

# ***The Zoological Society of London***

## ***Trustees' Report and Financial Statements***

31 December 2009

Registered Charity No. 208728

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## 1. Trustees' Report

The Trustees are pleased to submit this report and the financial statements for the year to 31 December 2009. Further information about the Society's activities is given in a separate document, Zoological Society of London Annual Review ('Annual Review') which can be obtained from the Finance Director or online from [www.zsl.org](http://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 Zoos', 'the Charity', and 'the Society', as set out in its Charter are: 'the advancement of zoology by, amongst other things, the conducting of scientific research, the promoting of conservation of biological diversity and the welfare of animals, the care for and breeding of endangered and other species, the fostering of public interest, the improvement and dissemination of zoological knowledge and participation in conservation worldwide.'

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

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

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

### Guiding Principles

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

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

### Strategic Aims

ZSL pursues its mission with four key strategic aims:

- 1. We will 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.

- Attracting and engaging a diverse range of people and organisations in the science of zoology and conservation – from students to leaders in their field.
- 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.
- Providing policy makers, conservationists and the general public with the information needed to make informed decisions on conservation issues.
- Raising the profile of conservation issues and priorities, and ensuring they are well represented at policy level and in the media.

## 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.
- Running world-class Zoos with the highest standards of animal welfare, husbandry and exhibit design.
- Ensuring that all visitors have an enjoyable, inspiring and educational experience.
- Communicating science-based conservation messages.
- Improving and developing our contributions to the education and conservation awareness of groups of all ages and to education providers.
- Raising and maintaining our profile amongst target audiences.
- Using our research and field activities to inspire and educate people about conservation.
- Enhancing the value delivered to ZSL members.

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

ZSL will achieve this strategic aim by:

- Ensuring that conservation efforts are informed by the best science.
- Applying objective criteria for setting priorities for our conservation activity and measuring against successful outcomes.
- 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.
- Working with other organisations and across disciplines to achieve our common conservation objectives.
- Engaging and working with communities in support of conservation and sustainable livelihoods.
- Working with government and industry in support of conservation.

## 4. To further ZSL's mission, by maximising opportunities to generate funds

ZSL will achieve this strategic aim by:

- Developing our business acumen.
- Making continued investment in our sites and infrastructure.
- Developing innovative opportunities to generate revenue.
- Building up and extending our supporter base.
- Raising our profile to increase funding to ZSL.
- Utilising ZSL assets and resources to generate funds within the framework of a registered charity.
- Making efficient use of ZSL resources.

## Plans and Objectives for the Year

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

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

- For ZSL London Zoo it was the second-best year since 1993, with 1.059 million visitors. May half term, summer holidays and Halloween were the most notable successes. Overall for the year, we finished 34,170 visitors ahead of budget and 20,140 up on 2008. £10,740,000 admission revenue was generated which is an increase of £711,000 from 2008 (£10,029,000).
- ZSL Whipsnade Zoo visitor numbers were on budget and 1.4% up on last year despite 10 days being closed due to adverse weather conditions in the year and the wettest November for many years. It was the best September and August since 1993, plus the best May since 1998.
- Both Zoos received the Visit Britain 'Visitor Attraction Quality Assurance Scheme' seal of approval in the summer.
- The ZSL website was viewed by 2.3 million unique users during 2009 generating online revenue of £1.7m across all product ranges, an increase of 41% on 2008.
- Improvements to our ticketing including online added value such as fast-track, quick-book and same-day booking saw online ticket sales rise by 70% to over £1m.
- By increasing the profile of our membership programme at both Zoos we were able to generate over £2.8m in revenue and now have more than 51,000 members and fellows supporting the charitable objectives of ZSL.
- Fundraising through corporate partners helps us to raise ZSL's charity profile and generate funds. In 2009, our focus has been the development of mutually beneficial relationships and the realisation of cost savings through sponsorship of ZSL events. Individually, ZSL's Patrons have contributed significant unrestricted income, with a number making additional gifts beyond their Patronage. The Development function has also worked in collaboration with ZSL partners to fundraise for conservation issues of mutual concern, including a Nepal fundraising event in November in collaboration with the Nepal Conservation Trust.
- During 2009, the Society achieved accreditation to the ISO14001 Environmental Management Standard which is enabling us to focus on Sustainability issues and includes programmes that are targeted to reduce our carbon footprint and save energy costs, improve waste management, etc.
- We run two outstanding collections which are open to the general public on 364 days of the year. The exhibits are designed to enable the public to experience the diversity and wonder of the animal kingdom by seeing a wide variety of species close up. New developments are removing the 'bars' element of the traditional zoo and imaginative interpretation enables visitors to learn about animals and the threats to biodiversity. The number of people taking part in this experience is growing each year.

### 2. The new corporate communication strategy will renew emphasis on amphibian decline, the state of our oceans and Thames Estuary conservation.

#### • Chytridiomycosis infection in European amphibians

IoZ researchers have continued to make breakthroughs in understanding *Batrachochytrium dendrobatidis*, a newly emerged infectious pathogen of frogs. A collaboration between IoZ, Imperial College and the Consejo Superior de Investigaciones Científicas (Spain) has found that *B. dendrobatidis*, a previously undiagnosed threat to Europe's amphibians, is infecting over a third of European amphibian species. Eighteen out of 81 species are experiencing some degree of extinction threat and even widespread species are disappearing from large portions of their ranges. A collaboration of seven European research institutions, including IoZ, has received funding of €1.5m from the European Union's ERA-net project BiodivERsA to produce the Risk Assessment of Chytridiomycosis to European amphibian biodiversity (RACE). This project seeks to describe the distribution of the fungus in Europe, and to produce a European Threat Abatement Plan to guide the policy and conservation response to this serious emerging disease.

#### • Extinction risk in reef-building corals

Research published in *Science* by Alex Rogers and colleagues concluded that one-third of reef-building corals are at imminent risk of extinction. Dramatic declines in coral abundance are associated with bleaching and diseases caused by elevated sea surface temperatures and local-scale anthropogenic disturbance, such as poor land use and eutrophication from agrochemicals. Whether corals go extinct this century will depend on the continued severity of climate change, the extent of other environmental disturbances, and the ability of corals to adapt. If corals cannot adapt, the cascading effects of the loss of reef ecosystems will threaten the geological structure of reefs, reduce their function as coastal protection, and have huge economic effects on food security for hundreds of millions of people dependent on reef fish.

- Work to highlight the plight of amphibians and state of the oceans during 2009 included a press conference at the Royal Society to warn of the impending coral crisis, press activity around the arrival of mountain chicken frogs at ZSL London Zoo, features about endangered coral reefs in *Wild About* (Autumn 2009) and the Amphibian Survival Alliance in *ZSL Life* (Oct/Nov). Helen Meredith, who works on Evolutionarily Distinct and Globally Endangered (EDGE) amphibians, was used as a ZSL spokesperson a number of times and contributed to a number of news stories, as well as writing an article for the BBC website about chytrid fungus.
- **European eel populations in the River Thames**  
A cause for great concern, 2009 saw fewer than 50 juvenile eels – elvers – caught in traps positioned along the Thames by ZSL. This number is in stark contrast to 2005, when more than 1,500 eels were captured and represents a 95% decline in numbers. A range of factors is believed to be behind the decline and our data has been vital for the development of the Thames Eel Management Plan and has been included in national and European reports throughout 2009.
- The web team has supported the conservation department in these areas by highlighting the causes with news stories and working with the relevant departments to create online sections for these important areas of work.
- **More information can be found on the ZSL website:**  
Amphibians – [www.zsl.org/conservation/animals/amphibians](http://www.zsl.org/conservation/animals/amphibians)  
Thames Estuary conservation – [www.zsl.org/conservation/regions/uk-europe/thames-estuary](http://www.zsl.org/conservation/regions/uk-europe/thames-estuary)  
Oceans – [www.zsl.org/conservation/climate-change/](http://www.zsl.org/conservation/climate-change/)

### 3. We will continue our commitment to field conservation initiatives with specific focus on the South Asian Vulture Recovery Programme, gorillas in Central Africa and EDGE top 100 priority species.

- Public benefit in our conservation activities includes working with communities across the world on their conservation programmes.
- 2009 may well prove to be a defining year for the South Asia Vulture Recovery Programme, with significant developments in India and Nepal. Two of the three vulture conservation breeding centres in India successfully reared two slender-billed vultures, almost certainly the first captive breeding of this species. This achievement was enhanced by further successes with the Oriental white-backed vulture (OWBV), in terms of both the number of eggs laid and chicks reared. Each year the centres in India are showing improved performances with all three critically endangered species of vulture in their care. In Nepal 30 juvenile OWBV were brought to the breeding centre, which constructed its first colony aviary to cope with the additional birds, bringing the total number of this species to 34. The government of Nepal continued to demonstrate its support for the programme by taking the lead in the production of the Nepal Vulture Conservation Action Plan and providing its approval. ZSL made significant contributions to the management of the breeding centres by running training workshops in India for veterinary staff on the project and in Nepal for all staff.
- ZSL continues to work at the Mikongo Conservation Centre in Lope National Park, Gabon, to conserve the critically endangered western lowland gorilla by developing ecotourism activities to support the management of the national park and community development, and carrying out research into great ape and human health issues. This work has been supported over the last year by the BBC Wildlife Fund, ECOFAC, the US Fish and Wildlife Service and Houston Zoo.
- The Communications Team has supported all of these conservation goals in a number of media releases. Online communications at ZSL.org have highlighted the causes with news stories and up-to-date status reports. Information can be found online:  
Vultures – [www.zsl.org/conservation/regions/asia/vulture-conservation](http://www.zsl.org/conservation/regions/asia/vulture-conservation)  
Gorillas – [www.zsl.org/conservation/regions/africa](http://www.zsl.org/conservation/regions/africa)
- The EDGE initiative attracted grants from a new charitable trust (which wishes to remain anonymous) towards EDGE Fellows, alongside an award from the Rufford Maurice Laing Foundation which is enabling ZSL to get EDGE Sharks underway. A major grant from the Synchronicity Foundation in late 2008 allowed ZSL to launch a priority EDGE project in Sri Lanka for the slender loris which has continued to gain momentum across 2009 and has been making exciting discoveries about this amazing species, including the first sighting for 70 years of the montane loris. The Foundation has also been supporting the EDGE project to conserve the Chinese giant salamander and across 2009, ZSL conservationists have made two expeditions to China to lay the groundwork for a longer-term practical conservation project working with salamander farms to find mutually beneficial ways of protecting this unique species in the wild.
- The ZSL website has highlighted EDGE as one of our key conservation aims and linked to the projects website: [www.edgeofexistence.org](http://www.edgeofexistence.org)

#### 4. Priorities for action in the Zoos will be the launch of *Animal Adventure* and Galapagos tortoise exhibits at ZSL London Zoo (LZ) and the improved brown bear exhibit at ZSL Whipsnade Zoo (WZ).

##### • **Animal Adventure**

- A heavyweight advertising campaign for *Animal Adventure* (AA) was launched in two waves across London – one for the Easter holidays and one in the summer. Media coverage across London included underground posters, radio and online advertising.
- The opening of *Animal Adventure* at Easter 2009 saw the arrival or return of many species to the former Children's Zoo (CZ). These included armadillo, yellow mongoose, black-tailed prairie dog, red panda and coati along with various domestic species such as llama, alpaca, sheep and ferret. Key work entailed regular animal feeds and activities linked to talks and visitor interactions which was extremely successful.
- AA was London Zoo's first 'interpretation-led' exhibit. This CZ has a number of habitat-themed zones where children can play in naturalistic settings alongside animals from the appropriate habitats. There are also water play and contact zones. The exhibit has proved very popular. Evaluation from Morris Hargreaves MacIntyre (MHM) reveals that 35% of visitors say it exceeds expectations (cf. 8% with old CZ), 68% are very satisfied (cf. 30% with old CZ), 56% learnt something and dwell time averages 31 minutes (10 minutes in old CZ). An article about AA was published in *International Zoo News*.

##### • **Galapagos Tortoises**

- Construction of a state-of-the-art giant tortoise house and paddock area was completed. A pair of adult Galapagos tortoises from Rotterdam Zoo, and a young female from Zurich Zoo have settled in well and are proving very popular with visitors.
- The interpretation informs the public about gigantism, island endemics and evolution, and the plight of the delicate flora and fauna of the Galapagos Islands.
- There was a considerable interpretation input to the new *Giants of the Galapagos* tortoise exhibit including graphics, weighing scales for tortoises and visitors, crawl-in tortoise shells and a conservation voting interactive. Evaluation from MHM reveals that 40% of visitors thought the exhibit exceeded expectations and 72% learnt something new.

##### • **Brown bears**

- The new brown bear exhibit and hide featured heavily in the promotion of the 'BIG 5' visitor experience at Whipsnade which featured four of Whipsnade's other larger animals: rhinos, elephants, giraffes and lions, and was a success with visitors.
- Improvements to the off-show area were completed by October 2009. This has vastly improved facilities and staff have successfully trained the animals to use these new off-show quarters and allows safe management of the bears.

##### • **Fundraising**

- ZSL has benefited in 2009 from several legacies in support of *Animal Adventure* and the *Giants of the Galapagos* at London Zoo and also in support of the brown bear exhibit at Whipsnade. *Animal Adventure* also attracted Grants and Gifts from a number of Trusts and supporters.

#### 5. The Zoos' masterplans will be launched during 2009.

- Based on the masterplans completed in the year, a number of key projects was completed and future development plans initiated, the most significant of which are:

##### • **Tigers**

Planning for a new tiger exhibit at London Zoo has begun with initial target for opening being 2012. However this remains to be ratified by the Council in 2010, subject to achievement of planning requirements and fundraising goals.

##### • **Clare Rainforest Lookout**

*Clare Rainforest Lookout* at London Zoo closed at the end of 2009 to undergo significant refurbishment and replanting, and reopened at Easter 2010 as planned.

##### • **Whipsnade**

The main focus at Whipsnade has been the commencement of a new trail-based exhibit *Wild Wild Whipsnade* which will feature animals that once roamed these lands, such as lynx, wild boar, wolverines and moose as well as incorporating existing exhibits for brown bears, wolves and European bison. This exhibit opened at Easter 2010 as planned.

## 6. Engaging tomorrow's decision makers will be a major focus for 2009, building on *Animal Adventure* and the launch of a new children's interactive zone on the website.

- We offer a wide range of organised educational activities, primarily through the school visits programme which involved more than 180,000 students in 2009. These were either funded by the GLA or organised at a heavily discounted rate by ZSL. Other activities included adult classes, work experience and the support of post-graduate training.
- The *Animal Adventure* section of the website was launched to coincide with the opening of the exhibit. Teaser information was created to tie in with the marketing activity including emails, banners and teaser pages. A dedicated animal adventure game and advertising video were created. [www.zsl.org/animaladventure](http://www.zsl.org/animaladventure)
- The new Kids section of the website was also launched in 2009, including games, photos and videos aimed at our younger audience. It is now the third most popular section of the website. [www.zsl.org/kids](http://www.zsl.org/kids)
- This was the first year ZSL London Zoo used parent and kids websites to advertise. This was to engage with the online mums and dads market such as Netmums, UKfamily, Nickelodeon Jr and Disney.
- 2009 was an amazing year for Discovery and Learning (D&L) at ZSL. From record numbers of schools at ZSL London Zoo (LZ) to a ground-breaking evaluation of formal learning. From the trails of 'BIG 5' at ZSL Whipsnade Zoo (WZ) to the innovative *Animal Adventure* at LZ. This was a year when ZSL D&L continued to influence and 'shape' the field of zoo education, and gained respect from colleagues in analogous institutions and sectors (museums, botanical gardens, environmental education, etc).

### • **Formal learning – schools, tertiary**

#### **London Zoo**

- 109,731 pupils visited LZ during 2009. This is a record. It exceeds the previous record set in 2008 by 7% and the pupil attendance budget by 20%. 92,662 of these pupils visited on the subsidised entry scheme financed by the Mayor of London. It is gratifying that the scheme is recognised in the Mayor's recently published *Environmental Strategy*.
- 39,773 pupils attended an Education Officer (EO)-led teaching session (36% of pupils). There are now 46 teaching sessions available across the key stages at LZ (including outreach), and new teaching spaces in the Zoo (in 2009 these were the tipi and the event space in *Animal Adventure*). Increased emphasis on interpretative experiences as part of the Zoo visit takes into account the numbers of pupils that are self-guided.
- 24,768 pupils (17,113 primary and 7,655 secondary and post-16) attended a learning session delivered by the Zoo's Outreach Officers. Outreach produced a customised large format storybook for primary sessions.
- The total number of school pupils includes about 6,000 who attended a Living Nativity event over the pre-Christmas period. This event involves a trail with live animals, costumed actors (wise men and shepherds) and a meeting with Santa Claus.
- The EOs worked closely with Westminster Council to mount a two-week series of events for about 1,300 Westminster schoolchildren as part of the Junior Citizen programme.
- A three-year evaluation of LZ's formal learning programmes, funded by the Mayor of London, started in spring 2009. The evaluation is being conducted by Dr Eric Jensen (Anglia Ruskin University) and Brady Wagoner (ex Cambridge, now Aalborg University), two leading social scientists. It is possibly the most extensive and detailed work of its type to be undertaken in any zoo in the world. Initial reports show that teaching sessions work in terms of their stated learning objectives and highlight areas for development. A number of peer-review papers should result from this work.
- In a spectacular year of networking, the EOs welcomed peer teams from the Natural History Museum (NHM), RSPB and the Wildfowl and Wetlands Trust (WWT). EOs visited colleagues at the NHM, Science Museum and WWT. There was also considerable liaison with a number of groups including Education Business Partnerships (EBP), EcoActive, National Science Learning Centres (including influencing the inclusion of biodiversity in their programmes at national level), UN Regional Centre of Excellence in Sustainability at London South Bank University (RCE, LSBU). EOs hosted meetings of the London Museums Research Group and the London Sustainable Schools Forum.

#### **Whipsnade Zoo**

- 30,174 pupils visited WZ in 2009 (2008: 33,413).
- 8,269 pupils attended EO-led teaching sessions in 2009. This represents the growing popularity of the service (27% of all visiting pupils undertake a teaching session) and is a 4.4% increase over 2008.
- A number of outreach visits were made to local schools reaching several hundred pupils, even though the service is not advertised.
- EOs prepared the way for both London and Whipsnade Zoos to obtain the Learning Outside the Classroom (LOTC) quality badge. Both Zoos now have the badge.



## 7. Improving the visitor experience through better customer care and a new customer relationship database.

During 2009, the building blocks of our customer relationship strategy were put into place to be able to provide a better experience to all of our customers during 2010.

- The new CRM and ticketing system was signed off and delivered, including:
  - Room Booking and Resource management system for Events and Education went live mid August and September.
  - The new ticketing system went live at ZSL Whipsnade Zoo on 28 September and at London on 19 October.
  - Set-up of new customer database.
  - Online ticketing due to go live in 2010.
- A new position of 'Head of CRM & Membership' was created and was filled in October 2009.
- The CRM strategy & implementation plan was created by Marketing and began roll out towards the end of 2009 as well as being communicated across the Society.

## 8. Working with the Darwin centenary celebration we will enhance our onsite communication of science, in addition to a special programme of scientific meetings, symposia and awards.

- A new Zoo-wide graphics trail was produced to celebrate the 200th anniversary of Charles Darwin's birth. This was augmented by a live Darwin actor during the February half term. Evaluation revealed increased visitor knowledge about Darwin and evolution following exposure to the actor's talk-and-walk session.
- Marketing & Communications highlighted the Darwin anniversary programme within ZSL. Key events were highlighted including the scientific meetings, press launch and Darwin Trail.  
[www.zsl.org/zsl-london-zoo/news/walk-in-darwins-footsteps,559,NS.html](http://www.zsl.org/zsl-london-zoo/news/walk-in-darwins-footsteps,559,NS.html)
- Becky Coe, won the BIAZA formal education award for a schools programme about Darwin's 200th anniversary.

## 9. Scientific priorities for next year will continue to include wildlife health and disease and behavioural and population ecology, and The Bushmeat Research Programme.

- Public benefit in our scientific activities is achieved through disseminating knowledge through our international publications as well as our world-renowned library, with open access.
- ZSL's Wildlife Health Programme members had a busy year in 2009 as work was focused on improving capacity and action in Asia and Africa. In both regions diseases are rapidly emerging as a result of humans and livestock encroaching on habitats. In particular the Peste des Petits Ruminants (PPR) virus, which is closely related to rinderpest (also known as cattle plague), has been responsible for devastating a rare ibex population in Pakistan and is prevalent among endangered desert gazelle and oryx populations in the Middle East. In Saudi Arabia, the team is responsible for the King Khalid Wildlife Centre, a permanent base to 10 ZSL staff, which has been focusing on such diseases for over a decade. It was therefore a cause for celebration when the Food and Agriculture Organisation (FAO) declared in December that rinderpest had been eradicated. The declaration marks the very first animal virus to be eradicated.
- The Institute of Zoology website was combined with the ZSL website during 2009. This allows for our work within the areas of wildlife health and population ecology to be highlighted to our two million visitors to the site.
- ZSL continues to act as the secretariat for the UK Bushmeat Working Group and the contract has been renewed by Defra for another year. Two meetings were held on the conservation and health implications of bushmeat imports, attended by representatives from Defra, HM Revenue & Customs, the Food Standards Agency and various NGOs and universities, and bushmeat and livelihoods.
- ZSL recognises outstanding achievements in conservation and zoological research through its annual presentation of awards and prizes. The awards are relevant to all levels of achievement, from the Charles Darwin Award for best undergraduate thesis (awarded to Jonathan Carruthers in 2009) to the Thomas Henry Huxley Award and Marsh Prize for an exceptional PhD thesis (Dr Hannah Rowland). Significant and original contributions by professional zoologists are acknowledged with the Scientific Medal (Dr Loeske Kruuk and Dr Simon Hay) and Frink Medal (Professor Chris Stringer). The Marsh Awards for Conservation Biology (Professor Isabelle Côté) and Marine and Freshwater Conservation (Dr Nicholas Dulvy) recognise exceptional contributions of fundamental science and its application to conservation of animal species and habitats. The Thomson Reuters Zoological Record Award (Professor Steve Jones) and ZSL's Silver Medal (Dr Rosie Trevelyan) are awarded for distinguished contributions to the communication, understanding and appreciation of zoology and wildlife conservation. We would like to thank the Marsh Christian Trust and Thomson Reuters for their continued support of ZSL's awards.

10. These achievements will only be possible with the continued hard work and dedication of staff and volunteers. To support this next year we will be continuing training and offering a professional qualification programme.

- Our staff continued to make an invaluable contribution to the Zoo and conservation community with their increasing efforts and involvement in lectures, publications and positions of influence.
- **Staff Training**
- 2009 has been a very successful year as far as staff training is concerned, with 470 permanent staff receiving training (2008: 311 staff) and 200 seasonal staff also receiving some form of training. Some key activities are set out below:
  - **How to... Lead and Improve your Team**  
One full day and three half days – This course, as part of ZSL's LandMark training programme, began in December, with 61 staff from London and Whipsnade attending Team Leader training. This year there are courses running at London and Whipsnade – with emphasis on Zoological staff.
  - **Level 3 CMI Introductory Certificate in Management – Accredited**  
Five one-day courses – Another LandMark course for those who have previously attended the How to... course began in December 2009. This is an accredited course.
  - **Training requirements for ISO14001** have been achieved by introducing Sustainability and Waste Management into induction sessions for both seasonal and permanent staff. More detailed training has been attended by Sites and Services managers, staff and members of the Green Team. The audit for ISO14001 showed this to meet the requirement.
- The ZSL Volunteer Scheme had 446 volunteers in nine roles, giving around 90,000 hours of service which would equate approximately to £710,000 in gross salary terms.
- ZSL's Volunteer Policy outlines the basis upon which ZSL uses volunteers and how we recruit and manage them.
- Learning volunteers (183) all received a full four-week induction including an introduction to the Society, customer service training and orientation round the Zoos, as well as live interpretation skills. The learning volunteers at London perform a vital role in 'staffing' a number of exhibits, special events and information kiosks at both Zoos.
- Keeper volunteers operate at both Zoos and in total number 70.
- There is also an increasing number of interns operating across the Society and supporting our work in Science and Conservation.
- We are grateful to a number of external organisations which provide assistance on several one-day volunteer events at both London and Whipsnade.

### **Plans and Objectives for 2010 and Future Periods**

1. By raising our charity profile and improving our customer service we will maximise our opportunities to generate funds while further striving to improve our cost efficiency.
2. We will continue our commitment to performing high-quality scientific research to help understand how the natural world works, and to provide a rigorous scientific underpinning for conservation policy and practice.
3. Our scientific priorities for the coming year include wildlife health and disease, bushmeat research and especially our core contributions to biodiversity indicators defining progress towards the 2010 biodiversity targets from the Convention on Biological Diversity.
4. We will continue our commitment to field conservation initiatives strengthening activities in 10 core conservation hubs throughout Europe, Africa and Asia.
5. The conservation focus of the Society will be on defining the status and trends of the world's species ensuring the protection of priority EDGE species, and addressing five crisis issues including reversing the global decline of amphibians, coral reefs, great apes, freshwater fish and large Asian mammals.
6. We will assist in coordinating the conservation community to ensure that policy makers have access to the best information on species and ecosystems.
7. Priorities for action in the Zoos will be the launch of *Rainforest Life* and an improved Asian lion enclosure. *Wild Wild Whipsnade* – an exhibit trail of northern European species – will be opened at Whipsnade.

8. Evaluation of the effectiveness of the Zoos' learning programmes will be the main priority for Discovery and Learning for 2010.
9. We will help to raise the profile of the need for tiger conservation through a large fundraising campaign to both support tiger conservation and research in the field, and to develop a state-of-the-art Sumatran tiger facility at London Zoo, opening in 2012/2013.
10. We will improve the visitor experience through better customer care and building a new customer relationship database, to help us link more closely to our main supporters – our Members, Patrons and Fellows.
11. These achievements will only be possible with the continued hard work and dedication of staff and volunteers.

To support this next year we will be continuing training and offering a professional qualification programme.

### **Corporate Status**

The Zoological Society of London, also referred to in this report as 'the Zoos', 'the Charity', and 'the Society' is a charity, registered in England and Wales with the Charity Commission (No. 208728). Certain of the commercial operations of the two Zoos, namely catering and shops, are carried out through its wholly owned subsidiary companies Zoo Operations Limited, Zoo Enterprises Limited and Whipsnade Wild Animal Park Limited. In addition the Society controls other wholly owned subsidiaries; Zoo Restaurants Limited which is dormant; ZSL (Web of Life) Limited; Biota and the Zoological Society of London Development Trust.

### **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 Byelaws were revised in 2009 following lengthy consideration by Council and discussion with both the Charity Commission and the Privy Council Office. The changes were agreed by the Fellowship through the laid-down ballot procedure, and subsequently approved by the Privy Council. The principal changes were: the reduction in the number of elected members of Council from 18 to 12 plus the three Officers; increasing the term of office for Council members from three to four years; the removal of the category Scientific Fellow; and the extension of full membership rights to Honorary Fellows.

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

New Trustees are invited to an induction/training meeting prior to taking up their role where, in accordance with Charity Commission guidelines, they are briefed on their legal obligations under charity 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.

#### **• Finance and General Purposes Committee**

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

Membership – Paul Rutteman (Chair), Professor Paul Harvey, Professor Sir Patrick Bateson, Dr Jonathan Boyce, Martin Cooke, Martin Rowson, Ken Sims, Richard Melville Ballerand.

### • **Animal Welfare Committee**

Terms of Reference – To advise Council on matters relating to Animal Welfare in the collections, both at London and Whipsnade Zoos, at the Institute of Zoology and in the work of conservation programmes.

Membership – Anna Meredith, Dr Brian Bertram, Roger Ewbank+, Natasha Fuchs, Dr Andrew Higgins, Dr Charlotte Nevison, David Pritchard, Robert Wingate, Martin Cooke\*.

### • **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 Tim Birkhead (Chair)+, Professor Stuart West (Chair from June 09)\*, Professor Paul Harvey, Professor Tim Blackburn, Professor Georgina Mace, Professor Ian Boyd, Dr Tracey Chapman, Professor Nigel Franks+, Professor Pat Monahan+, Professor Jeremy Thomas, Professor Jonathan Baillie, Alastair Land, Professor Matt Keeling, Professor Andrew Bamford\*, Dr Stuart Buchart, Professor Laurence Hurst\*, Professor Neil Metcalfe\*.

### • **University of Cambridge/Zoological Society of London Joint 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 Institute and to advise the Director of Science of the Society thereon. To coordinate and monitor the implementation of the Institute's policies and plans, including planned staffing levels, student numbers and its financial management, and to submit an annual report thereon to the Council of the Society and the General Board of the Faculties of the University. To undertake such other business as may from time to time be assigned to it by the Society or the University.

Membership – Professor Rhys Green, (Chair), Professor Malcolm Burrows, Dr Andrea Manica, Professor Bill Sutherland, Professor Paul Harvey, Ralph Armond, Dr Tony Fincham+, Professor Ian Owens.

### • **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 – Nick Jackson (Chair)+, Ken Sims (plus Chair from 16 June 2009) Sheila Anderson, Dr Andrew Kitchener, Dr Miranda Stevenson+, Professor David Houston, Mark Challis\*, Kristin Leus\*, Ray Heaton\*, Andy Simpson, James Breheny (corresponding member).

### **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 2009 to the date of this report unless otherwise indicated.

#### **President**

Professor Sir Patrick Bateson PhD, ScD, FRS

#### **Secretary**

Professor Paul H Harvey BA, MA, DPhil, DSc, FRS

#### **Treasurer**

Paul Rutteman CBE, BSc(Econ), FCA

#### **Vice Presidents**

Sheila Anderson BSc (Hons), FBAASc+

John Edwards MA, FLS+

Jonathan Boyce\* PhD, DM, MA, MSc, FRCP, FFPH

Martin Rowson\* MA

Richard Melville Ballerand BSc(Econ), BSc, DCouns, FLS, FRUSI  
Robin Bidwell PhD, CBE+  
Martin Cooke MSc, MA, VetMB, MRCVS, Cert VPH(MH)  
David Dixon PhD, FIBiol  
Ray Heaton CertEd, BEd, GIBiol, MSc, FRGS, FLS  
Professor David Houston BSc, DPhil+  
Nick Jackson MBE+  
Andrew Kitchener BSc (Hons), PhD  
Alistair Land MA, FLS  
Sir William McAlpine BT  
Azra Meadows MSc, PhD, CBiol, MIBiol, FLS  
Anthony Sheridan BSc(Econ)+  
Ken Sims  
Robert Wingate MSc

**+ to 16 June 2009, \* from 16 June 2009**

### **Directors**

Director General	Ralph Armond MA
Finance Director	Mike Russell FCMA
Human Resources Director	Ian Meyrick BA FCIPD
Zoological Director	David Field BSc MBA FBS
Conservation Programmes Director	Professor Jonathan Baillie PhD
Director of the Institute of Zoology	Professor Tim Blackburn DPhil
Marketing & Communications Director	Rich Storton MA
Development Director	Jackie Tanner BSc

### **Biota**

ZSL continued to provide management services to its non-trading subsidiary Biota, which is a separate registered charity, in respect of Biota's involvement in the aquarium being planned for Silvertown Quays in London Docklands. Silvertown Quays Limited (SQL) is the developer responsible for the total development at Silvertown Quays of which Biota is part.

However, the current financial market conditions caused significant delays to the whole project and SQL put work on the project on hold in September 2008 whilst it reviewed the overall development programme with its partners.

In September 2009, the London Development Agency (LDA) terminated the agreement between itself and the other stakeholders, SQL, KUD Limited and ZSL.

Whilst there remain possibilities of this project being funded, at this time there is no prospect of a re-start of the project on the horizon and therefore Biota and ZSL Trustees feel it is prudent to continue to fully provide for the outstanding debt of £237k due to Biota from SQL.

There were no significant costs incurred by the Society in respect of this project in 2009.

## Financial Results

ZSL recorded a 2009 consolidated surplus on operations of £0.4m (2008: £0.7m) and a total surplus, before loss on Pension Fund, of £0.9m (2008: £0.3m deficit) after a £0.4m gain (2008: £1m loss) on investments. The actuarial loss on the Pension Fund was £0.2m (2008: £4.1m loss). This leaves a Net Movement in Funds as a surplus of £0.7m (2008: deficit £4.4m).

Whilst increased income from our Animal collections has offset the higher costs of operations, the reduction in operating profit over 2008 was driven in the main by levels of Voluntary Income, and reduced interest received due to lower rates generally.

ZSL remains dependent on its two Zoos for the bulk of its income. In 2009, ZSL London Zoo visitor numbers were 1,059,170, an increase of 20,140 (1.9%) on 2008. ZSL Whipsnade Zoo visitor numbers were 475,036, an increase of 6,367 (1.4%) on 2008. The total number of visitors to the two Zoos in 2009 was 1,534,206 (2008: 1,507,699).

Income figures benefited from Gift Aid recoveries on day membership which amounted to £2.0m (2008: £1.9m) and in total on all sources of income £2.6m (2008: £2.2m).

The Institute of Zoology, within Science and Research incoming resources, and conservation programmes maintained their revenues with new grants received in 2009, but these primarily relate to specific projects and, whilst supporting the mission of the Society, they do not contribute to the unrestricted funds of the Society to fund future development.

Our costs rose by £0.8m compared to 2008, in areas that included utilities, professional fees as well as increased staff costs.

The total capital spend of £3.8m (2008: £6.4m) included: completion, on time, of the 2009 exhibits, *Animal Adventure* and *Giants of the Galapagos* at London Zoo; improvements to the brown bear exhibit and the *Visitor welcome* areas at Whipsnade Zoo; completion of a major new Ticketing and Customer Relationship Management system for the Society; continued commitment to improving the Society's compliance with the Disability Discrimination legislation and its sustainability profile, and significant progress on the exhibits which opened in spring 2010 which, at London Zoo, are *Rainforest Life*, improvements to the *Lions* exhibit, and at Whipsnade Zoo is *Wild Wild Whipsnade*.

The value of investments held in ZSL's Pension Fund has regained some of the ground lost in 2008, which was due to stock market turbulence during the credit crunch and general economic downturn, and the Pension Fund has recovered its previous deficit position. The pension scheme is now fully funded on an FRS 17 basis (2008: £0.4m deficit). The ZSL Trustees increased the funding to 15.5% from 1 January 2009 to fund future liability levels, which is enough to meet the valuation shortfall identified at the last triannual valuation in June 2008. This will continue to be monitored by ZSL and the Pension Fund Trustees on a regular basis.

Our main trading subsidiaries, Zoo Enterprises Limited and Whipsnade Wild Animal Park Limited produced improved results over 2008, if not quite in accordance with Trustees' expectations in the Retail and Day Visitor Catering areas. However, the Functions, Conferencing and Banqueting businesses operated at both Zoos, in common with similar businesses across the country, had a very difficult time with profits at only 55% of 2008 levels. The investment in the new *Animal Adventure* café and refurbished gift shop at London Zoo was completed on time and has increased both capacity and choice in these areas and was specifically targeted at families. Results in the first nine months are very encouraging.

### Funds

ZSL's funds as at 31 December 2009 amounted to £46.5m (2008: £45.8m), with no defined benefit pension scheme asset or liability (2008: £0.4m liability). These were represented by buildings and other tangible fixed assets of £36.2m (2008: £35.6m) with the balance being represented by cash, investments, stocks and debtors less creditors (2008: less pension scheme liability).

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

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

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

The Trustees have considered the level of free reserves (that is those funds not tied up in tangible fixed assets, pension scheme liabilities, and designated and restricted funds) which amounted to £3.7m at 31 December 2009 (2008: £4.9m). The level of free reserves at 31 December 2009 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 is to cover the costs of running the Zoos during an emergency closure to the public, for a period of up to six months. Dependent on season this would require free reserves of between £5m and £7m. Steps, including reduction of capital spend, and cost reduction are being undertaken to close the gap to this target.

### **Investment Policies**

ZSL holds most of its available funds in bank deposits which at 31 December 2009 totalled £6.9m (2008: £7.5m). In addition, ZSL holds listed investments of £3.6m (2008: £2.9m) primarily in the Scientific Fund. All investments are held in a mixture of fixed interest, UK equities and overseas equities, with the intention of providing a balance of income from dividends and capital appreciation.

Performance of the capital value of our investments improved in the year and the returns from our investment portfolios comfortably outperformed the benchmarks (Scientific Fund +19.5%, benchmark +13.2% and Reserve Fund +23.3%, benchmark +18.2%). These benchmarks are for the Scientific Fund, 50% FT Government All Stock, 40% FT All Share, 10% FT World (exc UK) and for the Reserve Fund, composite Benchmark comprising 15% FTA Government All Stocks index, 37.5% FTSE All Share index, 37.5% FTSE W World (exc UK), 10% UK 7-Day LIBID effective 1/1/09 prior to this the benchmark was the WM unconstrained Charities universe (exc property).

The net investment gains, mainly unrealised, amounted to £0.4m in 2009 (2008: £1m loss).

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 utilising Red List ingredients and substances, and those using tropical hardwoods from unsustainable sources. In addition, all shareholder voting is to be actively used and conducted in line with these socially-responsible guidelines and principles.

### **Risk Management**

The Trustees review annually the major risks to which ZSL is exposed. The review considers all risks to which ZSL is exposed and how those risks are managed; this includes operational and financial risks together with major external influences and events outside of the control of ZSL, specifically adverse weather conditions, and epidemics such as foot-and-mouth disease, avian and swine influenza. The Trustees are generally satisfied that proper systems, including risk-assessment procedures, health and safety policies and insurances are in place and that policies are in place to recognise and mitigate exposure to other major risks. The procedures established by the Trustees allow for an ongoing assessment of risks, and in addition an internal audit function is 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 United Kingdom Accounting Standards (United Kingdom 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 of the incoming resources and application of resources of the Charity 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 SORP
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Charities Act 1993, 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

### **Auditors**

Baker Tilly UK Audit LLP was appointed auditors in 2008 and reappointed for 2009. A resolution to reappoint Baker Tilly UK Audit LLP as auditors will be put to the members at the Annual General Meeting.

### **Reference and Administrative Information**

Principal address:	Regent's Park London NW1 4RY	Principal Bankers:	Royal Bank of Scotland London Drummonds Branch 49 Charing Cross London SW1A 2DX
Also at:	Whipsnade Wild Animal Park Dunstable Bedfordshire LU6 2LF	Auditors:	Baker Tilly UK Audit LLP 1st Floor 46 Clarendon Road Watford, Herts WD17 1JJ
Lawyers:	Hempsons Solicitors 40 Villiers Street London WC2N 6NJ	Investment Advisors:	Newton Investment Management Limited 160 Queen Victoria Street London EC4V 4LA
Internal audit:	Oakwell BDI 67A Eastwick Drive Great Bookham Surrey KT23 3PU		

**Approved by Council on 20 April 2010**  
**Signed on behalf of Council**



**Professor Sir Patrick Bateson**  
**President**



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

We have audited the financial statements of the Zoological Society of London for the year ended 31 December 2009 on pages 19 to 42.

This report is made solely to the Charity's Trustees as a body, in accordance with the Charities Act 1993. Our audit work has been undertaken so that we might state to the Charity's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the Charity's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Trustees and auditors**

The Trustees' responsibilities for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the information given in the Trustees' Report is not consistent with those financial statements, if the Charity has not kept sufficient accounting records, if the Charity's financial statements are not in agreement with these accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

## Independent Auditors' Report to the Trustees of the Zoological Society of London

### Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and Charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the group and Charity as at 31 December 2009 and of their incoming resources and application of resources for the year then ended; and
- the financial statements have been prepared in accordance with the Charities Act 1993.

*Baker Tilly UK Audit LLP*

BAKER TILLY UK AUDIT LLP  
Statutory Auditor  
Chartered Accountants  
1st Floor, 46 Clarendon Road  
Watford, Herts WD17 1JJ

23 April 2010

### 3. Consolidated Statement of Financial Activities

For the year ended 31 December 2009

	Notes	Unrestricted		Restricted	Other	2009	2008
		General	Designated	Endowment		Total	Total
		£000	£000	£000	£000	£000	£000
<b>Incoming resources</b>							
Incoming resources from generated funds:							
Voluntary income	3	106	–	–	2,046	2,152	2,727
Activities for generating funds:							
Subsidiaries' trading turnover	4	9,896	–	–	–	9,896	9,763
Other		10	–	–	–	10	26
Interest and investment income	5	127	–	–	90	217	842
Incoming resources from charitable activities:							
Animal collections	2	21,982	–	–	51	22,033	20,053
Science and research		564	–	–	4,293	4,857	4,583
Conservation programmes		53	–	–	1,579	1,632	1,753
Other incoming resources – Biota	10	1	–	–	–	1	539
<b>Total incoming resources</b>		<b>32,739</b>	<b>–</b>	<b>–</b>	<b>8,059</b>	<b>40,798</b>	<b>40,286</b>
<b>Resources expended</b>							
Cost of generating funds:							
Costs of generating voluntary income		578	–	1	–	579	604
Fundraising trading:							
Subsidiaries' cost of goods sold and other costs	4	8,162	–	–	–	8,162	7,093
Other		–	–	–	–	–	958
Investment management costs		9	–	–	13	22	28
Charitable activities:							
Animal collections		22,937	–	–	202	23,139	22,220
Science and research		1,351	3	–	4,064	5,418	5,264
Conservation programmes		1,006	–	–	1,875	2,881	2,646
Governance costs		168	–	–	1	169	159
Other resources expended – Biota	10	–	–	–	–	–	615
<b>Total resources expended</b>	6a	<b>34,211</b>	<b>3</b>	<b>1</b>	<b>6,155</b>	<b>40,370</b>	<b>39,587</b>
<b>Net incoming/(outgoing) resources before transfers</b>							
		(1,472)	(3)	(1)	1,904	428	699
Transfers between funds	15	629	626	(403)	(852)	–	–
<b>Net incoming/(outgoing) resources before other recognised gains/(losses)</b>							
	7	(843)	623	(404)	1,052	428	699
Other recognised gains/(losses)							
Gain/(Loss) on investments	10	193	–	40	207	440	(972)
Actuarial loss on pension scheme	16	(200)	–	–	–	(200)	(4,100)
<b>Net movement in funds</b>		<b>(850)</b>	<b>623</b>	<b>(364)</b>	<b>1,259</b>	<b>668</b>	<b>(4,373)</b>
<b>Reconciliation of funds</b>							
<b>Total funds balance brought forward</b>		<b>4,549</b>	<b>35,596</b>	<b>986</b>	<b>4,663</b>	<b>45,794</b>	<b>50,167</b>
<b>Total funds balance carried forward</b>		<b>3,699</b>	<b>36,219</b>	<b>622</b>	<b>5,922</b>	<b>46,462</b>	<b>45,794</b>

The above results are all in respect of continuing operations.

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

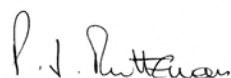
The notes on pages 22 to 42 form part of these financial statements.

## 4. Consolidated and Charity Balance Sheets

As at 31 December 2009

	Notes	Group		Charity	
		2009 £000	2008 £000	2009 £000	2008 £000
<b>Fixed assets</b>					
Tangible assets	9	36,199	35,573	36,199	35,573
Investments	10	3,581	2,862	5,242	4,523
		<u>39,780</u>	<u>38,435</u>	<u>41,441</u>	<u>40,096</u>
<b>Current assets</b>					
Stocks	11	498	571	123	159
Debtors	12	2,347	2,933	3,554	3,527
Cash at bank and in hand		9,201	8,894	6,855	7,540
		<u>12,046</u>	<u>12,398</u>	<u>10,532</u>	<u>11,226</u>
<b>Creditors:</b> amounts falling due within one year	13	(5,364)	(4,629)	(5,490)	(5,086)
		<u>6,682</u>	<u>7,769</u>	<u>5,042</u>	<u>6,140</u>
<b>Net current assets</b>					
<b>Total assets less current liabilities</b>		<u>46,462</u>	<u>46,204</u>	<u>46,483</u>	<u>46,236</u>
<b>Creditors:</b> amounts falling due after more than one year	14	–	(10)	–	(10)
		<u>46,462</u>	<u>46,194</u>	<u>46,483</u>	<u>46,226</u>
<b>Net assets excluding pension scheme asset/liability</b>					
Defined benefit pension scheme liability	16	–	(400)	–	(400)
		<u>46,462</u>	<u>45,794</u>	<u>46,483</u>	<u>45,826</u>
<b>Net assets</b>		<u>46,462</u>	<u>45,794</u>	<u>46,483</u>	<u>45,826</u>
<b>Funds</b>					
Unrestricted – General		3,699	4,949	3,720	4,981
– Designated		36,219	35,596	36,219	35,596
		<u>39,918</u>	<u>40,545</u>	<u>39,939</u>	<u>40,577</u>
<b>Unrestricted funds excluding pension liability</b>					
Unrestricted – Pension reserve		–	(400)	–	(400)
		<u>39,918</u>	<u>40,145</u>	<u>39,939</u>	<u>40,177</u>
<b>Total unrestricted funds</b>		<u>39,918</u>	<u>40,145</u>	<u>39,939</u>	<u>40,177</u>
Restricted – Endowments		622	986	622	986
– Other		5,922	4,663	5,922	4,663
		<u>6,544</u>	<u>5,649</u>	<u>6,544</u>	<u>5,649</u>
<b>Total funds</b>	15	<u>46,462</u>	<u>45,794</u>	<u>46,483</u>	<u>45,826</u>

Approved and authorised for issue by Council on 20 April 2010



Paul Rutteman, FCA  
Treasurer



Professor Sir Patrick Bateson  
President

The notes on pages 22 to 42 form part of these financial statements.

## 5. Consolidated Cash Flow Statement

For the year ended 31 December 2009

	Notes	2009 £000	2008 £000
<b>Net cash inflow from operating activities</b>	19a	4,106	3,168
<b>Returns on investments and servicing of finance</b>		—	—
Interest received		84	492
Investment income		147	176
<b>Net cash inflow from returns on investments and servicing of finance</b>		231	668
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(3,764)	(6,376)
Purchase of fixed asset investments		(849)	(261)
Sale of tangible fixed assets		13	1
Sale of fixed asset investments		570	329
<b>Net cash outflow from capital expenditure and financial investment</b>		(4,030)	(6,307)
<b>Increase/(Decrease) in cash</b>		307	(2,471)
<b>Reconciliation of net cash flow to movement in net cash resources</b>			
		2009 £000	2008 £000
Change in net cash resources resulting from cash flows		307	(2,471)
Net cash resources at 1 January		8,894	11,365
Net cash resources at 31 December	19b	9,201	8,894

The notes on pages 22 to 42 form part of these financial statements.

## 6. Notes to the Financial Statements

### For the year ended 31 December 2009

#### 1. Accounting policies

##### ***Accounting convention and basis of preparation***

The financial statements are prepared under the historical cost convention, modified to include the revaluation of investments, and in accordance with the Charities Act 1993 and applicable accounting standards in the United Kingdom (UK GAAP) including the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities', issued in 2005.

##### ***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, Zoo Restaurants Limited, ZSL (Web of Life) Limited and Whipsnade Wild Animal Park Limited as well as the Zoological Society of London Development Trust and Biota for both of which the Council appoints the Trustees. Zoo Restaurants Limited remained dormant.

##### ***Group Statement of Financial Activities***

The Group 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 shops and in note 10 in respect of other activities.

##### ***Funds***

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

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

Students' awards fund – This fund represents resources set aside to meet the cost of an annual prize for best talk, awarded annually at the Institute of Zoology student conference and to fund awards to the Institute of Zoology 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.

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

- (iii) Restricted – Endowment Funds: These funds are derived from bequests to the Society and comprise investments, the income from which, being unrestricted, may be used to support Society activities.

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

Scientific fund – this fund represents resources for the 'advancement of zoology and animal physiology'.

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

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

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

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

## Notes to the Financial Statements

For the year ended 31 December 2009

### 1. Accounting policies (*continued*)

#### ***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 Statement of Financial Activities, regardless of their source or of the purpose to which they are to be put or have been put. The one exception to this relates to membership income and similar income which is deferred to the extent that it relates to a service to be provided in the following financial year.

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

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

Legacies are recognised when the Society is advised by the personal representative of an estate that payment will be made or assets transferred and the amount involved can be quantified.

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

#### ***Resources expended***

Expenditure is recognised when a liability is incurred.

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

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

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

#### ***VAT***

Admissions income is treated as VAT exempt and accordingly, as a partially exempt body, ZSL may not recover all VAT paid, with the exception of VAT incurred in connection with the catering and retail operations which operate through subsidiary companies. Irrecoverable VAT is included within the category of expenditure to which it related. Catering and retail 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. Transfers are made to the relevant fixed assets category as and when the assets are available for use.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Tangible fixed assets with a cost below £2,000 are charged to resources expended and are not capitalised.

## Notes to the Financial Statements

For the year ended 31 December 2009

### 1. Accounting policies (*continued*)

#### **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 Statement of Financial Activities. Foreign exchange assets and liabilities are recognised at the rate of exchange ruling at the balance sheet date.

#### **Investments**

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

#### **Stocks**

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

#### **Animals**

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

#### **Library**

The contents of the library were acquired by donation or bequest. The records are held for historical and education reasons and not as an asset for realisation at a later date. Significant costs would be incurred in determining a value for these assets which would not be commensurate with the additional benefit derived by users of the financial statements. These are therefore excluded from the balance sheet as they were acquired for nil cost and have not been valued subsequently for financial reporting purposes.

#### **Advertising costs**

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

#### **Pension costs**

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

##### *Defined Benefit Scheme*

The cost of providing benefits under the defined benefit plan is determined using the projected unit method, which attributes entitlement to benefits in the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. Past service costs are recognised in the 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 charge in the present value of the scheme liabilities and the fair value of the plan assets reflect the gain or loss which is recognised in the 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 from 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 Statement of Financial Activities as pension finance income or within resources expended as appropriate.

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



## Notes to the Financial Statements

For the year ended 31 December 2009

### 1. Accounting policies (continued)

#### *Pension costs (continued)*

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 either through reduced contributions or agreed refunds from the scheme.

#### *Defined Contribution Scheme*

Contributions to defined contribution schemes are recognised in the Statement of Financial Activities in the period in which they become payable.

#### *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.

### 2. Incoming resources from charitable activities

The activities that give rise to incoming resources from charitable activities – Animal collections – include providing individuals access to ZSL London Zoo and ZSL Whipsnade Zoo to view the collections, learn about animals and conservation, to adopt animals, experience animal keeping, and providing animal and conservation education outside of the Zoos (outreach programmes).

Incoming resources from charitable activities include grants of £5,549,000 (2008: £5,056,000) which comprise the following:

	<i>2009</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>
Higher Education Funding Council for England (HEFCE)	2,151	2,064
Defra (Darwin Initiative)	727	626
Big Lottery Fund grant	174	63
Other grants	2,497	2,303
	<u>5,549</u>	<u>5,056</u>
	<u>=====</u>	<u>=====</u>

### 3. Voluntary income

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

## Notes to the Financial Statements

For the year ended 31 December 2009

### 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 the Society's wholly owned subsidiary companies, Zoo Enterprises Limited and Whipsnade Wild Animal Park Limited. The consolidated results of Zoo Operations Limited comprise those of Zoo Enterprises Limited and Whipsnade Wild Animal Park Limited as its other wholly owned subsidiary, Zoo Restaurants Limited remained dormant in the year. Net profits are donated to the Society annually.

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

	2009			2008		
	ZEL £000	WWAPL £000	Total £000	ZEL £000	WWAPL £000	Total £000
Turnover:						
Catering	4,748	1,715	6,463	4,951	1,646	6,597
Shops	2,461	972	3,433	2,272	894	3,166
	<u>7,209</u>	<u>2,687</u>	<u>9,896</u>	<u>7,223</u>	<u>2,540</u>	<u>9,763</u>
Cost of goods sold	(3,117)	(854)	(3,971)	(3,239)	(790)	(4,029)
Catering and shops (net)	<u>4,092</u>	<u>1,833</u>	<u>5,925</u>	<u>3,984</u>	<u>1,750</u>	<u>5,734</u>
Other operating costs	(2,155)	(1,131)	(3,286)	(1,989)	(1,075)	(3,064)
Support and overhead costs	(535)	(370)	(905)	–	–	–
Interest receivable	8	–	8	63	–	63
Interest receivable/(payable)	(5)	5	–	(11)	11	–
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Net profit for the year before donation	1,405	337	1,742	2,047	686	2,733
Gift Aid donation to the Society	(1,405)	(337)	(1,742)	(2,047)	(686)	(2,733)
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Retained in subsidiary companies	–	–	–	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

Catering and shops turnover at London Zoo is generated by Zoo Enterprises Limited and at Whipsnade Zoo by Whipsnade Wild Animal Park Limited. Catering and shops turnover of £9,896,000 (2008: £9,763,000) is included in the Group Statement of Financial Activities within subsidiaries' trading turnover. Cost of goods sold, other operating, support and overhead costs of £8,162,000 (2008: £7,093,000) are included within fundraising trading. Interest receivable of £8,000 (2008: £63,000) is included within interest and investment income.

## Notes to the Financial Statements

For the year ended 31 December 2009

### 5. Interest and investment income

	2009 £000	2008 £000
Cash investments	63	473
Fixed interest (UK)	40	47
Other (UK)	105	114
Fixed interest (overseas)	9	8
Pension finance income	–	200
	<u>217</u>	<u>842</u>
	<u><u>217</u></u>	<u><u>842</u></u>

### 6a. Group analysis of total resources expended

	<i>Staff costs £000</i>	<i>Other direct costs £000</i>	<i>Support costs £000</i>	<i>Total 2009 £000</i>	<i>Total 2008 £000</i>
Charitable activities					
Animal collections	10,860	10,096	2,183	23,139	22,220
Science and research	2,638	2,135	645	5,418	5,264
Conservation programmes	959	1,601	321	2,881	2,646
	<u>14,457</u>	<u>13,832</u>	<u>3,149</u>	<u>31,438</u>	<u>30,130</u>
Costs of generating funds					
Costs of generating voluntary income	395	96	88	579	604
Fundraising trading	–	–	–	–	958
Investment management costs	–	22	–	22	28
	<u>395</u>	<u>118</u>	<u>88</u>	<u>601</u>	<u>1,590</u>
Subsidiaries' costs of goods sold and other costs	<u>2,763</u>	<u>4,794</u>	<u>605</u>	<u>8,162</u>	<u>7,093</u>
Governance costs	–	132	37	169	159
Other resources expended – Biota	–	–	–	–	615
Total resources expended for Group in 2009	<u><u>17,615</u></u>	<u><u>18,876</u></u>	<u><u>3,879</u></u>	<u><u>40,370</u></u>	
Total resources expended for Group in 2008	<u><u>16,135</u></u>	<u><u>19,341</u></u>	<u><u>4,111</u></u>		<u><u>39,587</u></u>

## Notes to the Financial Statements

For the year ended 31 December 2009

### 6b. Analysis of support costs

	2009 £000	2008 £000
Staff costs	1,683	2,019
Other costs	2,196	2,092
	<u>3,879</u>	<u>4,111</u>

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

Finance: on volume of transactions processed in year

Human Resources/Reception and Switchboard: on Head Count

Information Technology: on the number of PCs and electronic tills

Press Office: on time apportionment

Central Management services: on total expenditure by activity.

### 7. Net incoming resources before other recognised gains

	2009 £000	2008 £000
Net incoming resources before other recognised gains is stated after charging/(crediting) the following items:		
Auditor's remuneration		
– audit services – charged by Baker Tilly UK Audit LLP	75	74
– non-audit services – charged by Baker Tilly Tax and Accounting Limited	55	–
Depreciation of fixed assets	3,130	3,097
Profit on disposal of tangible fixed assets	(5)	(1)
Operating lease rentals in respect of plant and equipment and motor vehicles	184	144
Trustees' expenses	11	9
	<u>      </u>	<u>      </u>

Trustees' expenses consist mainly of the reimbursement of travel expenses. In the current year these Trustees' expenses relate to eight (2008: 10) Trustees who served as council members during the year. None of the Trustees, nor any persons connected to the Trustees, received remuneration for their services.

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

There are no other reportable transactions with related parties.

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

## Notes to the Financial Statements

For the year ended 31 December 2009

### 8. Staff costs

	<i>2009</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>
Salaries and wages	16,502	15,384
Social security costs	1,523	1,457
Pension cost – ZSL 1988 Pension Scheme	1,000	1,100
Pension cost – other schemes	273	213
	<u>19,298</u>	<u>18,154</u>
	<u><u>19,298</u></u>	<u><u>18,154</u></u>

In addition the cost of temporary staff in the year was £183,000 (2008: £250,000).

The average full-time equivalent number of employees during the year was made up as follows:

	<i>2009</i>	<i>2008</i>
	<i>No.</i>	<i>No.</i>
Animal collections	371	371
Science and research	64	61
Conservation programmes	36	37
Cost of generating funds – voluntary income	10	11
Cost of generating funds – voluntary trading	102	104
Support costs	56	57
	<u>639</u>	<u>641</u>
	<u><u>639</u></u>	<u><u>641</u></u>

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

Band	<i>2009</i>	<i>2008</i>
	<i>No.</i>	<i>No.</i>
£60,001 – £70,000	5	5
£70,001 – £80,000	2	3
£80,001 – £90,000	2	1
£90,001 – £100,000	1	1
£140,001 – £150,000	–	1
£150,001 – £160,000	1	–

Retirement benefits are accruing under defined benefit schemes for 11 (2008: 9) higher paid employees. In addition, contributions of £20,290 (2008: £19,500) in respect of defined contribution schemes were incurred for 4 (2008: 4) higher paid employees.

## Notes to the Financial Statements

For the year ended 31 December 2009

### 9. Tangible fixed assets

*Group and Charity*

	<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 2008	16,323	37,457	1,133	6,648	686	62,247
Purchased during the year	550	2,253	244	702	15	3,764
Transfer of Assets under Construction	–	1,133	(1,133)	–	–	–
Disposals	–	–	–	(8)	(26)	(34)
At 31 December 2009	16,873	40,843	244	7,342	675	65,977
Depreciation:						
At 31 December 2008	6,943	14,143	–	5,064	524	26,674
Provided during the year	863	1,745	–	461	61	3,130
Disposals	–	–	–	(8)	(18)	(26)
At 31 December 2009	7,806	15,888	–	5,517	567	29,778
Net book value:						
At 31 December 2009	9,067	24,955	244	1,825	108	36,199
At 31 December 2008	9,380	23,314	1,133	1,584	162	35,573

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

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

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

## Notes to the Financial Statements

For the year ended 31 December 2009

### 10. Investments

<i>Group</i>	<i>Value at</i>	<i>Additions</i>	<i>Proceeds on</i>	<i>Net gains/(losses)</i>		<i>Value at</i>
	<i>31 December</i>	<i>at cost</i>	<i>disposals</i>	<i>Realised</i>	<i>Unrealised</i>	<i>31 December</i>
	<i>2008</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Listed investments:						
at market value						
– Fixed interest (UK)	662	441	(366)	(26)	107	818
– Fixed interest (Overseas)	98	–	–	–	7	105
– Other (UK)	2,102	408	(204)	(44)	396	2,658
	<u>2,862</u>	<u>849</u>	<u>(570)</u>	<u>(70)</u>	<u>510</u>	<u>3,581</u>
<i>Charity</i>						
Unlisted investments:						
at net asset value						
– Investment in ZSL (Web of Life) Limited	–	–	–	–	–	–
– Investment in Zoo Operations Limited	1,661	–	–	–	–	1,661
	<u>4,523</u>	<u>849</u>	<u>(570)</u>	<u>(70)</u>	<u>510</u>	<u>5,242</u>
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>
Listed investments						
historical cost	2,698					2,907
	<u>=====</u>					<u>=====</u>

The largest individual investment holding within the listed investments portfolio is held in the M&G Charifund and had a market value at 31 December 2009 of £514,000.

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

Zoo Restaurants Limited has remained dormant in the year whilst Zoo Enterprises Limited and Whipsnade Wild Animal Park Limited undertake the merchandising and catering operations at London Zoo and Whipsnade Zoo respectively and Gift Aid their profits to The Zoological Society of London annually. The results of Zoo Enterprises Limited and Whipsnade Wild Animal Park Limited are set out in note 4.

The unlisted investment in the wholly owned subsidiary, ZSL (Web of Life) Limited is carried at nil value as it had a net liability position at 31 December 2009 of £24,406 (2008: £24,406) and did not trade during the year.

There is no investment in the Zoological Society of London Development Trust and Biota since neither has any share capital. The Zoological Society of London Development Trust had incoming resources of £111,292 (2008: £5) in the year which was Gift Aided to The Zoological Society of London. Biota has been involved with the development of an aquarium being planned for Silvertown Quays in London Docklands. Within the Consolidated Statement of Financial Activities, in respect of Biota, an amount of £1,000 (2008: £539,000) is shown as other incoming resources whilst an amount of £nil (2008: £615,000) is shown as other resources expended. In 2009 there were no amounts in other resources expended following the developers' decision to put the development of Silvertown Quays on hold as more fully explained in the Trustees' Report. The £615,000 resources expended in 2008 were those incurred on the development, including design costs, of the aquarium planned for Silvertown Quays in London Docklands and a £237,000 provision for an outstanding debt due from the developers as more fully explained in the Trustees' Report.

## Notes to the Financial Statements

For the year ended 31 December 2009

### 10. Investments (continued)

The financial position of the individual subsidiaries are as follows:

	<i>Assets</i>	<i>Liabilities</i>	<i>Funds</i>	<i>Assets</i>	<i>Liabilities</i>	<i>Funds</i>
	<i>2009</i>	<i>2009</i>	<i>2009</i>	<i>2008</i>	<i>2008</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Biota	59	(213)	(154)	58	(208)	(150)
Zoo Operations Limited	1,661	–	1,661	1,661	–	1,661
Zoo Enterprises Limited	2,554	(2,452)	102	1,807	(1,705)	102
Whipsnade Wild Animal Park Limited	654	(297)	357	566	(209)	357
ZSL (Web of Life) Limited	7	(31)	(24)	7	(31)	(24)
	<u>4,935</u>	<u>(2,993)</u>	<u>1,942</u>	<u>4,099</u>	<u>(2,153)</u>	<u>1,946</u>
	=====	=====	=====	=====	=====	=====

The Assets, Liabilities and Funds for The Zoological Society of London Development Trust and Zoo Restaurants Limited at 31 December 2009 are not material and have remained unchanged from 31 December 2008.

Biota had net outgoing resources of £4,083 (2008: £249,955) whilst the other subsidiaries achieved a £nil result (2008: £nil).

### 11. Stocks

	<i>Group</i>		<i>Charity</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Raw materials	121	158	122	158
Finished goods and goods for resale	377	413	1	1
	<u>498</u>	<u>571</u>	<u>123</u>	<u>159</u>
	=====	=====	=====	=====

### 12. Debtors

	<i>Group</i>		<i>Charity</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade debtors	726	679	377	323
Amounts owed by group companies	–	–	1,572	911
Taxation and social security	–	–	32	73
Other debtors	148	163	148	163
Accrued interest and investment income	39	51	38	51
Prepayments and accrued income	1,434	2,040	1,387	2,006
	<u>2,347</u>	<u>2,933</u>	<u>3,554</u>	<u>3,527</u>
	=====	=====	=====	=====



## Notes to the Financial Statements

For the year ended 31 December 2009

### 13. Creditors: amounts falling due within one year

	<i>Group</i>		<i>Charity</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade creditors	1,566	1,528	964	1,043
Amounts owed to group companies	–	–	1,203	1,320
Taxation and social security	670	564	418	395
Accruals and deferred income	2,903	2,347	2,691	2,149
Other creditors	225	190	214	179
	<u>5,364</u>	<u>4,629</u>	<u>5,490</u>	<u>5,086</u>

Other creditors includes employers pension contributions, in respect of the two main pension schemes referred to in note 16, of £183,000 (2008: £131,000).

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

	<i>Group</i>		<i>Charity</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Deferred income at 1 January	1,536	765	1,536	765
Amounts released from previous years	(1,327)	(765)	(1,327)	(765)
Incoming resources deferred	1,808	1,536	1,808	1,536
Deferred income at 31 December	<u>2,017</u>	<u>1,536</u>	<u>2,017</u>	<u>1,536</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 are expected to be met in future periods.

### 14. Creditors: amounts falling due after more than one year

	<i>Group</i>		<i>Charity</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Accruals of retention fees in respect of fixed asset additions	–	10	–	10
	<u>–</u>	<u>10</u>	<u>–</u>	<u>10</u>

## Notes to the Financial Statements

### For the year ended 31 December 2009

#### 15. Funds

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

(a) Movement of funds for the year – Group

	<i>Balance at</i> 31 December 2008 £000	<i>Incoming</i> resources £000	<i>Resources</i> expended £000	<i>Transfers</i> £000	<i>Gains &amp;</i> <i>(losses)</i> £000	<i>Balance at</i> 31 December 2009 £000
<i>Unrestricted funds</i>						
General fund *	4,549	32,739	(34,211)	629	(7)	3,699
Designated funds:						
Student awards fund	23	–	(3)	–	–	20
Tangible fixed asset fund	35,573	–	–	626	–	36,199
	35,596	–	(3)	626	–	36,219
<i>Restricted funds</i>						
Endowment funds:						
De Arroyave fund	917	–	(1)	(403)	39	552
Fantham bequest	65	–	–	–	1	66
Davis fund	4	–	–	–	–	4
	986	–	(1)	(403)	40	622
Other funds:						
Scientific fund	1,690	88	(13)	(80)	207	1,892
Library support fund	100	–	–	–	–	100
HEFCE fund	–	2,151	(2,279)	–	–	(128)
Big Lottery Fund grant	18	174	(140)	–	–	52
Other	2,855	5,646	(3,723)	(772)	–	4,006
	4,663	8,059	(6,155)	(852)	207	5,922
Total funds	45,794	40,798	(40,370)	–	240	46,462

Fund transfers of £403,000 were made from the restricted De Arroyave fund and £812,000 from other restricted funds to unrestricted funds and represented the cost of acquiring certain tangible fixed assets purchased in accordance with the restrictions upon which the Society may use such restricted funds (the £403,000 transfer from the De Arroyave fund was towards *Animal Adventure*).

Fund transfers of £626,000 have been made from the General fund to the designated Tangible fixed asset fund which was set up to separately identify the resources that have been used to acquire tangible fixed assets. The value of this fund at the year end represents the net book value of tangible fixed assets.

Fund transfers of £80,000 from the Scientific fund were made to other restricted funds and fund transfers of £40,000 were made from restricted funds to unrestricted funds in accordance with restrictions upon which the Society may use such restricted funds. The HEFCE fund closing balance at 31 December 2009 represents expenditure incurred in advance of grant income for the period since 1 August 2009 to 31 December 2009.

\* Incorporating the unrestricted pension reserve at 31 December 2009, being £nil (2008: liability of £400,000).

## Notes to the Financial Statements

### For the year ended 31 December 2009

#### 15. Funds (continued)

(b) Movement of funds for the year – Charity

	<i>Balance at 31 December 2008 £000</i>	<i>Incoming resources £000</i>	<i>Resources expended £000</i>	<i>Transfers £000</i>	<i>Gains &amp; (losses) £000</i>	<i>Balance at 31 December 2009 £000</i>
<i>Unrestricted funds</i>						
General fund *	4,581	24,576	(26,059)	629	(7)	3,720
Designated funds:						
Student awards fund	23	–	(3)	–	–	20
Tangible fixed asset fund	35,573	–	–	626	–	36,199
	<u>35,596</u>	<u>–</u>	<u>(3)</u>	<u>626</u>	<u>–</u>	<u>36,219</u>
<i>Restricted funds</i>						
Endowment funds:						
De Arroyave fund	917	–	(1)	(403)	39	552
Fantham bequest	65	–	–	–	1	66
Davis fund	4	–	–	–	–	4
	<u>986</u>	<u>–</u>	<u>(1)</u>	<u>(403)</u>	<u>40</u>	<u>622</u>
Other funds:						
Scientific fund	1,690	88	(13)	(80)	207	1,892
Library support fund	100	–	–	–	–	100
HEFCE fund	–	2,151	(2,279)	–	–	(128)
Big Lottery Fund grant	18	174	(140)	–	–	52
Other	2,855	5,646	(3,723)	(772)	–	4,006
	<u>4,663</u>	<u>8,059</u>	<u>(6,155)</u>	<u>(852)</u>	<u>207</u>	<u>5,922</u>
Total funds	<u><u>45,826</u></u>	<u><u>32,635</u></u>	<u><u>(32,218)</u></u>	<u><u>–</u></u>	<u><u>240</u></u>	<u><u>46,483</u></u>

Incoming resources of the Charity amounted to £32,635,000 (2008: £32,814,000) and its net movement in funds amounted to a £657,000 increase (2008: £4,265,000 reduction).

Fund transfers of £403,000 were made from the restricted De Arroyave fund and £812,000 from other restricted funds to unrestricted funds and represented the cost of acquiring certain tangible fixed assets purchased in accordance with the restrictions upon which the Society may use such restricted funds (the £403,000 transfer from the De Arroyave fund was towards *Animal Adventure*).

Fund transfers of £626,000 have been made from the General fund to the designated Tangible fixed asset fund which was set up to separately identify the resources that have been used to acquire tangible fixed assets. The value of this fund at the year end represents the net book value of tangible fixed assets.

Fund transfers of £80,000 from the Scientific fund were made to other restricted funds and fund transfers of £40,000 were made from restricted funds to unrestricted funds in accordance with restrictions upon which the Society may use such restricted funds.

## Notes to the Financial Statements

### For the year ended 31 December 2009

#### 15. Funds (continued)

The HEFCE fund closing balance at 31 December 2009 represents expenditure incurred in advance of grant income for the period since 1 August 2009 to 31 December 2009.

\* Incorporating the unrestricted pension reserve at 31 December 2009, being £nil (2008: liability of £400,000).

(c) Analysis of Group net assets between funds

	<i>Tangible</i>		<i>Other</i>	
	<i>Assets</i>	<i>Investments</i>	<i>net assets/</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>(liabilities)</i>	<i>£000</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Unrestricted funds	36,199	1,215	2,504	39,918
Restricted funds				
– Endowment funds	–	575	47	622
– Big Lottery Fund grant	–	–	52	52
– Other funds	–	1,791	4,079	5,870
Total Group net assets	<u>36,199</u>	<u>3,581</u>	<u>6,682</u>	<u>46,462</u>

#### 16. Pension schemes

The Society participates in two main defined benefit pension schemes and two other smaller schemes (one a defined benefit scheme and one a defined contribution scheme). Employees join the appropriate scheme, depending on their employment terms. The total cost to the Society for the year ended 31 December 2009 in respect of pension contributions was £1,273,000 (31 December 2008: £1,313,000) which have been allocated between resources expended categories in proportion to staff costs and charged to the Statement of Financial Activities as appropriate.

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

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

##### ***The Zoological Society of London 1988 Pension Scheme (ZSL 1988)***

Society 1988 Pension Scheme (ZSL 1988)

Details of the ZSL 1988 scheme at the actuarial valuation date of 30 June 2008 are:

Contracted out of State Earnings Related Pension Scheme	No
Actuarial valuation method	Projected Unit
Latest available completed actuarial valuation	30 June 2008
Actuarial assumptions	
– investment return	5.5%
– salary increases	4.6%
– increase in pensions	3.4%/3.8%
Market value of scheme's assets	£20.73m
Funding level relative to the technical provisions	94%

## Notes to the Financial Statements

### For the year ended 31 December 2009

#### 16. Pension schemes (continued)

The Society operates a defined benefit scheme in the UK for staff. A full actuarial valuation was carried out at 30 June 2008 and was updated to 31 December 2009 by a qualified independent actuary.

The pension expense charged in the Statement of Financial Activities includes an allowance for the actuarial gains and losses incurred during the year they occur and these actuarial gains and losses are disclosed separately in the Statement of Financial Activities.

	<i>At year-end 31 December</i>	
	<i>2009</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>
<b>Change in benefit obligation</b>		
Benefit obligation at beginning of year	19,900	20,000
Current service cost	1,000	1,100
Interest cost	1,100	1,100
Actuarial (gains)/losses	2,100	(1,600)
Benefits paid	(800)	(700)
	<hr/>	<hr/>
Benefit obligation at end of year	23,300	19,900
<b>Analysis of defined benefit obligation</b>		
Plans that are wholly or partly funded	23,300	19,900
<b>Change in fair value of plan assets</b>		
Fair value of plan assets at the beginning of the year	19,500	23,400
Expected return on plan assets	1,000	1,300
Actuarial gains/(losses)	1,900	(5,700)
Employer contribution	1,700	1,200
Benefits paid	(800)	(700)
	<hr/>	<hr/>
Fair value of plan assets at end of year	23,300	19,500
Funded status	–	(400)
	<hr/>	<hr/>
Net amount recognised	–	(400)
	<hr/> <hr/>	<hr/> <hr/>

	<i>At year-end 31 December</i>	
	<i>2009</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>
<b>Components of pension cost</b>		
Current service cost	1,000	1,100
Interest cost	1,100	1,100
Expected return on pension scheme assets	(1,000)	(1,300)
Actuarial losses immediately recognised	200	4,100
	<hr/>	<hr/>
Total pension cost recognised in Group Statement of Financial Activities	1,300	5,000
	<hr/> <hr/>	<hr/> <hr/>
Cumulative amount of actuarial losses immediately recognised	2,700	2,500

## Notes to the Financial Statements

### For the year ended 31 December 2009

#### 16. Pension schemes (continued)

##### *Plan assets*

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

Asset category	<i>Plan assets at</i>	
	<i>31 December 2009</i>	<i>31 December 2008</i>
	%	%
Equities	68	64
Bonds	28	32
Property	2	2
Cash	2	2
	100	100
	100	100

To develop the assumption for the expected long-term rate of return on assets assumption, the Trustees considered the current level of expected returns on risk-free investments (primarily government bonds), the historical level of the risk premium associated with other asset classes in which the portfolio is invested, the expectations for future returns on each asset class and the expected expenses of the scheme. The expected return for each asset class was then weighted, based on the actual asset allocation, to develop the expected long-term rate of return on assets assumption for the portfolio. This resulted in the selection of the 5.2% p.a. assumption at 31 December 2009.

	<i>31 December 2009</i>	<i>31 December 2008</i>
Actual return on plan assets	2,900	(4,400)

##### **Weighted average assumptions used to determine benefit obligations at:**

	<i>31 December</i>		
	<i>2009</i>	<i>2008</i>	<i>2007</i>
	%	%	%
Discount rate (p.a.)	5.7	5.6	5.5
Rate of compensation increase (p.a.)	4.5	3.7	4.9

##### **Weighted average assumptions used to determine net pension cost for the year ended:**

	<i>31 December</i>	
	<i>2009</i>	<i>2008</i>
	%	%
Discount rate	5.6	5.5
Expected long-term return on plan assets (p.a.)	5.2	5.7
Rate of compensation increase (p.a.)	3.7	4.9

##### **Weighted average life expectancy for mortality tables used to determine benefit obligations at:**

	<i>31 December 2009</i>		<i>31 December 2008</i>	
	<i>Male</i>	<i>Female</i>	<i>Male</i>	<i>Female</i>
Member age 65 (current life expectancy)	21.2	24.0	21.1	24.0
Member age 45 (current life expectancy at age 65)	22.2	25.0	22.2	25.0

## Notes to the Financial Statements

For the year ended 31 December 2009

### 16. Pension schemes (continued)

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

	<i>2009</i>	<i>2008</i>	<i>2007</i>	<i>2006</i>	<i>2005</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Benefit obligation at end of year	23,300	19,900	20,000	19,100	18,700
Fair value of plan assets at end of year	23,300	19,500	23,400	22,300	20,400
Surplus/(deficit)	–	(400)	3,400	3,200	1,700
Difference between actual and expected return on scheme assets:					
amount	1,900	(5,700)	(500)	700	2,100
percentage of scheme assets	8%	(29)%	(2)%	3%	10%
Experience gains and (losses) on scheme liabilities:					
amount	–	(200)	–	(100)	800
percentage of scheme liabilities	0%	(1)%	0%	(1)%	4%

#### Contributions

There were outstanding contributions payable to the scheme of £162,000 (2008: £115,000) at the balance sheet date. The Trustees expect to contribute £1,800,000 to the scheme in 2010.

#### **Universities Superannuation Scheme (USS)**

The assets of the USS are held in a separate fund administered by its Trustee, Universities Superannuation Scheme Limited. Because of the mutual nature of the USS, the Society is unable to identify its share of underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Statement of Financial Activities represents the contributions payable to the USS in respect of the accounting period.

The latest actuarial valuation of the scheme was at 31 March 2008. This was the first valuation for USS under the new scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have appropriate assets to cover their technical provisions.

The 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 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 per annum).

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

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

## Notes to the Financial Statements

### For the year ended 31 December 2009

#### 16. Pension schemes (continued)

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% per annum (the expected return on gilts), the funding level was approximately 71%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 it was 107% funded; on a buy-out basis (ie assuming the scheme had discontinued on the valuation date) the assets would have been approximately 79% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS17 formula as if USS was a single employer scheme, the actuary estimated that the funding level at 31 March 2008 was 104%.

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

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

Since 31 March the global investment markets have continued to fall and at 31 March 2009 the actuary has estimated that the funding level under the new scheme-specific funding regime had fallen from 103% to 74%. This estimate is based on the funding level at 31 March 2008, adjusted to reflect the fund's actual investment performance over the year and changes in market conditions (market conditions affect both the valuation rate of interest and also the inflation assumption, which in turn impacts on the salary and pension increases assumptions).

On the FRS17 basis, using an AA bond discount rate of 7.1% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2009 was 86%. An estimate of the funding level measured on a buy-out basis at that date was approximately 46%.

Surpluses or deficits which arise at future valuations may impact on ZSL's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements.

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

The next formal triennial actuarial valuation is due at 31 March 2011. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

At 31 March 2009, USS had over 130,000 active members and the Society had 34 active members participating in the scheme. The total USS pension cost to the Society for the year ended 31 December 2009 was £227,000 (2008: £191,000). This includes £21,000 (2008: £16,000) outstanding employers contributions at the balance sheet date. The contribution rate payable by ZSL was 14% of pensionable salaries until 30 September 2009 and 16% from 1 October 2009.



## Notes to the Financial Statements

For the year ended 31 December 2009

### 17. Leasing commitments

	2009	2008
	£000	£000
Leases expiring:		
Within one year	23	7
Within two to five years	161	128
	<u>184</u>	<u>135</u>
	<u><u>184</u></u>	<u><u>135</u></u>

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

### 18. Capital commitments

The Society leases the Regent's Park site from the Department of Culture, Media and Sport. The lease was renewed in 1999 for a term of 56 years at no annual rent. As a condition of the renewed lease, the Society submitted to undertake a survey of the site in order to agree a strategy for future works. The survey was completed and initial indications gave a preliminary estimate of a maximum cost of £31m, which forms the basis for continuing discussion with the landlord of the programme of works to be undertaken in the context of the Society's cash resources at future dates. Development work has been undertaken in certain areas which reduces the estimate of costs for outstanding works to £17.1m. Further work is budgeted for in 2010.

Capital expenditure of £1.2m (2008: £2.3m) had been authorised but not provided at 31 December 2009 of which £0.8m (2008: £1.3m) had been contracted and £0.4m (2008: £1m) 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

	2009	2008
	£000	£000
Net incoming resources before other recognised gains	428	699
Current service cost surplus	(700)	(100)
Pension finance cost/(income)	100	(200)
Interest and investment income	(218)	(642)
Depreciation of fixed assets	3,130	3,097
Profit on disposal of tangible fixed assets	(5)	(1)
Decrease/(Increase) in stocks	73	(86)
Decrease in debtors	573	533
Increase/(Decrease) in creditors	725	(132)
	<u>4,106</u>	<u>3,168</u>
	<u><u>4,106</u></u>	<u><u>3,168</u></u>

## Notes to the Financial Statements

For the year ended 31 December 2009

### 19. Notes to the consolidated cash flow statement (continued)

(b) Analysis of consolidated net cash resources

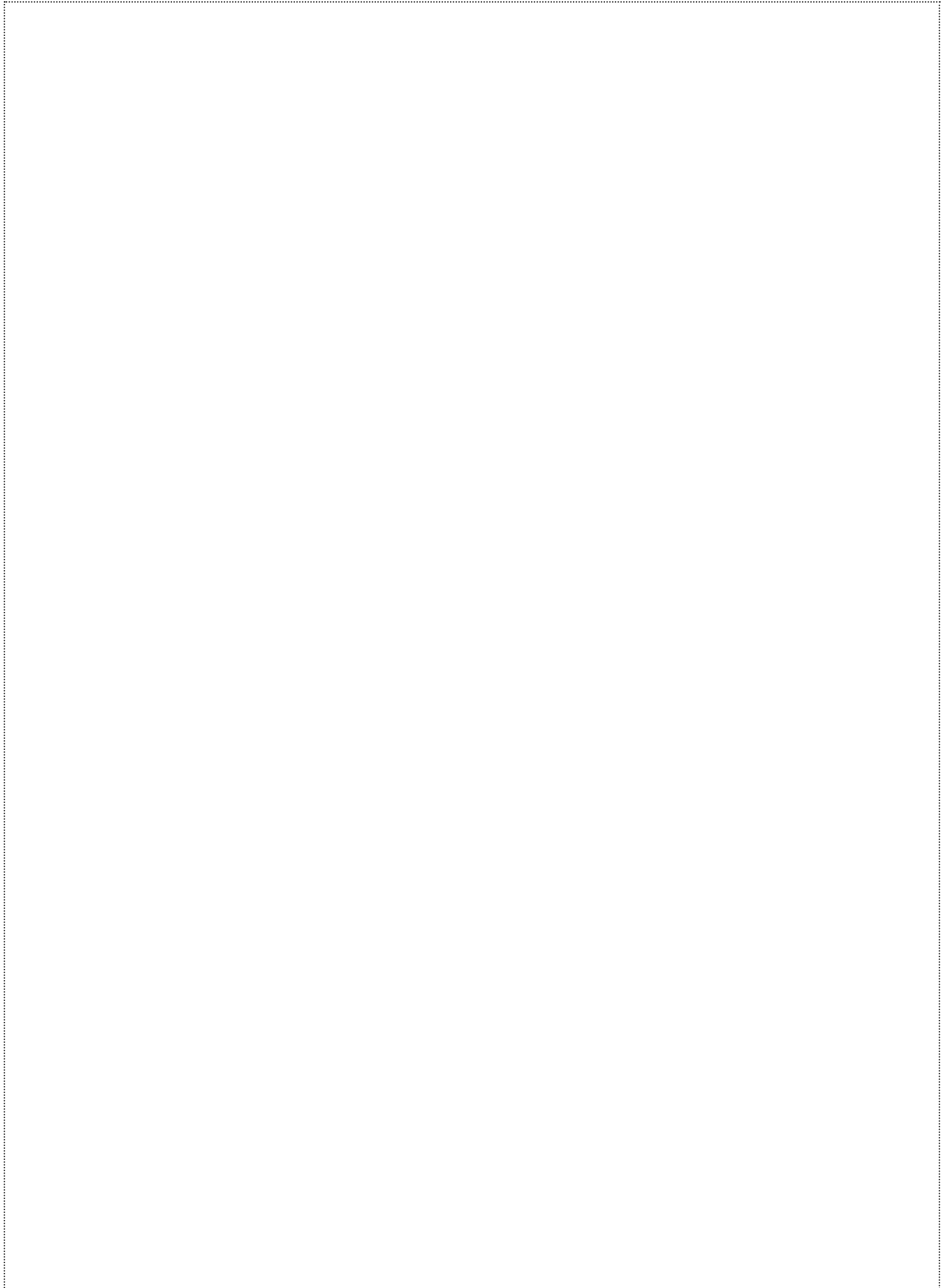
	<i>1 January 2009 £000</i>	<i>Cash 31 December flow £000</i>	<i>2009 £000</i>
Cash at bank and in hand	8,894	307	9,201
	<u>8,894</u>	<u>307</u>	<u>9,201</u>
	<u><u>8,894</u></u>	<u><u>307</u></u>	<u><u>9,201</u></u>

### 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.

### 21. Related parties

There were no material-related party transactions in the year (2008: none).





LIVING CONSERVATION

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

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

[www.zsl.org](http://www.zsl.org)