran tiger facility at ZSL London Zoo, with a planned opening in 2013.

- The Tiger SOS fundraising campaign launched in February 2011 was the main focus for our fundraising activity during 2011 and resulted in more than £1m raised during the year. The campaign reached out to existing supporters and visitors through our website, CRM activity and at our Zoos. We also received favourable press coverage that helped us work towards the campaign goal and raised the awareness for the need for tiger conservation and, in particular, the Sumatran tiger. With a target of just under £4m we enter 2012 with just under £1m left to raise.
- The Tiger SOS campaign press launch generated coverage worth £180,237 in equivalent advertising value and had a reach of 34 million opportunities to see, with a new-look website area to raise the profile of the campaign and secure donations. The PR Team secured a partnership with the *Ham & High* newspaper and the *Welwyn Hatfield Times* to promote Tiger SOS. The *Ham & High* has run regular stories on the Tiger SOS campaign, and the *Welwyn Hatfield Times* will be talking about the campaign from early 2012. Tiger SOS was also featured in various children's publications, with the intention of generating fundraising efforts from their readers. It was in *First News* (a national newspaper for children), *Animal Cuties*, *Animals and You* and *Club UK* (a magazine produced by the *Guardian*). The PR Team also teamed up with WOOP design studio to produce a limited edition print for the Tiger SOS campaign, and created a range of limited-edition products for sale in the ZSL London Zoo retail shop.
- In ZSL's *Wild About* magazine, a special report was featured about Tiger SOS and our work to conserve Sumatran tigers in Indonesia. A special edition of the staff newsletter, *ZSL Life*, was also created to galvanise internal support for the launch of Tiger SOS.
- The new tiger exhibit set to open in London in 2013 was named 'Tiger Territory' to reflect all the work the Society does for tigers.
- Mammals South Deputy Team Leader Teague Stubbington won the Michael Bramble Award and spent time in Indonesia working alongside the ZSL Conservation Field Team. Following his return, the experience gained in Indonesia has enabled him to assist various departments with the planning of the *Tiger Territory* project.

11. We will improve the visitor experience through better customer care and further development and use of the new customer relationship database and Customer Contact Centre for a single point of contact for customers and supporters of ZSL.

- The ZSL Customer Contact Centre was set up in April 2011 with staff appointed and trained. Designed as the one point of contact for all our visitors and supporters, the centre deals with queries by phone, letter and email. Improving customer service and driving revenue were two key outcomes, and the centre responds to interest in every area of the Society and across both Zoos. The centre also provides an important sales function – in its first three months it generated more than £750,000 of income – mainly through school bookings and animal experience sales. The team has made a successful start and there are further plans to develop the centre in the future to continually improve service and generate revenue.
- The Customer Relationship Management Strategy continued to grow during 2011, with more supporters receiving tailored communications and information on ZSL. Regular feedback surveys are collected from visitors, and this information is being used to improve our overall service levels.

12. These achievements will only be possible with the continued hard work and dedication of staff and volunteers. To support this next year we will continue to develop customer service and management training.

- Volunteer recruitment and training days have been carried out. All new staff have customer care included in their induction, and frontline staff have more detailed development in their departments. We run accredited training and development in management and supervisory skills, and also undertook a major diversity workshop programme.
- **Volunteers**
 - There are 489 volunteers across ZSL in nine roles, giving almost 100,000 hours of service, which would equate to approximately £812,000 in gross salary terms.
 - ZSL volunteers collaborated with Barclays volunteers to help on Special Children's Day. The event proved as popular as ever, with excellent feedback. Volunteers and Explainers have started working more closely. For example, volunteers assisted in the Explainers' flamingo talks at ZSL Whipsnade Zoo and both teams collaborated on Halloween events at ZSL London Zoo. This beneficial partnership has been formalised, with volunteers and Explainers now coming under a Live Interpretation Team Leader at both sites. A long-service award evening was held for London volunteers, where 80 individuals received certificates for service of five years or more. One volunteer, George Fitt, has been helping out at the Zoo for 55 years.
 - At ZSL Whipsnade Zoo 'Welcome Back' day, the volunteers were treated to a behind the scenes talk about the vets from Tim Bouts, as well as some training in touch-table presentation. The touch tables have continued to go from strength to strength. To help raise money for the EAZA Ape Campaign, objects relating to *in situ* conservation were displayed and Chris Ransom gave the team leaders a demonstration of how items are used. Other popular touch tables run throughout the year included a veterinary touch table and 'Whose Poo'. A horticultural volunteer team has been established and has made a great start erecting fences to protect the orchard from free roamers and creating habitats for invertebrates.

Plans and Objectives for 2012 and Future Periods

1. By raising our charity profile and improving the customer service in our Zoos we will maximise our opportunities to generate funds while further striving to improve our cost efficiency in these difficult economic circumstances.
2. We will continue our commitment to performing high-quality scientific research to help understand how the natural world works, and to provide a rigorous scientific underpinning for conservation policy and practice.
3. Our scientific priorities for the coming year continue to include wildlife health and disease and our core contributions to biodiversity indicators, which will be particularly important for our input at the Rio + 20 and World Conservation Congress. Following the outcome of the HEFCE review of funding to the IoZ, a priority will be to continue strengthening the links with our new partner, University College London.
4. We will continue our commitment to field conservation initiatives, strengthening activities in 50 countries and 12 core conservation 'hubs' throughout Europe, Africa and Asia.
5. The conservation focus of the Society will be on defining the status and trends of the world's species and ecosystems, ensuring the protection of priority EDGE of Existence species, expanding the global marine protected area (MPA) system and addressing five crisis issues, namely reversing the global decline of amphibians, coral reefs, great apes, freshwater fish and large Asian mammals.

6. The Society will increase its efforts to address the growing threat of climate change by conducting robust science on the topic as it relates to biodiversity, implementing initiatives to reduce deforestation and making our own operations more sustainable.
7. We will assist in coordinating the conservation community to ensure that policy makers have access to the best information on species and ecosystems.
8. Priorities for development at ZSL London Zoo will be the construction of the *Tiger Territory* exhibit – a new home for our Sumatran tigers to open in 2013 – and continuing project work on improvements to the provision of catering across the site. The Regent's Park site will also link in to 2012 Olympic opportunities where possible.
9. ZSL Whipsnade Zoo priorities include a focus on the central 'hub' area (phase 1 being indoor play improvements) and further animal welfare-related projects and completion of Zoo licence conditions.
10. The Events Teams at both ZSL London Zoo and ZSL Whipsnade Zoo are being strengthened to enable more special events (such as Zoo Lates) to be run throughout the year, helping to spread our visitor numbers more evenly.
11. Evaluation of the effectiveness of the Zoos' learning programmes will remain a priority. The implementation (and assessment) of a new and restructured education service will be designed to keep increasing the numbers of schools converting to paying visitors from the previous GLA free visits scheme. Both Zoos will have increased provision of facilities for educational talks and more dedicated teaching staff.
12. We will continue to raise funds for the new tiger exhibit and tiger conservation in Sumatra while construction work on *Tiger Territory* is underway. We still need around £1m in fundraising. Our future fundraising priorities are currently being determined.
13. We will improve the visitor experience through better customer care and further development and use of the new customer relationship database and Customer Contact Centre for a single point of contact for all customers and supporters of ZSL.
14. These achievements will only be possible with the continued hard work and dedication of staff and volunteers. To support this in 2012, we will continue to develop our staff and management training programmes and our volunteer communication systems.

Corporate Status

ZSL, also referred to in this report as 'the Zoos', 'the Charity', and 'the Society', is a charity incorporated under Royal Charter, registered in England and Wales with the Charity Commission (No. 208728). Certain of the commercial operations of the two Zoos, principally catering and shops, are carried out through its wholly owned subsidiary companies Zoo Operations Limited, Zoo Enterprises Limited and Whipsnade Wild Animal Park Limited. In addition, the other wholly owned subsidiaries – Zoo Restaurants Limited, ZSL (Web of Life) Limited, Biota and the Zoological Society of London Development Trust – were dissolved during 2011 as they were no longer required.

Organisation Council

The Society is governed by the Charter, the current version of which dates from 1995, and by Byelaws and Regulations. The Byelaws set out requirements concerning membership, the Officers (President, Secretary, and Treasurer), the election and proceedings of Council, and general and other meetings.

The Council is the ruling body of the Society, meets five times each year, and is responsible for establishing and monitoring the policies of the Society. Council members are elected from and by the membership of the Society by postal ballot and serve for periods of four years. All members are circulated with invitations to nominate Trustees, and advised of the retiring Trustees and specialist skills that the Council consider would be helpful to the Society. The election is by postal ballot of the complete Fellowship.

New Trustees are invited to an induction/training meeting prior to taking up their role, where, in accordance with Charity Commission guidelines, they are briefed on their legal obligations under charity law and, where relevant, company law, the Charter and Byelaws of the Society, the committee and decision-making process, directors' reports and the financial performance of the Society. Additional training, if required, can be provided internally or externally.

Committees

In addition to Council, the Society operates through a number of committees and boards whose terms of reference and membership is shown below.

+ to 21 June 2011, * from 21 June 2011

• Finance and General Purposes Committee

Terms of Reference – To monitor the financial management of the Society and act as an audit committee, and to preview and prepare papers for Council requiring policy or capital investment decisions.

Membership – Paul Rutteman (Chair), Professor Paul Harvey (to 25 January 2011), Professor Geoff Boxshall, Professor Sir Patrick Bateson, Dr Jonathan Boyce+, Martin Cooke, Martin Rowson+, Ken Sims, John Edwards*, Richard Melville Ballerand.*

• Animal Welfare Committee

Terms of Reference – To advise Council on matters relating to Animal Welfare in the collections, both at ZSL London Zoo and ZSL Whipsnade Zoo, at the IoZ, and in the work of Conservation Programmes.

Membership – Anna Meredith (Chair), Dr Brian Bertram, Natasha Fleming, Dr Andrew Higgins, Dr Charlotte Nevison, David Pritchard, Robert Wingate, Martin Cooke, Dr Kirsten Pullen.

• Awards Committee

Terms of Reference – Council presents a number of awards for contributions to Zoology and Conservation. The committee advises Council on all matters relating to these awards and the appointment of Honorary Fellows.

Membership – Professor Andrew Hildrew (Chair from February 2011), Professor Stuart West (Chair to February 2011), Professor Paul Harvey (to January 2011), Professor Georgina Mace (to February 2011), Professor Tim Blackburn, Dr Tracey Chapman (to February 2011), Professor Jonathan Baillie, Professor Matt Keeling, Professor Andrew Bamford, Professor Laurence Hurst, Professor Neil Metcalfe, Dr Stuart Butchart, Professor Josephine Pemberton, Professor Sunetra Gupta (from March 2011), Dr Rebecca Kilner (from March 2011), Professor EJ Milner Gulland (from March 2011), Professor Nina Wedell (from March 2011).

• University of Cambridge/Zoological Society of London Joint Committee (to 31 July 2011)

Terms of Reference – To determine, in the light of the policies and plans of the Society and where appropriate those of the University, the academic policy and development of the IoZ and to advise the Director of Science of the Society thereon.

To coordinate and monitor the implementation of the IoZ's policies and plans, including planned staffing levels, student numbers and its financial management, and to submit an annual report thereon to the Council of the Society and the General Board of the Faculties of the University.

To undertake such other business as may from time to time be assigned to it by the Society or the University.

Membership – Professor Rhys Green (Chair), Professor Michael Akam, Dr Andrea Manica, Professor Bill Sutherland, Professor Paul Harvey (to 25 January 2011), Ralph Armond, Professor Ian Owens.

• Joint University College London/Zoological Society of London Committee (from 1 August 2011)

Terms of Reference – To determine, in the light of the policies and plans of the Society and where appropriate those of the University, the academic policy and development of the IoZ, and to advise the Director of Science of the Society thereon.

To coordinate and monitor the implementation of the IoZ's policies and plans, including planned staffing levels, student numbers and its financial management, and to submit an annual report thereon to the Council of the Society and the General Board of the Faculties of the University. To undertake other business as may be assigned to it by the Society or the University.

Membership – Professor Mary Collins (Chair), Professor John Carroll, Dr Helen Chatterjee, Professor Andrew Pomiankowski, Professor Geoff Boxshall, Ralph Armond, Professor Ian Owens, Sir Cyril Chantler.

• Zoos Advisory Committee

Terms of Reference – To provide specialist advice on the objectives of the Zoos and on specific aspects of their management; to review the annual business and financial plans for the Zoos and to recommend them to Council; to review any material

variances to the plans and, where necessary, recommend to Council remedial actions; to review and recommend to Council any capital developments.

Membership – Ken Sims (Chair), Sheila Anderson, Dr Andrew Kitchener, Professor David Houston+, Mark Challis, Dr Kristin Leus, Ray Heaton+, Andy Simpson, Dr Brian Bertram, The Hon Sir William McAlpine BT*, James Breheny (corresponding member), Martin Rowson*, Sean Rovai*, Darren Tossell*, Mark Ridgeway*.*

Day-to-Day Management

Day-to-day management is delegated to the Director General and the seven operational directors, and monitored by Council through the Officers. All matters of policy are determined by Council and the Officers of ZSL.

Council Members/Trustees

The following were Council members in the period 1 January 2011 to the date of this report unless otherwise indicated.

President

Professor Sir Patrick Bateson FRS

Secretary

Professor Paul H Harvey CBE, FRS (to 25 January 2011), Professor Geoff Boxshall FRS (from 19 April 2011)

Treasurer

Paul Rutteman CBE, BSc (Econ), FCA

Vice Presidents

Dr Brian Bertram MA, PhD

Martin Cooke MSc, MA, VetMB, MRCVS, CertVPH (MH)

Other Council Members

Sheila Anderson MBE, Hon FBAASc, BSc (Hons)

Michael Bird FCA*

Dr Jonathan Boyce DM, MA, MSc, FRCP, FFPH+

John Edwards MA, FLS

Ray Heaton CertEd, BEd, GIBiol, MSc, FRGS, FLS+

The Hon Sir William McAlpine BT, FRSE, FILT

Richard Melville Ballerand BSc (Econ), BSc DCouns, FRSA, FLS, FRUSI

Dr Anna Meredith MA, VetMB, PhD, CertLAS, DZooMed, MRCVS*

Elizabeth Passey MA, FRGS

Mark Ridgway BSc, PGCE, FLS

Martin Rowson+

Sean Rovai*

Ken Sims

+ to 21 June 2011, *from 21 June 2011

Registered Charity in England and Wales No. 208728

Directors

Director General

Ralph Armond MA

Finance Director

Mike Russell FCMA

Human Resources Director

Ian Meyrick BA, FCIPD

Zoological Director

David Field BSc, MBA

Conservation Programmes Director

Professor Jonathan Baillie PhD

Director of the Institute of Zoology

Professor Tim Blackburn DPhil

Marketing & Communications Director

Rich Storton MA

Development Director

Jackie Tanner BSc (resigned 1 July 2011)

James Wren (appointed 19 September 2011)

Biota

ZSL's non-trading subsidiary Biota, which was a separate registered charity, in respect of Biota's potential involvement in the aquarium that was planned for Silvertown Quays in London Docklands, was formally wound up on 26 April 2011. There were no significant costs incurred by the Society in respect of this project in 2011.

ZSL and its stakeholders are disappointed that this project, like many others, has not proceeded due to the financial climate, and is grateful for all the hard work put in by employees and stakeholders alike.

Financial Results

In 2011, ZSL recorded a consolidated surplus on operations of £4.2m (2010: £0.9m) and a total surplus, before loss on the pension fund, of £4.0m (2010: £1.2m) after a £0.2m loss (2010: £0.3m gain) on investments. The actuarial loss on the pension fund was £1.1m (2010: £0.2m). This leaves a net movement in funds as a surplus of £2.9m (2010: £1.0m).

Incoming resources increased by £4.8m in the year, which primarily related to higher levels of animal collections income and voluntary income.

ZSL remains dependent on its two Zoos for the bulk of its incoming resources. In 2011, ZSL London Zoo visitor numbers reached 1,090,741, an increase of 79,484 (7.9%) on 2010. ZSL Whipsnade Zoo visitor numbers were 502,785, an increase of 74,101 (17.3%) on 2010. The total number of visitors to the two Zoos in 2011 was 1,593,526 (2010: 1,439,941).

Incoming resources included Gift Aid recoveries on day entry to our Zoos, which amounted to £1.6m (2010: £1.5m), whilst in total, on all sources of income, amounted to £2.3m (2010: £1.9m).

IoZ, within science and research incoming resources – and conservation programmes – maintained its revenues with new grants received in 2011, but these were mainly connected to specific projects and, although they supported ZSL's mission, they did not contribute to the unrestricted funds of the Society to fund future development.

Resources expended increased by £1.4m in the year, which primarily related to animal collections.

The total capital spend of £3.3m (2010: £2.0m) included completion of *Penguin Beach*, our main animal exhibit for 2011, located at ZSL London Zoo, and extension of the main gift shop, together with a new exit into Regent's Park for visitors to the Zoo. We continue to invest in our infrastructure to improve visitors' experiences, and the Society's compliance with the disability discrimination legislation and its sustainability profile.

The June 2011 triennial actuarial valuation of the ZSL 1988 defined benefit pension scheme showed that it remains fully funded. On the basis of the Accounting Standards Board's financial reporting standard 17 it had a £0.4m deficit at the end of 2011 (2010: £0.3m surplus). Funding levels continue to be monitored by ZSL and the pension fund trustees on a regular basis. Whilst this scheme is now closed to employees joining after 30 June 2011, a new stakeholder defined contribution scheme is available for those employees.

Our main trading subsidiaries, Zoo Enterprises Limited and Whipsnade Wild Animal Park Limited, produced better results than 2010 despite the continuing difficult economic conditions. Turnover at £10m was marginally ahead of 2010 and cost reductions, aided by outsourcing of some catering activity, and new income streams helped total net profits rise to £2.3m (2010: £1.9m).

Donated Facilities

The Society leases the Regent's Park site from the Department for Culture, Media and Sport. The lease was renewed in 1999 for a term of 56 years at no annual rent. The Trustees do not believe it is possible to reasonably quantify and measure the benefit conferred to the Society under this rent-free arrangement and as such have not included the value of this donated facility in the Statement of Financial Activities.

Heritage Assets

ZSL holds a collection of books and artwork located at the ZSL London Zoo site, which are held to support ZSL's charitable objectives, being the advancement of zoology. The Trustees do not consider that reliable cost or valuation information can be obtained for the vast majority of items held in the collection of books and artwork due to the unique features of the assets held, the number of assets held and the lack of comparable market values. Furthermore, the Trustees believe the cost of obtaining a valuation of these assets would be onerous compared with the benefit that would be derived by users of the accounts in assessing their stewardship of the assets. The Society does not therefore recognise these assets on its Balance Sheet.

Funds

ZSL's funds as at 31 December 2011 amounted to £50.4m (2010: £47.5m), which is after a £0.4m defined benefit pension scheme liability (2010: £0.3m asset). These were represented by buildings and other tangible fixed assets of £35.2m (2010: £35.1m), with the balance being represented by cash, short-term deposits, investments, stocks and debtors (2010: and defined pension scheme asset), less creditors and, for 2011, a defined pension scheme liability.

Reserves Policy

ZSL's policy concerning the level of cash and investments is to have funds available to:

- Meet liabilities as they fall due
- Meet emergencies
- Augment the capital expenditure programme from time to time as appropriate
- Build up investments over a period with the aim of providing an additional income stream to cover non-commercial activities.

The policy is reviewed annually in connection with the setting of revenues and capital budgets.

The Trustees have considered the level of free reserves (that is those funds not tied up in tangible fixed assets and other designated funds, pension scheme assets (but after any pension scheme deficit) and restricted funds), which amounted to £7.2m at 31 December 2011 (2010: £5.5m). The level of free reserves at 31 December 2011 is considered to be sufficient to support the current operations and continued activity in the redevelopment of the Zoos, as well as providing adequate funds to meet emergencies.

The Trustees free reserves target, at a minimum, is to cover the costs of running the Zoos during an emergency closure to the public, for a period of up to three months. This would require minimum free reserves of around £3.5m.

Investment Policies

ZSL holds most of its available funds in bank and short-term deposits, which at 31 December 2011 totalled £13.6m (2010: £9.4m). In addition, ZSL holds listed investments of £3.7m (2010: £3.9m), the majority in the Newton Investment Management 'Socially Responsible Investment (SRI) Fund for Charities'. This SRI Fund for Charities contains a mixture of funds with the intention of providing a balance of income from dividends and capital appreciation.

The Scientific and Reserve Fund portfolios, with effect from 1 April 2010, have a common approach to the management of both portfolios and to the adoption of a common benchmark for the two. In 2011, the Scientific Fund returned a 3.2% loss, against its (blended) benchmark return of 0%. The Reserve Fund returned a 3.2% loss, against its (blended) benchmark return of 0%.

From 1 April 2010, the benchmark for both funds was a composite comprising 20% FTSE Government All Stocks Index, 50% FTSE All Share Index, 25% FTSE World (ex UK) and 5% 7 Day London InterBank Bid rate (LIBID). The net investment loss, mainly unrealised, amounted to £0.2m in 2011 (2010: £0.3m gain).

The Charter and Byelaws of ZSL give the Trustees the right to invest the funds of the Society in such investments, securities or property as may be thought fit. Investments are managed by Newton Investment Management Limited, who have been instructed not to directly make investments that are contrary to the Society's stated purpose and objectives. Specific areas of constraint in investment include companies involved in animal testing, marine harvesting, high environmental impact products and practices using Red List ingredients and substances, and those using tropical hardwoods from unsustainable sources. In addition, all shareholder voting is to be actively used and conducted in line with these socially responsible guidelines and principles.

Risk Management

The Trustees review annually the major risks to which ZSL is exposed. The review considers all risks to which ZSL is exposed and how those risks are managed; this includes operational and financial risks, together with major external influences and events outside the control of ZSL, specifically adverse weather conditions and epidemics such as foot-and-mouth disease, and avian and swine influenza. The Trustees are generally satisfied that proper systems, including risk-assessment procedures, health and safety policies and insurances are in place, and that policies are in place to recognise and mitigate exposure where possible to other major risks. The procedures established by the Trustees allow for an ongoing assessment of risks and, in addition, a limited internal audit function has been put in place.

The Financial Statements and Trustees' Responsibilities

The trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Charity and group, and of the incoming resources and application of resources of the Charity and group for that period.

In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charity's Statement of Recommended Practice (SORP)
- 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 Charity will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and group, and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the Royal Charter. They are also responsible for safeguarding the assets of the Charity and group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the Charity and group, and financial information included on the Charity's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

Baker Tilly UK Audit LLP were reappointed for 2011. A resolution to reappoint Baker Tilly UK Audit LLP, chartered accountants, as auditors will be put to the members at the Annual General Meeting.

Reference and Administrative Information

Principal address:	Regent's Park London NW1 4RY	Principal Bankers:	Royal Bank of Scotland London Drummonds Branch 49 Charing Cross London SW1A 2DX
Also at:	Whipsnade Wild Animal Park Dunstable Bedfordshire LU6 2LF	Auditors:	Baker Tilly UK Audit LLP 25 Farringdon Street London EC4A 4AB
Lawyers:	Hempsons Solicitors 40 Villiers Street London WC2N 6NJ	Investment Advisors:	Newton Investment Management Limited 160 Queen Victoria Street London EC4V 4LA
Internal audit:	Oakwell BDI 3 Barn Meadow Lane Great Bookham Surrey KT23 3HJ		

Approved by Council on 17 April 2012
Signed on behalf of Council



Professor Sir Patrick Bateson
President

2. Independent Auditors' Report to the Trustees of the Zoological Society of London

We have audited the financial statements of Zoological Society of London for the year ended 31 December 2011 on pages 23 to 47. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Charity's trustees as a body, in accordance with the Charities Act 2011. Our audit work has been undertaken so that we might state to the Charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the Charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees' responsibilities set out on pages 20 and 21, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditors under section 151 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and charity's affairs as at 31 December 2011 and of their incoming resources and application of resources 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 Charities Act 2011.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Report is inconsistent in any material respect with the financial statements; or
- the parent charity has not kept sufficient accounting records; or
- the parent charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Baker Tilly UK Audit LLP

BAKER TILLY UK AUDIT LLP
Statutory Auditor
25 Farringdon Street
London
EC4A 4AB
19 April 2012

3. Consolidated Statement of Financial Activities

For the year ended 31 December 2011

	Notes	Unrestricted		Restricted		2011 Total £000	2010 Total £000
		General £000	Designated £000	Endowment £000	Other £000		
Incoming resources							
Incoming resources from generated funds:							
Voluntary income	3	1,659	–	–	1,579	3,238	1,993
Activities for generating funds:							
Subsidiaries' trading turnover	4	10,010	–	–	–	10,010	9,908
Other		–	–	–	–	–	2
Interest and investment income	5	386	–	1	59	446	294
Incoming resources from charitable activities:							
Animal collections		25,127	–	–	12	25,139	22,306
Science and research		1,007	–	–	4,077	5,084	4,839
Conservation programmes		10	–	–	1,918	1,928	1,746
Total incoming resources		38,199	–	1	7,645	45,845	41,088
Resources expended							
Cost of generating funds:							
Costs of generating voluntary income		641	–	–	–	641	588
Fundraising trading:							
Subsidiaries' cost of goods sold and other costs	4	7,732	–	–	–	7,732	8,009
Investment management costs		–	–	–	–	–	14
Charitable activities:							
Animal collections		23,518	–	–	149	23,667	22,402
Science and research		1,216	3	–	4,512	5,731	5,715
Conservation programmes		1,333	–	–	2,321	3,654	3,275
Governance costs		181	–	–	–	181	158
Other resources expended		–	–	–	–	–	2
Total resources expended	6a	34,621	3	–	6,982	41,606	40,163
Net incoming/(outgoing) resources before transfers							
Transfers between funds	14	(933)	1,128	–	(195)	–	–
Net incoming/resources before other recognised gains/(losses)	7	2,645	1,125	1	468	4,239	925
Other recognised (losses)/gains							
(Loss)/gain on investments	10	(85)	–	(22)	(116)	(223)	312
Actuarial loss on pension scheme	15	(1,100)	–	–	–	(1,100)	(200)
Net movement in funds		1,460	1,125	(21)	352	2,916	1,037
Reconciliation of funds							
Total funds balance brought forward		5,759	35,084	661	5,995	47,499	46,462
Total funds balance carried forward		7,219	36,209	640	6,347	50,415	47,499

The above results are all for continuing operations.

No statement of total recognised gains and losses has been prepared as all such gains and losses have been included above.

The notes on pages 26 to 47 form part of these financial statements.

4. Consolidated and Charity Balance Sheets

As at 31 December 2011

	Notes	Group		Charity	
		2011 £000	2010 £000	2011 £000	2010 £000
Fixed assets					
Tangible assets	9	35,179	35,066	35,179	35,066
Investments	10	3,687	3,879	5,348	5,540
		<u>38,866</u>	<u>38,945</u>	<u>40,527</u>	<u>40,606</u>
Current assets					
Stocks	11	730	647	137	125
Debtors	12	3,396	3,719	3,712	4,080
Short-term deposits		6,000	2,000	6,000	2,000
Cash at bank and in hand		7,622	7,397	6,843	5,973
		<u>17,748</u>	<u>13,763</u>	<u>16,692</u>	<u>12,178</u>
Creditors: amounts falling due within one year	13	(5,799)	(5,509)	(6,404)	(5,585)
		<u>11,949</u>	<u>8,254</u>	<u>10,288</u>	<u>6,593</u>
Net current assets					
		<u>11,949</u>	<u>8,254</u>	<u>10,288</u>	<u>6,593</u>
Net assets excluding pension scheme (liability)/asset		<u>50,815</u>	<u>47,199</u>	<u>50,815</u>	<u>47,199</u>
Defined benefit pension scheme (liability)/asset	15	(400)	300	(400)	300
		<u>50,415</u>	<u>47,499</u>	<u>50,415</u>	<u>47,499</u>
Net assets		<u>50,415</u>	<u>47,499</u>	<u>50,415</u>	<u>47,499</u>
Funds					
Unrestricted – General		7,619	5,459	7,619	5,459
– Designated		36,209	35,084	36,209	35,084
		<u>43,828</u>	<u>40,543</u>	<u>43,828</u>	<u>40,543</u>
Unrestricted funds excluding pension (liability)/asset		<u>43,828</u>	<u>40,543</u>	<u>43,828</u>	<u>40,543</u>
Unrestricted – Pension reserve		(400)	300	(400)	300
		<u>43,428</u>	<u>40,843</u>	<u>43,428</u>	<u>40,843</u>
Total unrestricted funds		<u>43,428</u>	<u>40,843</u>	<u>43,428</u>	<u>40,843</u>
Restricted – Endowments		640	661	640	661
– Other		6,347	5,995	6,347	5,995
		<u>6,987</u>	<u>6,656</u>	<u>6,987</u>	<u>6,656</u>
Total funds	14	<u>50,415</u>	<u>47,499</u>	<u>50,415</u>	<u>47,499</u>

Approved and authorised for issue by Council on 17 April 2012 and signed on their behalf by:



Professor Sir Patrick Bateson
President



Paul Rutteman, FCA
Treasurer

The notes on pages 26 to 47 form part of these financial statements.

5. Consolidated Cash Flow Statement

For the year ended 31 December 2011

	<i>Notes</i>	<i>2011</i> <i>£000</i>	<i>2010</i> <i>£000</i>
Net cash inflow from operating activities	18a	7,305	2,036
Returns on investments and servicing of finance			
Interest received on bank and cash balances		95	29
Investment income		138	131
Net cash inflow from returns on investments and servicing of finance		233	160
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(3,284)	(2,015)
Purchase of fixed asset investments		(69)	(3,407)
Sale of tangible fixed assets		2	1
Sale of fixed asset investments		38	3,421
Net cash outflow from capital expenditure and financial investment		(3,313)	(2,000)
Net cash inflow before use of liquid resources		4,225	196
Management of liquid resources and financing			
Increase in cash on short-term deposit		(4,000)	(2,000)
Increase/(decrease) in cash		225	(1,804)
Reconciliation of net cash flow to movement in net cash resources			
		<i>2011</i> <i>£000</i>	<i>2010</i> <i>£000</i>
Increase/(decrease) in cash at bank and in hand		225	(1,804)
Increase in cash on short-term deposit		4,000	2,000
Change in net cash resources resulting from cash flows		4,225	196
Net cash resources at 1 January		9,397	9,201
Net cash resources at 31 December	18b	13,622	9,397

The notes on pages 26 to 47 form part of these financial statements.

6. Notes to the Financial Statements

For the year ended 31 December 2011

1. Accounting policies

Accounting convention and basis of preparation

The financial statements are prepared on the going concern basis and under the historical cost convention, modified to include the revaluation of investments, and in accordance with the Charities Act 2011 and applicable accounting standards in the UK (UK GAAP) including the SORP 'Accounting and Reporting by Charities', issued in 2005. The use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the Charity and group to continue as going concerns.

Consolidation

The financial statements consolidate on a line-by-line basis the results and the assets and liabilities of the Society and its wholly owned subsidiaries – Zoo Operations Limited, Zoo Enterprises Limited and Whipsnade Wild Animal Park Limited and, to the dates of dissolution, Zoo Restaurants Limited, ZSL (Web of Life) Limited, as well as the Zoological Society of London Development Trust and Biota, for both of which the Council were able to appoint the Trustees.

The Consolidated Statement of Financial Activities represents the results of both the charitable and non-charitable activities of the Society. A separate Statement of Financial Activities for the Charity alone is not produced as permitted by paragraph 397 of the SORP. The results for the activities carried out by the Society's subsidiaries are set out in note 4 in respect of catering and merchandising and in note 10 in respect of other activities.

Funds

The Society maintains a number of internal funds, which include restricted and unrestricted funds:

- (i) Unrestricted – General Fund: The General Fund is the free fund of the Society.
- (ii) Unrestricted – Designated Funds: These funds are derived from donations, grants, bequests and other resources set aside to be used in accordance with the resolutions passed by the Council of the Society. Both the capital and income may be spent. Until expended, the funds are held in cash or tangible fixed assets. Designated funds are as follows:

Students' awards fund – this fund represents resources set aside to meet the cost of an annual prize for best talk, awarded annually at the IoZ student conference, and to fund awards to the IoZ registered students for travel and subsistence in connection with their research project. This fund is expected to be fully utilised within the next 10 years.

Tiger SOS fund – this fund represents resources set aside to meet the capital cost of the new tiger exhibit, *Tiger Territory*, planned to open in 2013 at ZSL London Zoo.

Tangible fixed assets fund – this fund represents those resources that have been used to acquire tangible fixed assets. The value of this fund at the year end represents the net book value of tangible fixed assets.

- (iii) Restricted – Endowment Funds: These funds are derived from bequests to the Society, are held permanently by the Trustees, and comprise investments, the income from which may be used to support Society activities. These funds are as follows:

De Arroyave Fund and Davis Fund – these funds are held permanently by the Trustees, and comprise investments, the income from which, being unrestricted, may be used to support Society activities.

Fantham bequest – this fund is held permanently by the Trustees, and comprises investments, the income from which is to be used to endow a Memorial Research Fellowship for research in parasitology or aquatic animal ecology.

- (iv) Restricted – Other Funds: These funds are as follows:

Scientific fund – this fund was derived from grants and donations and the Society, by trust deed dated 30 May 1991, created a trust over the fund and converted it into a restricted fund that can be used for the 'advancement of zoology and animal physiology'.

Notes to the Financial Statements

For the year ended 31 December 2011

1. Accounting policies (continued)

Tiger SOS fund – this fund is derived from grants and donations for the use of Tiger conservation and, in particular, the Sumatran Tiger.

Library support fund – the fund represents the resources given for the activities of the library.

HEFCE fund – this fund represents grants received from HEFCE to support the core IoZ science and research activities.

Big Lottery Fund Grant – this fund is funded by the Big Lottery Fund International Communities Programme and is for work being undertaken on the rehabilitation of mangrove forests in the Philippines.

Other funds – these funds are derived from donations, grants and bequests to be used in accordance with the wishes of the donor.

Fund transfers

Restricted funds are transferred to unrestricted funds in accordance with restrictions upon which the Society may use such restricted funds and include occasions when restricted income has been used, in accordance with donors' instructions, in the acquisition of tangible fixed assets.

Incoming resources

In accordance with the SORP, all incoming resources, including Gift Aid on admissions, becoming receivable by the Society during the year, are recognised in the Consolidated Statement of Financial Activities, regardless of their source or of the purpose to which they are to be put or have been put. The one exception to this relates to membership income and similar income, which is deferred to the extent that it relates to a service to be provided in future periods.

Where income is received for a specific purpose, the income is included in Restricted Funds.

Income from grants is recognised when entitlement is assured and when the amount can be valued with certainty.

Legacies are recognised when the Society's entitlement is advised by the personal representative of an estate, there is adequate certainty that payment will be made or assets transferred and the amount involved can be reasonably quantified.

Donated services and the estimated value of volunteer time are not recognised in the Consolidated Statement of Financial Activities but are disclosed in the Trustees' report where relevant.

Resources expended

Expenditure is recognised when a liability is incurred.

Expenditure is allocated to categories in accordance with the main activity of the staff concerned or the substance of the costs incurred as set out in note 6a. Resources expended include the costs of generating funds and charitable expenditure including support, management and administration costs.

Governance costs include those expenses incurred in the governance of the Society's assets and are primarily associated with constitutional and statutory requirements and include an appropriate proportion of senior management time.

Support costs are those costs incurred in support of expenditure on the objectives of the Society and are allocated to the activities set out in note 6a on the basis set out in note 6b.

VAT

Admissions income is treated as VAT exempt and accordingly, as a partially exempt body, ZSL may not recover all VAT paid, with the exception of VAT incurred in connection with the catering and merchandising operations that operate through subsidiary companies. Irrecoverable VAT is included within the category of expenditure to which it related. Catering and merchandising income is stated excluding VAT.

Notes to the Financial Statements

For the year ended 31 December 2011

1. Accounting policies (continued)

Fixed assets and depreciation

Fixed assets acquired by purchase or gift are shown at cost or valuation and are depreciated (with the exception of freehold land and assets under construction, which are not depreciated) on a straight-line basis at rates appropriate to write off the cost over their expected useful lives. Freehold buildings are depreciated over five to 50 years; leasehold buildings from three years to the shorter of the lease term, and 50 years; plant and equipment five to 15 years; and motor vehicles five years.

Assets under construction consist of expenditure incurred in respect of tangible assets in the course of their construction and installation. Transfers are made to the relevant fixed assets category as and when the assets are available for use.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Tangible fixed assets with a cost below £5,000 are charged to resources expended and are not capitalised.

Foreign currencies

Transactions in foreign currencies are recognised at the rate of exchange at the date of the transaction. Any exchange differences are recognised through the Consolidated Statement of Financial Activities. Foreign exchange monetary assets and liabilities are recognised at the rate of exchange ruling at the balance sheet date.

Investments

Listed investments are included in the balance sheet at market value with gains or losses recognised in the Consolidated Statement of Financial Activities.

Stocks

Stocks are stated at the lower of direct cost and net realisable value.

Animals

The animals are generally acquired by the Society from other zoological organisations at zero cost and a realistic valuation cannot be placed thereon.

Heritage assets

ZSL holds a collection of books and artwork located at the ZSL London Zoo site, which are held to support ZSL's charitable objectives, being the advancement of zoology. The Trustees do not consider that reliable cost or valuation information can be obtained for the vast majority of items held in the collection of books and artwork. This is because of the unique features of the assets held, the number of assets held and the lack of comparable market values. Furthermore, the Trustees believe the cost of obtaining a valuation of these assets would be onerous compared with the benefit that would be derived by users of the accounts in assessing their stewardship of the assets. The Society does not therefore recognise these assets on its Balance Sheet.

The collection of books and artwork are held to advance zoology by facilitating the improvement and dissemination of zoological knowledge.

During the year ended 31 December 2011, there were no acquisitions or disposals of heritage assets (2010: none).

Donated facilities

The Society leases the Regent's Park site from the Department for Culture, Media and Sport. The lease was renewed in 1999 for a term of 56 years at no annual rent. The Trustees do not believe it is possible to reasonably quantify and measure the benefit conferred to the Society under this rent-free arrangement and, as such, have not included the value of this donated facility in the Statement of Financial Activities.

Notes to the Financial Statements

For the year ended 31 December 2011

1. Accounting policies (continued)

Advertising costs

Costs incurred in relation to advertising are charged to the statement of financial activities at the time the advertisements appear in the media or are otherwise made public. Amounts invoiced but not yet taken to the Consolidated Statement of Financial Activities are included in prepayments and accrued income.

Pension costs

The Society participates in various defined benefit and defined contribution pension schemes.

Defined Benefit Scheme

The cost of providing benefits under the defined benefit plan is determined using the projected unit method, which attributes entitlement to benefits in the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. Past service costs are recognised in the Consolidated Statement of Financial Activities on a straight-line basis over the vesting period or immediately if the benefits have vested. When a settlement or a curtailment occurs the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss, which is recognised in the Consolidated Statement of Financial Activities. Losses are measured at the date that the Society becomes demonstrably committed to the transaction and gains when all parties whose consent is required are irrecoverably committed to the transaction.

The interest element of the defined benefit cost represents the change in present value of scheme obligations relating to the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The expected return on plan assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year. The difference between the expected return on plan assets and the interest costs is recognised in the Consolidated Statement of Financial Activities as pension finance income or within resources expended as appropriate.

Actuarial gains and losses are recognised in full in the Consolidated Statement of Financial Activities in the period in which they occur.

The defined benefit pension asset or liability in the balance sheet comprises the present value of the defined benefit obligation (using a discount rate based on corporate bonds that have been rated at AA or equivalent status), less any past service cost not yet recognised and less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of the net pension benefit asset is limited to the amount that may be recovered through either reduced contributions or agreed refunds from the scheme.

Defined Contribution Scheme

Contributions to defined contribution schemes are recognised in the Consolidated Statement of Financial Activities in the period in which they become payable. Any unpaid (or prepaid) contributions are separately disclosed within creditors or debtors as required.

Leasing commitments

Rentals payable under operating leases are charged to the Consolidated Statement of Financial Activities on a straight-line basis over the lease term.

Notes to the Financial Statements

For the year ended 31 December 2011

2. Incoming resources from charitable activities

Animal collections incoming resources include those derived from providing: access to ZSL London Zoo and ZSL Whipsnade Zoo to view the collections and to learn about animals and conservation; an animal adoption service; an animal-keeping experience; and animal and conservation education inside and outside (outreach programmes) the Zoos.

Incoming resources from charitable activities include grants of £5,811,000 (2010: £5,551,000), which comprise the following:

	2011 £000	2010 £000
Higher Education Funding Council for England (HEFCE)	2,219	2,194
Defra (Darwin Initiative)	751	935
Big Lottery Fund Grant	102	127
Other grants	2,739	2,295
	<u>5,811</u>	<u>5,551</u>

3. Voluntary income

Voluntary income includes gifts, legacies and donations including those given at the Zoo gates from visitors.

4. Income from subsidiaries' trading activities

The Society wholly owns Zoo Operations Limited, which is the investment holding company for its wholly owned companies, Zoo Enterprises Limited and Whipsnade Wild Animal Park Limited. Merchandising and catering are undertaken by these subsidiary companies. The consolidated results of Zoo Operations Limited comprise those of Zoo Enterprises Limited and Whipsnade Wild Animal Park Limited only as its other wholly owned subsidiary, Zoo Restaurants Limited, remained dormant in 2011 until it was dissolved. Taxable net profits are donated to the Society annually.

The turnover and net contribution to the Society from catering and merchandising in Zoo Enterprises Limited (ZEL) and Whipsnade Wild Animal Park Limited (WWAPL) were as follows:

	2011			2010		
	ZEL £000	WWAPL £000	Total £000	ZEL £000	WWAPL £000	Total £000
Turnover:						
Catering	4,018	1,834	5,852	4,982	1,719	6,701
Merchandising	3,151	1,007	4,158	2,323	884	3,207
	<u>7,169</u>	<u>2,841</u>	<u>10,010</u>	<u>7,305</u>	<u>2,603</u>	<u>9,908</u>
Cost of goods sold	(2,256)	(897)	(3,153)	(3,121)	(827)	(3,948)
	<u>4,913</u>	<u>1,944</u>	<u>6,857</u>	<u>4,184</u>	<u>1,776</u>	<u>5,960</u>
Catering and merchandising (net)	4,913	1,944	6,857	4,184	1,776	5,960
Other operating costs	(2,266)	(1,181)	(3,447)	(2,057)	(1,110)	(3,167)
Support and overhead costs	(692)	(440)	(1,132)	(530)	(364)	(894)
Interest receivable	9	–	9	9	–	9
Group interest receivable/(payable)	(5)	5	–	(5)	5	–
	<u>1,959</u>	<u>328</u>	<u>2,287</u>	<u>1,601</u>	<u>307</u>	<u>1,908</u>
Net profit for the year before donation	1,959	328	2,287	1,601	307	1,908
Gift Aid donation to the Society	(1,959)	(328)	(2,287)	(1,601)	(307)	(1,908)
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Retained in subsidiary companies	–	–	–	–	–	–

Notes to the Financial Statements

For the year ended 31 December 2011

4. Income from subsidiaries' trading activities (continued)

Catering and merchandising turnover at ZSL London Zoo is generated by Zoo Enterprises Limited and at ZSL Whipsnade Zoo by Whipsnade Wild Animal Park Limited. Catering and shops turnover of £10,010,000 (2010: £9,908,000) is included in the Group Statement of Financial Activities within subsidiaries' trading turnover. Cost of goods sold, other operating, support and overhead costs of £7,732,000 (2010: £8,009,000) are included within fundraising trading while interest receivable of £9,000 (2010: £9,000) is included within interest and investment income.

5. Interest and investment income

	2011 £000	2010 £000
Interest on bank and cash balances	116	76
Investment income		
Fixed interest (UK)	–	8
Other (UK)	130	104
Fixed interest (overseas)	–	6
Pension finance income	200	100
	<u>446</u>	<u>294</u>

6a. Group analysis of total resources expended

	<i>Staff costs £000</i>	<i>Other direct costs £000</i>	<i>Support costs £000</i>	<i>Total 2011 £000</i>	<i>Total 2010 £000</i>
Charitable activities					
Animal collections	10,698	10,574	2,395	23,667	22,402
Science and research	2,728	2,235	768	5,731	5,715
Conservation programmes	1,307	1,880	467	3,654	3,275
	<u>14,733</u>	<u>14,689</u>	<u>3,630</u>	<u>33,052</u>	<u>31,392</u>
Costs of generating funds					
Costs of generating voluntary income	395	128	118	641	588
Investment management costs	–	–	–	–	14
	<u>395</u>	<u>128</u>	<u>118</u>	<u>641</u>	<u>602</u>
Subsidiaries' costs of goods sold and other costs	2,803	4,196	733	7,732	8,009
Governance costs	–	164	17	181	158
Other resources expended – Biota	–	–	–	–	2
Total resources expended for Group in 2011	<u>17,931</u>	<u>19,177</u>	<u>4,498</u>	<u>41,606</u>	
Total resources expended for Group in 2010	<u>17,387</u>	<u>18,788</u>	<u>3,988</u>		<u>40,163</u>

Notes to the Financial Statements

For the year ended 31 December 2011

6b. Analysis of support costs

	2011 £000	2010 £000
Staff costs	1,796	1,698
Other costs	2,702	2,290
	<u>4,498</u>	<u>3,988</u>

Support costs consist of Finance, Information Technology, Human Resources, Press Office, Reception and Switchboard and Central Management services. These have been allocated to the activities in note 6a as follows:

Finance: on volume of transactions processed in year

Human Resources/Reception and Switchboard: on Head Count

Information Technology: on the number of PCs and electronic tills

Press Office: on time apportionment

Central Management services: on total expenditure by activity.

7. Net incoming resources before other recognised gains/(losses)

Net incoming resources before other recognised gains/(losses) is stated after charging/the following items:

	2011 £000	2010 £000
Auditors' remuneration		
– audit services – charged by Baker Tilly UK Audit LLP	75	77
– non-audit services – charged by Baker Tilly Tax and Accounting Limited and Baker Tilly Tax and Advisory Services Limited	29	61
Depreciation of fixed assets	3,125	3,127
Loss on disposal of tangible fixed assets	44	20
Operating lease rentals in respect of – plant and equipment	210	150
– other	46	37
Trustees' expenses	5	3
	<u> </u>	<u> </u>

Trustees' expenses consist mainly of the reimbursement of travel expenses. In the current year these Trustees' expenses relate to nine (2010: eight) Trustees who served as Council members during the year. None of the Trustees, nor any persons connected to the Trustees, received remuneration for their services.

The Society pays the insurance premiums on behalf of the Trustees in respect of professional indemnity insurance. The premium paid is incorporated with the general professional liability premiums and so is not separately disclosable.

There are no other reportable transactions with related parties.

The auditors' remuneration for non-audit services is in respect of fees in connection with general tax advice and agreed procedures on specific grants.

Notes to the Financial Statements

For the year ended 31 December 2011

8. Staff costs

	<i>2011</i>	<i>2010</i>
	<i>£000</i>	<i>£000</i>
Salaries and wages	16,571	15,980
Social security costs	1,562	1,490
Pension cost – ZSL 1988 Pension Scheme	1,300	1,300
Pension cost – other schemes	294	315
	<u>19,727</u>	<u>19,085</u>

In addition, the cost of temporary staff in the year was £292,000 (2010: £184,000).

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

	<i>2011</i>	<i>2010</i>
	<i>No.</i>	<i>No.</i>
Animal collections	352	355
Science and research	62	64
Conservation programmes	43	43
Cost of generating funds – voluntary income	9	10
Cost of generating funds – voluntary trading	110	100
Support costs	58	53
	<u>634</u>	<u>625</u>

The number of employees earning in excess of £60,000 per annum (higher-paid employees) exclusive of pension contributions were:

Band	<i>2011</i>	<i>2010</i>
	<i>No.</i>	<i>No.</i>
£60,001 – £70,000	3	5
£70,001 – £80,000	2	2
£80,001 – £90,000	3	2
£90,001 – £100,000	1	1
£150,001 – £160,000	1	1

Retirement benefits are accruing under defined benefit schemes for six (2010: seven) and under defined benefit schemes and defined contribution schemes for four (2010: four) higher-paid employees. Contributions of £20,623 (2010: £20,290) in respect of defined contribution schemes were incurred for the four (2010: four) higher-paid employees.

Notes to the Financial Statements

For the year ended 31 December 2011

9. Tangible fixed assets

<i>Group and Charity</i>	<i>Freehold land and buildings £000</i>	<i>Buildings on leased land £000</i>	<i>Assets under construction £000</i>	<i>Plant and equipment £000</i>	<i>Motor vehicles £000</i>	<i>Total £000</i>
Cost:						
At 31 December 2010	17,339	41,879	138	7,804	734	67,894
Additions during the year	606	2,363	57	125	133	3,284
Transfer of Assets under construction	–	138	(138)	–	–	–
Disposals	(61)	(529)	–	(771)	(23)	(1,384)
At 31 December 2011	17,884	43,851	57	7,158	844	69,794
Depreciation:						
At 31 December 2010	8,687	17,488	–	6,020	633	32,828
Provided during the year	902	1,692	–	443	88	3,125
Disposals	(57)	(526)	–	(732)	(23)	(1,338)
At 31 December 2011	9,532	18,654	–	5,731	698	34,615
Net book value:						
At 31 December 2011	8,352	25,197	57	1,427	146	35,179
At 31 December 2010	8,652	24,391	138	1,784	101	35,066

All tangible fixed assets are held by ZSL. Substantially, all are used for the charitable purposes of the Society.

The land at ZSL Whipsnade Zoo was purchased by the Society many years ago at negligible cost. In the absence of a formal valuation, it is not considered practicable to quantify the market value of the land at Whipsnade.

The Trustees are not aware of any other material difference between the carrying value and the market value of land and buildings.

Notes to the Financial Statements

For the year ended 31 December 2011

10. Investments

<i>Group</i>	<i>Value at</i>	<i>Additions</i>	<i>Proceeds on</i>	<i>Net gains/(losses)</i>		<i>Value at</i>
	<i>31 December</i>			<i>at cost</i>	<i>disposals</i>	<i>Realised</i>
	<i>2010</i>	<i>at cost</i>	<i>disposals</i>	<i>Realised</i>	<i>Unrealised</i>	<i>2011</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Listed investments: at market value						
– Fixed interest (UK)	2	–	–	–	–	2
– Other (UK)	3,877	69	(38)	1	(224)	3,685
	<u>3,879</u>	<u>69</u>	<u>(38)</u>	<u>1</u>	<u>(224)</u>	<u>3,687</u>
<i>Charity</i>						
Unlisted investments: at net asset value						
– Investment in ZSL (Web of Life) Limited	–	–	–	–	–	–
– Investment in Zoo Operations Limited	1,661	–	–	–	–	1,661
	<u>5,540</u>	<u>69</u>	<u>(38)</u>	<u>1</u>	<u>(224)</u>	<u>5,348</u>
	<u><u>3,349</u></u>					<u><u>3,381</u></u>
Listed investments historical cost	3,349					3,381

The unlisted investment in the wholly owned subsidiary, Zoo Operations Limited, is carried in the Charity balance sheet at its net asset value and has remained as the investment holding company for its wholly owned subsidiaries Zoo Enterprises Limited, Whipsnade Wild Animal Park Limited and, until dissolved in 2011, Zoo Restaurants Limited and is incorporated in the UK.

Zoo Enterprises Limited and Whipsnade Wild Animal Park Limited undertake the merchandising and catering operations at ZSL London Zoo and ZSL Whipsnade Zoo respectively and Gift Aid their profits to ZSL annually. The results of Zoo Enterprises Limited and Whipsnade Wild Animal Park Limited are set out in note 4.

The unlisted investment in the wholly owned subsidiary, ZSL (Web of Life) Limited, at 31 December 2010 was carried at nil value as it had a net liability position of £24,406 and it was dissolved in 2011 and did not trade in 2011 or 2010.

The value of investments at 31 December 2011 of £5,348,000 included the following:

Newton SRI Fund for Charities	<i>£000</i>
M&G Charifund	3,072
Zoo Operations Limited	523
	1,661

Notes to the Financial Statements

For the year ended 31 December 2011

10. Investments (continued)

There is no investment in the ZSL Development Trust and Biota since neither has any share capital and both were dissolved in 2011. The ZSL Development Trust had no incoming resources and resources expended (2010: £nil incoming resources and paid grants of £141). Biota had no incoming resources and resources expended (2010: £nil incoming resources and £2,391 in other resources expended which is shown in the Consolidated Statement of Financial Activities).

The financial position of the individual subsidiaries was as follows:

	<i>Assets</i>	<i>Liabilities</i>	<i>Funds</i>	<i>Assets</i>	<i>Liabilities</i>	<i>Funds</i>
	<i>2011</i>	<i>2011</i>	<i>2011</i>	<i>2010</i>	<i>2010</i>	<i>2010</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Biota	–	–	–	45	(201)	(156)
Zoo Operations Limited	1,661	–	1,661	1,661	–	1,661
Zoo Enterprises Limited	1,663	(1,561)	102	1,876	(1,774)	102
Whipsnade Wild Animal Park Limited	548	(191)	357	558	(201)	357
ZSL (Web of Life) Limited	–	–	–	–	(24)	(24)
	<u>3,872</u>	<u>(1,752)</u>	<u>2,120</u>	<u>4,140</u>	<u>(2,200)</u>	<u>1,940</u>

The Assets, Liabilities and Funds for the ZSL Development Trust and Zoo Restaurants Limited at 31 December 2010 were not material and so are not listed in the above table and the entities were dissolved in 2011.

Biota had no incoming or outgoing resources (2010 net outgoing resources of £2,391) and the ZSL Development Trust had no incoming or outgoing resources (2010: £141 net outgoing resources), while the other subsidiaries achieved a £nil result (2010: £nil). Biota and ZSL (Web of Life) Limited were dissolved in 2011.

11. Stocks

	<i>Group</i>		<i>Charity</i>	
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Raw materials	136	124	136	124
Finished goods and goods for resale	594	523	1	1
	<u>730</u>	<u>647</u>	<u>137</u>	<u>125</u>

Notes to the Financial Statements

For the year ended 31 December 2011

12. Debtors

	<i>Group</i>		<i>Charity</i>	
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade debtors	1,011	1,014	490	620
Amounts owed by group companies	–	–	883	762
Other debtors	126	84	126	84
Accrued interest and investment income	85	72	85	72
Prepayments and accrued income	2,174	2,549	2,128	2,542
	<u>3,396</u>	<u>3,719</u>	<u>3,712</u>	<u>4,080</u>

13. Creditors: amounts falling due within one year

	<i>Group</i>		<i>Charity</i>	
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade creditors	1,569	1,556	1,183	910
Amounts owed to group companies	–	–	1,327	1,230
Taxation and social security	577	786	391	463
Accruals and deferred income	3,444	2,941	3,302	2,766
Other creditors	209	226	201	216
	<u>5,799</u>	<u>5,509</u>	<u>6,404</u>	<u>5,585</u>

Other creditors includes employers' pension contributions, in respect of the two main pension schemes referred to in note 15, of £145,000 (2010: £167,000).

The movement in deferred income included within creditors falling due within one year is analysed below:

	<i>Group</i>		<i>Charity</i>	
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Deferred income at 1 January	2,275	2,017	2,275	2,017
Amounts released from previous years	(2,216)	(1,786)	(2,216)	(1,786)
Incoming resources deferred	2,476	2,044	2,447	2,044
	<u>2,535</u>	<u>2,275</u>	<u>2,506</u>	<u>2,275</u>

Deferred income comprises membership and similar income, which relates to services that will be provided in future periods, and grants and donations where milestones and conditions for recognition are expected to be met in future periods.

Notes to the Financial Statements

For the year ended 31 December 2011

14. Funds

A full description of the individual fund categories is set out in note 1.

(a) Movement of funds for the year – Group

	<i>Balance at 31 December 2010 £000</i>	<i>Incoming resources £000</i>	<i>Resources expended £000</i>	<i>Transfers £000</i>	<i>Other gains & (losses) £000</i>	<i>Balance at 31 December 2011 £000</i>
<i>Unrestricted funds</i>						
General fund *	5,759	38,199	(34,621)	(933)	(1,185)	7,219
Designated funds:						
Student awards fund	18	–	(3)	–	–	15
Tiger SOS	–	–	–	1,015	–	1,015
Tangible fixed asset fund	35,066	–	–	113	–	35,179
	<u>35,084</u>	<u>–</u>	<u>(3)</u>	<u>1,128</u>	<u>–</u>	<u>36,209</u>
<i>Restricted funds</i>						
Endowment funds:						
De Arroyave fund	591	–	–	–	(27)	564
Fantham bequest	66	1	–	–	5	72
Davis fund	4	–	–	–	–	4
	<u>661</u>	<u>1</u>	<u>–</u>	<u>–</u>	<u>(22)</u>	<u>640</u>
Other funds:						
Scientific fund	2,002	57	–	(80)	(116)	1,863
Tiger SOS	1,571	141	(27)	–	–	1,685
Library support fund	100	–	–	–	–	100
HEFCE fund	189	2,219	(2,566)	–	–	(158)
Big Lottery Fund Grant	38	102	(79)	–	–	61
Other	2,095	5,126	(4,310)	(115)	–	2,796
	<u>5,995</u>	<u>7,645</u>	<u>(6,982)</u>	<u>(195)</u>	<u>(116)</u>	<u>6,347</u>
Total funds	<u>47,499</u>	<u>45,845</u>	<u>(41,606)</u>	<u>–</u>	<u>(1,323)</u>	<u>50,415</u>

Fund transfers of £1,015,000 have been made to the designated Tiger SOS fund from unrestricted General fund to help meet the capital cost of the new tiger exhibit, *Tiger Territory*. Fund transfers of £113,000 have been made to the designated Tangible fixed asset fund from the General fund, which was set up to separately identify the resources that have been used to acquire tangible fixed assets. The value of this fund at the year end represents the net book value of tangible fixed assets.

Fund transfers of £80,000 from the Scientific fund were made to other restricted funds, and fund transfers of £195,000 were made from restricted funds to unrestricted funds in accordance with restrictions upon which the Society may use such restricted funds. The HEFCE fund balance of £158,000 is determined by the timing of incoming resources and resources expended and is expected to be eliminated by 31 July 2012.

* Incorporating the unrestricted pension liability at 31 December 2011, being £400,000 (2010: reserve £300,000).

Notes to the Financial Statements

For the year ended 31 December 2011

14. Funds (continued)

(b) Movement of funds for the year – Charity

	Balance at 31 December 2010 £000	Incoming resources £000	Resources expended £000	Transfers £000	Other gains & (losses) £000	Balance at 31 December 2011 £000
<i>Unrestricted funds</i>						
General fund *	5,759	30,467	(26,889)	(933)	(1,185)	7,219
Designated funds:						
Student awards fund	18	–	(3)	–	–	15
Tiger SOS	–	–	–	1,015	–	1,015
Tangible fixed asset fund	35,066	–	–	113	–	35,179
	35,084	–	(3)	1,128	–	36,209
<i>Restricted funds</i>						
Endowment funds:						
De Arroyave fund	591	–	–	–	(27)	564
Fantham bequest	66	1	–	–	5	72
Davis fund	4	–	–	–	–	4
	661	1	–	–	(22)	640
Other funds:						
Scientific fund	2,002	57	–	(80)	(116)	1,863
Tiger SOS	1,571	141	(27)	–	–	1,685
Library support fund	100	–	–	–	–	100
HEFCE fund	189	2,219	(2,566)	–	–	(158)
Big Lottery Fund Grant	38	102	(79)	–	–	61
Other	2,095	5,126	(4,310)	(115)	–	2,796
	5,995	7,645	(6,982)	(195)	(116)	6,347
Total funds	47,499	38,113	(33,874)	–	(1,323)	50,415

Incoming resources of the Charity amounted to £38,113,000 (2010: £33,079,000) and its net movement in funds amounted to a £2,916,000 increase (2010: £1,016,000 increase). Fund transfers of £1,015,000 have been made to the designated Tiger SOS fund from the unrestricted General fund to help meet the capital cost of the new Tiger exhibit, *Tiger Territory*.

Fund transfers of £113,000 have been made to the designated Tangible fixed asset fund from the General fund, which was set up to separately identify the resources that have been used to acquire tangible fixed assets. The value of this fund at the year end represents the net book value of tangible fixed assets. The HEFCE fund balance of £158,000 is determined by the timing of incoming resources and resources expended and is expected to be eliminated by 31 July 2012. Fund transfers of £80,000 from the Scientific fund were made to other restricted funds and fund transfers of £195,000 were made from restricted funds to unrestricted funds in accordance with restrictions upon which the Society may use such restricted funds.

* Incorporating the unrestricted pension liability at 31 December 2011, being £400,000 (2010: reserve £300,000).

Notes to the Financial Statements

For the year ended 31 December 2011

14. Funds (continued)

(c) Analysis of Group net assets between funds:

	<i>Tangible assets £000</i>	<i>Investments £000</i>	<i>Other net assets £000</i>	<i>Total £000</i>
Unrestricted funds	35,179	1,325	6,924	43,428
Restricted funds				
– Endowment funds	–	591	49	640
– Big Lottery Fund Grant	–	–	61	61
– Other funds	–	1,771	4,515	6,286
	<hr/>	<hr/>	<hr/>	<hr/>
Total group net assets	35,179	3,687	11,549	50,415
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

15. Pension schemes

The Society participates in two main defined benefit pension schemes and three other smaller schemes (one a defined benefit scheme and two are defined contribution schemes). Employees join the appropriate scheme, depending on their employment terms. The total cost to the Society for the year ended 31 December 2011 in respect of pension contributions was £1,594,000 (31 December 2010: £1,615,000), which have been allocated between resources expended categories in proportion to staff costs and charged to the Statement of Financial Activities as appropriate.

The two main defined benefit pension schemes are the Zoological Society 1988 Pension Scheme (ZSL 1988), which is the Society's own self-administered occupational pension scheme, and the Universities Superannuation Scheme (USS), which is contracted out of the State Second Pension (S2P). Both pension schemes provide benefits based upon an individual's salary at retirement or leaving.

The ZSL 1988 and USS are valued every three years by professionally qualified independent actuaries and payments to the schemes are made based on actuarial advice.

The Society operates the ZSL 1988 defined benefit scheme in the UK for staff. A full actuarial valuation is currently being carried as at 30 June 2011 and was updated to 31 December 2011 by a qualified independent actuary. The pension expense charged in the Statement of Financial Activities includes an allowance for the actuarial gains and losses incurred during the year they occur, and these actuarial gains and losses are disclosed separately in the Statement of Financial Activities.

	<i>At year-end 31 December 2011 £000</i>	<i>At year-end 31 December 2010 £000</i>
<i>Change in benefit value of obligation</i>		
Benefit obligation at beginning of year	26,700	23,300
Current service cost	1,300	1,300
Current interest cost	1,400	1,300
Actuarial gains/(losses)	(400)	1,600
Benefits paid	(800)	(800)
	<hr/>	<hr/>
Benefit obligation at end of year	28,200	26,700

Notes to the Financial Statements

For the year ended 31 December 2011

15. Pension schemes (continued)

	<i>At year-end 31 December 2011 £000</i>	<i>At year-end 31 December 2010 £000</i>
Change in plan assets		
Fair value of plan assets at the beginning of the year	27,000	23,300
Expected return on plan assets	1,600	1,400
Actuarial (loss)/gain	(1,500)	1,400
Employer contribution	1,500	1,700
Benefits paid	(800)	(800)
	<hr/>	<hr/>
Fair value of plan assets at end of year	27,800	27,000
Analysis of defined benefit obligation		
Present value of wholly or partly funded obligations	28,200	26,700
Fair value of plan assets	27,800	27,000
	<hr/>	<hr/>
Deficit/(surplus) for funded plans	400	(300)
	<hr/>	<hr/>
Net liability/(asset)	400	(300)
	<hr/>	<hr/>
Liabilities	400	–
Assets	–	(300)
	<hr/>	<hr/>
Net liability/(asset)	400	(300)
	<hr/> <hr/>	<hr/> <hr/>
	<i>At year-end 31 December 2011 £000</i>	<i>At year-end 31 December 2010 £000</i>
Components of pension cost		
Current service cost	1,300	1,300
Interest cost	1,400	1,300
Expected return on pension plan assets	(1,600)	(1,400)
Actuarial losses immediately recognised during the year	1,100	200
	<hr/>	<hr/>
Total pension cost recognised in Group Statement of Financial Activities	2,200	1,400
	<hr/> <hr/>	<hr/> <hr/>
Cumulative amount of actuarial losses immediately recognised	4,000	2,900
	<hr/> <hr/>	<hr/> <hr/>
Actual return on plan assets	100	2,800
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements

For the year ended 31 December 2011

15. Pension schemes (continued)

Weighted average assumptions used to determine benefit obligations at:

	31 December		31 December	
	2011		2010	
	%		%	
Discount rate	4.7		5.3	
Rate of salary increase	4.0		4.4	
Rate of price inflation (Retail Price Index)	3.0		3.4	
Rate of pension increases (Retail Price Index capped at 5%)	2.9		3.3	

Weighted average assumptions used to determine net pension cost:

	31 December		31 December	
	2011		2010	
	%		%	
Discount rate	5.3		5.7	
Expected long-term rate of return on plan assets	5.7		5.9	
Rate of salary increase	4.4		4.5	
Rate of price inflation (Retail Price Index)	3.4		3.5	
Rate of pension increases (Retail Price Index capped at 5%)	3.3		3.4	

Average life expectancy for mortality tables used to determine benefit obligations at:

	31 December		31 December	
	2011		2010	
	Male	Female	Male	Female
Member age 65 (current life expectancy)	22.9	25.2	21.7	24.9
Member age 45 (life expectancy at age 65)	24.3	26.8	23.5	26.8

Plan assets

The weighted-average asset allocation at the year-end was as follows:

	Plan assets at		Plan assets at	
	31 December		31 December	
	2011		2010	
	%		%	
Asset category				
Equity securities	67.5		69.0	
Debt securities	29.2		27.0	
Property	1.7		2.0	
Other	1.6		2.0	
	<hr/>		<hr/>	
Total	100.0		100.0	
	<hr/> <hr/>		<hr/> <hr/>	

Notes to the Financial Statements

For the year ended 31 December 2011

15. Pension schemes (continued)

The expected return on assets as at the year-end were as follows:

Asset category	<i>Plan assets at</i>	<i>Plan assets at</i>
	<i>31 December</i>	<i>31 December</i>
	<i>2011</i>	<i>2010</i>
	<i>%</i>	<i>%</i>
Equity securities	6.1	7.2
Debt securities	3.9	4.8
Property	5.6	6.7
Other	0.5	0.5
Total*	4.8	5.7

*The total expected return on asset assumptions shown above are net figures after making allowance for expenses of 0.7% p.a. as at 31 December 2010 and 0.6% p.a. as at 31 December 2011

Plan assets invested in company equity shares	–	–
Plan assets invested in company debt securities	–	–
Plan assets invested in property currently used by company	–	–
Plan assets invested in other assets currently used by company	–	–

To develop the assumption for the expected long-term rate of return on assets assumption, the Trustees considered the current level of expected returns on risk-free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested, the expectations for future returns on each asset class and the expected expenses of the Scheme. The expected return for each asset class was then weighted based on the actual asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio. This resulted in the selection of the 5.7% p.a. assumption at 31 December 2011.

Five-year history for the financial year ended on 31 December:

	<i>2011</i>	<i>2010</i>	<i>2009</i>	<i>2008</i>	<i>2007</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Benefit obligation	28,200	26,700	23,300	19,900	20,000
Fair value of plan assets	27,800	27,000	23,300	19,500	23,400
Deficit/(surplus)	400	(300)	–	400	(3,400)
Difference between the expected and actual return on plan assets:					
amount	1,500	(1,400)	(1,900)	5,700	500
percentage of scheme assets	6%	(5)%	(8)%	29%	2%
Experience (gain)/loss on plan liabilities:					
amount	(1,800)	–	–	200	–
percentage of present value of plan liabilities	(6)%	0%	0%	1%	0%

Contributions

There were outstanding contributions payable to the Scheme of £126,000 (2010: £146,000) at the balance sheet date. The Trustees expect to contribute £1,600,000 to the scheme in 2012.

Notes to the Financial Statements

For the year ended 31 December 2011

15. Pension schemes (continued)

Universities Superannuation Scheme (USS)

The assets of the USS scheme are held in a separate fund administered by its Trustee, Universities Superannuation Scheme Limited. The appointment of Directors to the Board of the Trustee is determined by the company's Articles of Association. Four of the Directors are appointed by Universities UK; three are appointed by the University and College Union, of whom at least one must be a USS pensioner member; one is appointed by the Higher Education Funding Councils; and a minimum of two and a maximum of four are co-opted Directors appointed by the Board. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice.

Because of the mutual nature of the USS scheme, the scheme's assets and liabilities are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The Society is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Statement of Financial Activities represents the contributions payable to the USS scheme in respect of the accounting period.

The latest actuarial valuation of the scheme was at 31 March 2008. This was the first valuation for USS under the new scheme-specific funding regime introduced by the Pension Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. The actuary also carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2011 are also included in this note.

The triennial valuation was carried out using the projected unit method. The assumptions that have the most significant effect on the result of the valuation are those relating to the rate of return on investments (ie the valuation rate of interest), the rates of increase in salary and pensions and the assumed rates of mortality. The financial assumptions were derived from market yields prevailing at the valuation date. An 'inflation risk premium' adjustment was also included by deducting 0.3% from the market-implied inflation on account of the historically high-level inflation implied by government bonds (particularly when compared to the Bank of England's target of 2% for CPI, which corresponds broadly to 2.75% for RPI p.a.).

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.4% p.a. (which includes an additional assumed investment return over gilts of 2% p.a.), salary increases would be 4.3% p.a. (plus an additional allowance for increases in salaries due to age and promotion reflecting historic scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.3% p.a.

Standard mortality tables were used as follows:

Male members' mortality	PA92 MC YoB tables – rated down 1 year
Female members' mortality	PA92 MC YoB tables – no age rating

Use of these mortality tables reasonably reflects the actual USS experience, but also provides an element of conservatism to allow for further improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

Males (females) currently aged 65	22.8 (24.8) years
Male (females) currently aged 45	24.0 (25.9) years

At the valuation date, the value of assets of the scheme was £28,842.6m and the value of the scheme's technical provisions was £28,135.3m, indicating a surplus of £707.3m. The assets therefore were sufficient to cover 103% of the benefits that had accrued to members after allowing for expected future increases in earnings.

The actuary also valued the scheme on a number of other bases at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% p.a. (the expected return on gilts) the funding level was approximately 71%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004, the scheme was 107% funded; on a buy-out basis (ie assuming the scheme had discontinued on the valuation date) the assets

Notes to the Financial Statements

For the year ended 31 December 2011

15. Pension schemes (continued)

would have been approximately 79% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS 17 formula as if USS was a single employer scheme, using AA bond discount rate of 6.5% p.a. based on spot yields, the actuary estimated that the funding level at 31 March 2008 was 104%.

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions except that the valuation rate of interest assumed asset outperformance over gilts of 1.7% p.a. (compared to 2% p.a. for the technical provisions) giving a discount rate of 6.1% p.a.; also the allowance for promotional salary increases was not as high. There is currently uncertainty in the sector regarding pay growth. Analysis has shown very variable levels of growth, and the salary growth assumptions built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

The scheme-wide contribution rate required for future service benefits alone at the date of the valuation was 16% of pensionable salaries and the Trustee company, on the advice of the actuary, increased the Society's contribution rate to 16% of pensionable salaries from 1 October 2009.

Since 31 March 2008, the global investment markets have continued to fluctuate, and at 31 March 2011 the market's assessment of inflation has increased slightly. The government has also announced a change to the inflation measure used in determining the 'Official Pension Index' from the Retail Prices index to the Consumer Prices Index. The actuary has taken all into account in his fundraising level estimates at 31 March 2011 by reducing the assumption for pension increases from 3.3% pa to 2.99%. The actuary has estimated that the funding level, as at 31 March 2011, under the scheme-specific funding regime had fallen from 103% to 98% (a deficit of circa £700m). Over the past 12 months, the funding level has improved from 91%, as at 31 March 2010, to 98%. This estimate is based on the funding level at 31 March 2008, adjusted to reflect the fund's actual investment performance over the three years, and changes in market conditions (market conditions affect both the valuation rate of interest and also the inflation assumption, which, in turn, affects the salary and pension increases assumptions). The next formed valuation is at 31 March 2011 and this will incorporate updated assumptions agreed by the trustee company. With effect from 1 October 2011, new joiners to the scheme will join the new revalued benefits section rather than the existing final salary section. This change will have an impact, expected to be positive, on future fundraising levels.

On the FRS 17 basis, using an AA bond discount rate of 5.5% p.a. based on spot yields, the actuary estimated that the funding level at 31 March 2011 was 86%. An estimate of the funding level measured on a buy-out basis at that date was approximately 54%.

Surpluses or deficits that arise at future valuations may affect ZSL's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements. The sensitivities regarding the principal assumptions used to measure the scheme liabilities on a technical provisions basis as at the date of the last triennial valuation are set out below:

Assumption	Change in assumption	Impact on scheme liabilities
Valuation rate of interest	Increase/decrease by 0.5%	Decrease/increase by £2.2bn
Rate of pension increases	Increase/decrease by 0.5%	Increase/decrease by £1.5bn
Rate of salary growth	Increase/decrease by 0.5%	Increase/decrease by £0.7bn
Rate of mortality	More prudent assumption (move to long cohort future improvements from the medium cohort adopted at the valuation)	Increase/decrease by £1.6bn

USS is a 'last man standing' scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

Notes to the Financial Statements

For the year ended 31 December 2011

15. Pension schemes (continued)

The Trustee believes that over the long term, equity investment and investment in selected alternative asset classes will provide superior returns to other investment classes. The management structure and targets set out are designed to give the fund a major exposure to equities through portfolios that are diversified both geographically and by sector. The Trustee recognises that it would be theoretically possible to select investments producing income flows broadly similar to estimated liability cash flows. However, in order to meet the long-term funding objective within a level of contributions that it considers the employers would be willing to make, the Trustee needs to take on a degree of investment risk relative to the liabilities. This taking of investment risk seeks to target a greater return than the matching assets would provide while maintaining a prudent approach to meeting the fund's liabilities. Before deciding what degree of investment risk to take relative to the liabilities, the Trustee receives advice from its internal investment team, its investment consultant and the scheme actuary, and considers the views of the employers.

The strong positive cash flow of the scheme means that it is not necessary to realise investments to meet liabilities. The Trustee believes that this, together with the ongoing flow of new entrants into the scheme and the strength of covenant of the employers, enables it to take a long-term view of its investments. Short-term volatility of returns can be tolerated and need not feed through directly to the contribution rate, although the Trustee is mindful of the desirability of keeping the funding level on the scheme's technical provisions close to or above 100%, thereby minimising the risk of the introduction of deficit contributions. The actuary has confirmed that the scheme's cash flow is likely to remain positive for the next 10 years or more. The next formal triennial actuarial valuation is as at 31 March 2011 and will incorporate allowance for scheme benefit changes and any changes the trustee makes to underlying actuarial assumptions. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

At 31 March 2011, USS had more than 142,000 (2010: 135,000) active members and the Society had 35 (2010: 34) active members participating in the scheme. The total USS pension cost to the Society for the year ended 31 December 2011 was £245,000 (2010: £250,000). This includes £19,000 (2010: £21,000) outstanding employer's contributions at the balance sheet date. The contribution rate payable by the ZSL was 16% of pensionable salaries.

16. Leasing commitments

	<i>2011</i>	<i>2010</i>
	<i>£000</i>	<i>£000</i>
Leases expiring:		
Within one year	227	39
Within two to five years	29	148
	<hr/>	<hr/>
	256	187
	<hr/> <hr/>	<hr/> <hr/>

The lease commitments relate to the annual amounts payable on non-cancellable operating leases in respect of plant and equipment and motor vehicles.

17. Capital commitments

The Society leases the Regent's Park site from the Department for Culture, Media and Sport. The lease was renewed in 1999 for a term of 56 years at no annual rent (as more fully explained within Note 1 under 'donated facilities'). As a condition of the renewed lease, the Society submitted to undertake a survey of the site in order to agree a strategy for future works. The survey was completed and initial indications gave a preliminary estimate of a maximum cost of £31m, which forms the basis for continuing discussion with the landlord of the programme of works to be undertaken in the context of the Society's cash resources at future dates. Development work has been undertaken in certain areas, which reduces the estimate of costs for outstanding works to £16.7m. Further work is budgeted for in 2012.

Capital expenditure of £4.9m (2010: £1.8m) had been authorised but not provided at 31 December 2011, of which £0.2m (2010: £0.5m) had been contracted and £4.7m (2010: £1.3m) had not been contracted.

Notes to the Financial Statements

For the year ended 31 December 2011

18. Notes to the consolidated cash flow statement

(a) Reconciliation of net incoming resources before other recognised gains to net cash inflow from operating activities

	<i>2011</i>	<i>2010</i>
	<i>£000</i>	<i>£000</i>
Net incoming resources before other recognised gains	4,239	925
Current service cost surplus	(200)	(400)
Pension finance income	(200)	(100)
Interest and investment income	(246)	(194)
Depreciation of fixed assets	3,125	3,127
Loss on disposal of tangible fixed assets	44	20
Increase in stocks	(83)	(149)
Decrease/(increase) in debtors	336	(1,338)
Increase in creditors	290	145
	<hr/>	<hr/>
Net cash inflow from operating activities	7,305	2,036
	<hr/>	<hr/>

(b) Analysis of consolidated net cash resources

	<i>1 January</i>	<i>Cash</i>	<i>31 December</i>
	<i>2011</i>	<i>flow</i>	<i>2011</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cash at bank and in hand	7,397	225	7,622
Cash on short-term deposit	2,000	4,000	6,000
	<hr/>	<hr/>	<hr/>
	9,397	4,225	13,622
	<hr/>	<hr/>	<hr/>

19. Contingent liabilities

The Charity is joint and severally liable for all Value Added Tax (VAT) debts of the VAT group registration of which it is a part relating to the period that it has been a member of the VAT group. The total VAT liability for the VAT group at 31 December 2011 was £164,000.

20. Related parties

There were no material-related party transactions in the year (2010: none).

The Society has taken the exemption given by Financial Reporting Standard 8, Related Party Disclosures, from disclosing transactions with subsidiaries.



LIVING CONSERVATION

The Zoological
Society of London
Registered Charity in
England and Wales:
No. 208728

Regent's Park
London NW1 4RY
and at
ZSL Whipsnade Zoo
Dunstable
Bedfordshire LU6 2LF

zsl.org