

The Zoological Society of London

Trustees' Report and Financial Statements

31 December 2014

Registered Charity No. 208728

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1. Trustees' Report 31 December 2014

The Trustees are pleased to submit this report and the financial statements for the year to 31 December 2014. Further information about the Society's activities is given in a separate document, ZSL The Year in 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, among 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, 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.

Our vision: Is a world where animals are valued and their conservation assured.

The Society has adopted a Mission Statement, which reads:

Our mission: 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. **Achieving excellence in our field.**
Building on our heritage, Royal Patronage since 1831 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 through 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
- Managing and developing a relevant and useful body of zoological knowledge
- Attracting and engaging a diverse range of people and organisations in the science of zoology and conservation, from students to leaders in their fields
- Raising the profile of conservation issues and priorities and ensuring they are well represented at policy level and in the media

- Providing policymakers, 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 among 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
- Developing our business acumen
- 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 2014

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 the customer service in our Zoos we will maximise our opportunities to generate funds and deliver on the Society's mission to achieve and promote the worldwide conservation of animals and their habitats.

Charity profile

- Throughout 2014, we continued to use our Zoos to invite potential and existing supporters to hear about the work that we do and highlight our key achievements. Many visitors were motivated to support our projects financially.
- We have collaborated with other organisations and initiatives on high-profile events that raise our shared profile. In 2014, we co-hosted the London premiere of Oscar-nominated *Virunga*, and hosted a Rhino Bond event at ZSL to raise the profile of impact investing.
- By continuing to provide a high level of service to our existing Members and working to attract new Members, we reached an impressive total of 106,149 Members and Fellows during 2014. Our members have provided in excess of £6m of support to our Charity.
- ZSL's engagement with corporate partners – through corporate membership, cause-related marketing, donations, in-kind giving and sponsorship – remained strong in 2014. Our position statement on millions of McVitie's Penguin packs increased awareness of our work and charitable status.

Commercial achievements

- ZSL London Zoo achieved the highest visitor numbers in 27 years with 1,263,223 visitors and ZSL Whipsnade Zoo admission numbers finished at a very healthy 617,555, the highest since 1973. Both contributed to our 11% increase in animal collections income.
- Last year proved very successful for the commercial teams at ZSL Whipsnade Zoo and ZSL London Zoo, with a renewed focus on customer service, product and merchandising technique, resulting in an increase in ticket sales and commercial income. Stronger messaging and scripting of our conservation work helped us reach more customers and further understanding of our status. From product labels to information given through animal encounters, we helped drive a stronger understanding of our charitable work and the contributions ZSL makes to global conservation.
- The admissions teams at both sites did very well, talking to guests about the ZSL guidebooks and conservation messages included therein, resulting in sales of guidebooks considerably exceeding our expectations.
- Despite the changes to the consumer rights directive (CRD) coming into effect in June 2014, which put pressure on online donation income, the admissions teams did a fantastic job of raising awareness of our mission, maximising Gift Aid through ticket sales.
- At ZSL Whipsnade Zoo, the retail and admissions team worked very well with the team running the railway, and it proved to be the most successful year in the railway's history, both in fare-paying passengers and revenue. Over 166,000 passengers (paying and non-paying) were carried, nearly 14,000 more than in 2013, and a 17% lift in revenues was recorded. With presenters discussing species found along the route and the conservation issues affecting them, this was a fantastic means of getting our mission across.
- Face-to-face engagement opportunities were maximised through our experiences programme at both sites, including the launch of 'Meet the Animals' at ZSL Whipsnade Zoo in June 2014. As well as being a significant contributor to revenues, it also offers the opportunity to deliver core charity messages that enhance ZSL's profile and public understanding of our wider work.
- The in-house catering team at ZSL Whipsnade Zoo met high expectations around sustainability standards, through a consistent emphasis on local and ethically sourced produce. Their efforts helped reinforce our overall drive to meet FSC, MSC and palm oil standards.

Communications

- The communications team helped raise awareness, understanding and support of ZSL and its mission, contributing to achieving the highest turnover in ZSL's history.
- In 2014, the ZSL website was completely redesigned and rebuilt. The new site launched in February 2014, on time and to budget. Built to work on all devices (more than half our online traffic comes from mobile devices such as tablets and phones), the ZSL website was visited by 5.2 million unique visitors during 2014, allowing ZSL to promote itself to an international audience. The website has already won independent industry awards, including 'Best Mobile Website'.

- ZSL continues to develop its online reach through social media subscribers. During 2014 we gained 150,000 new followers across our social media channels such as Facebook and Twitter, with more than 377,000 interactions (for instance, likes and shares) with our content. We were ranked 23rd in an independent survey of the top 100 charities' 'social index', putting our reach and engagement with our social media channels ahead of other bigger charities. The ZSL YouTube channel had a large growth in subscribers, exceeding 17,000, with more than 18 million video views.
- The reach and coverage of ZSL global publicity increased last year. In 2014 the ZSL PR team generated 10,443 news items (up from 9,572 in 2013), with a potential audience reach of three billion, up from 2.9 billion in 2013. This had a combined equivalent advertising value (EAV) of £59.1m, up from £52.2m in 2013. The ZSL PR team has communicated ZSL's conservation initiatives to a UK and international audience. Key press stories covered the *Living Planet Report*, Instant Wild, Google TV white space, the illegal wildlife trade, Net-Works, the Global Space for Nature Survey and a range of EDGE species including the Chinese giant salamander, plus the birth of three endangered tiger cubs at ZSL London Zoo. The fourth series of the ITV documentary *The Zoo* was broadcast on ITV1 in August; reaching an average weekly viewing figure of five million per hour-long episode, this was a valuable national communication platform to convey the work of the Society.
- Last year saw the relaunch of ZSL members' magazine *Wild About* and children's supplement *ZSL Explorers*. The Zoo Guides for ZSL London and Whipsnade Zoos were also relaunched, along with the introduction of an entirely new children's guide to ZSL London Zoo. All publications support the communication vision and strategy for the Society.
- All communications teams, including Digital, PR & Publications and Interpretation, focused on engaging the public before, during and after their visit to the Zoo.

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

Institute of Zoology (IoZ)

- Last year's highlights included the publication of the 2014 *Living Planet Report* with WWF, based on data from the Living Planet Index, managed by our Indicators and Assessments Unit (IAU); the first global report on species population trends in protected areas, also an IAU initiative; ZSL leading on the development of a research strategy for Chagos; and our support of the IUCN SSC Pangolin Action Plan.
- In 2014, ZSL's Institute of Zoology (IoZ) took part in the Research Excellence Framework (REF). This is a periodic assessment of the quality of science done by universities and similar research organisations in the UK. For the first time, REF 2014 assessed not just the quality of the science itself, but the impact UK science is having. To take part, IoZ submitted details of its best science papers and other outputs (eg important books) published over the last five years; three impact case studies that described how our science has made a difference to conservation; and details of our research environment (our strategy, organisation, funding and facilities).
- IoZ's submission was then assessed by an independent panel of experts in environmental science, which judged that:
 - 85% of IoZ's papers and books were internationally excellent or world-leading. Two of IoZ's three impact case studies were judged to demonstrate outstanding impact; these related to IoZ's work on global biodiversity indicators (measures of the health of wildlife) and disease causing global amphibian declines.
 - IoZ is a unique institution with a well-defined research remit, clearly focused research strategy, significant income and good commitment to staff development. The panel also said they were impressed with IoZ's broad range of international collaborations – IoZ currently works in over 70 countries on every continent. REF represents an independent assessment that clearly shows how IoZ's high-quality science is having significant conservation impact.
- Delivery against the Zoological Department's research strategy and associated work plan has been substantial, with 72 authorised projects selected from an increasingly rigorous selection process designed to increase the overall standard of research. The majority of our research is focused on evidence-based animal behaviour, husbandry development, nutrition, veterinary science and biodiversity monitoring. The provision of Living Collections data and specimen material is another important aspect of our research engagement, as is species threat evaluation in collaboration with ZSL's Indicators and Assessments Unit and IUCN specialist groups.

3. Our scientific priorities for the coming year will continue to include wildlife health and disease, and our core contributions to biodiversity indicators. Following the outcome of the Higher Education Funding Council for England (HEFCE) review of funding to the IoZ, a priority will be to continue strengthening our own science and conservation links, and the external links with our partner, University College London (UCL).

Chytrid fungus in amphibians

Disease is a major cause of the global decline in amphibian populations. IoZ has played a leading role in identifying the disease agents involved and understanding the impacts on amphibian populations and communities. This work has continued in 2014 with the publication of a new paper in the journal *Science* describing the susceptibility of European amphibians to an emerging fungal disease originating from Asia. European salamander species in particular are highly susceptible and there is evidence the disease is causing local population declines. This work has been led by Dr Trent Garner and Professor Andrew Cunningham.

Biodiversity indicators

IoZ worked with WWF to produce the *Living Planet Report*, a biennial review of the state of nature and humans' impact upon it. IoZ's contribution to this report was the Living Planet Index (LPI), a measure of the trends in more than 10,000 populations of over 3,000 vertebrate species across the globe. The LPI provided evidence that vertebrate populations had declined by over 50% in the last 40 years – an astonishing statistic. The Report received global coverage; UK press coverage alone potentially reached more than 90 million. This work has been led by Dr Robin Freeman and his team.

Collaborations with University College London (UCL)

- Joint activity with UCL in 2014 focused around three areas: research projects, Masters and PhD studentships, and posts.
- Links between IoZ/UCL in the area of wildlife health have continued to grow, with new NERC funding won on amphibian diseases (£280,000, to IoZ).
- IoZ is part of the London NERC Doctoral Training Programme (DTP) that had its first intake of students in 2014; projects are still being finalised, but IoZ staff are involved with eight student projects in the 2014/15 cohort.
- Professor Tim Blackburn took up a joint position between UCL and IoZ; an additional early career post will be filled in 2015. Shared posts, students and projects represent clear evidence of strengthening links between IoZ and UCL.

4. We will continue our commitment to field conservation initiatives, strengthening activities in more than 50 countries and 12 core conservation 'hubs' throughout Europe, Africa and Asia. The Society will continue to focus on the ZSL Mission targets and will deliver on this by implementing seven major conservation initiatives: The State of the Planet; Conservation Technology; EDGE Species and Zones; Top Predators and Mega-Parks; Nature's Security Systems; Private Sector Best Practice and Transparency; and Conservation Leaders of the Future.

The State of the Planet

The reports (see above) on population trends of vertebrates and species population trends in protected areas made a significant impact in 2014. A report was also produced on species population trends in the Arctic. ZSL led in the formation of the IUCN National Red List Alliance and greatly increased the global database of national red lists.

Conservation Technology

We worked with Google to test white space technology at ZSL London Zoo. We also delivered on our Google impact award by developing and implementing real-time camera traps, metal detectors, and seismic sensors that help to identify poachers in protected areas. In addition, we developed a second generation of open-source miniature tracking devices called Matakai, made major contributions to SMART (a patrol-based monitoring system being adopted by Protected Area managers around the world), and helped develop new underwater video monitoring devices.

EDGE Species and EDGE Zones

A new Chinese giant salamander exhibit opened at ZSL London Zoo in December. Featuring a 1.3m male, 'Professor Wu', it showcases ZSL's work with the species in China. EDGE Birds was launched and received global media coverage. A cohort of EDGE Fellows successfully completed their fellowships, producing blueprints for survival (species action plans). The EDGE report-card system was completed, allowing us to monitor conservation efforts for individual species.

Top Predators and Mega-Parks

ZSL camera-trapped tigers in two areas of Thailand where they were believed to have been extirpated. A tiger project was set up in Nepal and initial camera trapping indicates tiger numbers are higher than previously thought; SMART is now being implemented at this site. Poachers in a tiger protected area were caught on camera in Russia. Tiger sharks, meanwhile, were tagged and tracked off the coast of East Africa to try to understand the MPA needs of large predators.

Nature's Security Systems

ZSL's growing mangrove restoration projects helped local communities in the recent typhoon. Local communities were sensitised to the ZSL-led REDD initiative in Berbak.

Private Sector Best Practice and Transparency

The oil palm best practice and transparency website and investment tool, SPOTT, was launched, allowing investors to identify which oil palm companies are fulfilling their biodiversity commitments. Net-Networks, a project turning old fishing nets into carpet tiles, was extremely successful and has been expanded to Cameroon.

Conservation Leaders of the Future

ZSL supported a cohort of EDGE Fellows who have now finished their two-year conservation leadership training. ZSL is also leading on the development of a conservation leadership MOOC (massive open online course).

5. We will continue to make significant achievements in conservation breeding and reintroduction initiatives.

Conservation breeding successes include:

- Critically endangered Lake Oku frogs, an EDGE priority species, spawned several times. The species has been maintained by several institutions since 2007 and this is the first time any have spawned in captivity.
- Six Philippine crocodiles hatched, a UK first and a boost for the EEP.
- The captive breeding programme for Fish Net had a successful year in most respects, with 21 species breeding. First reproductions were reported for the endangered Boxer pupfish, Lodero pupfish and critically endangered Sultan Szalıgı toothcarp, all of which were bred in significant numbers; the critically endangered Monterey platyfish, meanwhile, quadrupled in the past year.

Significant reintroduction initiatives include:

- Two female scimitar horned oryx transferred to Marwell into a pre-transport holding facility ahead of their subsequent move to the Abu Dhabi Environment Agency. These animals, along with others from EEP holders, will genetically augment the EAD population for future release into the Ouadi Rime-Ouadi Achim (OROA) Reserve in Chad, the last stronghold for the species prior to its extinction in the wild.
- Five London-bred Edwards's pheasants transferred to Prague, part of an EEP-coordinated transfer in collaboration with the World Pheasant Association and Hanoi Zoo, which currently holds the last remaining wild-caught male. The female from ZSL London Zoo has been sent from Prague to Vietnam for zoo-based captive breeding and possible future release. The four males will be sent to Vietnam at a later date.
- Corncrake pairs were put together in early April this year due to the milder weather, with 84 birds transferring to the Nene Washes, of which 60 were released. Of the 162 eggs laid in 2014, only 77% were fertile, a reduction from the two previous years. A reduction in clutch size and levels of fertility are becoming a concern and the focus since 2013 has been to try to produce good, genetically viable chicks rather than focusing on numbers. An increase in biosecurity measures at ZSL Whipsnade Zoo has improved hatchability rates from 49% in 2013 to over 92%. The work on the corncrake pens by the keepers was completed at the end of the season, with improved nesting options and planting in place for 2015; a CCTV camera has also been installed to record the activities of the corncrake chicks.
- Twenty mountain chicken frogs bred at ZSL were exported to Montserrat for the trial release programme. These joined 35 other animals bred at ZSL, but reared by Durrell. Animals were released in June and a subset tracked via radiotelemetry; 10 are known to be still alive. On Dominica, efforts continue with the captive breeding facility, although viable mountain chicken nests are now being observed in the wild. The herpetology team helped develop a 20-year conservation action plan for the species, and team members from herpetology and Discovery and Learning also put together a series of events for Mountain Chicken Day in September.
- Extensive preparatory efforts were made for the reintroduction phase of the Partula snail programme. Funding support by ZSL and other Partula-holding zoos enabled Partula field conservation biologist Dr Trevor Coote to work in-region throughout the year implementing the conservation strategy. This included ensuring the Partula reserve in Te Faaiti is ready for the release populations in 2015. The potential of Tahitian chestnut trees (mape trees in Polynesian) to provide a degree of natural protection from periodic incursions of the predatory rosy wolf snail is a promising development.
- Discussions continued with the Natural History Museum and Vietnamese collaborators to develop the Vietnamese magnolia snails. It is possible that part of our F1 Vietnamese snail population will be returned to Vietnam to help establish a viable ex situ breeding population.
- The Bermudian snail population of *Poecilozonites circumfirmatus* that was returned to Bermuda in December 2012 has done very well at the Bermuda Museum, Aquarium and Zoo (BMAZ). ZSL discussed conservation management options (including establishing a breeding population at ZSL in 2015) for the newly rediscovered species *Poecilozonites bermudensis* with Bermuda's Department of Conservation Services.
- A year after the ZSL-led expedition to Madagascar that led to the transfer of the critically endangered Mangarahara cichlid to a private fish farm in Andapa, some of the 18 specimens have reproduced, with more than 3,000 fry bringing new hope for the species. Two additional species that share the same habitat were also transferred and have since reproduced successfully.

Conservation planning activities

- A workshop was held on establishing China's first conservation breeding and education facility for the Chinese giant salamander. The herpetology team leader assisted in training Chinese teams on field survey techniques, community questionnaire surveys and farm surveys for Chinese giant salamanders – and the team successfully captured the first two wild salamanders since the project started.

- The herpetology deputy team leader, winner of ZSL's Michael Brambell Travel Award, visited gharial head-starting facilities in Nepal and, with ZSL Nepal Office colleagues, held gharial conservation research planning discussions with regional agencies and NGOs.
- The herpetology team leader assisted in the development of the axolotl conservation action plan, and also provided technical assistance to EDGE Fellow Karla Pelz, working on the Lake Lerma salamander.

6. The Society will increase its efforts to address the growing threats of climate change, the illegal wildlife trade and disease through strong scientific research and conservation actions on the ground and by providing policymakers with robust science-based information.

Communicating and connecting

- ZSL produced a report on monitoring natural capital from space, demonstrating how existing satellite data could be used to explore climate change.
- In February 2014, we hosted an extremely influential symposium that addressed illegal wildlife trade, resulting in commitments from seven of the most influential conservation organisations.
- ZSL's digital communications portfolio allows us to communicate our science-based information to a wide international organisation – for instance, by live-streaming the wildlife trade symposium hosted at ZSL in February.

Key research initiatives

- A key challenge in the climate change arena is to better understand the impacts climate change is likely to have on wildlife populations. This requires the science to go beyond simply describing the exposure of key populations to climate change, to understand whether such exposures are likely to lead to population decline and extinction. Dr Monica Bohm began a new piece of work in 2014, supported by the Mission Opportunities Fund, to assess the vulnerability of species to climate change. This work is being complemented by a range of ongoing studies in which IoZ is using long-term datasets on vertebrates to explore, in detail, how particular populations work and the impacts climate change might have on demography and population trends.
- Trade, both legal and illegal, has important implications for the movement of wildlife pathogens around the world. IoZ's recent work on emergent diseases in amphibians in Europe has highlighted the importance of the pet trade as a potential route exposing European amphibians to novel pathogens from Asia. This is a particular problem if imported amphibians from Asia are released, accidentally or deliberately, into the wild in Europe. Dr Trent Garner and Professor Andrew Cunningham are working with organisations in the pet trade to identify and limit potential exposure routes.
- The role of badgers in bovine tuberculosis in UK cattle, and the efficacy of badger control in disease control in cattle, has been an extremely contentious issue in 2014. The science community has been very critical of government badger control policy because it runs contrary to the available scientific evidence, which suggests the policy is likely to be ineffective and may actually make the situation worse. Professor Rosie Woodroffe has played a major role in communicating the science, which in part is informed by her ongoing work on badger ecology in Cornwall, to policymakers and the general public.

7. We will assist in coordinating the conservation community to drive forward the global conservation agenda and provide policymakers with the best-quality information on species and ecosystems.

Meetings and symposia

- In June, ZSL gave the keynote speech, on the status of the world's natural capital, at the World Summit of Legislators.
- Our programme of science and conservation events brings together international experts to discuss important topics in conservation science, exchange ideas and present their research. In February, we hosted a symposium on the illegal wildlife trade (see above). The November symposium 'Turning the tide on mangrove loss' brought together a range of stakeholders from the mangrove community, including researchers, conservation NGOs and policymakers, to focus attention on improving conservation success and influencing policy. The symposium directly resulted in two significant new sources of funding for mangrove conservation and an IUCN Mangrove Specialist Group Statement being prepared for the 2014 World Parks Congress.
- Symposia planned in 2014, for 2015, include: 'The conservation science/policy interface: challenges and opportunities'; 'Health and disease in translocated wild animals'; and 'The future of food – the future of the environment?'
- In June, ZSL Whipsnade Zoo hosted a two-day meeting for the TSAWG (Threatened Songbird of Asia Working Group), a sub-group of the EAZA Passerine TAG. The group, formed of representatives from zoos and conservation organisations such as BirdLife International and IUCN, aims to assist with conservation actions for threatened Indonesian birds.

Publications and communications

- Plans were developed in 2014 for a new peer-review journal, *Remote Sensing in Ecology and Conservation*, to be launched in 2015. It will explore the shared research interests of the ecological, remote-sensing and conservation

communities to maximise the understanding and uptake of remote sensing-based techniques and products by the ecological community, and support communication and further collaborations between experts in remote sensing and conservation scientists.

- ZSL's journal *Animal Conservation* includes feature papers and 'Letter from the Conservation Front Line', engaging with conservation practitioners and providing policymakers with high-quality research on conservation science.
- The ZSL website offers access to reliable information on conservation programmes run by ZSL and its partners, as well as reports and scientific papers.
- The ZSL PR team regularly promotes the Society's conservation projects and scientific papers to UK and international consumer and specialist media, ensuring consumers and policymakers are aware of the key issues.

8. Building on the successful 2013 opening of *Tiger Territory*, priorities for development at ZSL London Zoo will be the new pygmy hippo exhibit to open in our Into Africa zone in April 2014. A major new project on Asiatic lions is also being developed to open in 2016.

Tiger Territory

- Three cubs were born on 3 February and all seen suckling early. Dam 'Melati' had constant access to the outdoor porch and race area, and started bringing the cubs out to the porch for the night when they were just over two weeks of age. Introductions with all five tigers proved successful, but have since ceased following aggression from the male towards the cubs. The cubs have grown in confidence with the public and seem comfortable in close proximity to visitors.

Pygmy hippos

- Work was completed on the new pygmy hippo exhibit on Into Africa, and the area opened in April with associated press coverage and good visitor feedback. Interpretation explores pygmy hippo biology, their mysterious life in the wild, and the challenges ZSL conservationists face working in the hippos' forests. A research trip to Sierra Leone helped bring the exhibit to life through up-to-date conservation stories, fieldwork photos, and loads of inspiration for the graphic designer. As well as more traditional signage, interpretation includes messages printed on clothes and hung on an African village washing line, an engraved bench based on a vine bridge, and a stencilled dung self-portrait sprayed by Thug onto canvas! These engaging communications were also backed up with a live interpretation team hippo talk that has been well attended and well received by visitors.

Land of the Lions

- The public phase of the fundraising campaign for the Asiatic lion project was launched in May 2014 and, at the end of the year, £2m remained to be raised.
- As work progresses on *Land of the Lions*, the three female Asiatic lions have transferred temporarily to ZSL Whipsnade Zoo's holding facility and discussions are ongoing with the EEP and Indian authorities regarding potential males. A male hanuman langur from Sosto Zoo and two females from Hodenhagen are due to arrive in the first quarter of 2015 and will undergo quarantine in the ZSL London Zoo vet department. These will form the basis of the new breeding group for the primate facility in *Land of the Lions*.

9. ZSL Whipsnade Zoo priorities will include a focus on the central 'hub' area (improving the farm and educational spaces) and further animal welfare-related projects and completion of Zoo licence conditions.

Hub area

- The new Hullabazoo Farm was launched. To stock the development of the area, a consignment of domestic stock arrived from Merrist Wood College, with a litter of pigs the first births in the new exhibit. Further arrivals included two female zebu and eight goats from Yorkshire Wildlife Park. Handling sessions and barn owl demonstrations are among the activities provided in the area, and are proving very popular with the public.

Institute Building

- Work was ongoing in the Institute Building and completed in November for the arrival of ZSL London Zoo's lions and primates. There are long-term plans to use this area to facilitate future quarantine requirements.

Birds

- Completed improvements to the penguin enclosure include installation of bubblers to the pools and reinstating a dividing fence line. All were in place prior to the arrival of seven rockhopper penguins from Vienna in 2015. The rockhoppers and African penguins will be managed separately, and an improved nest-box design has been agreed for the African penguins. It is hoped the new boxes will ensure the birds feel more secure when nesting, and improve on poor African penguin chick survival in 2014 – of the 10 chicks hatched, only three survived.
- CCTV cameras have also been installed in the bird garden to improve surveillance of nest-box activity and breeding behaviour inside dens, with additional night-time recording capacity. More crane pens have been netted over, providing essential holding areas for full-winged species in accordance with the revised flight restraint policy.

10. The Events teams at both ZSL London Zoo and ZSL Whipsnade Zoo will be strengthened to enable more special events to be run throughout the year, helping spread our visitor numbers more evenly.
- The Challenge and Community Events team ran several successful events, from 'Roar With Laughter' comedy nights to 10km runs. They did well at reaching new audiences, and more than 2,000 fundraisers took part in challenge events for ZSL in 2014.
11. Evaluating the effectiveness of the Zoos' learning programmes will remain a priority. The implementation (and assessment) of a new and restructured education service will keep increasing the numbers of schools converting into paying visitors from the previous GLA free visits scheme. We will also further develop the ZSL Arts Strategy, building on the successful 2013 Writers' Talks, and the ZSL Inclusion Strategy.

Discovery and Learning

- Improvement in the booking process is translating into a better experience for school leaders, increasing repeat visits.
- This was the third full year of school visits at ZSL London Zoo without financial support from the GLA. Numbers have increased massively, from 105,877 in 2013 to 121,728 in 2014 (15% up on last year and 35% up on budget). At ZSL Whipsnade Zoo, the number of visits has also increased dramatically, from 39,842 in 2013 to 47,694 in 2014 (20% up on last year and 19% up on budget). The table shows the trend for school visits to both sites for the past three years.

	<i>2012</i>	<i>2013</i>	<i>2014</i>
ZSL London Zoo	84,958	105,877	121,728
ZSL Whipsnade Zoo	33,631	39,842	47,694
	—————	—————	—————
Total	118,589	145,719	169,422
	—————	—————	—————

- The new design of the Discovery and Learning section of the website has contributed to teachers and other stakeholders having better access to our resources and connecting with our learning programmes. Using the Principles of Excellence, all education sessions were audited and new sessions have been developed to align with changes in the National Curriculum.
- Compared with the 2012/13 academic year (September 2012 to July 2013), at ZSL London Zoo there was a 25% increase in education sessions delivered; at ZSL Whipsnade Zoo, there was a 23% increase in sessions delivered.
- Practical Learning Programmes: Full time, permanent Practical Learning Officers are in place at both sites. They have the specific remit to create, plan, deliver and evaluate practical programmes. In 2014 these have included:
 - Six ZSL Zoo Academy courses were delivered during 2014 at each Zoo. A total of 144 young people aged 15 to 17 attended the eight-day courses. The content was based around theoretical sessions and practical activities. Each student completed the course with a portfolio of evidence and a reference from ZSL.
 - Following the piloting phase in 2013, both sites ran successful Junior Zoo Academy courses in 2014. Based on the format of the Zoo Academy course, Junior Zoo Academy is a two-day practical programme called Junior Zoo Academy aimed at eight- to 10-year-olds. These courses run in the February and October half-term holidays.
 - Both sites continued to develop and deliver bespoke practical courses for PRUs (pupil referral units) and other 'hard to reach' individuals. The focus of these courses is based on the SEAL (social and emotional aspects of learning) framework that promotes progression in confidence, resilience, group work and empowerment. Groups from Luton, Camden and other London boroughs have participated in these courses.
 - New for 2014, Zoo Veterinary Careers Day is a one-day course for those interested in a range of potential veterinary career pathways in a zoological setting. The day is designed for 40 young people aged 13 to 19 and comprises a series of talks from ZSL and Royal Veterinary College staff and students, tours of the veterinary facilities, and several practical activities. It is incredibly popular, with the first course at ZSL London Zoo being fully booked within a matter of hours of going live online.
- A new Discovery and Learning Inclusion Officer, who joined ZSL in September, is in the process of auditing both sites from both a learning and access perspective. This will help ensure our learning programmes and the physical Zoo sites are inclusive for a range of users.
- For the first time, ZSL ran Special Children's Day (SCD) at ZSL Whipsnade Zoo in June. It was a great success, with more than 2,000 tickets sold for the event. SCD at ZSL London Zoo was attended by more than 6,000 people and had the assistance of 60 Barclays volunteers; as well as their vital help on the day, Barclays also supports the event financially.

Arts and Culture

- A new Arts and Culture Coordinator was appointed in July. Building on the work of the Arts and Inclusion Coordinator, this new role has the remit to promote ZSL as a recognised cultural centre.
- A second season of Writers' Talks was held. The format is an evening talk involving three speakers – an author, a member of ZSL conservation or science staff and a member of the Living Collections team – based around one species, and held at that species' exhibit in ZSL London Zoo. The 2014 season began in May with acclaimed novelist Louise Doughty on the highly endangered okapi, followed by bestselling travel writer Sarah Wheeler at *Penguin Beach* and, in June, psychoanalyst and bestselling author Susie Orbach at *Tiger Territory*. In August, prizewinning poet David Harsent spoke about the African hunting dogs, and wrote a special poem for the evening: *Lycaon Pictus*. In September, we heard from television historian and prizewinning author Tom Holland on Asiatic lions. Finally, in October, Randal Keynes – Darwin scholar, conservationist and great-great-grandson of Charles Darwin – spoke about Jenny, the first orangutan at ZSL London Zoo, and how Darwin's encounters with her led to his insight into natural selection as the mechanism for evolution.
- The Big Draw, held at both sites during October half term, was a great success. Senior staff from the Big Draw organisation visited ZSL London Zoo during the week and highly praised the 10-metre mural of marine species being created by visitors in the Aquarium.
- During the Frieze Art Fair, ZSL partnered with the Frieze Art Foundation and artist Cerith Wyn Evans to produce a neon art installation celebrating the architecture and history of the Snowdon Aviary at ZSL London Zoo. The installation stretched across Regent's Canal and was launched at an evening event with a piece of performance art by Wyn Evans.
- To coincide with National Poetry Day, ZSL launched its debut Poetry Weekend in October. The weekend began on Friday 3 October, when the Mappin played host to Poetry London's magazine launch event, with readings by award-winning poets including Sean O'Brien, Michael Symmons Roberts, Laura Elliott and the winner of this year's Poetry London competition, Jon Stone.

Evaluation, social research and visitor studies

- The Evaluation Coordinator continued to work on various projects, including involvement on the Global Conservation meeting, conducting social research as part of various field conservation projects, teaching on the EDGE fellows training course, evaluating education sessions, assisting MSc students who wish to conduct their research at the zoo and building capacity in ZSL staff in visitor studies and evaluation. The evaluation coordinator role spans the whole of ZSL, and she has been involved with public attitude surveys towards Zoo Lates, the new ZSL brand and titles of ZSL major initiatives. She has recruited several evaluation volunteers who collect data of different projects. In addition, she has been invited to be a member of the UK Visitor Studies Group Committee.

12. We now have masterplans in place for ZSL London Zoo and ZSL Whipsnade Zoo – our vision for our sites for the next 20 years. This means we will be able to finalise our future fundraising priorities with the Development Strategy Board for capital and revenue projects across ZSL.

- The Development Strategy Board continued to focus on the Asiatic lion campaign to raise the funds needed for the conservation project in India and the opening of the *Land of the Lions* exhibit in 2016.
- The Board also established the ZSL annual fundraising gala, with the inaugural event held in May 2014. This event will continue to support the work of ZSL each year.

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

- Our Supporter Services team handled more than 120,000 customer enquiries in 2014, and responded to more than 700 TripAdvisor reviews, providing a high-quality service to our supporters.
- Our successful customer relationship management strategy continued to flourish, with more than nine million emails sent to our growing supporter base, engaging them with the exciting work and opportunities ZSL has to offer.
- Engagement levels with our supporters have also continued to rise throughout the year. As a result of an increase in segmentation and the identification of new audience groups, 300 separate campaigns were sent.
- Regular feedback surveys are collected from visitors to the Zoos and ZSL events, and this information is used to improve our overall service levels and visitor experience across the organisation.
- In 2014, we developed and rolled out a new staff induction for all new starters, as well as a new customer service training session. Both have helped make Visitor Services teams more effective.
- With the development of the new ZSL Whipsnade Zoo Visitor Centre, steps were taken to repurpose the commercial teams under a 'Visitor Services team' structure. The goal continues to be that the team can answer any guest query or

provide the adequate service level regardless of home department or role. The preparations of 2014 will have their first real test with the opening of the Visitor Centre in 2015, after which processes will be monitored and adjusted.

- At ZSL London Zoo we launched a monthly mystery shopping initiative in collaboration with other key London attractions. Focusing on our retail, admissions and catering offer, our aim is to monitor the visitor journey, ensuring we are engaging with our guests and maximising the potential to raise profile and revenue to support ZSL and its work. This reciprocal project also requires us to visit other attractions, enabling us to benchmark our offer against our peers'.
- Improvements have been made across the ZSL website to comply with the Consumer Rights Directive (CRD) legislation that came into effect on 13 June.

14. These achievements will only be possible with the continued hard work and dedication of ZSL staff and volunteers. To support this in 2014, we will continue to develop staff and management training programmes and will launch a new strategy for managing and communicating with volunteers.

- We have a new HR and Training team in place with significant improvements in HR and training services.
- We have improved our Performance and Development Review process, developed new HR policies and procedures and carried out a comprehensive training-needs analysis.
- Our first staff and volunteer survey was carried out during the year, with a 79% return rate and 92% of people saying they are proud to work for ZSL. Department action plans have been developed to address any concerns.

Training

- New workshops, training and development courses have been designed and delivered, and we have launched our first training brochure. We have run these courses for our staff in the UK and overseas – in 2014 helping more than 300 of our people improve their core skills, while providing better value for money.
- Our new management development programme was launched for newly appointed line managers. Twenty-five delegates have taken part in four workshops and action learning sets, significantly improving their core skills.
- As well as core skills training, we have focused on risk assessment and incident management training for key staff in the UK and our two largest overseas hubs, the Philippines and Indonesia, with plans to roll this out further in 2015.

Volunteers

- The new Volunteer Strategy was launched by the Communications team to all volunteers in March 2014, with a new-look vision and objectives for the volunteers across both Zoos, including a refresh of the recruitment day for volunteers.
- To increase the visibility of our volunteers, we have worked closely with Boris Johnson's Team London organisation, often appearing on their website. The recruitment drive in March was advertised in Team London's monthly news round-up letter.
- At Whipsnade the Learning Volunteers moved into a new common room, which has been warmly received. It also means that the Live Interpretation team is now in one building.

National Volunteer Week

- As part of showing our appreciation and rewarding the incredible support given by our volunteers, during National Volunteer Week each volunteer was sent a handwritten thank-you card and all volunteers were given a complimentary lunch on their day of duty.

London Volunteers

- In 2014, Learning Volunteers donated a total of 35,383 hours; in monetary terms this equates to £323,754 (based on £9.15 London Living Wage). In addition to engaging visitors in exhibits, they helped with fundraising for Vulture Awareness Day and collecting at Underground stations for ZSL's Lions400 fundraising campaign. Learning Volunteers also worked alongside Presenters at key Zoo events and signed up for extra duties at Zoo Lates and Special Children's Day, ensuring excellent visitor engagement.

Whipsnade Volunteers

- Keeper Volunteers contributed 4,137 days (25,094 hours), which has a financial value of £213,756. Volunteer Investment and Value Audit (VIVA) analysis shows that Whipsnade is receiving a three-fold return on the organisation's investment in volunteers. The Learning Volunteers contributed 17,818 hours.

October half-term holiday

- An average of 298 visitors per day visited the volunteer-led 'Activity Room', which equated to approximately 14% of the total visitor numbers over the holiday period.
- Volunteers also assisted on a number of special events at the Zoo throughout the year.
- The team continued to support the 'New Horizons' project, where young adults with learning difficulties complete tasks for a variety of departments under supervision. In 2014, the participants completed a total of 647.5 hours, with tasks being provided by 10 departments across the site.

Plans and objectives for 2015 and future periods

We have selected seven major cross-society initiatives where ZSL can make a real difference to conservation. We will define the major conservation impact we wish to achieve in each of the seven initiatives and report on three areas of each: our impact from direct conservation action, generation of conservation knowledge, and how we are sharing conservation knowledge.

1. Monitoring the state of the planet
2. Developing conservation technology
3. Saving threatened species
4. Improving wildlife health
5. Conservation for communities
6. Engaging with business to protect biodiversity
7. Encouraging lifelong learning and public participation in conservation

Other Society objectives:

- By raising our charity profile and improving the customer service in our Zoos we will maximise our opportunities to generate funds and deliver on the Society's mission to achieve and promote the worldwide conservation of animals and their habitats.
- Priorities for development at ZSL London Zoo will be the new lemur walk-through exhibit, In with the Lemurs, opening for Easter 2015, and a major new project on Asian lions, currently under construction to open for Easter 2016.
- Priorities at ZSL Whipsnade Zoo include a continuing focus on the central 'hub' area (with a butterfly house opening in May 2015), and further animal welfare-related projects and completion of zoo licence conditions.
- The Events teams at ZSL London Zoo and ZSL Whipsnade Zoo are being strengthened to enable more special events (such as 'Sunset Safari') to be run throughout the year, helping spread our visitor numbers more evenly.
- We will improve the visitor experience through better customer-care training programmes, and further development and use of the new customer relationship database and Customer Contact Centre as a single point of contact for all customers and supporters of ZSL.
- These achievements will only be possible with the continued hard work and dedication of staff and volunteers. To support this in 2015, we will continue to develop staff, management and volunteer training programmes.

Corporate status

ZSL 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.

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 ('the Trustees') are elected from and by the membership of the Society by postal ballot and serve for periods of four years. Invitations are circulated to all members to nominate Trustees, and members are advised of the retiring Trustees and specialist skills that the Council considers 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 (* retired during 2014, + joined during 2014).

• 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 Sir John Beddington, Michael Bird, Professor Geoff Boxshall, Dr Brian Bertram, John Edwards*, Rupert Hambro, Ken Livingstone, Ken Sims+

• **Animal Welfare Committee**

Terms of Reference – To advise Council on matters relating to animal welfare in the collections, at both ZSL London Zoo and ZSL Whipsnade Zoo, at the IoZ, and in the work of conservation programmes.

Membership – Professor Anna Meredith (Chair), Dr Heather Bacon+, Dr Brian Bertram, Martin Cooke, Natasha Fleming, Dr Kirsten Pullen, Dr Maggie Redshaw, Michael Waters

• **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 David Ferrier (Chair), Professor Jonathan Baillie, Professor Tim Blackburn*, Professor Geoff Boxshall, Dr Paul Donald, Professor Adam Eyre-Walker, Professor Sunetra Gupta, Professor Alan Hildrew*, Professor Rebecca Kilner, Professor EJ Milner-Gulland, Professor Ken Norris+, Professor Beth Okamura+, Professor Josephine Pemberton*, Professor Andrew Rambaut+, Professor Jon Slate, Dr Rosie Trevelyan, Professor Nina Wedell*

• **Joint University College London/Zoological Society of London Committee**

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 IoZ 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 Frances Brodsky (Chair)+, Professor Mary Collins (Chair), Professor John Carroll*, Professor Geraint Rees+, 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 – Dr Brian Bertram (Chair), James Breheny (corresponding member), Mark Challis, Dr Andrew Kitchener, Sir William McAlpine, Mark Ridgway, Sean Rovai, Martin Rowson, Andy Simpson, Ken Sims, Darren Martin, Ray Heaton+, Simon Tonge+*

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 2014 to the date of this report, unless otherwise indicated.

President Professor Sir Patrick Bateson FRS*

Professor Sir John Beddington FRS+

Secretary Professor Geoff Boxshall FRS

Treasurer Paul Rutteman CBE

Sheila Anderson MBE*

Dr Brian Bertram*

Michael Bird (Vice President*)

Martin Cooke

John Edwards*

Ray Heaton

Ken Livingstone

Professor Anna Meredith (Vice President*)

Dr Ruth Padel

Elizabeth Passey+ (Vice President)

Dr Maggie Redshaw

Sean Rovai

Martin Rowson+

Ken Sims+ (Vice President)

Robert Wingate

*to 17 June 2014 +from 17 June 2014

Directors

Director General: Ralph Armond
Finance Director: Mike Russell (to 5 December 2014); Amanda Smith (from 24 November 2014)
Human Resources Director: Ian Meyrick (to 31 January 2014) Fiona Evans (from 1 February 2014)
Zoological Director: David Field
Conservation Programmes Director: Professor Jonathan Baillie
Director of the Institute of Zoology: Professor Tim Blackburn (to 31 July 2014)
Director of Science: Professor Ken Norris (from 1 August 2014)
Commercial and Communications Director: Rich Storton
Development Director: James Wren

Financial results

In 2014, ZSL recorded consolidated net incoming resources from its operations of £4.2m (2013: £6.3m), of which £2.6m (2013: £2.5m) was from our trading subsidiaries, Zoo Enterprises Limited and Whipsnade Wild Animal Park Limited. After investment gains of £0.2m (2013: £0.5m) and an actuarial loss on our defined benefit pension scheme of £6.3m (2013: £1.2m gain), we had an adverse net movement in funds of £2.0m.

Income

ZSL remains dependent on its two Zoos for the bulk of its incoming resources. In 2014, ZSL London Zoo visitor numbers reached 1,263,223, an increase of 28,806 (2.3%) on 2013. ZSL Whipsnade Zoo visitor numbers for the year were 617,555, an increase of 69,687 (12.7%) on 2013. The total number of visitors to the two Zoos in 2014 was 1,880,778 (2013: 1,782,285).

Total incoming resources increased by £3.1m in the year to £55.2m, with animal collections income up £3.5m (11.2%) and our trading subsidiaries' income up £0.4m (4.9%) to £9.2m, both benefiting from the increase in our visitor numbers compared with 2013. Zoo Enterprises Limited also benefited from higher levels of conference and banqueting at ZSL London Zoo and the impact of a full year of operating in our new Terrace restaurant at the site. Voluntary income decreased by £0.9m as we did not see a repeat of the substantial legacy (£0.9m) received in 2013. Science and research income decreased by £0.4m, reflecting a different profile of grant-funded projects carried out in 2014. Conservation programmes increased by £0.2m from a higher level of grants received in the year.

Incoming resources included Gift Aid recoveries on day entry to our Zoos, which amounted to £2.0m (2013: £2.0m), while on all sources of income Gift Aid amounted to £3.0m (2013: £2.8m).

Expenditure

The cost of generating funds increased by £0.4m to £7.5m, although £6.6m of this cost relates to the operation of our trading subsidiaries. Our subsidiaries' costs increased by £0.3m as we made some investment in our operations to support the growth in our activities, including the operation of our new warehouse facility for our merchandising operation, which became operational in August 2014. Charitable activity expenditure increased by £4.8m to £43.2m, of which £3.1m of the increase represented our continued commitment to enhance our animal collection facilities and welfare and our increase in the provision of our animal-related discovery and learning programmes and educational activities. While science and research resources expended were only marginally (£0.1m) higher than in 2013, conservation programmes' costs increased by £1.6m as we continued to expand our international conservation work across our 12 global conservation hubs.

Support costs (as per note 6b to the Accounts) increased by £1.1m in the year. This relates to the investment made in some of our support functions and our IT and digital infrastructure to service the increased level of activity in our organisation and to invest for future income growth, as well as the development of our central procurement function set up to achieve purchasing efficiencies across our group.

Pension schemes

The valuation of our ZSL 1988 defined benefit pension scheme per the Accounting Standards Board's Financial Reporting Standard 17 shows a deficit of £4.1m at 31 December 2014 (2013: surplus £2m), resulting in a £6.3m actuarial loss for 2014 (2013: £1.2m gain) before pension finance income and charges to service cost. The valuation is based on rolling forward the June 2011 triennial actuarial valuation (the 2014 triennial valuation was not available at the year-end) and updating it for a change in actuarial assumptions to reflect market conditions at 31 December 2014. The approach to the valuation, however, has not changed. The main driver of the £6.3m actuarial loss in 2014 is the fall in the yield on AA corporate bonds over 2014 (4.6% down to 3.7%). The scheme value is very sensitive to the movement in bond yields; this has resulted in the scheme moving from an asset position at December 2013 to a deficit in December 2014. Funding levels continue to be monitored by ZSL and the pension fund trustees on a regular basis. Both the pension trustees and ZSL are of the opinion that no changes are required

to the ongoing funding of this pension scheme. While this scheme is now closed to employees joining after 30 June 2011, a stakeholder-defined contribution scheme is available for those employees.

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 that to do so would incur disproportionate expense, and as such have not included the value of this donated facility in the Consolidated Statement of Financial Activities.

Animals

The animals are generally acquired by the Society from other zoological organisations at zero cost or bred in our Zoos and a realistic valuation cannot be placed thereon. Many of the animals acquired are held in trust with other zoological societies at zero cost.

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.

Funds

ZSL's funds as at 31 December 2014 amounted to £59.8m (2013: £61.8m), and are represented by buildings and other tangible fixed assets of £44.1m (2013: £44m), and cash, short-term deposits, investments, stocks, debtors less a £4.1m defined pension scheme liability and creditors (2013: £2m defined pension scheme asset less creditors).

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; and 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 revenue 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, any pension asset and restricted funds, which amounted to £6.2m at 31 December 2014 (2013: £7.5m)). The level of these free reserves 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 £4.0m. The current higher level of reserves is held for investment in future capital programmes.

Investment policies

ZSL holds most of its available funds in bank and short-term deposits, which at 31 December 2014 totalled £20.1m (2013: £14.4m). In addition, ZSL holds listed investments of £4.7m (2013: £4.5m), the majority in the Newton Investment Management Limited 'Socially Responsible Investment (SRI) Fund for Charities'. This SRI Fund for Charities contains a mixture of funds with the intention of providing a balance between capital growth and income.

The Scientific and Reserve Fund portfolios have a common approach to the management of both portfolios and to the adoption of a common benchmark for the two. In 2014, the Scientific Fund and the Reserve Fund each returned a 7.9% surplus against their (blended) benchmark returns of 7.7%. The benchmark for both funds is a composite comprising 20% FTSE Government All Stocks Index, 37.5% FTSE All Share Index, 37.5% FTSE World (ex UK) and 5% 7 Day London InterBank Bid rate (cash). The net investment gain amounted to £0.2m in 2014 (2013: £0.5m).

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, which has 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 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 or 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 Charities 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; and 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 also responsible for the maintenance and integrity of the Charity and group, and for 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.

Auditor

Baker Tilly UK Audit LLP was reappointed for 2014. A resolution to reappoint Baker Tilly UK Audit LLP, chartered accountants, as auditor 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:	Barclays Bank PLC 1 Churchill Place London EC14 5HP
Also at:	Whipsnade Wild Animal Park Dunstable Bedfordshire LU6 2LF	Statutory auditor:	Baker Tilly UK Audit LLP 25 Farringdon Street London EC4A 4AB
Registered office:	Regent's Park London NW1 4RY	Investment advisors:	Newton Investment Management Limited 160 Queen Victoria Street London EC4V 4LA
Lawyers:	Hempsons Solicitors 40 Villiers Street London WC2N 6NJ		

Approved by Council on 14 April 2015

Signed on behalf of Council



Professor Sir John Beddington, President

2. Independent Auditor's Report to the Trustees of The Zoological Society of London

We have audited the financial statements of The Zoological Society of London for the year ended 31 December 2014 on pages 20 to 42. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 auditor

As explained more fully in the Statement of Trustees' responsibilities set out on page 18, 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

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 2014 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
Chartered Accountants
25 Farringdon Street
London EC4A 4AB
27 April 2015

Baker Tilly UK Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

3. Consolidated Statement of Financial Activities

For the year ended 31 December 2014

	Notes	Unrestricted General £000	Designated £000	Endowment £000	Restricted Other £000	2014 Total £000	2013 Total £000
Incoming resources							
Incoming resources from generated funds:							
Voluntary income	3	1,909	–	–	1,761	3,670	4,518
Activities for generating funds:							
Subsidiaries' turnover	4	9,199	–	–	–	9,199	8,769
Interest and investment income	5	565	–	1	–	566	307
Incoming resources from charitable activities:							
Animal collections	2	34,458	–	–	28	34,486	31,006
Science and research		1,029	–	–	4,236	5,265	5,657
Conservation programmes		12	–	–	2,004	2,016	1,820
Total incoming resources		47,172	–	1	8,029	55,202	52,077
Resources expended							
Cost of generating funds:							
Costs of generating voluntary income		956	–	–	–	956	855
Fundraising trading:							
Subsidiaries' cost of goods sold and other costs	4	6,586	–	–	–	6,586	6,263
Charitable activities:							
Animal collections		30,874	75	–	151	31,100	27,967
Science and research		1,952	25	–	4,136	6,113	5,988
Conservation programmes		2,739	65	–	3,226	6,030	4,472
Governance costs		248	–	–	–	248	199
Total resources expended	6a	43,355	165	–	7,513	51,033	45,744
Net incoming/(outgoing) resources before transfers							
		3,817	(165)	1	516	4,169	6,333
Transfers between funds	15	(903)	786	–	117	–	–
Net incoming resources before other recognised gains/(losses)							
		2,914	621	1	633	4,169	6,333
Other recognised gains/(losses):							
Gain on investments	10	69	–	1	91	161	492
Actuarial (loss)/gain on pension scheme	16	(6,300)	–	–	–	(6,300)	1,200
Net movement in funds		(3,317)	621	2	724	(1,970)	8,025
Reconciliation of funds:							
Total funds balance brought forward		9,506	44,725	805	6,765	61,801	53,776
Total funds balance carried forward		6,189	45,346	807	7,489	59,831	61,801

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.

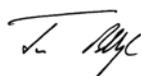
The notes on pages 23 to 42 form part of these financial statements.

4. Consolidated and Charity Balance Sheets

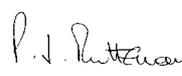
For the year ended 31 December 2014

	Notes	Group		Charity	
		2014 £000	2013 £000	2014 £000	2013 £000
Fixed assets					
Tangible assets	9	44,092	44,003	44,092	44,003
Investments	10	4,735	4,546	6,396	6,207
		<u>48,827</u>	<u>48,549</u>	<u>50,488</u>	<u>50,210</u>
Current assets					
Stocks	11	712	591	19	55
Debtors	12	4,639	4,694	7,678	7,021
Short-term deposits		6,779	5,214	6,779	5,214
Cash at bank and in hand		13,273	9,197	10,390	6,911
		<u>25,403</u>	<u>19,696</u>	<u>24,866</u>	<u>19,201</u>
Creditors: amounts falling due within one year	13	(9,309)	(7,014)	(10,443)	(8,180)
		<u>16,094</u>	<u>12,682</u>	<u>14,423</u>	<u>11,021</u>
Net current assets					
Creditors: amounts falling due after more than one year	14	(990)	(1,430)	(990)	(1,430)
		<u>63,931</u>	<u>59,801</u>	<u>63,921</u>	<u>59,801</u>
Net assets excluding pension scheme (liability)/asset					
Defined benefit pension scheme (liability)/asset	16	(4,100)	2,000	(4,100)	2,000
		<u>59,831</u>	<u>61,801</u>	<u>59,821</u>	<u>61,801</u>
Net assets					
Funds					
Unrestricted – General		10,289	7,506	10,279	7,506
– Designated		45,346	44,725	45,346	44,725
		<u>55,635</u>	<u>52,231</u>	<u>55,625</u>	<u>52,231</u>
Unrestricted funds excluding pension (liability)/asset					
Unrestricted – Pension reserve		(4,100)	2,000	(4,100)	2,000
		<u>51,535</u>	<u>54,231</u>	<u>51,525</u>	<u>54,231</u>
Total unrestricted funds					
Restricted – Endowments		807	805	807	805
– Other		7,489	6,765	7,489	6,765
		<u>59,831</u>	<u>61,801</u>	<u>59,821</u>	<u>61,801</u>
Total funds	15				

Approved and authorised for issue by Council on 14 April 2015 and signed on their behalf by:



Professor Sir John Beddington, President



Paul Rutteman, FCA, Treasurer

The notes on pages 23 to 42 form part of these financial statements.

5. Consolidated Cash Flow Statement

For the year ended 31 December 2014

	<i>Notes</i>	<i>2014</i> <i>£000</i>	<i>2013</i> <i>£000</i>
Net cash inflow from operating activities	19a	9,551	9,316
Returns on investments and servicing of finance			
Interest received on bank and cash balances		133	148
Investment income		147	109
Interest on bank loan		(39)	(35)
		<u>241</u>	<u>222</u>
Capital expenditure and financial investment			
Purchase of tangible fixed asset		(3,801)	(8,848)
Purchase of fixed asset investments		(1,735)	(192)
Sale of tangible fixed assets		118	37
Sale of fixed asset investments		1,707	68
		<u>(3,711)</u>	<u>(8,935)</u>
Net cash inflow before use of liquid resources and financing		<u>6,081</u>	<u>603</u>
Management of liquid resources and financing			
Increase in cash on short-term deposit		(1,565)	(1,209)
Financing			
Bank loan		–	2,200
Bank loan repayments		(440)	(330)
		<u>(440)</u>	<u>1,870</u>
Increase in cash		<u>4,076</u>	<u>1,264</u>
Reconciliation of net cash flow to movement in net cash resources			
		<i>2014</i> <i>£000</i>	<i>2013</i> <i>£000</i>
Increase in cash at bank and in hand		4,076	1,264
Increase in cash on short-term deposit		1,565	1,209
Bank loan		–	(2,200)
Bank loan repayments		440	330
		<u>6,081</u>	<u>603</u>
Change in net cash resources resulting from cash flows		6,081	603
Net cash resources at 1 January		12,541	11,938
		<u>18,622</u>	<u>12,541</u>
Net cash resources at 31 December	19b	<u>18,622</u>	<u>12,541</u>

The notes on pages 23 to 42 form part of these financial statements.

6. Notes to the Financial Statements

For the year ended 31 December 2014

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. 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:

Tangible fixed assets fund – this 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.

Conservation, science and education mission fund – this represents resources set aside to meet conservation, science and education project expenditure.

Giraffe conservation fund – this represents resources set aside to meet giraffe conservation project expenditure.

Lion conservation fund – this represents resources set aside to meet lion conservation project expenditure.

Butterfly and crocodile conservation fund – this represents resources set aside to meet butterfly and crocodile conservation project expenditure.

Elephant conservation fund – this represents resources set aside to meet elephant conservation project expenditure.

Tiger SOS fund – this fund was set aside to meet the capital cost of *Tiger Territory*, which was completed and opened in March 2013 at ZSL London Zoo. The balance on the fund has not moved in the year.

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 IoZ registered students for travel and subsistence in connection with their research projects. This fund is expected to be fully utilised within the next 10 years.

- (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:

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,

Notes to the Financial Statements

1. Accounting policies (continued)

Scientific fund (continued)

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'.

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

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

Other funds – these funds are derived from donations, grants and bequests to be used in accordance with the wishes of the donor, which are primarily to fund animal collection, science and research, conservation programme activities and capital expenditure relating thereto.

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 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, and grants and donations that are deferred where milestones and conditions for recognition are expected to be met 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, there is certainty of receipt, and when the amount can be reliably measured.

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.

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. The exception is VAT incurred in connection with the catering and merchandising operations that operate through subsidiary companies, which is fully recoverable. Irrecoverable VAT is included within the category of expenditure to which it related. Catering and merchandising income is stated excluding VAT.

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 and that are directly attributable to bringing the asset into operation. Transfers are made

Notes to the Financial Statements

1. Accounting policies (continued)

Fixed assets and depreciation (continued)

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 realised and unrealised gains or losses recognised in the Consolidated Statement of Financial Activities.

Stocks

Stocks are stated at the lower of direct cost (determined on a first-in, first-out basis) and net realisable value.

Animals

The animals are generally acquired by the Society from other zoological organisations at zero cost or bred in our Zoos and a realistic valuation cannot be placed thereon. Many of the animals acquired are held in trust with other zoological societies at zero cost.

Heritage assets

ZSL holds a collection of books and artwork located at the ZSL London Zoo site, which is 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 financial statements 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 is held to advance zoology by facilitating the improvement and dissemination of zoological knowledge.

During the year ended 31 December 2014, there were no acquisitions or disposals of heritage assets (2013: 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 Consolidated Statement of Financial Activities.

Advertising costs

Costs incurred in relation to advertising are charged to the Consolidated 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.

Liquid resources

These comprise cash at bank and in hand, and cash on short-term deposit less bank loan.

Pension costs

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

Notes to the Financial Statements

1. Accounting policies (continued)

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.

The Society participates in the Universities Superannuation Scheme (USS), a defined benefit scheme, which is contracted out of the State Second Pension (S2P). The assets of the USS scheme are held in a separate fund administered by its trustee, Universities Superannuation Scheme Limited. Because of the mutual nature of the USS scheme, the scheme's assets 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 Consolidated Statement of Financial Activities represents the contributions payable to the USS in respect of the accounting period.

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 note 16.

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

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; animal adoption services; animal-keeping experiences; and animal and conservation educational services inside and outside (outreach programmes) the Zoos. Incoming resources from charitable activities include grants of £5,944,000 (2013: £6,182,000), which comprise:

	2014 £000	2013 £000
Higher Education Funding Council for England (HEFCE)	2,214	2,222
Defra (Darwin Initiative)	1,162	1,233
Other grants	2,568	2,727
	<u>5,944</u>	<u>6,182</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. Taxable net profits are distributed 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:

	2014			2013		
	ZEL £000	WWAPL £000	Total £000	ZEL £000	WWAPL £000	Total £000
Turnover:						
Catering	1,498	1,929	3,427	1,243	1,875	3,118
Merchandising	4,175	1,597	5,772	4,153	1,498	5,651
	<u>5,673</u>	<u>3,526</u>	<u>9,199</u>	<u>5,396</u>	<u>3,373</u>	<u>8,769</u>
Cost of activities	(2,737)	(2,724)	(5,461)	(2,741)	(2,549)	(5,290)
	<u>2,936</u>	<u>802</u>	<u>3,738</u>	<u>2,655</u>	<u>824</u>	<u>3,479</u>
Catering and merchandising (net)	(635)	(490)	(1,125)	(521)	(452)	(973)
Support and overhead costs	26	–	26	11	–	11
Interest receivable	(5)	5	–	(5)	5	–
Group interest receivable/(payable)	<u>2,322</u>	<u>317</u>	<u>2,639</u>	<u>2,140</u>	<u>377</u>	<u>2,517</u>
Net profit for the year before distribution	<u><u>2,322</u></u>	<u><u>317</u></u>	<u><u>2,639</u></u>	<u><u>2,140</u></u>	<u><u>377</u></u>	<u><u>2,517</u></u>

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 merchandising turnover of £9,199,000 (2013: £8,769,000) is included in the Consolidated Statement of Financial Activities within subsidiaries' trading turnover. Cost of activities, support and overhead costs of £6,586,000 (2013: £6,263,000) are included within fundraising trading while interest receivable of £26,000 (2013: £11,000) is included within interest and investment income.

Notes to the Financial Statements

5. Interest and investment income

	2014 £000	2013 £000
Interest on bank and cash balances	139	101
Investment income:		
Other (UK)	127	106
Pension finance income (note 16)	300	100
	<u>566</u>	<u>307</u>

6a. Group analysis of total resources expended

	<i>Direct staff costs*</i> £000	<i>Direct costs</i> £000	<i>Other support costs*</i> £000	<i>Total 2014</i> £000	<i>Total 2013</i> £000
Charitable activities:					
Animal collections	11,978	15,020	4,102	31,100	27,967
Science and research	2,764	2,506	843	6,113	5,988
Conservation programmes	2,149	3,015	866	6,030	4,472
	<u>16,891</u>	<u>20,541</u>	<u>5,811</u>	<u>43,243</u>	<u>38,427</u>
Costs of generating funds:					
Costs of generating voluntary income	523	262	171	956	855
Subsidiaries' costs of goods sold and other costs	2,330	3,640	616	6,586	6,263
Governance costs	11	197	40	248	199
	<u>19,755</u>	<u>24,640</u>	<u>6,638</u>	<u>51,033</u>	
Total resources expended for Group in 2014					
Total resources expended for Group in 2013	<u>18,399</u>	<u>21,818</u>	<u>5,527</u>		<u>45,744</u>

*Staff costs of £22,949,000 are set out at note 8 and comprise staff costs of £3,194,000 (within 'Other support costs' of £6,638,000) and 'Direct staff costs' of £19,755,000.

6b. Analysis of support costs

	2014 £000	2013 £000
Staff costs	3,194	2,576
Other costs	3,444	2,951
	<u>6,638</u>	<u>5,527</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.

Notes to the Financial Statements

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

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

	2014	2013
	£000	£000
Auditor's remuneration:		
Audit services – charged by Baker Tilly UK Audit LLP	81	80
Non-audit services – charged by Baker Tilly Tax and Accounting Limited and Baker Tilly Tax and Advisory Services Limited	21	34
Depreciation of fixed assets	3,712	3,470
(Profit)/Loss on disposal of tangible fixed assets	(118)	128
Operating lease rentals in respect of plant, equipment and motor vehicles	474	457
Trustees' expenses	4	5
	<u> </u>	<u> </u>

Trustees' expenses consist mainly of the reimbursement of travel expenses. In the current year these Trustees' expenses relate to eight (2013: six) 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 auditor's remuneration for non-audit services is in respect of fees in connection with general tax advice and agreed upon procedures on specific grants.

8. Staff costs

	2014	2013
	£000	£000
Salaries and wages	19,148	17,651
Social security costs	1,780	1,672
Pension cost	2,021	1,652
	<u> </u>	<u> </u>
	22,949	20,975
	<u> </u>	<u> </u>

In addition, the cost of temporary staff in the year was £185,000 (2013: £171,000). The average full-time equivalent number of employees during the year was as follows:

	2014	2013
	No.	No.
Animal collections	388	393
Science and research	65	60
Conservation programmes	62	49
Cost of generating funds – voluntary income	12	10
Cost of generating funds – voluntary trading	139	99
Support costs	70	62
	<u> </u>	<u> </u>
	736	673
	<u> </u>	<u> </u>

Notes to the Financial Statements

8. Staff costs (continued)

The number of employees' emoluments in excess of £60,000 p.a. (higher-paid employees) exclusive of pension contributions were:

Band	2014 No.	2013 No.
£60,001 – £70,000	9	2
£70,001 – £80,000	3	4
£80,001 – £90,000	1	3
£90,001 – £100,000	3	1
£150,001 – £160,000	1	1

In respect of higher-paid employees, amounts of £94,985 (2013: £43,509) were made to defined contribution pension schemes and retirement benefits for higher-paid employees are accruing under:

- defined benefit schemes only for eight (2013: five) individuals;
- defined contribution schemes only for six (2013: two) individuals;
- defined benefit schemes and defined contribution schemes for three (2013: four) individuals.

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 2013	20,334	53,802	838	7,138	805	82,917
Additions during the year	1,045	1,248	888	463	157	3,801
Transfer of assets under construction	671	–	(671)	–	–	–
Disposals and impairments	–	(325)	–	(57)	(56)	(438)
At 31 December 2014	22,050	54,725	1,055	7,544	906	86,280
Depreciation:						
At 31 December 2013	11,301	21,164	–	5,781	668	38,914
Provided during the year	1,004	2,164	–	462	82	3,712
Disposals and impairments	–	(325)	–	(57)	(56)	(438)
At 31 December 2014	12,305	23,003	–	6,186	694	42,188
Net book value:						
At 31 December 2014	9,745	31,722	1,055	1,358	212	44,092
At 31 December 2013	9,033	32,638	838	1,357	137	44,003

All tangible fixed assets are held by ZSL and 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

10. Investments

	<i>Value at 31 December 2013 £000</i>	<i>Additions at cost £000</i>	<i>Proceeds on disposals £000</i>	<i>Net gains/(losses)</i>		<i>Value at 31 December 2014 £000</i>
				<i>Realised £000</i>	<i>Unrealised £000</i>	
<i>Group and Charity</i>						
Listed investments at market value:						
Fixed interest (UK)	2	–	–	–	–	2
Other (UK)	4,544	1,735	(1,707)	297	(136)	4,733
	<u>4,546</u>	<u>1,735</u>	<u>(1,707)</u>	<u>297</u>	<u>(136)</u>	<u>4,735</u>
<i>Charity</i>						
Unlisted investments at net asset value:						
Investment in Zoo Operations Limited	1,661	–	–	–	–	1,661
	<u>6,207</u>	<u>1,735</u>	<u>(1,707)</u>	<u>297</u>	<u>(136)</u>	<u>6,396</u>
Listed investments historical cost	<u>3,528</u>					<u>3,853</u>

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 and Whipsnade Wild Animal Park 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 value of investments at 31 December 2014 of £6,396,000 included the following:

	<i>£000</i>
Newton SRI Fund for Charities	3,957
M&G Charifund	690
Zoo Operations Limited	1,661
	<u>6,396</u>

The financial position of the individual subsidiaries was as follows:

	<i>Assets 2014 £000</i>	<i>Liabilities 2014 £000</i>	<i>Funds 2014 £000</i>	<i>Assets 2013 £000</i>	<i>Liabilities 2013 £000</i>	<i>Funds 2013 £000</i>
Zoo Operations Limited	1,661	–	1,661	1,661	–	1,661
Zoo Enterprises Limited	3,849	(3,737)	112	2,832	(2,730)	102
Whipsnade Wild Animal Park Limited	913	(556)	357	967	(610)	357
	<u>6,423</u>	<u>(4,293)</u>	<u>2,130</u>	<u>5,460</u>	<u>(3,340)</u>	<u>2,120</u>

Notes to the Financial Statements

11. Stocks

	<i>Group</i>		<i>Charity</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Raw materials	18	54	18	54
Finished goods and goods for resale	694	537	1	1
	<u>712</u>	<u>591</u>	<u>19</u>	<u>55</u>

12. Debtors

	<i>Group</i>		<i>Charity</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade debtors	1,487	975	1,122	712
Amounts owed by group companies	–	–	3,533	2,635
Taxation and social security	–	–	–	106
Other debtors	616	249	616	249
Accrued interest and investment income	32	46	32	46
Prepayments and accrued income	2,504	3,424	2,375	3,273
	<u>4,639</u>	<u>4,694</u>	<u>7,678</u>	<u>7,021</u>

13. Creditors: amounts falling due within one year

	<i>Group</i>		<i>Charity</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade creditors	2,039	1,704	1,847	1,593
Amounts owed to group companies	–	–	1,690	1,520
Taxation and social security	821	674	597	571
Accruals and deferred income	5,669	3,862	5,529	3,722
Bank loan (see note 14)	440	440	440	440
Other creditors	340	334	340	334
	<u>9,309</u>	<u>7,014</u>	<u>10,443</u>	<u>8,180</u>

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

	<i>Group</i>		<i>Charity</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Deferred income at 1 January	2,896	2,520	2,812	2,408
Amounts released from previous years	(2,896)	(2,520)	(2,812)	(2,408)
Incoming resources deferred	3,155	2,896	3,063	2,812
	<u>3,155</u>	<u>2,896</u>	<u>3,063</u>	<u>2,812</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

14. Creditors: amounts falling after more than one year

	Group		Charity	
	2014 £000	2013 £000	2014 £000	2013 £000
Bank loan	990	1,430	990	1,430

A £2,200,000 bank loan was secured in 2013 and is repayable by £110,000 equal quarterly instalments. The loan is secured by an amount, at least equivalent to the amount outstanding on the loan, deposited into a bank account with the lender. At 31 December 2014 the amount outstanding on the loan was £1,430,000 and is fully covered by amounts deposited, which are included in the balance sheet under short-term investments, into a bank account with the lender.

15. Funds

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

(a) Movement of funds for the year – Group

	Balance at 31 Dec 2013 £000	Incoming resources £000	Resources expended £000	Transfers £000	Other gains & (losses) £000	Balance at 31 Dec 2014 £000
<i>Unrestricted funds</i>						
General fund*	9,506	47,172	(43,355)	(903)	(6,231)	6,189
Designated funds:						
Students' awards	11	–	(3)	–	–	8
Tiger SOS	73	–	–	–	–	73
Giraffe conservation	70	–	(35)	–	–	35
Lion conservation	68	–	(25)	452	–	495
Conservation, science and education mission	500	–	(102)	–	–	398
Butterfly & crocodile conservation	–	–	–	65	–	65
Elephant conservation	–	–	–	180	–	180
Tangible fixed asset fund	44,003	–	–	89	–	44,092
	44,725	–	(165)	786	–	45,346
<i>Restricted funds</i>						
Endowment funds:						
De Arroyave	728	–	–	–	1	729
Fantham	73	1	–	–	–	74
Davis	4	–	–	–	–	4
	805	1	–	–	1	807
Other funds:						
Scientific	2,151	–	–	(75)	91	2,167
Library support	100	–	(1)	–	–	99
HEFCE	(123)	2,214	(2,091)	–	–	–
Other	4,637	5,815	(5,421)	192	–	5,223
	6,765	8,029	(7,513)	117	91	7,489
Total funds	61,801	55,202	(51,033)	–	(6,139)	59,831

*Incorporating the unrestricted pension liability at 31 December 2014, being £4,100,000 (2013: asset £2,000,000).

Notes to the Financial Statements

15. Funds (continued)

Fund transfers of £786,000 have been made from the general fund to designated funds and £117,000 to restricted funds.

Transfers to designated funds included £697,000 to a variety of animal funds, primarily lions, and £89,000 to the tangible fixed asset fund (the tangible fixed asset fund was set up to separately identify the resources that have been used to acquire tangible fixed assets and its value at the year end represents the net book value of tangible fixed assets).

Transfers of £210,000 to restricted funds from general funds have been made to meet balances no longer expected to be financed by future income, and fund transfers of £75,000 from the scientific fund were made to other restricted funds, and fund transfers of £93,000 were made from restricted funds to unrestricted funds in accordance with restrictions upon which the Society may use such restricted funds.

(b) Movement of funds for the year – Charity

	<i>Balance at 31 Dec 2013 £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 Dec 2014 £000</i>
<i>Unrestricted funds</i>						
General fund*	9,506	40,576	(36,769)	(903)	(6,231)	6,179
<i>Designated funds:</i>						
Students' awards	11	–	(3)	–	–	8
Tiger SOS	73	–	–	–	–	73
Giraffe conservation	70	–	(35)	–	–	35
Lion conservation	68	–	(25)	452	–	495
Conservation, science and education mission	500	–	(102)	–	–	398
Butterfly and crocodile conservation	–	–	–	65	–	65
Elephant conservation	–	–	–	180	–	180
Tangible fixed asset	44,003	–	–	89	–	44,092
	<u>44,725</u>	<u>–</u>	<u>(165)</u>	<u>786</u>	<u>–</u>	<u>45,346</u>
<i>Restricted funds</i>						
<i>Endowment funds:</i>						
De Arroyave	728	–	–	–	1	729
Fantham	73	1	–	–	–	74
Davis	4	–	–	–	–	4
	<u>805</u>	<u>1</u>	<u>–</u>	<u>–</u>	<u>1</u>	<u>807</u>
<i>Other funds:</i>						
Scientific	2,151	–	–	(75)	91	2,167
Library support	100	–	(1)	–	–	99
HEFCE	(123)	2,214	(2,091)	–	–	–
Other	4,637	5,815	(5,421)	192	–	5,223
	<u>6,765</u>	<u>8,029</u>	<u>(7,513)</u>	<u>117</u>	<u>91</u>	<u>7,489</u>
Total funds	<u><u>61,801</u></u>	<u><u>48,606</u></u>	<u><u>(44,447)</u></u>	<u><u>–</u></u>	<u><u>(6,139)</u></u>	<u><u>59,821</u></u>

Incorporating the unrestricted pension liability at 31 December 2014, being £4,100,000 (2013: asset £2,000,000).

Notes to the Financial Statements

15. Funds (continued)

Incoming resources of the Charity amounted to £48,606,000 (2013: £45,814,000) and its net movement in funds amounted to a £1,980,000 decrease (2013: £8,025,000 increase).

Fund transfers of £786,000 have been made from the general fund to designated funds and £117,000 to restricted funds.

Transfers to designated funds included £697,000 to a variety of animal funds, primarily lions, and £89,000 to the tangible fixed asset fund (the tangible fixed asset fund was set up to separately identify the resources that have been used to acquire tangible fixed assets and its value at the year end represents the net book value of tangible fixed assets).

Transfers of £210,000 to restricted funds from general funds have been made to meet balances no longer expected to be financed by future income, and fund transfers of £75,000 from the scientific fund were made to other restricted funds, and fund transfers of £93,000 were made from restricted funds to unrestricted funds in accordance with restrictions upon which the Society may use such restricted funds.

(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	44,092	1,835	5,608	51,535
Restricted funds				
– Endowment funds	–	757	50	807
– Other funds	–	2,143	5,346	7,489
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total group net assets	44,092	4,735	11,004	59,831
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

16. Pension schemes

The Society has contributed to both defined benefit and defined contribution schemes during the year and defined benefit schemes are accounted for as if they were defined contribution schemes if required by FRS 17 'Retirement benefits'. Employees join the appropriate scheme, depending on their employment terms. The total cost to the Society for the year ended 31 December in respect of pension contributions, which have been allocated between resources expended categories in proportion to staff costs and charged to the Consolidated Statement of Financial Activities as appropriate, are as follows:

	<i>2014 £000</i>	<i>2013 £000</i>
Defined benefit scheme contributions	1,400	1,300
Defined contribution schemes*	621	352
	<u> </u>	<u> </u>
	2,021	1,652
	<u> </u>	<u> </u>

At 31 December there were outstanding employer's and employees' contributions, including any additional voluntary contributions, to the schemes as follows:

	<i>2014 £000</i>	<i>2013 £000</i>
Defined benefit scheme contributions	104	119
Defined contribution schemes*	106	85
	<u> </u>	<u> </u>
	210	204
	<u> </u>	<u> </u>

*Includes amount in respect of the USS, which is a defined benefit scheme, but, as required by FRS 17 'Retirement benefits', is accounted for as if it were a defined contribution scheme.

Notes to the Financial Statements

16. Pension schemes (continued)

Most employees who participate in a scheme do so in either the Zoological Society 1988 Pension Scheme (ZS 1988), which is the Society's own self-administered occupational pension scheme, or the Universities Superannuation Scheme, which is contracted out of the State Second Pension (S2P) or the Friends Life schemes. As the ZS 1988 scheme was closed to employees joining after 30 June 2011, a Friends Life stakeholder-defined contribution scheme is available for those employees.

	<i>At year-end</i> <i>31 December</i> <i>2014</i> <i>£000</i>	<i>At year-end</i> <i>31 December</i> <i>2013</i> <i>£000</i>
<i>Change in benefit value of obligation</i>		
Benefit obligation at beginning of year	34,700	31,100
Current service cost	1,400	1,300
Current interest cost	1,600	1,400
Actuarial losses	8,300	1,900
Benefits paid	(900)	(900)
Premiums paid	–	(100)
Plan curtailments	–	–
	<hr/>	<hr/>
Benefit obligation at end of year	45,100	34,700

	<i>At year-end</i> <i>31 December</i> <i>2014</i> <i>£000</i>	<i>At year-end</i> <i>31 December</i> <i>2013</i> <i>£000</i>
<i>Change in plan assets</i>		
Fair value of plan assets at the beginning of the year	36,700	31,600
Expected return on plan assets	1,900	1,500
Actuarial gain	2,000	3,100
Employer contribution	1,300	1,500
Benefits paid	(900)	(900)
Premiums paid	–	(100)
	<hr/>	<hr/>
Fair value of plan assets at end of year	41,000	36,700

Amounts recognised in the balance sheet

Plans that are wholly unfunded and plans that are wholly or partly funded		
Present value of wholly or partly funded obligations	45,100	34,700
Fair value of plan assets	41,000	36,700
	<hr/>	<hr/>
Deficit/(Surplus) for funded plans	4,100	(2,000)
	<hr/>	<hr/>
Net liability/(asset)	4,100	(2,000)
	<hr/>	<hr/>
Liabilities	4,100	–
Assets	–	(2,000)
	<hr/>	<hr/>
Net liabilities/(asset)	4,100	(2,000)
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements

16. Pension schemes (continued)

	<i>At year-end</i>		<i>At year-end</i>	
	<i>31 Dec 2014</i>		<i>31 Dec 2013</i>	
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Components of pension cost				
Current service cost		1,400		1,300
Interest cost	1,600		1,400	
Expected return on pension plan assets	<u>(1,900)</u>		<u>(1,500)</u>	
Pension finance income (note 5)		(300)		(100)
Actuarial losses/(gains) immediately recognised during the year		6,300		(1,200)
		<u> </u>		<u> </u>
Total pension cost recognised in Group Statement of Financial Activities		7,400		–
		<u> </u>		<u> </u>
Cumulative amount of actuarial losses immediately recognised		8,800		2,500
		<u> </u>		<u> </u>
Actual return on plan assets		3,900		4,600
		<u> </u>		<u> </u>

Principal actuarial assumptions

Weighted average assumptions used to determine benefit obligations at:

	<i>31 December</i>	<i>31 December</i>
	<i>2014</i>	<i>2013</i>
	<i>%</i>	<i>%</i>
Discount rate	3.7	4.6
Rate of salary increase	4.0	4.3
Rate of price inflation (Retail Price Index)	3.0	3.3
Rate of price inflation (Consumer Price Index)	2.1	2.4
Rate of pension increases:		
Retail Price Index capped at 5%	3.0	3.2
Retail Price Index capped at 5% subject to a minimum of 3%	3.6	3.7

Weighted average assumptions used to determine net pension cost:

	<i>31 December</i>	<i>31 December</i>
	<i>2014</i>	<i>2013</i>
	<i>%</i>	<i>%</i>
Discount rate	4.6	4.5
Expected long-term rate of return on plan assets	5.2	4.7
Rate of salary increase	4.3	3.9
Rate of price inflation (Retail Price Index)	3.3	2.9
Rate of price inflation (Consumer Price Index)	2.4	2.2
Rate of pension increases:		
Retail Price Index capped at 5%	3.2	2.9
Retail Price Index capped at 5% subject to a minimum of 3%	3.7	3.5

Notes to the Financial Statements

16. Pension schemes (continued)

Assumed life expectancy on retirement age at 65

	31 December		31 December	
	2014		2013	
	Male	Female	Male	Female
Retiring today (member age 65)	23.4	25.9	23.3	25.8
Retiring in 25 years (member age 40 today)	25.2	27.8	25.1	27.8

Plan assets

Percentage of plan assets by asset allocation

	Plan assets at 31 December 2014 %	Plan assets at 31 December 2013 %
Equity securities	66.45	68.30
Debt securities	29.92	28.00
Property	1.31	1.40
Other	2.32	2.30
Total	100.00	100.00

Expected return on assets by asset allocation

	Plan assets at 31 December 2014 %	Plan assets at 31 December 2013 %
Equity securities	5.5	6.6
Debt securities	3.1	4.0
Property	5.0	6.1
Other	0.5	0.5
Total*	4.2	5.2

*The total expected return on asset assumption shown above as at 31 December 2013 and 31 December 2014 is the net figure after making allowance for expenses of 0.5% p.a.

Five-year history of experience gains and losses

	2014 £000	2013 £000	2012 £000	2011 £000	2010 £000
Present value of defined benefit obligation	45,100	34,700	31,100	28,200	26,700
Fair value of plan assets	41,000	36,700	31,600	27,800	27,000
Deficit/(surplus)	4,100	(2,000)	(500)	400	(300)
Difference between the expected and actual return on plan assets:					
amount	(2,000)	(3,000)	(1,900)	1,500	(1,400)
percentage of scheme assets	(5)%	(8)%	(6)%	6%	(5)%
Experience (gain)/loss on plan liabilities:					
amount	-	-	-	(1,800)	-
percentage of present value of plan liabilities	-%	-%	-%	(6)%	-%

Notes to the Financial Statements

16. Pension schemes (continued)

Contributions

There were outstanding contributions payable to the plan of £104,000 (2013: £119,000) at 31 December 2014 and the Society expects to pay £1,400,000 into the scheme in 2015.

Universities Superannuation Scheme (USS)

The Society participates in USS, a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the USS scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited.

The latest available triennial actuarial valuation of the scheme was at 31 March 2011. This was the second valuation for USS under the 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 regular reviews of fund levels. In particular, he carries out a review of the funding level each year between triennial valuations and details of the estimate of the funding level at 31 March 2014 are also included in this note.

The triennial valuation was carried out using the projected unit method. The assumptions which 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 of 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 6.1% p.a., salary increases would be 4.4% p.a. (with short-term general pay growth at 3.65% p.a. and 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 3.4% p.a. for three years following the valuation then by 2.6% p.a. thereafter.

At the valuation date, the value of assets of the scheme was £32,433.5m and the value of the scheme's technical provisions was £35,343.7m, indicating a shortfall of £2,910.2m. The assets therefore were sufficient to cover 92% of the benefits which 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 68%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the scheme was 93% funded; on a buy-out basis (ie assuming the scheme had discontinued on the valuation date) the assets would have been approximately 57% 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 5.5% p.a. based on spot yields, the actuary estimated that the funding level at 31 March 2011 was 82%.

As part of this valuation, the trustees have determined, after consultation with the employers, a recovery plan to pay off the shortfall by 31 March 2021. In 2011 the actuary estimated that if experience remained in line with the assumptions made, the shortfall at 31 March 2014 would be £2.2 billion, equivalent to a funding level of 95%.

However, changes in market conditions between March 2011 and March 2014 have had an impact on scheme funding. The next formal triennial actuarial valuation will take place as at 31 March 2014, and work is currently under way to update the actuarial assumptions and allow for any adjustments to the overall funding approach adopted by the trustee board in consultation with stakeholders.

As work on the 2014 valuation is not yet complete, the trustee cannot provide the final figure. However, an estimate has been provided using the assumptions used to deliver the 2011 actuarial valuation. On that basis, the actuary has estimated that the funding level under the scheme-specific funding regime will have fallen from 92% at 31 March 2011 to 85% at 31 March 2014. This estimate is based on the results from the valuation at 31 March 2011 allowing primarily

Notes to the Financial Statements

16. Pension schemes (continued)

for investment returns and changes to market conditions.

The funding level has decreased mainly due to a decrease in real gilt yields, reducing the implied net discount rate and therefore placing a higher value on the schemes' liabilities. This increase has been partially offset by a higher than expected investment return.

On the FRS 17 basis, using an AA bond discount rate of 4.5% per annum based on spot yields, the actuary estimates that the funding level at 31 March 2014 was 75%. An estimate of the funding level measured on a historic gilts basis at that date was approximately 61%.

Surpluses or deficits which arise at future valuations may impact on the institution'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 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 but the allowance for promotional salary increases was not as high. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption 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 was included, in addition, on account of the variability mentioned above.

As at the 2011 valuation the scheme was still a fully Final Salary Scheme for future accruals and the prevailing employer contribution rate was 16% of Salaries.

Following UK government legislation, from 2011 statutory pension increases or revaluations are based on the Consumer Prices Index measure of price inflation. Historically these increases had been based on the Retail Prices Index measure of price inflation.

Since the valuation effective date of 31 March 2011 there have been a number of changes to the benefits provided by the scheme, although these became effective from October 2011. These include:

New entrants

Other than in specific, limited circumstances, new entrants are now provided benefits on a Career Revalued Benefits (CRB) basis rather than a Final Salary (FS) basis.

Normal pension age

The normal pension age was increased for future service and new entrants, to age 65.

Flexible retirement

Flexible retirement options were introduced.

Member contributions increased

Contributions were uplifted to 7.5% p.a. and 6.5% p.a. for FS Section members and CRB Section members respectively.

Cost sharing

If the total contribution level exceeds 23.5% of Salaries per annum, the employers will pay 65% of the excess over 23.5% and members would pay the remaining 35% to the fund as additional contributions.

Pension increase cap

For service derived after 30 September 2011, USS will match increases in official pensions for the first 5%. If official pensions increase by more than 5% then USS will pay half of the difference up to a maximum increase of 10%.

USS is a 'last man standing' scheme so that in the event of the insolvency of any of the participating employers in USS,

Notes to the Financial Statements

16. Pension schemes (continued)

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.

At 31 March 2014, USS had over 162,000 (2013: 148,000) active members and the Society had, at 31 December 2014, 38 (2013: 34) active members participating in the scheme. The total USS pension cost to the Society for the year ended 31 December 2014 was £247,000 (2013: £221,000) and there was £33,000 (2013: £29,000) outstanding in employer's and employees' contributions at 31 December 2014. The contribution rate payable by ZSL was 16% of pensionable salaries.

17. Leasing commitments

	<i>2014</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>
Leases expiring:		
Within one year	40	38
Within two to five years	444	443
	<u>484</u>	<u>481</u>

The lease commitments relate to the annual amounts payable over the following 12 months on non-cancellable operating leases in respect of plant and equipment and motor vehicles.

18. Capital commitments

Capital expenditure of £11.1m (2013: £2.4m) had been authorised but not provided at 31 December 2014, of which £4.5m (2013: £0.7m) had been contracted and £6.6m (2013: £1.4m) had not been contracted.

19. 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>2014</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>
Net incoming resources before other recognised gains	4,169	6,333
Current service cost/(surplus)	100	(200)
Pension finance income	(300)	(100)
Interest and investment income	(266)	(207)
Bank loan interest	39	35
Depreciation of fixed assets	3,712	3,470
(Profit)/Loss on disposal of tangible fixed assets	(118)	128
(Increase)/Decrease in stocks	(121)	98
Decrease/(Increase) in debtors	41	(660)
Increase in creditors	2,295	419
	<u>9,551</u>	<u>9,316</u>

Notes to the Financial Statements

19. Notes to the Consolidated Cash Flow Statement (continued)

(b) Analysis of consolidated net cash resources

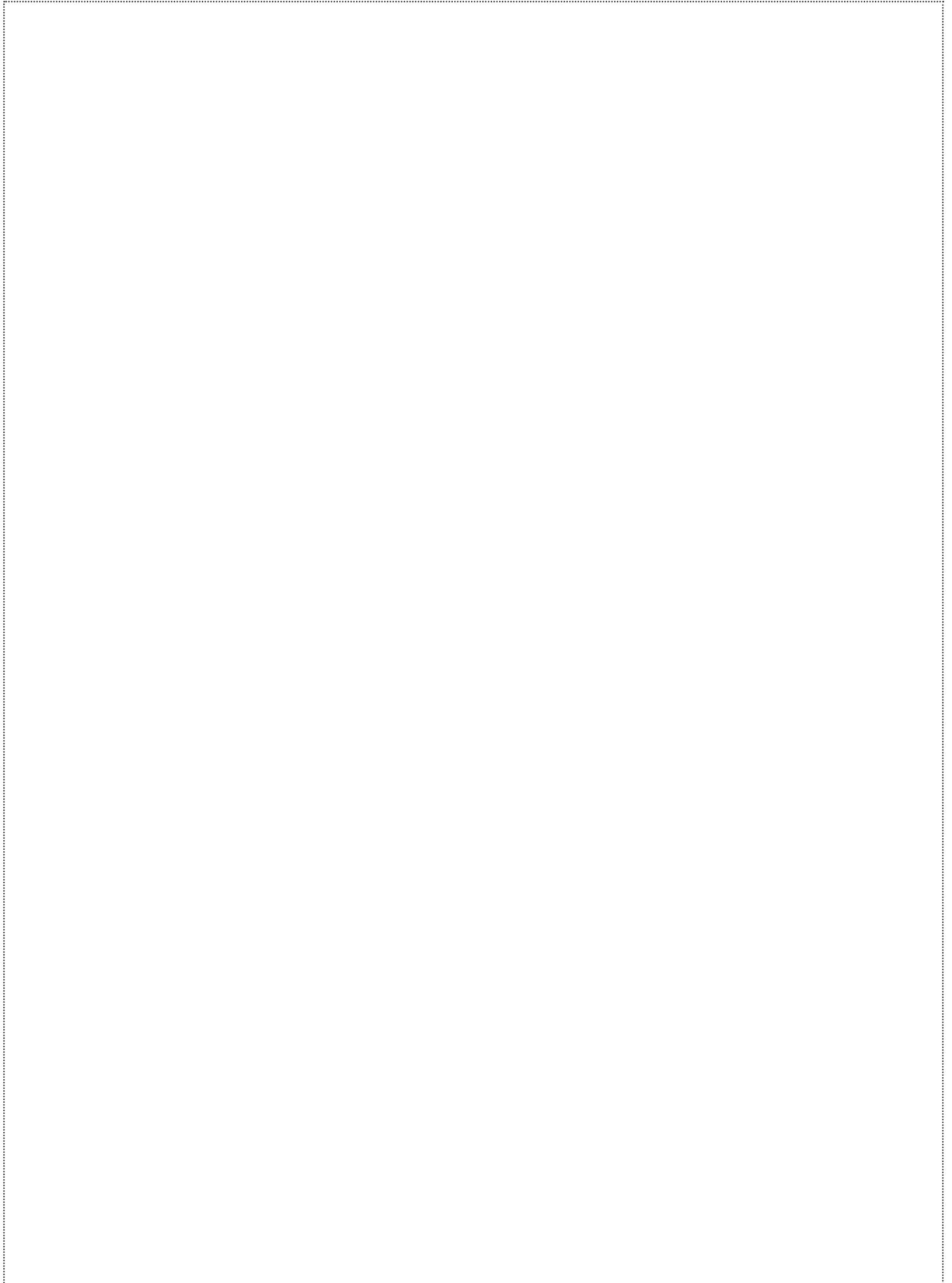
	<i>1 January 2014 £000</i>	<i>Cash flow £000</i>	<i>31 December 2014 £000</i>
Cash at bank and in hand	9,197	4,076	13,273
Cash on short-term deposit	5,214	1,565	6,779
Bank loan	(1,870)	440	(1,430)
	<u>12,541</u>	<u>6,081</u>	<u>18,622</u>

20. Contingent liabilities

The Charity is jointly 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 2014 was £249,000.

21. Related parties

There were no material-related party transactions in the year (2013: none). The Society has taken the exemption given by Financial Reporting Standard 8, Related Party Disclosures, from disclosing transactions with subsidiaries.





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