

The Zoological Society of London

Trustees' Report and Financial Statements

31 December 2010

Registered Charity No. 208728

Contents	Page
1. Trustees' Report	3
2. Independent Auditor's Report	18
3. Consolidated Statement of Financial Activities	19
4. Consolidated and Charity Balance Sheets	20
5. Consolidated Cash Flow Statement	21
6. Notes to the Financial Statements	22

1. Trustees' Report 31 December 2010

The Trustees are pleased to submit this report and the financial statements for the year to 31 December 2010. 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 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. Unfortunately, due to Budget cuts within the GLA, we have been advised that its education sponsorship programme, as above, will be brought to an end in April 2011. However, we are offering heavily discounted visits to the affected schools in the GLA area, as well as continuing our discounted offers to all other schools.

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

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

Guiding Principles

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

- 1. Respecting and valuing animals and the natural world**
Our belief is that a diverse and healthy natural world is valuable in its own right and is essential for ensuring secure and healthy lives for people. This motivates ZSL's vision and mission, and our other core values follow from this.
- 2. Inspiring conservation action**
We seek to motivate others to take conservation action in their daily lives.
- 3. To achieve excellence in our field**
Building on our heritage and reputation as a learned society, we aim to be an authoritative source of information and good practice for the scientific study, conservation and husbandry of animals. 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 2010

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.

- Due to the difficult trading conditions caused mainly by the inclement weather, visitor numbers to both our Zoos fell, (in total by 6.1%) compared to 2009.
- ZSL London Zoo had 1,011,257 visitors with the second half of the year showing stronger results than the first six months. 2010 visitor numbers were 4.5% less than in 2009, however the visitor spends were strong and grew year on year. Per capita ticket spends increased by 7% and, as a result, almost £11m admission revenue was generated, which is an increase of 2% on the previous year.
- ZSL Whipsnade Zoo had 428,684 visitors, which was 9.8% less than in 2009. However, per capita ticket spends grew by 3% year on year, generating £3.7m admission revenue.
- Visitor satisfaction scores saw increases across both Zoos. All indicators of overall enjoyment, value for money, propensity to recommend and likelihood to return saw increases in 2010. The scores, out of 10, saw a significant increase at London in the propensity to recommend from 8.1 to 8.9. Similar high visitor satisfaction scores were maintained year on year at Whipsnade, with nine out of 10 visitors saying they would recommend the Zoo to a friend.
- ZSL London Zoo received praise when it won the accolade of 'Best Tourism Experience' at the 2010 Visit London Awards, beating all other London visitor attractions. Both Zoos achieved the Visit England 'Visitor Attraction Quality Assurance Scheme' seal of approval for the second year running.
- Zoo Lates was a new event launched in summer 2010 and saw ZSL London Zoo open late on every Friday in August. The events attracted a new audience to the Zoo and all four nights sold out at least five days in advance, generating welcome additional surplus.
- By increasing the profile of our membership programme at both Zoos and by engaging with existing members we were able to generate almost £3.1m in revenue and now have more than 61,000 members and Fellows supporting the charitable objectives of ZSL.
- ZSL has continually raised its profile as a charity through constant promotion of the charity message to external media. This has resulted in nearly 4,000 articles about ZSL in the media during 2010, including a three-part documentary series on ITV1 called *The Zoo*, which averaged four million viewers per episode. ZSL also hosted the BBC's *Wild Night In*, a fundraising night that made the clear link between ZSL and donations by talking about funds received from the BBC Wildlife Fund on key conservation projects.
- The ZSL magazine *Wild About* constantly links the charity message, field conservation and Zoo stories demonstrating the breadth and impact of ZSL work.
- The ZSL website (www.zsl.org) has been improved throughout 2010 to provide a better user experience and to generate more revenue for the Society. The website saw more people visiting the site in 2010, as unique users were at 3.6 million, up 60% on the previous year, and more people signed up for ZSL newsletters. Overall, online income was up 93% to £3.3m and online ticket income was up 115%. After the introduction of online membership transactions, we saw a huge 716% increase in online membership revenue. We have been engaging with people using social media across Facebook and Twitter, and our YouTube channel had seven million video views in 2010.
- In 2010, we extended the range of experiences to generate revenue by giving customers more choice and the chance to learn more about ZSL's work by gaining exclusive behind-the-scenes access. New experiences launched include 'Junior Keeper for a Day', 'Photography Workshops' and 'BedBUGS' sleepovers. We also launched new children's birthday parties at ZSL London Zoo and extended the Zoo's brand and conservation message into external retailers by launching a range of branded products that are currently being sold in the UK through major high-street retailers.
- In November 2010, ZSL's new visitor guides received the highest accolade in customer publishing, by winning the Best Brochure category in the APA International Customer Publishing Awards. Judges commented that the guides 'break open the brand to shift perceptions of zoos and really makes us want to visit'. To win the award, ZSL triumphed over other leading brands such as BMW and Marks & Spencer.
- ZSL's reputation as a leader in conservation science and applied conservation was reflected by being awarded nearly £2m for our conservation work.
- ZSL achieved Gold for the Green Tourism Award for London Zoo.
- Fundraising has been a challenge in 2010. However, the Development team has been working hard to increase the support ZSL enjoys. Highlights include:
 - Corporate Partnerships – In support of raising our charity profile and raising cost-effective income, the Development team has successfully forged a number of new corporate partnerships, leveraging the power of ZSL's brand.

- Challenge Events – We have expanded our portfolio of challenge event-style activity to include The Brighton Marathon, the Zoo Stampede, The British 10K, and the Royal Parks Half Marathon, delivering valuable funds and raising ZSL's profile.
- Trusts and Foundations – We have been able to retain the support of 85% of our donors, encouraging them to reinvest in ZSL again in 2010. We were pleased to receive grants once more from: Big Lottery Fund (BLF), BBC Wildlife Fund, John S Cohen Foundation, Panton Trust, and the Rose and Rufford Foundations, amongst others.
- We also secured £160,000 of income from new trusts and international foundations new to ZSL. These included the Arcus Foundation and the Mohammed Bin Zayed Species Conservation Fund, who offered support with the help of the American Friends of London Zoo.
- The ZSL Patrons programme was relaunched in June 2010, offering supporters the choice of four tiers of membership with corresponding benefits. The scheme is now designed to be more attractive to a wider range of supporters, and to enable supporters to progressively increase their support as their relationship with ZSL develops and has resulted in a 100% increase in patronage subscriptions (up from 14 to 29).

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.

- Institute of Zoology (IoZ) staff published 110 scientific papers in 2010, including eight in journals with Impact Factors greater than 10.
- IoZ staff successfully obtained 64 grants, to a total value of just over £2m, in addition to our core Higher Education Funding Council for England (HEFCE) income of almost £2.2m.
- IoZ attracted 20 new PhD students in 2010, and now has 57 PhD students in total.
- Three ZSL symposia were held during the year:
 - The symposium 'Foundations of Biodiversity: Saving the world's non-vertebrates', was held on 25 and 26 February
 - The April symposium, 'Linking biodiversity conservation and poverty reduction: What, why and how?'
 - A joint ZSL/Royal Society symposium was held on 18 and 19 November. The symposium 'Disease invasion: Impacts on biodiversity and human health' was held in partnership with the Royal Society as part of its 350th anniversary celebrations.
- 377 people attended ZSL scientific symposia in 2010, up 66% on 2009.
- 1,627 people attended ZSL scientific meetings in 2010, up 14.2% on 2009.
- Three books in the ZSL *Conservation Science and Practice* series were published in 2010.
- ZSL's Indicators and Assessments Unit (IAU):
 - Published several significant publications in 2010, the Year of Biodiversity, including the *UN Global Biodiversity Outlook* and the *Living Planet Report*
 - Developed the Arctic Species Trend Index to track how the Arctic's ecosystems and the living resources dependent upon them are responding to change. It contains 1,000 datasets for the past four decades, representing 35% of all known Arctic vertebrate species
 - Continued its facilitation role with the International Union for Conservation of Nature (IUCN), adding more than 3,000 newly assessed species to the IUCN Red List of Threatened Species, and continued to update the National Red List website.
- The second field season of the Wildlife Picture Index, a global biodiversity indicator on the effectiveness of protected areas, was completed.
- As part of the Pan-Saharan Wildlife Survey, conducted in partnership with the Saharan Conservation Fund, ZSL carried out a series of field surveys in Niger and Chad to assess the highly threatened desert fauna of the region and identify sites for future conservation efforts.

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 (CBD).

- The ZSL Communications Team has been actively involved in communicating ZSL work on these key projects to the general public, our members and the media. This included an appearance by Professor Jonathan Baillie, ZSL Director of Conservation Programmes, on the Big Nature Debate, as well as hosting a BBC Radio 4 biodiversity special in *B.U.G.S!* at ZSL London Zoo. The subject of Wildlife Health and the work of ZSL in this area were included in the third episode of the ITV1 documentary series *The Zoo*. A new initiative for 2010 saw ZSL organise 'Scientists at Speakers' Corner', in London, where ZSL and guest scientists could speak about these issues and engage the public directly.

- A new study by scientists from a number of leading wildlife research institutions, including IoZ, has revealed that the loss of animals and plants is bad for our health.
- Research carried out at IoZ and Imperial College has concluded that badger culling is unlikely to be a cost-effective way of helping control bovine tuberculosis in Britain.
- A novel research technique that uses a remote-controlled helicopter to carry out whale health checks has been awarded one of the 2010 Ig Nobel Prizes. These prizes honour achievements that first make people laugh, and then make them think and are intended to celebrate the unusual, honour the imaginative and spur people's interest in science, medicine and technology. Dr Karina Acevedo-Whitehouse, from ZSL, and Dr Diane Gendron, from Centro Interdisciplinario de Ciencias Marinas (CICIMAR) at the Mexican National Polytechnic Institute used a remote-controlled helicopter as a non-invasive method for collecting samples of whale blow to monitor the health of individual whales. This unique sampling method allows the researchers to assess the impact of respiratory diseases on whale populations.
- Research by ZSL scientists showed that more than five tonnes of illegal bushmeat is being smuggled in personal luggage each week through one of Europe's busiest airports, France's Roissy-Charles de Gaulle Airport.
- IoZ produced many publications in 2010 that helped to define progress towards the 2010 biodiversity targets from the Convention on Biological Diversity.
- ZSL scientists also contributed much of the science behind the Living Planet Index (in collaboration with WWF), which is a measure of the state of the world's biological diversity based on population trends of vertebrate species from around the world, and the IUCN Red List Indices (a measure of the changing state of global biodiversity, using the IUCN Categories and Criteria as a measure of extinction risk).
- Andrew Cunningham received a prestigious Royal Society Wolfson Research Merit Award.
- Sam Turvey received a University Research Fellowship Award from the Royal Society to study quaternary mammal extinctions.
- Nathalie Pettorelli won a L'Oreal Women in Science Fellowship.

- **Wildlife health and disease**

ZSL continued its involvement in native species recovery programmes with significant contributions on health checks and surveillance on pre- and post-released animals.

- **Biodiversity targets**

- The Indicators and Assessments Unit (IAU) published reports on the failure of nations to meet the Convention on Biological Diversity 2010 target.
- ZSL published *Evolution Lost: Status and trends of the world's vertebrates*. It was the first status assessment of all vertebrate species and demonstrated that around one-fifth of the world's vertebrates are threatened with extinction and mammals, birds, reptiles, amphibians and fish have declined by at least 30% in the past 40 years. *Evolution Lost* was accompanied by a parallel publication in *Science*.

4. We will continue our commitment to field conservation initiatives, strengthening activities in 10 core conservation hubs throughout Europe, Africa and Asia.

- Our commitment to field conservation initiatives has intensified and by the end of 2010 we now have 12 core conservation hubs, including our UK base. The ZSL hub field conservation sites have been defined, incorporated into the ZSL conservation five-year strategy and made available on our website and in the 2010 ZSL Conservation Review. Highlights for each hub are as follows:
 - **UK:** ZSL celebrated the 20-year anniversary of the groundbreaking Cetacean Strandings Investigation Programme (CSIP). The CSIP coordinates the investigation of all whales, dolphins and porpoises, marine turtles and basking sharks that strand around the UK coastline. The collaborative programme has been running since 1990 and is funded by Defra and the Devolved Administrations.
 - ZSL has propelled itself to the forefront of European eel conservation during 2010. The results of our conservation monitoring received national media attention with the BBC, ITV and various tabloid newspapers broadcasting the plight of the eel.
 - Some 60 corncrakes went to the Nene Washes for release and a record number of calling corncrakes were recorded, with many being birds released in previous years.
 - **Democratic Republic of the Congo (DRC):** ZSL, together with the conservation authority ICCN (Institut Congolais pour la Conservation de la Nature), started leading a three-year collaborative multi-partner project to carry out an assessment of the conservation status of the okapi across its range (in central/north-eastern DRC), funded primarily by the UK's Darwin Initiative, working with a number of key partners.
 - **Tanzania:** The ZSL-supported Serengeti Cheetah Project entered its 36th year, making it the longest ongoing study of cheetahs in the wild.
 - **Saudi Arabia:** To support the conservation and restoration science conducted at the King Khalid Wildlife Research Centre (KWRC), ZSL introduced the use of molecular genetics to enhance stock management and breeding programmes.

- **Nepal:** ZSL provided continued support for anti-poaching initiatives in Bardia and Chitwan National Parks. The monitoring programme is a very effective tool in inhibiting rhino poaching in Bardia and no rhinos have been poached in Bardia since 2008. The Dang region has been declared the first diclofenac-free area by the Nepali government.
- **India:** The Darwin Initiative-funded Integrated River Dolphin Conservation for Sustainable Ecosystem Services in the Brahmaputra was launched in Assam, India.
- **India and Nepal:** The South Asia Vulture Recovery Programme is progressing very well.
- **Philippines:** Katunggan It Ibajay Mangrove Eco-Park was launched in Ibajay, Aklan on 19 January 2010 – this is a community-run livelihood project developed by ZSL. Also launched was the Minantaw Marine Protected Area (MPA). This is the biggest MPA facilitated by Project Seahorse in the region and the first that includes multi-use zones.
- The Community-based Mangrove Rehabilitation Project (CMRP) team has made great progress during 2010, with more than 35,000 seedlings planted in the six green belt sites and more than 6,000 planted in abandoned fish ponds.

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.

- EDGE Fellows were supported this year to research and conserve EDGE mammals and amphibians across the planet.
- Successful conservation strategy workshops were held for Bactrian camel, Chinese giant salamander, pygmy hippo and slender loris. Conservation strategies for each species are currently being drafted.
- Scoping visits were undertaken to New Guinea and the Seychelles to plan new projects for EDGE species (long-beaked echidna, Bulmer's fruit bat and Telefomin cuscus in New Guinea and Seychelles frogs, caecilians, sheath-tailed bat and black parrot in the Seychelles).
- An updated EDGE mammals list launched in November. Forty-nine new species entered the top 100, including the saola, Rondo dwarf galago and pygmy three-toed sloth. EDGE's flagship animal, the long-beaked echidna (LBE), is ranked first on the new list. Conservation projects are in development for all three recognised LBE species.
- ZSL-supported EDGE Fellows rediscovered the Horton Plains slender loris, a subspecies of loris once thought extinct, and also discovered the Boni Forest elephant shrew, a potentially new species of elephant shrew.
- **Freshwater fish**
 - The Aquarium Team successfully achieved the first spawning of the Critically Endangered Turkish killifish, *Aphanius transgrediens*. The team also experienced good spawning/hatching occurring in several other Extinct in the Wild (EW)/Critically Endangered (CR)/Endangered (EN) Fish Net species, including Potosi pupfish (EW), Charco pupfish (EW), polka-dot splitfin (CR), rainbow characodon (EN) and chequered pupfish (EN).
 - A new Fish Net project has been initiated in Ankara, Turkey and the Anatolian lake region. The field trip visited seven sites known to contain threatened species or populations of Turkish killifish species.
 - The Fish Net outreach programme was launched. ZSL has been developing the care-sheets and session outlines for the outreach programme. Two schools were chosen for the four-week pilot – one primary and one secondary school.
- **Amphibian decline**
 - ZSL will be hosting the Director of the Amphibian Survival Alliance and continues to support a broad range of EDGE amphibian projects, conservation breeding projects and chytrid research.
- **Coral reef**
 - The two-day EDGE coral reefs workshop resulted in a final list of 10 focal EDGE coral species and increased support for the EDGE corals programme from international experts in coral taxonomy, ecology and conservation.
 - ZSL and the Global Legislators Organisation for a Balanced Environment (GLOBE International) developed the Action Plan for Coral Reefs to make national policy makers aware of the threats facing coral reefs, the services they provide and actions that can be taken to increase coral reef resilience in the face of climate change and ocean acidification. The Action Plan and Part II (Coral Reef Resilience) of GLOBE's Marine Ecosystems Recovery Strategy were endorsed by legislators at the GLOBE Coral Reef Crisis meeting in Nagoya at the Convention on Biological Diversity (CBD) COP 10.
 - Our deep-sea coral research also led to the discovery of a number of new species.

- **Great apes**

- ZSL joined the European Association of Zoos and Aquaria (EAZA) Great Ape Campaign, which will run throughout 2011 and aims to make a significant and lasting contribution to the survival of apes and their habitats.
- ZSL's Wildlife Wood Project ran two regional workshops on wildlife management in timber production forests in Yaoundé, Cameroon, and Accra, Ghana.

- **Large Asian mammals**

- Last winter, the tiger team in Lazovsky State Nature Reserve estimated the fewest number of tigers on the reserve (six) in the past 10 years. But this autumn and winter it announced that, in addition, there was one new male and one new female in an area where there were no tigers previously.
- ZSL and partners created M-STRIPES, a patrol-based monitoring system, and it is currently being implemented in India by the National Tiger Conservation Authority, Wildlife Institute of India and ZSL.

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

- ZSL acted as the scientific advisory body to GLOBE International.
- At the CBD, ZSL played a key part in the two-day 'Parliamentarians and Biodiversity' forum, which was co-hosted by GLOBE International, the Japanese Ministry of the Environment and the Secretariat of the CBD.
- ZSL played a key supporting role in the creation of the Chagos MPA. The decision followed months of campaigning and more than 250,000 people signed the Chagos petition and supported the MPA's establishment, with ZSL submitting a consultation paper in favour of Option 1 (a full no-take MPA). This decision was subsequently supported by the new coalition government. ZSL played a lead role in the communications supporting the campaign and submitted a technical paper to justify closure of the tuna fishery.
- ZSL co-hosted a side event entitled 'Oceans and Climate: Action plan for survival' with the International Coastal and Ocean Organisation at the UN Climate Change Convention in Cancun, Mexico.

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 Europe species – will be opened at Whipsnade.

- The ZSL Marketing and Communications team delivered a high-profile campaign for each Zoo to launch the two new exhibits at Easter. At London, this included advertising across a variety of media, such as underground, radio, press and online and, at Whipsnade, a campaign that included advertising and direct mail. The number of Zoo visitors going to the relaunched *Rainforest Life* exhibit increased significantly in 2010 and the exhibit scored the highest for visitor enjoyment (8.9 out of 10) in summer 2010.
- The *Rainforest Life* press launch generated full pages in national newspapers and was included in the ITV documentary *The Zoo*, and the exhibit has welcomed around 60 individual journalists since. *Wild Wild Whipsnade* was featured heavily in the local Whipsnade press.
- The *Clore Rainforest Lookout* was reborn as *Rainforest Life* and *Night Life*, giving a diurnal and nocturnal insight into the same habitat. The immersive experience of the biome was enhanced as trees and branches came out onto public walkways, permitting even closer encounters. Information was made more easily readable from greater distances and printed onto natural materials like biodegradable jute and wood. Research showed that 57% of visitors went into *Rainforest Life* compared to just 9% in 2009.
- Breeding successes in the *Clore Rainforest Lookout* included emperor tamarins in the biome and cotton-top tamarins. With the low numbers of slender loris in the global conservation breeding programme the success of our breeding in the Night zone is of significant importance.
- **Wild Wild Whipsnade**
 - Following construction through the challenging weather of winter 2009/2010, the *Wild Wild Whipsnade* exhibit opened at Easter. The new residents included pairs of wolverine, lynx, moose and wild boar to complement the existing brown bear and wolf exhibits.
 - Live Interpretation from the Explainers complemented the *Wild Wild Whipsnade* theming and was very well received. These new talks featured in staff and member previews and a promotion for Heart radio station.
- **Asian lions at ZSL London Zoo**
 - The tired concrete surrounding *Big Cats* was given an interpretative upgrade. Striking, Asian-themed murals have invigorated the area along with a new graphic exhibition. Using a new story-telling style, 'Built to Kill' explores the theme of big cats as predators. Iconic images of lions and tigers as hunters dominate the graphics, accompanied by arresting captions. A separate set of graphics examines the conservation issues affecting tigers and efforts by ZSL to mitigate these issues.

8. Evaluation of the effectiveness of the Zoo's learning programmes will be the main priority for Discovery and Learning for 2010.

- Much of the work of the Formal Learning Team contributes to the sharing of best practice and furthering understanding of how to connect pupils to wildlife and engage them with conservation issues.
- Designed into the project are major sections of data gathering, the largest of which was undertaken during the summer term of 2009; a pupil survey, which collated 3,018 paired pre- and post-visit questionnaires. This now forms the largest investigation of its kind ever conducted worldwide and reports and press releases followed the consolidation of all this data, which occurred during spring 2010. The first peer-reviewed paper by the external evaluator, Dr Eric Jensen, was published in the journal *Psychology and Society*, July 2010.
- Reports were written by Dr Jensen together with the Formal Learning Manager, Sophie Stephenson, and presentations were given at both the British and Irish Association of Zoos and Aquariums (BIAZA) and EAZA conferences and to the 20th International Zoo Educators (IZE) conference in Florida in October.
- This study was conducted using a mixed methods survey, which included a key visual component designed to track changes in children's representations of animals over the course of a school visit to the Zoo. Specifically, the study investigated the development of new ideas about animals, habitats and the Zoo amongst a sample of pupils attending ZSL London Zoo. Results indicate the potential of educational presentations based around Zoo visits, for enabling conceptual transformations relating to environmental science. At the same time, the research highlights the vital role of existing cultural representations of different animals and habitats, which are confronted by the new ideas introduced during educational visits to the Zoo.

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.

- A fundraising campaign was launched on 21 February 2011 in support of tiger conservation for a state-of-the-art facility at London Zoo and our conservation work in Indonesia. We will be appealing to our visitors, supporters, donors, Patrons, Fellows and the corporate community to support our campaign. Current plans are for this exhibit to open at Easter 2013 if approved by Council.
- The Tiger SOS campaign is our first direct appeal to the public for support of our work. It aims to raise awareness of our charitable status and our reliance on the generosity of the public and our supporters to carry out our world-leading conservation work.
- Using all our significant reach and marketing channels, the campaign will make a clear call to action to donate in support of Tiger SOS.
- It is our hope that donations will be solicited as a result of PR activity driving people to a dedicated website to donate online, response to direct mail appeals by supporters or through text-to-donate appeals to visitors at ZSL London Zoo.
- Plans have been made to use images of wild tigers and their habitat from our field projects in the campaign to help raise awareness and generate funds and this objective will be carried forward during 2011.
- The campaign will be supported by dedicated fundraising material, website and PR activity.

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.

- We have developed a new customer care training initiative, which is already showing improvements in our customer satisfaction ratings.
- 2010 saw the launch and implementation of the ZSL Customer Relationship Management (CRM) strategy. This involves regular, up-to-date and relevant communication being sent to visitors, members and Fellows, mainly by email, in order to engage and build relationships with these audiences. We have built a new customer and supporter database and this will provide the platform from which we can develop stronger relationships with our key audiences.
- A structured communications plan is now in place to manage customer relationships better. One example is helpful information sent to visitors who purchase tickets online before their visit to help people with their travel plans and build excitement before their visit.
- Visitors to our Zoos are encouraged to provide feedback on their experience. This information is used to provide better customer care and develop our visitor services. Regular surveys with our supporters have helped us develop products and services that they want. For example, a promotion encouraging members to bring a friend was taken up by more than 1,000 people.

- By improving the online customer experience, more than 8,500 members joined online – a tenfold increase on 2009 – and, by taking the time to contact our past supporters, we welcomed more than 2,000 past members back to ZSL.
- ZSL's Fellowship increased to its highest level in seven years, thanks to the successful development of our relationship with existing supporters and by attracting new supporters through recruitment activity, including events and email campaigns at universities across the UK.
- A new iPhone app was launched for ZSL London Zoo improving the visitor experience, helping iPhone owners to navigate around the site and access additional content. Users are able to review their experience and are encouraged to become members or animal adopters.

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.

- 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.
- We have been successful in recruiting and retaining high-quality staff at all levels.
- 2010 was another successful year as far as staff training is concerned, with some 450 permanent staff and 100 seasonal staff receiving some form of training. Key activities included:
 - Management training continued with the Level 3 Chartered Management Institute (accredited) Introductory Certificate in Management being run for a further group. The previous group of 15 achieved a 100% success rate (the national average is 60%)
 - ISO14001: Sustainability and Waste Management is included in our induction sessions for both seasonal and permanent staff. Key staff visited waste recovery plants as part of their development. The recent (2011) audit for ISO14001 showed that we are meeting the training requirement
 - Customer Care: We have started a programme accredited by the National Skills Academy for Hospitality. The Training and Development Officer is now accredited to deliver sessions and activity will continue in 2011
 - Diversity: A series of Diversity Workshops for managers and staff commenced and will continue in 2011. It has been extremely well received
 - Our training during the year has included health and safety, management training (CMI accredited), the introduction of a customer care training initiative and the start of a series of diversity workshops.
- **Volunteers**
 - Volunteers are incredibly important to ZSL. They often act as our front line, helping visitors, imparting conservation information and ensuring they have a wonderful and informative day at our Zoos.
 - The ZSL Volunteer Scheme has 450 volunteers in nine roles, giving around 90,000 hours of service, which would equate to approximately £720,000 in gross salary terms.
 - Overall, the Volunteer programme welcomed 133 new recruits.
 - At Whipsnade, there were 32 new volunteers: 15 Learning Volunteers, one Admin Volunteer, 12 Keeper Volunteers and four Membership Volunteers. The Volunteers' hard work was rewarded with a mention in the Association of Leading Visitor Attractions (ALVA) mystery shopper report complimenting named individuals for their helpfulness and approachability.
 - At London, 83 Learning Volunteers were recruited, 16 Keeper Volunteers and three Outreach. Volunteers provided valuable assistance at the four Zoo Lates evenings and for the Christmas Journeys. They also helped inform and manage visitor behaviour during the busy period in *Gorilla Kingdom* following the gorilla birth.
 - ZSL offered numerous internships in science and conservation to build capacity and expertise in aspiring professionals, both in our London offices and in the field.

Plans and Objectives for 2011 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 in these difficult economic circumstances.
2. We will continue our commitment to performing high-quality scientific research to help understand how the natural world works, and to provide a rigorous scientific underpinning for conservation policy and practice.
3. Our scientific priorities for the coming year continue to include wildlife health and disease and our core contributions to biodiversity indicators, which will be particularly important in defining progress towards the 2020 biodiversity targets from the CBD meeting in Nagoya. It will also be a priority to plan our science strategy for the coming five years, as a consequence of changes following the outcome of the HEFCE review of funding to the IoZ.

4. We will continue our commitment to field conservation initiatives, strengthening activities in 12 core conservation hubs throughout Europe, Africa and Asia.
5. The conservation focus of the Society will be on defining the status and trends of the world's species and ecosystems ensuring the protection of priority EDGE species, expanding the global MPA system, and addressing five crisis issues including reversing the global decline of amphibians, coral reefs, great apes, freshwater fish and large Asian mammals.
6. The Society will increase its efforts to address the growing threat of climate change by conducting robust science on the topic as it relates to biodiversity, implementing initiatives to reduce deforestation and making our own operations more sustainable.
7. We will assist in coordinating the conservation community to ensure that policy makers have access to the best information on species and ecosystems.
8. Priorities for development at the Zoos will be the launch of *Penguin Beach*, the extended shop and new exit to Regent's Park at London Zoo and a focus on 'The Big Ticket' at ZSL Whipsnade Zoo. We are strengthening the Events Team to benefit both Zoos and Zoo Lates will grow at London. We will also focus on further animal welfare-related projects, completion of Zoo Licence conditions and addressing infrastructure and backlog maintenance issues at both sites.
9. Assessment and implementation of a restructured education service will be designed to convert as many as possible of the free school visits to paid-for visits following on from the loss of GLA funding. Evaluation of the effectiveness of the Zoo's learning programmes will remain a priority for Discovery and Learning.
10. We will help to raise the profile of the need for tiger conservation through a fundraising campaign to both support tiger conservation and research in the field, and to develop a state-of-the-art Sumatran tiger facility at London Zoo, with a planned opening in 2013.
11. We will improve the visitor experience through better customer care and further development and use of the new customer relationship database and Customer Contact Centre for a single point of contact for customers and supporters of ZSL.
12. These achievements will only be possible with the continued hard work and dedication of staff and volunteers. To support this, next year we will continue to develop customer service and management training.

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, principally catering and shops, are carried out through its wholly owned subsidiary companies Zoo Operations Limited, Zoo Enterprises Limited and Whipsnade Wild Animal Park Limited. In addition, the Society controls other wholly owned subsidiaries: Zoo Restaurants Limited, which is dormant, and three subsidiaries – ZSL (Web of Life) Limited, Biota and the Zoological Society of London Development Trust, all of which are in the process of being wound up as they are no longer required.

Organisation Council

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

The 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 of 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 circulated with invitations to nominate Trustees, and advised of the retiring Trustees and specialist skills that the Council consider would be helpful to the Society. The election is by postal ballot of the complete Fellowship.

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

Committees

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

- **Finance and General Purposes Committee**

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

Membership – Paul Rutteman (Chair), Professor Paul Harvey (to 25 January 2011), Professor 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 IoZ and in the work of Conservation Programmes.

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

- **Awards Committee**

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

Membership – Professor Stuart West (Chair), Professor Paul Harvey (to 25 January 2011), Professor Georgina Mace, Professor Tim Blackburn, Professor Ian Boyd+, Dr Tracey Chapman, Professor Jeremy Thomas+, Professor Jonathan Baillie, Alastair Land, Professor Matt Keeling, Professor Andrew Bamford, Professor Laurence Hurst, Professor Neil Metcalfé, Dr Stuart Butchart, Professor Andrew Hildrew*, Professor Josephine Pemberton*.*

- **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 of Zoology'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 (Chairman), Professor Malcolm Burrows, Dr Andrea Manica, Professor Bill Sutherland, Professor Paul Harvey (to 25 January 2011), Ralph Armond, 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 – Ken Sims (Chair), Sheila Anderson, Dr Andrew Kitchener, Professor David Houston, Mark Challis, Dr Kristin Leus, Ray Heaton, Andy Simpson, Dr Brian Bertram, James Breheny (corresponding member), Martin Rowson*.*

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 2010 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 (resigned 25 January 2011)

Treasurer

Paul Rutteman CBE, BSc(Econ), FCA

Vice Presidents

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

Ken Sims

Trustees

J Boyce DM, MA, MSc, FRCP, FFPH

Martin Rowson MA

Sheila Anderson BSc (Hons), FBAASc*

Brian Bertram MA, MBA, PhD, FIBiol*

David Dixon PhD, FIBiol+

Martin Cooke MSc, MA, VetMB, MRCVS, Cert VPH(MH)

John Edwards MA, FLS*

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

Andrew Kitchener BSc (Hons), PhD

Alastair Land MA, FLS (resigned 14 September 2010)

Sir William McAlpine BT

Azra Meadows OBE, MSc, PhD, CBiol, MIBiol, FLS

Elizabeth Passey MA, FRGS (from 23 February 2010)

Robert Wingate MSc+

Mark Ridgway BSc, PGCE, FLS (from 2 November 2010)

+ to 15 June 2010, * from 15 June 2010

Registered Charity in England and Wales No. 208728

Directors

Director General

Ralph Armond MA

Finance Director

Mike Russell FCMA

Human Resources Director

Ian Meyrick BA FCIPD

Zoological Director

David Field BSc MBA

Conservation Programmes Director

Professor Jonathan Baillie PhD

Director of the Institute of Zoology

Professor Tim Blackburn DPhil

Marketing & Communications Director

Rich Storton MA

Development Director

Jackie Tanner BSc

Biota

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

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

SQL was subsequently wound up, leaving the net £237K due to Biota unpaid. This, however, had been fully provided in 2008 by ZSL. ZSL is in the process of winding up Biota. There were no significant costs incurred by the Society in respect of this project in 2010.

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

Financial Results

ZSL recorded a 2010 consolidated surplus on operations of £0.9m (2009: £0.4m) and a total surplus, before actuarial loss on Pension Fund, of £1.2m (2009: £0.9m) after a £0.3m (2009: £0.4m) gain on investments. The actuarial loss on the Pension Fund was £0.2m (2009: £0.2m). This leaves a Net Movement in Funds as a surplus of £1m (2009: £0.7m).

Incoming resources increased by £0.3m in the year, which included slightly higher levels of Animal collections, Trading, conservation programmes and interest and investment income, however, Voluntary Income was £0.2m lower than 2009.

ZSL remains dependent on its two Zoos for the bulk of its income. In 2010, ZSL London Zoo visitor numbers were 1,011,257, a decrease of 47,913 (4.5%) on 2009. ZSL Whipsnade Zoo visitor numbers were 428,684, a decrease of 46,352 (9.8%) on 2009. The total number of visitors to the two Zoos in 2010 was 1,439,941 (2009: 1,534,206).

Incoming resources included Gift Aid recoveries on day membership, which amounted to £1.5m (2009: £2m) and in total on all sources of income £1.9m (2009: £2.6m).

The Institute of Zoology, within Science and Research incoming resources, and conservation programmes maintained their revenues with new grants received in 2010, 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.

The £0.2m reduction in ZSL costs compared to 2009 included lower levels of costs incurred on the Animal collections whilst there were higher levels in respect of Science and Research and conservation programmes activities.

The total capital spend of £2m (2009: £3.8m) included completion of the *Rainforest Life* and *Night Life* experiences, in the *Clare Rainforest Lookout*, and the improvements to the *Lions* exhibit at London Zoo, and completion of *Wild Wild Whipsnade* at Whipsnade Zoo.

Capital expenditure commenced late in the year on Project Barclay, which is the collective name for our 2011 project combining *Penguin Beach*, our main animal exhibit for 2011 located at London Zoo, and extending the main gift shop together with a new exit into Regent's Park for visitors to London Zoo.

We continue to invest in our infrastructure to improve visitor experience, the Society's compliance with the Disability Discrimination legislation and its sustainability profile.

The ZSL pension scheme remains fully funded and, in fact, it had a small (£0.3m) surplus on an FRS 17 basis at the end of 2010 (2009: £nil). The funding levels 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 2009, despite the continuing difficult economic conditions. Turnover at £9.9m was much as in 2009, but cost reductions helped total Net Profits rise to £1.9m (2009: £1.7m). Generally, Retail was a little disappointing on both sites, but was offset by Catering results due to much improvement in London due, in part, to a much better Conference and Banqueting performance.

Donated Facilities

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. The Trustees do not believe it is possible to reasonably quantify and measure the benefit conferred to the Society under this rent-free arrangement and, as such, have not included the value of this donated facility in the Statement of Financial Activities.

Heritage Assets

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

Funds

ZSL's funds as at 31 December 2010 amounted to £47.5m (2009: £46.5m), which included a £0.3m defined benefit pension scheme asset (2009: £nil). These were represented by buildings and other tangible fixed assets of £35.1m (2009: £36.2m) with the balance being represented by cash, investments, stocks and debtors, a defined pension scheme asset less creditors (2009: no pension scheme asset or liability).

Reserves Policy

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

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

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

The Trustees have considered the level of free reserves (that is those funds not tied up in tangible fixed assets and other designated funds, pension scheme assets and restricted funds), which amounted to £5.5m at 31 December 2010 (2009: £3.7m). The level of free reserves at 31 December 2010 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 three months. This target was agreed to be reduced from the previous six months' target by the Trustees during the year following a review of the risks and incidence of Zoo closures in recent years. Depending on the season, this would require free reserves of around £3.5m.

Investment Policies

ZSL holds most of its available cash and bank assets in the form of bank deposits which, at 31 December 2010, totalled £9m (2009: £8.6m). In addition, ZSL holds listed investments of £3.9m (2009: £3.6m) and during the year the majority of the investment portfolio was sold and reinvested in the Newton Investment Management 'Socially Responsible Investment (SRI) Fund for Charities'. This SRI Fund for Charities contains a mixture of funds with the intention of providing a balance of income from dividends and capital appreciation.

The Scientific and Reserve Funds portfolios began the year with different performance benchmarks, reflecting different underlying portfolio approaches. The Society consented, with effect from 1 April 2010, to a common approach to the management of both portfolios and to the adoption of a common benchmark for the two. Over 2010, the Scientific Fund returned to 11.1% against its (blended) benchmark return of 11.4%. The Reserve Fund returned 13.2% against its (blended) benchmark return of 13.8%. These benchmarks were until 31 March 2010 for the Scientific Fund, 20% FTSE Government All Stock, 40% FTSE 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. As from 1 April 2010, the benchmark changed for both funds to a composite made up of 20% FTSE Government All Stocks Index, 50% All Share Index, 25% FTSE World (exc UK) and 5% 7-Day LIBID.

The net investment gains, mainly unrealised, amounted to £0.3m in 2010 (2009: £0.4m).

The Charter and Byelaws of ZSL give the Trustees the right to invest the funds of the Society in such investments, securities or property as may be thought fit. Investments are managed by Newton Investment Management Limited, who have been instructed not to directly make investments that are contrary to the Society's stated purpose and objectives. Specific areas of constraint in investment include companies involved in animal testing, marine harvesting, high environmental impact products and practices 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 where possible to other major risks. The procedures established by the Trustees allow for an ongoing assessment of risks and, in addition, a limited internal audit function has been put in place.

The Financial Statements and Trustees' Responsibilities

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and 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 Statement of Recommended Practice (SORP)
- Make judgements and estimates that are reasonable and prudent
- State whether applicable United Kingdom 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 were reappointed auditors for 2010. 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 3 Barn Meadow Lane Great Bookham Surrey KT23 3HJ		

Approved by Council on 19 April 2011
Signed on behalf of Council



Professor Sir Patrick Bateson
President

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

We have audited the financial statements of the Zoological Society of London for the year ended 31 December 2010 on pages 19 to 43. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Charity's Trustees as a body, in accordance with the Charities Act 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

As explained more fully in the Statement of Trustees' responsibilities set out on page 17, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion, the financial statements:

- Give a true and fair view of the state of the group's and Charity's affairs as at 31 December 2010 and of their incoming resources and application of resources for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Charities Act 1993.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 1993 requires us to report to you if, in our opinion:

- The information given in the Trustees' Report is not consistent with the financial statements
- The parent charity has not kept sufficient accounting records
- The parent charity financial statements are not in agreement with the accounting records and returns
- We have not received all the information and explanations we require for our audit.

Baker Tilly UK Audit LLP

BAKER TILLY UK AUDIT LLP
Statutory Auditor
Chartered Accountants
1st Floor, 46 Clarendon Road
Watford, Herts WD17 1JJ
26 April 2011

3. Consolidated Statement of Financial Activities

For the year ended 31 December 2010

	Notes	Unrestricted		Restricted		2010 Total £000	2009 Total £000
		General £000	Designated £000	Endowment £000	Other £000		
Incoming resources							
Incoming resources from generated funds:							
Voluntary income	3	1,196	–	–	797	1,993	2,152
Activities for generating funds:							
Subsidiaries' trading turnover	4	9,908	–	–	–	9,908	9,896
Other		–	–	–	2	2	10
Interest and investment income	5	237	–	–	57	294	217
Incoming resources from charitable activities:							
Animal collections	2	22,271	–	–	35	22,306	22,033
Science and research		634	–	–	4,205	4,839	4,857
Conservation programmes		47	–	–	1,699	1,746	1,632
Other incoming resources – Biota		–	–	–	–	–	1
Total incoming resources		<u>34,293</u>	<u>–</u>	<u>–</u>	<u>6,795</u>	<u>41,088</u>	<u>40,798</u>
Resources expended							
Cost of generating funds:							
Costs of generating voluntary income		588	–	–	–	588	579
Fundraising trading:							
Subsidiaries' cost of goods sold and other costs	4	8,009	–	–	–	8,009	8,162
Investment management costs		6	–	–	8	14	22
Charitable activities:							
Animal collections		22,184	–	–	218	22,402	23,139
Science and research		1,679	2	–	4,034	5,715	5,418
Conservation programmes		1,003	–	–	2,272	3,275	2,881
Governance costs		157	–	–	1	158	169
Other resources expended – Biota		2	–	–	–	2	–
Total resources expended	6a	<u>33,628</u>	<u>2</u>	<u>–</u>	<u>6,533</u>	<u>40,163</u>	<u>40,370</u>
Net incoming/(outgoing) resources before transfers							
		665	(2)	–	262	925	428
Transfers between funds	14	1,464	(1,133)	–	(331)	–	–
Net incoming/(outgoing) resources before other recognised gains/(losses)							
	7	2,129	(1,135)	–	(69)	925	428
Other recognised gains/(losses)							
Gain on investments	10	131	–	39	142	312	440
Actuarial loss on pension scheme	15	(200)	–	–	–	(200)	(200)
Net movement in funds		<u>2,060</u>	<u>(1,135)</u>	<u>39</u>	<u>73</u>	<u>1,037</u>	<u>668</u>
Reconciliation of funds							
Total funds balance brought forward		3,699	36,219	622	5,922	46,462	45,794
Total funds balance carried forward		<u>5,759</u>	<u>35,084</u>	<u>661</u>	<u>5,995</u>	<u>47,499</u>	<u>46,462</u>

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.

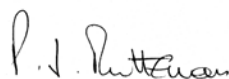
The notes on pages 22 to 43 form part of these financial statements.

4. Consolidated and Charity Balance Sheets

As at 31 December 2010

	Notes	Group		Charity	
		2010 £000	2009 £000	2010 £000	2009 £000
Fixed assets					
Tangible assets	9	35,066	36,199	35,066	36,199
Investments	10	3,879	3,581	5,540	5,242
		<u>38,945</u>	<u>39,780</u>	<u>40,606</u>	<u>41,441</u>
Current assets					
Stocks	11	647	498	125	123
Debtors	12	3,719	2,347	4,080	3,554
Cash at bank and in hand		9,397	9,201	7,973	6,855
		<u>13,763</u>	<u>12,046</u>	<u>12,178</u>	<u>10,532</u>
Creditors: amounts falling due within one year	13	(5,509)	(5,364)	(5,585)	(5,490)
		<u>8,254</u>	<u>6,682</u>	<u>6,593</u>	<u>5,042</u>
Net current assets					
		<u>47,199</u>	<u>46,462</u>	<u>47,199</u>	<u>46,483</u>
Net assets excluding pension scheme asset					
		<u>47,199</u>	<u>46,462</u>	<u>47,199</u>	<u>46,483</u>
Defined benefit pension scheme asset					
	15	300	–	300	–
Net assets					
		<u>47,499</u>	<u>46,462</u>	<u>47,499</u>	<u>46,483</u>
Funds					
Unrestricted – General		5,459	3,699	5,459	3,720
– Designated		35,084	36,219	35,084	36,219
Unrestricted funds excluding pension asset					
		<u>40,543</u>	<u>39,918</u>	<u>40,543</u>	<u>39,939</u>
Unrestricted – Pension reserve		300	–	300	–
Total unrestricted funds					
		<u>40,843</u>	<u>39,918</u>	<u>40,843</u>	<u>39,939</u>
Restricted – Endowments		661	622	661	622
– Other		5,995	5,922	5,995	5,922
Total funds					
	14	<u>47,499</u>	<u>46,462</u>	<u>47,499</u>	<u>46,483</u>

Approved and authorised for issue by Council on 19 April 2011



Paul Rutteman, FCA
Treasurer



Professor Sir Patrick Bateson
President

The notes on pages 22 to 43 form part of these financial statements.

5. Consolidated Cash Flow Statement

For the year ended 31 December 2010

	Notes	2010 £000	2009 £000
Net cash inflow from operating activities	18a	2,036	4,106
Returns on investments and servicing of finance			
Interest received on bank and cash balances		29	84
Investment income		131	147
Net cash inflow from returns on investments and servicing of finance		160	231
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(2,015)	(3,764)
Purchase of fixed asset investments		(3,407)	(849)
Sale of tangible fixed assets		1	13
Sale of fixed asset investments		3,421	570
Net cash outflow from capital expenditure and financial investment		(2,000)	(4,030)
Increase in cash		196	307
Reconciliation of net cash flow to movement in net cash resources			
		2010 £000	2009 £000
Change in net cash resources resulting from cash flows		196	307
Net cash resources at 1 January		9,201	8,894
Net cash resources at 31 December	18b	9,397	9,201

The notes on pages 22 to 43 form part of these financial statements.

6. Notes to the Financial Statements

For the year ended 31 December 2010

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 as modified by the Charities Act 2006 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.

Consolidated Statement of Financial Activities

The Consolidated Statement of Financial Activities represents the results of both the charitable and non-charitable activities of the Society. A separate Statement of Financial Activities for the charity alone is not produced as permitted by paragraph 397 of the SORP. The results for the activities carried out by the Society's subsidiaries are set out in note 4 in respect of catering and 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 project. 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, are held permanently by the Trustees, and comprise investments, the income from which may be used to support Society activities. These funds are as follows:

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

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

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

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

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

Notes to the Financial Statements

For the year ended 31 December 2010

1. Accounting policies (continued)

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.

Fund transfers

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

Incoming resources

In accordance with the SORP, all incoming resources, including Gift Aid on admissions, becoming receivable by the Society during the year, are recognised in the Consolidated Statement of Financial Activities, regardless of their source or of the purpose to which they are to be put or have been put. The one exception to this relates to membership income and similar income, which is deferred to the extent that it relates to a service to be provided in 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's entitlement is advised by the personal representative of an estate, there is adequate certainty that payment will be made or assets transferred and the amount involved can be quantified.

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

Resources expended

Expenditure is recognised when a liability is incurred.

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

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

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

VAT

Admissions income is treated as VAT exempt and accordingly, as a partially exempt body, ZSL may not recover all VAT paid, with the exception of VAT incurred in connection with the catering and 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.

Notes to the Financial Statements

For the year ended 31 December 2010

1. Accounting policies (continued)

Fixed assets and depreciation

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

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

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

Foreign currencies

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

Investments

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

Stocks

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

Animals

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

Heritage assets

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

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

During the year ended 31 December 2010, there were no acquisitions or disposals of heritage assets (2009: none).

Donated facilities

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. The Trustees do not believe it is possible to reasonably quantify and measure the benefit conferred to the Society under this rent-free arrangement and, as such, have not included the value of this donated facility in the Statement of Financial Activities.

Notes to the Financial Statements

For the year ended 31 December 2010

1. Accounting policies (continued)

Advertising costs

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

Pension costs

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

Defined Benefit Scheme

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

The interest element of the defined benefit cost represents the change in present value of scheme obligations relating 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 Consolidated Statement of Financial Activities as pension finance income or within resources expended as appropriate.

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

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

Defined Contribution Scheme

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

Leasing commitments

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

Notes to the Financial Statements

For the year ended 31 December 2010

2. Incoming resources from charitable activities

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

Incoming resources from charitable activities include grants of £5,551,000 (2009: £5,549,000), which comprise the following:

	2010 £000	2009 £000
Higher Education Funding Council for England (HEFCE)	2,194	2,151
Defra (Darwin Initiative)	935	727
Big Lottery Fund Grant	127	174
Other grants	2,295	2,497
	<u>5,551</u>	<u>5,549</u>

3. Voluntary income

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

4. Income from subsidiaries' trading activities

The Society wholly owns Zoo Operations Limited, which is the investment holding company for its wholly owned companies, Zoo Enterprises Limited and Whipsnade Wild Animal Park Limited. Merchandising and catering are undertaken by these subsidiary companies. The consolidated results of Zoo Operations Limited comprise those of Zoo Enterprises Limited and Whipsnade Wild Animal Park Limited only as its other wholly owned subsidiary, Zoo Restaurants Limited, remained dormant in the year. Taxable 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:

	ZEL £000	WWAPL £000	2010 Total £000	ZEL £000	WWAPL £000	2009 Total £000
Turnover:						
Catering	4,982	1,719	6,701	4,748	1,715	6,463
Shops	2,323	884	3,207	2,461	972	3,433
	<u>7,305</u>	<u>2,603</u>	<u>9,908</u>	<u>7,209</u>	<u>2,687</u>	<u>9,896</u>
Cost of goods sold	(3,121)	(827)	(3,948)	(3,117)	(854)	(3,971)
Catering and shops (net)	4,184	1,776	5,960	4,092	1,833	5,925
Other operating costs	(2,057)	(1,110)	(3,167)	(2,155)	(1,131)	(3,286)
Support and Overhead costs	(530)	(364)	(894)	(535)	(370)	(905)
Interest receivable	9	–	9	8	–	8
Group interest receivable/(payable)	(5)	5	–	(5)	5	–
Net profit for the year before donation	<u>1,601</u>	<u>307</u>	<u>1,908</u>	<u>1,405</u>	<u>337</u>	<u>1,742</u>
Gift Aid donation to the Society	(1,601)	(307)	(1,908)	(1,405)	(337)	(1,742)
Retained in subsidiary companies	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

Notes to the Financial Statements

For the year ended 31 December 2010

4. Income from subsidiaries' trading activities (continued)

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 £9,908,000 (2009: £9,896,000) is included in the Group Statement of Financial Activities within subsidiaries' trading turnover. Cost of goods sold, other operating, support and overhead costs of £8,009,000 (2009: £8,162,000) are included within fundraising trading. Interest receivable of £9,000 (2009: £8,000) is included within interest and investment income.

5. Interest and investment income

	2010 £000	2009 £000
Interest on bank and cash balances	76	63
Investment income		
Fixed interest (UK)	8	40
Other (UK)	104	105
Fixed interest (overseas)	6	9
Pension finance income	100	–
	<u>294</u>	<u>217</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 2010 £000</i>	<i>Total 2009 £000</i>
Charitable activities					
Animal collections	10,437	9,758	2,207	22,402	23,139
Science and research	2,725	2,307	683	5,715	5,418
Conservation programmes	1,220	1,672	383	3,275	2,881
	<u>14,382</u>	<u>13,737</u>	<u>3,273</u>	<u>31,392</u>	<u>31,438</u>
Costs of generating funds					
Costs of generating voluntary income	401	107	80	588	579
Investment management costs	–	14	–	14	22
	<u>401</u>	<u>121</u>	<u>80</u>	<u>602</u>	<u>601</u>
Subsidiaries' costs of goods sold and other costs	2,604	4,805	600	8,009	8,162
Governance costs	–	123	35	158	169
Other resources expended – Biota	–	2	–	2	–
Total resources expended for Group in 2010	<u>17,387</u>	<u>18,788</u>	<u>3,988</u>	<u>40,163</u>	
Total resources expended for Group in 2009	<u>17,615</u>	<u>18,876</u>	<u>3,879</u>		<u>40,370</u>

Notes to the Financial Statements

For the year ended 31 December 2010

6b. Analysis of support costs

	<i>2010</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>
Staff costs	1,698	1,683
Other costs	2,290	2,196
	<u>3,988</u>	<u>3,879</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

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

	<i>2010</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>
Auditor's remuneration		
– audit services – charged by Baker Tilly UK Audit LLP	77	75
– non-audit services – charged by Baker Tilly Tax and Accounting Limited	61	55
Depreciation of fixed assets	3,127	3,130
Loss/(Profit) on disposal of tangible fixed assets	20	(5)
Operating lease rentals in respect of – plant and equipment	150	142
– other	37	42
Trustees' expenses	<u>3</u>	<u>11</u>

Trustees' expenses consist mainly of the reimbursement of travel expenses. In the current year these Trustees' expenses relate to eight (2009: eight) Trustees who served as Council members during the year. None of the Trustees, nor any persons connected to the Trustees, received remuneration for their services.

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

There are no other reportable transactions with related parties.

The auditor's 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 2010

8. Staff costs

	<i>2010</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>
Salaries and wages	15,980	16,502
Social security costs	1,490	1,523
Pension cost – ZSL 1988 Pension Scheme	1,300	1,000
Pension cost – other schemes	315	273
	<u>19,085</u>	<u>19,298</u>

In addition, the cost of temporary staff in the year was £184,000 (2009: £183,000).

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

	<i>2010</i>	<i>2009</i>
	<i>No.</i>	<i>No.</i>
Animal collections	355	371
Science and research	64	64
Conservation programmes	43	36
Cost of generating funds – voluntary income	10	10
Cost of generating funds – voluntary trading	100	102
Support costs	53	56
	<u>625</u>	<u>639</u>

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

Band	<i>2010</i>	<i>2009</i>
	<i>No.</i>	<i>No.</i>
£ 60,001 – £ 70,000	5	5
£ 70,001 – £ 80,000	2	2
£ 80,001 – £ 90,000	2	2
£ 90,001 – £100,000	1	1
£150,001 – £160,000	1	1

Retirement benefits are accruing under defined benefit schemes for seven (2009: seven) and under defined benefit schemes and defined contribution schemes for four (2009: four) higher-paid employees. Contributions of £20,290 (2009: £20,290) in respect of defined contribution schemes were incurred for the four (2009: four) higher-paid employees.

Notes to the Financial Statements

For the year ended 31 December 2010

9. Tangible fixed assets

<i>Group and Charity</i>	<i>Freehold land and buildings £000</i>	<i>Buildings on leased land £000</i>	<i>Assets under construction £000</i>	<i>Plant and equipment £000</i>	<i>Motor vehicles £000</i>	<i>Total £000</i>
Cost:						
At 31 December 2009	16,873	40,843	244	7,342	675	65,977
Additions during the year	466	890	138	462	59	2,015
Transfer of Assets under Construction	–	244	(244)	–	–	–
Disposals	–	(98)	–	–	–	(98)
At 31 December 2010	<u>17,339</u>	<u>41,879</u>	<u>138</u>	<u>7,804</u>	<u>734</u>	<u>67,894</u>
Depreciation:						
At 31 December 2009	7,806	15,888	–	5,517	567	29,778
Provided during the year	881	1,677	–	503	66	3,127
Disposals	–	(77)	–	–	–	(77)
At 31 December 2010	<u>8,687</u>	<u>17,488</u>	<u>–</u>	<u>6,020</u>	<u>633</u>	<u>32,828</u>
Net book value:						
At 31 December 2010	<u>8,652</u>	<u>24,391</u>	<u>138</u>	<u>1,784</u>	<u>101</u>	<u>35,066</u>
At 31 December 2009	<u>9,067</u>	<u>24,955</u>	<u>244</u>	<u>1,825</u>	<u>108</u>	<u>36,199</u>

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 Whipnade 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 Whipnade.

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 2010

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>2009</i>	<i>at cost</i>	<i>disposals</i>	<i>Realised</i>	<i>Unrealised</i>	<i>2010</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)	818	79	(915)	(50)	70	2
– Fixed interest (Overseas)	105	–	(111)	10	(4)	–
– Other (UK)	2,658	3,328	(2,395)	496	(210)	3,877
	<u>3,581</u>	<u>3,407</u>	<u>(3,421)</u>	<u>456</u>	<u>(144)</u>	<u>3,879</u>
<i>Charity</i>						
Unlisted investments:						
at net asset value						
– Investment in ZSL (Web of Life) Limited	–	–	–	–	–	–
– Investment in Zoo Operations Limited	1,661	–	–	–	–	1,661
	<u>5,242</u>	<u>3,407</u>	<u>(3,421)</u>	<u>456</u>	<u>(144)</u>	<u>5,540</u>
Listed investments historical cost	<u>2,907</u>					<u>3,349</u>

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

Zoo Restaurants Limited has remained dormant and in 2010 it was resolved to dissolve this entity, which occurred subsequent to the year end on 8 March 2011. 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 2010 of £24,406 (2009: £24,406) and did not trade during the year and in 2010 it was resolved to dissolve this entity, which occurred subsequent to the year end on 8 March 2011.

Notes to the Financial Statements

For the year ended 31 December 2010

10. Investments (continued)

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 £nil (2009: £111,368) and paid grants of £141 in the year (£2009: £111,368) to the Zoological Society of London. In 2010, the Trustees of the Zoological Society of London resolved to dissolve the entity and administrative processes are in place to achieve this. Within the Consolidated Statement of Financial Activities, in respect of Biota, an amount of £nil (2009: £1,000) is shown as other incoming resources whilst an amount of £2,000 (2009: £nil) is shown as other resources expended. Biota has been involved with the proposed development of an aquarium being planned for Silvertown Quays in London Docklands. However, in 2009, the developers responsible for the total development of Silvertown Quays, of which Biota was a part, put the development on hold, and in 2010 they were wound up and in 2010, the Trustees of Biota have decided not to continue with the aquarium development and to dissolve Biota and administrative processes are in place to achieve this.

The financial position of the individual subsidiaries is as follows:

	<i>Assets</i>	<i>Liabilities</i>	<i>Funds</i>	<i>Assets</i>	<i>Liabilities</i>	<i>Funds</i>
	<i>2010</i>	<i>2010</i>	<i>2010</i>	<i>2009</i>	<i>2009</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Biota	45	(201)	(156)	59	(213)	(154)
Zoo Operations Limited	1,661	–	1,661	1,661	–	1,661
Zoo Enterprises Limited	1,876	(1,774)	102	2,554	(2,452)	102
Whipsnade Wild Animal Park Limited	558	(201)	357	654	(297)	357
ZSL (Web of Life) Limited	–	(24)	(24)	7	(31)	(24)
	<u>4,140</u>	<u>(2,200)</u>	<u>1,940</u>	<u>4,935</u>	<u>(2,993)</u>	<u>1,942</u>

The Assets, Liabilities and Funds for the Zoological Society of London Development Trust and Zoo Restaurants Limited at 31 December 2010 are not material and so not listed in the above table and there have not been any material changes to them since 31 December 2009.

Biota had net outgoing resources of £2,391 (2009: £4,083) and the Zoological Society of London Development Trust had net outgoing resources of £141 (2009: £nil) whilst the other subsidiaries achieved a £nil result (2009: £nil).

11. Stocks

	<i>Group</i>		<i>Charity</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Raw materials	124	121	124	122
Finished goods and goods for resale	523	377	1	1
	<u>647</u>	<u>498</u>	<u>125</u>	<u>123</u>

Notes to the Financial Statements

For the year ended 31 December 2010

12. Debtors

	<i>Group</i>		<i>Charity</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade debtors	1,014	726	620	377
Amounts owed by group companies	–	–	762	1,572
Taxation and social security	–	–	–	32
Other debtors	84	148	84	148
Accrued interest and investment income	72	39	72	38
Prepayments and accrued income	2,549	1,434	2,542	1,387
	<u>3,719</u>	<u>2,347</u>	<u>4,080</u>	<u>3,554</u>

13. Creditors: amounts falling due within one year

	<i>Group</i>		<i>Charity</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade creditors	1,556	1,566	910	964
Amounts owed to group companies	–	–	1,230	1,203
Taxation and social security	786	670	463	418
Accruals and deferred income	2,941	2,903	2,766	2,691
Other creditors	226	225	216	214
	<u>5,509</u>	<u>5,364</u>	<u>5,585</u>	<u>5,490</u>

Other creditors includes employers pension contributions, in respect of the two main pension schemes referred to in note 15, of £167,000 (2009: £183,000).

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

	<i>Group</i>		<i>Charity</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Deferred income at 1 January	2,017	1,536	2,017	1,536
Amounts released from previous years	(1,786)	(1,327)	(1,786)	(1,327)
Incoming resources deferred	2,044	1,808	2,044	1,808
	<u>2,275</u>	<u>2,017</u>	<u>2,275</u>	<u>2,017</u>

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

Notes to the Financial Statements

For the year ended 31 December 2010

14. Funds

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

(a) Movement of funds for the year – Group

	<i>Balance at 31 December 2009 £000</i>	<i>Incoming resources £000</i>	<i>Resources expended £000</i>	<i>Transfers £000</i>	<i>Other Gains & (losses) £000</i>	<i>Balance at 31 December 2010 £000</i>
<i>Unrestricted funds</i>						
General fund *	3,699	34,293	(33,628)	1,464	(69)	5,759
Designated funds:						
Student awards fund	20	–	(2)	–	–	18
Tangible fixed asset fund	36,199	–	–	(1,133)	–	35,066
	<u>36,219</u>	<u>–</u>	<u>(2)</u>	<u>(1,133)</u>	<u>–</u>	<u>35,084</u>
<i>Restricted funds</i>						
Endowment funds:						
De Arroyave fund	552	–	–	–	39	591
Fantham bequest	66	–	–	–	–	66
Davis fund	4	–	–	–	–	4
	<u>622</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>39</u>	<u>661</u>
Other funds:						
Scientific fund	1,892	56	(8)	(80)	142	2,002
Library support fund	100	–	–	–	–	100
HEFCE fund	(128)	2,194	(1,877)	–	–	189
Big Lottery Fund Grant	52	127	(141)	–	–	38
Other	4,006	4,418	(4,507)	(251)	–	3,666
	<u>5,922</u>	<u>6,795</u>	<u>(6,533)</u>	<u>(331)</u>	<u>142</u>	<u>5,995</u>
Total funds	<u><u>46,462</u></u>	<u><u>41,088</u></u>	<u><u>(40,163)</u></u>	<u><u>–</u></u>	<u><u>112</u></u>	<u><u>47,499</u></u>

Fund transfers of £1,133,000 have been made from the designated Tangible fixed asset fund to the General fund, which was set up separately to 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 £331,000 were made from restricted funds to unrestricted funds in accordance with restrictions upon which the Society may use such restricted funds.

* Incorporating the unrestricted pension reserve at 31 December 2010, being £300,000 (2009: £nil).

Notes to the Financial Statements

For the year ended 31 December 2010

14. Funds (continued)

(b) Movement of funds for the year – Charity

	<i>Balance at 31 December 2009 £000</i>	<i>Incoming resources £000</i>	<i>Resources expended £000</i>	<i>Transfers £000</i>	<i>Other Gains & (losses) £000</i>	<i>Balance at 31 December 2010 £000</i>
<i>Unrestricted funds</i>						
General fund *	3,720	26,284	(25,640)	1,464	(69)	5,759
Designated funds:						
Student awards fund	20	–	(2)	–	–	18
Tangible fixed asset fund	36,199	–	–	(1,133)	–	35,066
	<u>36,219</u>	<u>–</u>	<u>(2)</u>	<u>(1,133)</u>	<u>–</u>	<u>35,084</u>
<i>Restricted funds</i>						
Endowment funds:						
De Arroyave fund	552	–	–	–	39	591
Fantham bequest	66	–	–	–	–	66
Davis fund	4	–	–	–	–	4
	<u>622</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>39</u>	<u>661</u>
Other funds:						
Scientific fund	1,892	56	(8)	(80)	142	2,002
Library support fund	100	–	–	–	–	100
HEFCE fund	(128)	2,194	(1,877)	–	–	189
Big Lottery Fund Grant	52	127	(141)	–	–	38
Other	4,006	4,418	(4,507)	(251)	–	3,666
	<u>5,922</u>	<u>6,795</u>	<u>(6,533)</u>	<u>(331)</u>	<u>142</u>	<u>5,995</u>
Total funds	<u><u>46,483</u></u>	<u><u>33,079</u></u>	<u><u>(32,175)</u></u>	<u><u>–</u></u>	<u><u>112</u></u>	<u><u>47,499</u></u>

Incoming resources of the charity amounted to £33,079,000 (2009: £32,635,000) and its net movement in funds amounted to a £1,016,000 increase (2009: £657,000 increase).

Fund transfers of £1,133,000 have been made from the designated Tangible fixed asset fund to the General fund, which was set up separately to 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 £331,000 were made from restricted funds to unrestricted funds in accordance with restrictions upon which the Society may use such restricted funds.

* Incorporating the unrestricted pension reserve at 31 December 2010, being £300,000 (2009: £nil).

Notes to the Financial Statements

For the year ended 31 December 2010

14. Funds (continued)

(c) Analysis of Group net assets between funds:

	<i>Tangible</i> <i>Assets</i> <i>£000</i>	<i>Investments</i> <i>£000</i>	<i>Other</i> <i>net assets</i> <i>£000</i>	<i>Total</i> <i>£000</i>
Unrestricted funds	35,066	1,360	4,417	40,843
Restricted funds				
– Endowment funds	–	613	48	661
– Big Lottery Fund Grant	–	–	38	38
– Other funds	–	1,906	4,051	5,957
	<hr/>	<hr/>	<hr/>	<hr/>
Total group net assets	35,066	3,879	8,554	47,499
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

15. 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 2010 in respect of pension contributions was £1,615,000 (31 December 2009: £1,273,000) 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 2010

15. 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 2010 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</i> <i>31 December</i> <i>2010</i> <i>£000</i>	<i>At year-end</i> <i>31 December</i> <i>2009</i> <i>£000</i>
Change in benefit value of obligation		
Benefit obligation at beginning of year	23,300	19,900
Current service cost	1,300	1,000
Interest cost	1,300	1,100
Actuarial losses	1,600	2,100
Benefits paid	(800)	(800)
	<hr/>	<hr/>
Benefit obligation at end of year	26,700	23,300
Analysis of defined benefit obligation		
Plans that are wholly or partly funded	26,700	23,300
Change in plan assets		
Fair value of plan assets at the beginning of the year	23,300	19,500
Expected return on plan assets	1,400	1,000
Actuarial gains	1,400	1,900
Employer contribution	1,700	1,700
Benefits paid	(800)	(800)
	<hr/>	<hr/>
Fair value of plan assets at end of year	27,000	23,300
Funded status	300	-
	<hr/>	<hr/>
Net amount recognised	300	-
	<hr/> <hr/>	<hr/> <hr/>
	<i>At year-end</i> <i>31 December</i> <i>2010</i> <i>£000</i>	<i>At year-end</i> <i>31 December</i> <i>2009</i> <i>£000</i>
Components of pension cost		
Current service cost	1,300	1,000
Interest cost	1,300	1,100
Expected return on pension scheme assets	(1,400)	(1,000)
Actuarial losses immediately recognised	200	200
	<hr/>	<hr/>
Total pension cost recognised in Group Statement of Financial Activities	1,400	1,300
	<hr/> <hr/>	<hr/> <hr/>
Cumulative amount of actuarial losses immediately recognised at the beginning of the year	2,700	2,500
Actuarial losses immediately recognised during year	200	200
	<hr/>	<hr/>
Cumulative amount of actuarial losses immediately recognised at end of the year	2,900	2,700
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements

For the year ended 31 December 2010

15. Pension schemes (continued)

	<i>At year-end</i> 31 December 2010 £000	<i>At year-end</i> 31 December 2009 £000
<i>Analysis of actuarial losses recognised in Statement of Financial Activities</i>		
Actual return less expected return on assets	(1,400)	(1,900)
Changes in assumptions excluding change in future revaluation assumptions	1,900	2,100
Change in future revaluation to Consumer Prices Index	(300)	–
Actuarial loss recognised in Group Statement of Financial Activities	200	200
<i>Movements in surplus during the year</i>		
Surplus in scheme at beginning of year	–	(400)
Current service cost	(1,300)	(1,000)
Contributions	1,700	1,700
Net return on assets/(interest cost)	100	(100)
Actuarial loss	(200)	(200)
Surplus in scheme at the end of year	300	–

Plan assets

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

	<i>Plan assets at</i> 31 December 2010 %	<i>Plan assets at</i> 31 December 2009 %
Asset category		
Equities	69	68
Bonds	27	28
Property	2	2
Cash	2	2
	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 the other asset classes in which the portfolio is invested, the expectations for future returns on each asset class and the expected expenses of the scheme. The expected return for each asset class was then weighted based on the actual asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio. This resulted in the selection of the 5.9% p.a. assumption at 31 December 2010.

Notes to the Financial Statements

For the year ended 31 December 2010

15. Pension schemes (continued)

	31 December 2010	31 December 2009
	£000	£000
Actual return on plan assets	2,800	2,900

Weighted average assumptions used to determine benefit obligations at:

	31 December 2010	31 December 2009	31 December 2008
	%	%	%
Discount rate (p.a.)	5.3	5.7	5.6
Rate of compensation increase (p.a.)	4.4	4.5	3.7
Retail Price Index (p.a.)	3.4	3.5	2.7
Consumer Price Index (p.a.)	2.9	n/a	n/a

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

	31 December 2010	31 December 2009
	%	%
Discount rate (p.a.)	5.7	5.6
Expected long-term return on plan assets (p.a.)	5.9	5.2
Rate of compensation increase (p.a.)	4.5	3.7

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

	31 December 2010		31 December 2009	
	Male	Female	Male	Female
Member age 65 (current life expectancy)	21.7	24.9	21.2	24.0
Member age 45 (current life expectancy at age 65)	23.5	26.8	22.2	25.0

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

	2010	2009	2008	2007	2006
	£000	£000	£000	£000	£000
Benefit obligation at end of year	26,700	23,300	19,900	20,000	19,100
Fair value of plan assets at end of year	27,000	23,300	19,500	23,400	22,300
Surplus/(deficit)	300	-	(400)	3,400	3,200
Difference between actual and expected return on scheme assets:					
amount	1,400	1,900	(5,700)	(500)	700
percentage of scheme assets	5%	8%	(29)%	(2)%	3%
Experience gains and (losses) on scheme liabilities:					
amount	-	-	(200)	-	(100)
percentage of scheme liabilities	0%	0%	(1)%	0%	(1)%

Contributions

There were outstanding contributions payable to the scheme of £146,000 (2009: £162,000) at the balance sheet date. The Trustees expect to contribute £1,600,000 to the scheme in 2011.

Notes to the Financial Statements

For the year ended 31 December 2010

15. Pension schemes (continued)

Universities Superannuation Scheme (USS)

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

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

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

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

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

Standard mortality tables were used as follows:

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

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

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

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

The actuary also valued the scheme on a number of other bases at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% p.a. (the expected return on gilts) the funding level was approximately 71%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004, the scheme was 107% funded; on a buy-out basis (ie assuming the scheme had discontinued on the valuation date) the assets would have been approximately 79% of the amount necessary to secure all the USS benefits with an insurance company;

Notes to the Financial Statements

For the year ended 31 December 2010

15. Pension schemes (continued)

and using the FRS 17 formula as if USS was a single-employer scheme, using an AA bond discount rate of 6.5% p.a. based on spot yields, the actuary estimated that the funding level at 31 March 2008 was 104%.

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions except that the valuation rate of interest assumed asset outperformance over gilts of 1.7% p.a. (compared to 2% p.a. for the technical provisions) giving a discount rate of 6.1% p.a.; also the allowance for promotional salary increases was not as high. There is currently uncertainty in the sector regarding pay growth. Analysis has shown very variable levels of growth over and above general pay increase 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.

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

Since 31 March 2008, the global investment markets have continued to fluctuate and, at 31 March 2010, the actuary has estimated that the funding level under the new scheme specific funding regime had fallen from 103% to 91% (a deficit of £3,065m). Compared to the previous 12 months, the funding level has improved from 74% (as at 31 March 2009) to 91%. This estimate is based on the funding level at 31 March 2008, adjusted to reflect the fund's actual investment performance over the two years, 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 FRS 17 basis, using an AA bond discount rate of 5.6% p.a. based on spot yields, the actuary estimated that the funding level at 31 March 2010 was 80%. An estimate of the funding level measured on a buy-out basis at that date was approximately 57%.

Surpluses or deficits that 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. The sensitivities regarding the principal assumptions used to measure the scheme liabilities on a technical provisions basis as at the date of the last triennial valuation are set out below:

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

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

The Trustee believes that, over the long term, equity investment and investment in selected alternative asset classes will provide superior returns to other investment classes. The management structure and targets set out are designed to give the fund a major exposure to equities through portfolios that are diversified both geographically and by sector. The Trustee recognises that it would be theoretically possible to select investments producing income flows broadly similar to estimated liability cash flows. However, in order to meet the long-term funding objective within a level of contributions that it considers the employers would be willing to make, the Trustee needs to take on a degree of investment risk relative

Notes to the Financial Statements

For the year ended 31 December 2010

15. Pension schemes (continued)

to the liabilities. This taking of investment risk seeks to target a greater return than the matching assets would provide whilst maintaining a prudent approach to meeting the fund's liabilities. Before deciding what degree of investment risk to take relative to the liabilities, the Trustee receives advice from its internal investment team, its investment consultant and the scheme actuary and considers the views of the employers.

The strong positive cash flow of the scheme means that it is not necessary to realise investments to meet liabilities. The Trustee believes that this, together with the ongoing flow of new entrants into the scheme and the strength of covenant of the employers, enables it to take a long-term view of its investments. Short-term volatility of returns can be tolerated and need not feed through directly to the contribution rate, although the Trustee is mindful of the desirability of keeping the funding level on the scheme's technical provisions close to 100%, thereby minimising the risk of the introduction of deficit contributions. The actuary has confirmed that the scheme's cash flow is likely to remain positive for the next 10 years or more.

The next formal triennial actuarial valuation is 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 2010, USS had more than 135,000 (2009: 130,000) active members and the Society had 34 (2009: 34) active members participating in the scheme. The total USS pension cost to the Society for the year ended 31 December 2010 was £250,000 (2009: £227,000). This includes £21,000 (2009: £21,000) outstanding employers contributions at the balance sheet date. The contribution rate payable by ZSL was 16% of pensionable salaries.

16. Leasing commitments

	<i>2010</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>
Leases expiring:		
Within one year	39	23
Within two to five years	148	161
	<u>187</u>	<u>184</u>

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

17. Capital commitments

The Society leases the Regent's Park site from the Department of Culture, Media and Sport. The lease was renewed in 1999 for a term of 56 years at no annual rent (as more fully explained within Note 1 under 'donated facilities'. As a condition of the renewed lease, the Society submitted to undertake a survey of the site in order to agree a strategy for future works. The survey was completed and initial indications gave a preliminary estimate of a maximum cost of £31m, which forms the basis for continuing discussion with the landlord of the programme of works to be undertaken in the context of the Society's cash resources at future dates. Development work has been undertaken in certain areas which reduces the estimate of costs for outstanding works to £16.8m. Further work is budgeted for in 2011.

Capital expenditure of £1.8m (2009: £1.2m) had been authorised but not provided at 31 December 2010, of which £0.5m (2009: £0.8m) had been contracted and £1.3m (2009: £0.4m) had not been contracted.

Notes to the Financial Statements

For the year ended 31 December 2010

18. Notes to the consolidated cash flow statement

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

	<i>2010</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>
Net incoming resources before other recognised gains	925	428
Current service cost surplus	(400)	(700)
Pension finance (income)/expense	(100)	100
Interest and investment income	(194)	(218)
Depreciation of fixed assets	3,127	3,130
Loss/(Profit) on disposal of tangible fixed assets	20	(5)
(Increase)/Decrease in stocks	(149)	73
(Increase)/Decrease in debtors	(1,338)	573
Increase in creditors	145	725
	<u>2,036</u>	<u>4,106</u>

(b) Analysis of consolidated net cash resources

	<i>1 January</i>	<i>Cash</i>	<i>31 December</i>
	<i>2010</i>	<i>flow</i>	<i>2010</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cash at bank and in hand	9,201	196	9,397
	<u>9,201</u>	<u>196</u>	<u>9,397</u>

19. Contingent liabilities

The Charity is joint and severally liable for all Value Added Tax (VAT) debts of the VAT group registration of which it is a part, relating to the period that it has been a member of the VAT group.

20. Related parties

There were no material-related party transactions in the year (2009: none).

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



LIVING CONSERVATION

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

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

zsl.org